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EDITORIAL

As We See It

"The problem is price-depressing surpluses. Excess stocks of certain farm commodities have mounted to market-destroying, price-depressing size as a result of wartime price incentives too long continued. Any forward looking, sound program to meet the needs of farm people must remove the burden of these accumulations. They are depressing net farm income by many hundreds of millions of dollars a year. H. R. 12 would not correct this situation."

With these trenchant sentences, the President announced his courageous veto of an iniquitous measure conceived in subservience and dedicated to vote catching. We gladly join the rest of the nation in congratulating the Chief Executive for this fine showing of independence—or of extraordinary political acumen, whichever it is.

We should be tremendously pleased if we could go on from there to attribute to the President a real understanding of the nature of the so-called farm problem and of the basic nature of what needs to be done in the premises. That, however, we are unable to do, and the reason for our inability to do any such thing is to be found in the further explanation of his veto, vouchsafed to the rank and file in a broadcast following the veto, and reproduced here as follows:

"You will remember that early in January, more than three months ago, I sent a special message to Congress recommending an expanded nine-point farm program, including a soil bank which would reduce the surpluses and improve our basic resource — the soil. These measures were a vital part of a broad program which the

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Outlook for Business and The Securities Markets

By JULIAN D. WEISS

General Partner, First Investment Company
Investment Counselors, Los Angeles, Calif.

Los Angeles Investment Counselor analyzes factors underlying business trend, and perceives intermediate market undergoing consolidation or even moderate decline, and long-term trend toward higher levels. Expects: (1) recent prime rate increase to lower bond prices slightly; (2) "rolling" corrections in 1956 with over-all business activity averaging out slightly above 1955; (3) steel wage increase to avoid costly shutdown; (4) continuation of long-term trend toward "built-in inflation," and (5) corporate earnings for 1956 as a whole to show little change from 1955. Notes numerous industry groups and individual issues are selling well below their 1946 peaks, when the D-J Industrials attained a high of 212, compared with the present peak of 511.

The stock market, in its traditional role of forecasting, reflects and discounts the combined knowledge, estimates, hopes and fears of all who buy and sell securities. Over the short term, psychological factors are important, but the longer term trend is affected by the prospective business situation, subject of course to fluctuations caused by variations between industries and by short term influences. Any forecast of future market trends therefore must begin with an analysis of the outlook for business.

Julian D. Weiss

Business Outlook

A major change in the characteristic of the economy since the close of the second World War has been the apparent minimization in the amplitude of fluctuation of the business cycle as a whole. Rather than most businesses being depressed

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Travelling Too Fast?

By DWIGHT W. MICHENER*

Economist, The Chase Manhattan Bank

Noting that we are now at opposite pole from early 1930's, Economist sees, instead of immediate business decline, "tendency to crowd a little too much business into 1956"; possibility prices may break out into a definite advance, and leaves it to the Reserve authorities to determine at what point credit restraint interferes with normal business growth. Mr. Michener draws attention to three "stretching at the seams" expansion areas: (1) capital goods accompanied by technician shortage more acute than that of some critical raw materials; (2) advancing consumer buying, with auto decline made up by increased sales elsewhere, and (3) consumer credit developments. Finds business inventory rise not greatly out of proportion to retail sales, and notes upward trend in housing construction.

Prior to taking a good look at the United States business picture, permit me to sketch the general background with a few broad strokes.

D. W. Michener

(1) Our population is rapidly increasing, changing in age composition and changing its geographic location. Also, in Adam Smith's language, it is greatly increasing in "skill, dexterity and judgment."

(2) We are living in a golden age of technological and mechanical progress. Research has become industry's major tool. On it we spend $5 billion a year and use a half million people. As a result, every day is opening the way to new products and new methods.

(3) The economy is supporting a peacetime military program which, from the point of view of future developments, is of uncertain size and duration.

(4) "Managed money" has, for some years, been hav-

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

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 38.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

ACF-Wrigley Stores, Inc.—Stephen H. Floersheimer, Manager, Research Dept., Sutro Bros. & Co., New York City. (Page 2)

Moore Corporation, Limited—Richard W. Rudy, Assistant Investment Manager, Farmers Insurance Group, Los Angeles, Calif. (Page 2)

STEPHEN H. FLOERSHEIMER
Manager: Research Department
Sutro Brothers & Co., New York City
Members N. Y. Stock Exchange

ACF-Wrigley Stores, Inc.

It is not often that the investor is given an opportunity to buy shares in a newly organized company whose business is the operation of long established and well recognized individual units. Stocks of unseasoned companies generally sell at lower prices in relation to earnings than comparable securities that have established a market history, simply by reason of the pioneering element usually connected with new enterprises. In the case of AFC-Wrigley, the company is, indeed, a new one as it is constituted today, and the price of the stock reflects this, while its operating units, its source of revenues and income, rank with many of the best corporations in the food retailing field.

S. H. Floersheimer

This company is actually the outgrowth of the former ACF-Brill, which divested itself of its motor and bus business and absorbed into its corporate shell a number of well established and highly competitive food chains. The name of ACF-Brill was changed to ACF-Wrigley to reflect the name of the largest of these food chains presently operating out of the parent company.

Altogether ACF-Wrigley operates 148 super-markets located mainly in southern Michigan, central Oklahoma, and in the St. Louis and Cleveland areas. Ninety-two of these stores serve the Detroit and southern Michigan area; 33 Humpty Dumpty stores are located in Oklahoma City, Tulsa, and throughout central Oklahoma; Foodtown Stores with 13 super-markets in Cleveland; Fred P. Rapps, Inc. operating 10 super-markets in St. Louis; and Abner A. Wolf, Inc. in Detroit, which is the world's largest wholesale grocery operation under one roof. Sales for these combined enterprises are presently running at the annual rate of approximately $320 million, with sales per store averaging about twice the dollar figure compared to the national average of dollar sales per store for all super-markets. Not only is the dollar sales figure per store an impressive one compared to the company's competitors, but dollar sales per customer also reflect approximately the same relationship.

Inasmuch as the acquisition of the various component chains that today make up the Wrigley organization was accomplished in a period of over 10 months, actual earnings reported for the year 1955 do not truly reflect the earnings capacity of the company. Restated on a pro-forma basis, had all constituent enterprises contributed revenues for the full year, a net income of $1 per share on sales of $290 million would be calculated. With the substantial increase in sales, at an annual rate running presently at $320 million or better, and with substantial economies that will result from the integration of the various regional units, earnings for the current year may well run around $1.40 per share.

Plans are already under way and some leases already negotiated, to bring to 200 the number of super-markets in operation and thus to increase net sales to a level of $400 million annually. This growth should be accomplished within a period of 18 months to two years, and based on profit experience, earnings should gradually rise to a level of $1.80 to $2 annually.

With respect to growth from external sources, the company has stated as its policy that only those acquisitions of existing chains would be contemplated where it is possible to arrange a merger in such a way whereby net earnings per share are immediately increased.

At the current market price of approximately 17 for ACF-Wrigley Stores shares, the stock is bought on the basis of about 12 times earnings, which compares with an average industry price-earnings ratio of the larger chains of about 15 times. The securities in this industry are evaluated both on the expected rate of growth of the company concerned, as well as the experienced margin of profit. The performance of the company's management, which ranks high in the food distribution industry, has over a period of about 30 years, proven itself to be both competent and aggressive. The combined management ownership of ACF-Wrigley represents about 55% of the company's outstanding common stock, indicating its conviction that further substantial improvements are envisaged.

In summation I would recommend purchases of this stock for these reasons: (1) the risk element in the market at present prices is extremely low; (2) as the stature of the stock becomes recognized, the earnings will be capitalized on a more comparable basis with presently better known issues; and (3) the present performance and plans for the future indicates over a period ahead that a larger, stronger, and more profitable enterprise is in the making.

RICHARD W. RUDY
Assistant Investment Manager
Farmers Insurance Group
Los Angeles, Calif.

Moore Corporation, Limited

Moore Corporation, Limited appears to be an exceptional value in the current market because it combines a vigorous growth record, an ultra-conservative balance sheet, the dominant position in its industry, a superb management and yet it sells at a very modest multiple of earnings.

Richard W. Rudy

In spite of its dominant position as a manufacturer and distributor of business forms in the United States and Canada it is practically unknown in U. S. investment circles. The company manufactures business forms, paper boxes, packaging and advertising display products. The business forms that they produce include continuous interfolded and interleaved forms, fanfold forms, sales and manifold books. Autographic registers and attachments for synchronizing continuous forms with tabulating and other accounting machines. These office items that are essential in the fast growing office equipment field account for 89% of sales. The remaining 11% comes from packaging sales to the cosmetic, cigarette, food and other consumer goods industries. They also have a wholly owned subsidiary, Kidder Press Company, Inc., that designs and manufactures machinery and registers for the Moore business forms.

In 1955, the U. S. subsidiary, Moore Business Forms, Inc., accounted for 86.8% of the total sales volume, and Canadian sales accounted for the remaining 13.2%.

While Moore Business forms have an outstanding reputation in the United States for their leadership and quality, very few investors are aware that it is possible to invest in this operation through Moore Corporation, Ltd., listed on the Toronto and Canadian Stock Exchanges.

The company operates 16 strategically placed plants in the United States and six in Canada.

Sales and earnings have shown an impressive growth since the end of the war. Sales have grown from $42 million in 1946, to $98.7 million in 1955. Even more impressive have been the growth of earnings. Pretax earnings have increased 290% since 1946 and earnings per share of common rose from $1.15 in 1946 to a record $3.50 in 1955. Contrary to many industries, Moore's sales growth have been accompanied by a nice improvement in profit margins.

An examination of the 1955 balance sheet shows cash and governments of $10.3 million and total current liabilities of only $8.8 million. The current ratio is 4-to-1. There is no funded debt and the common equity is 99.2% of the capital structure (2,145,056 common shares).

During the year, the company redeemed all outstanding shares of its 4% cumulative preferred. This leaves only $321,600 of 7% cumulative preferred A and B shares.

As an example of the ultra conservatism of Moore's reportings, we note that they carry their non-consolidated subsidiary, Kidder Press Company, Inc., at only $547,045 and yet the net profit alone of the subsidiary in 1955 was $378,797, all of which was added to its undistributed earnings account. Total undistributed earnings of Kidder amounting to $1.8 million, or 84 cents a share, have been retained by Kidder for use in their operations and have not been taken up in the consolidated accounts of Moore. Total net worth of Kidder, as of year-end, was $2,578,427, almost $2 million more than it carried into Moore's balance sheet.

The company is an extremely profitable operation and last year with operating profit at $15.4 million, the company earned almost 32% on the funds employed in the business. The net earnings as a percentage of common equity was 19.5%. These rates are all

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Coal and America's Future

By FELIX E. WORMSER*
Assistant Secretary of the Interior

Government mineral resources official avers: (1) the worst for coal is over and long-range, 1965-75, future points to a market far greater than in the past year; (2) present year promises to be even better than 1955 when bituminous production exceeded the fondest expectations and even anthracite sales revived; (3) late reports indicate upward production and sales trend; and (4) peace time use of atomic power unlikely to force coal into the background. Mr. Wormser is encouraged by increased automatic equipment sales, the fact that "coal within the foreseeable future promises as much or more than any other sources of energy, and that it produces more Btu's per dollar expended than any other fuel.

There are good reasons to believe that the coal industry is on the threshold of a new and brighter future — a future that should bear an intimate relationship to the economic fortunes of this great nation and other free-world countries.

Felix E. Wormser

This is a promising time in our history, and a perilous time, one that will test the moral fibre and physical strength of every person in this wonderful land of ours. The opportunities for continued growth and for the betterment of human life in this amazing age of technological development have never been equalled. Yet we face the grim spectre of an indefinitely long and bitter cold war with predatory political forces—perhaps even another armed conflict. God forbid this eventuality, for all-out war with men unleashing the awesome forces of the atom against each other is frightful to comprehend.

Wherein lies our strength as we move into this time of unprecedented challenge? What forces can our free American people bring to bear that may guarantee not only survival but sustained economic and social progress?

With our priceless heritage of freedom we are a fortunate people. Let us cherish, protect and develop our way of life—it is our greatest asset. Furthermore, we are fortunate in having all around us the things that can make life good. Let us count Nature's blessings and make the most of them. We are rich in resources — land, water, forests, minerals—no nation is more bountifully endowed. Look back through America's history and you will find that the welfare of its people has ever been tied to the manner in which it managed and employed these God-given gifts. In the early days our forefathers moved onto the land and took with their hands the things that grew from or lay upon its surface. They turned a wilderness into their homeland by sweat and toil. Little did they dream then that under their feet lay almost endless seams of coal and vast pools of oil and gas that one day would make the life of their children easier.

To us now these fossil fuels spell energy. They mean warmth, light, and turning wheels. As a matter of fact, our standard of living is geared almost directly to the manner in which we exploit these energy resources. It will be so in the future. The amount of power that we are able to coax from these materials will determine how many more buttons we may push as time moves on.

Pressing Energy Needs

Most experts predict that we will be hard pressed to meet the total energy needs of our rapidly expanding economy. One needs no crystal ball, certainly, to recognize the following facts: the explosive growth of population, the popular demand for electricity, which has doubled every 10 to 12 years, the automobile vogue which doubled our traffic volume between 1940 and 1951, the vigor of our own free enterprise economy, the spectacular comeback of the European economy, and the newfound growth of the economies of the underdeveloped areas throughout the world.

It is indeed fortunate that we still have undeveloped hydroelectric sites, that we can count on new discoveries of oil and gas, that we have almost inexhaustible deposits of coal, that we can look forward to eventual harnessing of the atom, and to the possible use of solar energy. We shall need them all, for the manner in which we employ these resources will determine in large part how rapidly we can bring to full fruition the amazing technological developments of this modern era. The full advantages of industrial automation, for example, cannot be realized until more abundant and cheaper sources of energy are available. The fact that we are making but sparing use of new wonder metals such as titanium and zirconium further illustrates this point. These materials, relatively high-priced now, may become competitive with other commonly used materials should low-cost energy bring their production and fabrication within economic reach. Our record to date indicates that these things are bound to happen, and sooner perhaps than most people expect.

Each day we are combing the surface of the earth with greater intensity and we are dipping deeper into its hidden areas for

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*An address by Mr. Wormser before the Interstate Solid Fuels Conference, New York City, April 5, 1956.

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Warner-Lambert

By IRA U. COBLEIGH
Enterprise Economist

There are two discernible trends among proprietary drugs. First their traditional products seem to sell better with each passing year; and secondly expansion of operations in the ethical drug field is industry wide. Warner-Lambert illustrates, and capitalizes on, these trends.


Ira U. Cobleigh

The hard core of earning power is derived from Listerine Antiseptic (which grosses over $10 million annually), Richard Hudnut toiletries and cosmetics including the "Quick" home permanent, Sloan's Liniment, Pro-phy-lac-tic tooth brushes and hair brushes; and other plastics including dishware, radio and TV cabinets. Listerine has indeed proved to be an amazing item in growth, with sales gross rising 10% a year for 1950-54, and about 13% for 1955.

To these well known and widely advertised products just recited, something new has been added—Bromo Seltzer. To the casual observer, there might seem to be some natural affinity between Listerine and Bromo Seltzer. Now there is a corporate one, by virtue of the merger, just approved, of Emerson Drug into Warner-Lambert on the basis of two shares of Emerson for one of Warner. Emerson, in addition to bringing relief from headaches (variously acquired) to millions, has been a dependable earner with gross annual sales for the past four years averaging above $15 million with net of about $1 million.

In common with most drug companies, foreign sales are on a large scale. With WLA, over 30% of consolidated total sales are from overseas. An even larger percentage of net (about 45%) comes from this section. Warner Lambert has been especially effective in bringing these earnings out of the foreign countries served. In the three years, 1952-4, over 80% of overseas net income was converted into American funds. About ¾ of foreign sales are made in England and her Dominions.

The merger of Warner Hudnut and Lambert Company in 1955 (on a share for share basis), creating Warner Lambert, was designed to accomplish several things: (1) to achieve operating economies through consolidation of separate divisions; (2) to maximize total sales efficiency through Lambert's superior coverage of American and Canadian markets, and Warner's proven excellences in foreign distribution; (3) to build stronger working capital; and (4) to increase the earning power of ethical drug divisions by virtue of larger available funds for research, and the employment of broadened world wide sales outlets created by the merged sales organization. The addition of Emerson Drug is quite consonant with these long range corporate objectives.

It is, of course, entirely too early for the major benefits of these mergers to be realized although some indication of the long-term corporate gains may be gleaned from the fact that, for the first nine months of 1955, sales were up 5% and pretax profit margins had advanced to over 16½%. From this we might judge that sales have been increasing in those lines delivering higher profit margins.

1955 results for WLA showed net sales of $86.3 million which carried down to a per share net of $3.46—up from $2.92 in 1954 (including pre-merger operations of Lambert). These earnings are plenty of coverage for the $2 dividend (2%, in addition, was paid in stock last December). About dividends, Warner has a somewhat unique record. The common dividend here has been increased in each of the past five years. On that record, and with a history of receiving around 60% of net in cash, WLA stockholders should continue to expect dividend increases, with some regularity. Thus they should enjoy a measure of serenity in their possession of an equity providing considerable defense against the incipient inflation everyone is talking about.

Over a dozen major ethical drugs create most of the earnings in this division, the best known of which are Gelusil, an antacid absorbent, and Peritrate, a preventive of angina pectoris. New ethical specialties are constantly in development and the WLA research program, amounting to more than $2 million a year, is heavily devoted to ethical pharmaceuticals.

In addition to this annual allocation to research, a $7 million improvement program is under way including new research and administrative facilities at the Morris Plains, N. J. plant, and a new manufactory at Lititz, Pa. for the production of toiletries and cosmetics. These should add to over-all efficiency and bring the company closer to a logical major management target—a 20% pre-tax earning ratio.

The management is well regarded, and the board of directors includes not only men long identified with actual operations but representatives of eminent banking firms, which firms are themselves substantial equity-holders in Warner Lambert. It is always reassuring to perceive that the men who are running a big company also have an abiding stake in its welfare, through shareholding.

In comparing Warner Lambert with other proprietary drug companies such as American Home Products, Sterling Drug, or Bristol Myers, it will be observed that Warner Lambert sell at a much lower price-earnings ratio—about 11¾ times. The shares of the others are quoted in the market at between 14 and 18 times earnings. This difference in investor acceptance and market valuation is, no doubt, due to the lack of full appreciation of the progress Warner Lambert has been making. By mergers, WLA has acquired the greater breadth of activities more characteristic of the other major drug companies, and its growth ratio is as good or better. Thus, over time, it is reasonable to expect that WLA should command a much higher price-earnings ratio. If for example, WLA common were selling at 14 times net, today's quotation would be 50 instead of 43.

One of the most rapidly growing sections of consumer purchasing is now in personal appearance shaving and hair lotions, toiletries, cosmetics, etc. Witness the startling sales and earning gain of Revlon (and the zoom in its common from 12 to 45 almost quicker than you can say "isolation booth"). Savants on spending predict that, by 1965, the U. S. public will spend $2.7 billion per annum just to keep up appearances—personal appearance that is. If so, Warner Lambert is right in the middle of a big trend, which is another factor justifying a favorable or constructive viewpoint regarding WLA shares.

Capitalization, prior to the Emerson Drug acquisition, was $6,411,262 in funded debt, and 2,022,601 shares of common with a five year range between 14½ and 43⅜. Investors looking at this common today with a view to purchase may find of especial interest the 4.65% yield, the noticeable owner-management factor, the research program, and in particular the disposition of WLA to pay higher dividends, year after year and, more importantly, to earn them. Whether a tough social week-end sends you to your medicine cabinet for Bromo Seltzer or Listerine, or over zealous gardening compels application of Sloan's Liniment, you'll probably keep in touch with WLA.

The State of Trade and Industry

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

Total industrial production for the nation was sustained at a high peak in the period ended on Wednesday of last week. Output of steel, electric power, automobiles and petroleum for the week in question was close to that of the preceding period. Over-all production, however, moderately exceeded the level of the similar week a year ago.

It was noted with respect to the employment situation that there was a 33% rise in initial claims for unemployment insurance, but the level was 3% below that of last year. Increased seasonal layoffs were reported in the apaprel, leather and trade and service industries. The most noticeable rise in claims occurred in Illinois, Tennessee and Indiana.

Initial claims for state jobless pay dropped by 50,900 to 224,800 in the week ended April 14, the United States Department of Labor's Bureau of Employment Security reported.

It stated that 43 states reported reductions in initial claims. Some states, however, had seasonal layoffs in apparel, textiles and leather, as well as new job separations in the auto industry.

First claims for unemployment compensation benefits a year earlier totaled 229,600.

In the week ended April 7, the total of workers drawing jobless pay rose by 6,300 to 1,376,000. The total a year earlier was 1,503,300.

Biggest question mark in the steel market picture is the third quarter, with some steel people worried over inventory buildups as a hedge against price increases and the possibility of a strike, states "The Iron Age," national metalworking weekly, this week.

This attitude, it asserts, is not justified despite the uncertainty over automotive, since other major metalworking industries are moving toward expansion. These include construction, freight cars, oil and gas, appliances and machinery. The steel expansion program alone has given a major shot in the arm to machinery and equipment manufacturers.

With or without a strike, steel production will slow down this summer. Maintenance, it adds, is becoming an increasingly serious problem and this situation will be compounded later on by vacations and the hot weather. Blast furnaces at some plants are being operated on borrowed time.

The apparent easing in cold-rolled and hot-rolled sheets is scattered. Some consuming areas have been able to build inventory of cold rolled, but in the same areas, hot rolled is being used as it comes from the mills. Offsetting the situation in sheets is the crisis in plates and structurals. Even with imports, there's not enough of either product to go around. Many construction jobs have been delayed for lack of these two items.

On an overall basis, new steel business is running from 20 to 35% above shipments despite high operating rates. Smart consumers are looking ahead to a strong fourth quarter and want to get on the order books to avoid a year-end pinch, concludes "The Iron Age."

Businessmen continue to build up their inventories at a relatively steady rate, the United States Department of Commerce reported.

At the end of February, the department's monthly magazine, "Survey of Current Business," noted, total business inventories amounted to $83,500,000,000—about $6,000,000,000 more than the level of a year earlier.

About 40% of this dollar increase, the department pointed out, could be attributed to higher replacement costs. Inventories of manufacturers accounted for a little more than 50% of the book-value increase, the report added, and inventories of retailers for about 40%.

However, the review stressed, there has been no step-up in the rate of inventory accumulation during the first two months of this year compared with late 1955.

The review reported that four major manufacturing industries—primary metals, machinery, transportation and chemicals—accounted for the rise in stocks during recent months. Most of the climb in backlogs of unfilled orders also has occurred in these industries, the article further noted.

In the automotive industry a 3.4% reduction in United States car output was forecast for the past week by "Ward's Automotive Reports," with a further downward "realignment" for May and June.

The cutback in factory output, "Ward's said, reflects adjustment to the Spring auto market but in no way jeopardizes industry plans for the second-best January-June car output in history.

In explaining the softened production-sales outlook, "Ward's" stated that one low-priced field producer has pared its average daily car output for May 14% below April compared with an originally planned cut of 8%, a trend other low and medium-priced field makes are expected to follow.

It added, the Spring auto market upsurge thus far, while still near record levels, simply isn't developing as strongly as anticipated. This is forcing tighter control of record new car inventories. It emphasized that prospects for an orderly 1956 model cleanup remain bright.

Scheduled for production the past week was 154,725 cars and trucks, or 3.5% below the prior week's 160,280 units. United States plants built 211,998 vehicles in the same week last year, according to "Ward's."

The statistical agency added that Buick, Oldsmobile and Pontiac programmed four work days at their "home" plants in Michigan the past week, with Chrysler Division also omitting the scheduling of assemblies on Friday last and Monday of this week at Detroit.

Car output alone last week was scheduled at 131,449, off 3.4%

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Mounting Price Pressures Confront An Expanding Economy

By DR. PHILIPP H. LOHMAN*
Chairman, Department of Commerce and Economics
University of Vermont

Vermont Professor terms continued pressure on price the number one economic problem and advises more tightening up due to increased private capital and government spending, net foreign investments, and consumer expenditures. Dr. Lohman wonders: (1) where funds for projected capital outlays will come from; (2) whether increased output will be at purported lower prices; (3) if price will continue to serve as the free market's impersonal resource allocator, and (4) whether inflationary consequences can be avoided in view of rapidly increasing population's demand for public and private goods and services to maintain rising per capita standard of living, the record capital expansion which acts as a cause and effect of threatening or actual price increases, and consumer propensity to save less and spend more. Analyzes pricing, cost, capacity problems; expects big labor wage demand this year, and marvels at stock market failure to be even higher at prospect of renewed price pressures.

The economy once again is expanding. There is but one exception and that is, of course, agriculture. The size of the nation's income is determined by private spending for capital goods such as plants and equipment; private consumers' expenditures; government spending; and by the amount of the net foreign investment. The latter is the least important variable in the picture. In each of these national expenditure compartments, the indicators point to higher levels.

Philipp H. Lohman

Apparently, we are trying to do too much too fast. Too much is being demanded of the economy within too short a time. The cost-of-living index presents a deceiving stability. The prices for farm products and foods have gone down. That, in turn, has neutralized the creeping up of many other items in the index. The intense competition which prevails on the retail level has forced retailers to absorb many of the recent price increases. Undoubtedly, this price squeeze goes a long way to explain rising business failures in the midst of our boom. There is also active brand rivalry in certain soft goods lines which has kept prices stable despite cost increases.

Continued price increases on the manufacturer's and wholesaler's level will eventually be felt by consumers. They certainly cannot be absorbed *ad infinitum* nor will farm prices decline forever. Demands for cost-of-living pay increases and productivity wage increases, a good many of them more of an anticipatory than an achieved nature, coupled with an insufficiency of saving, will soon make very clear to us, to use Mr. Allan Sproul's, President of the New York Federal Reserve Bank, phrase, "the danger of more or less gradual price inflation." The skaters are whizzing over the ice at such speed that they are unaware of the thinness which prevents them from falling through.

According to recent government estimates, business spending for plants and equipment will reach a new high this year—nearly $35 billion. That is a whopping 22% increase over the record year 1955. But it is one thing to marvel at these figures. It is quite another to wonder where the money will come from to pay for these projected increases in aluminum, cement, steel, power and other industrial capacities. What is downright amazing is the glibness with which articles are saying that this phenomenal industrial expansion "means that industry eventually will be able to supply more goods and services, with new products, and do it *at a lower cost* because of more efficient tools." (Quoted from *U. S. News and World Report*, March 23, 1956, italics mine.) Industry might produce some items at lower cost. Whether that will and can be passed on to the consumer will certainly depend on the answers we shall give to a whole series of questions.

Steel Industry's Price Problems

The steel industry is talking about adding 15-17 million tons to the nation's steel-making capacity over the next three years. The bill for the projected 1956 expansion alone, said veteran steelman Ben Fairless, would be considerably in excess of the combined profits rung up by the 10 biggest steel-producers in booming 1955. How is this steel expansion to be financed?

That the job must be done is clear. The Interstate Commerce Commission and other governmental agencies are alarmed at the freight car shortage. Car production is running at less than half of shop capacity because of lack of steel. There are now 145,000 freight cars on order. Unless these cars are built, next fall will bring car shortages to shippers of serious proportions and again with, at least, regional price problems. Mr. Ernest Weir, Chairman of the National Steel Corporation, warned recently that no excuse would be taken by the public or by the government for the industry's failure to provide the necessary steel.

Steel producers have never liked to borrow money. One can hardly accuse them of being overloaded with bank balances at this point. True, heavy depreciation allowances provide a sizable amount of cash for the projected expansion in steel capacity. Big Steel in 1955 had close to $300 million available from depreciation. Sale of additional stock would dilute the equity of present stockholders and would further complicate the task of financing expansion out of retained earnings. The latter are, of course, available in addition to depreciation allowances, but will stockholders consent to a continuation of the present slim dividends? Out of a $3.22 per share increase in profits last year, U. S. Steel gave only 65 cents of it to the stockholders. Moreover, will profits keep rolling in at the present

Continued on page 30

*An address by Dr. Lohman before the Keene, New Hampshire Rotary Club.

Observations . . .

By A. WILFRED MAY

STOCKHOLDERS' GAMBOL

This is a special report of some of the doings at last week's Annual Meeting of the nation's largest corporation—submitted by your columnist for the 1,407,625 American Tel. & Tel. shareholders who missed the edifying proceedings.

A. Wilfred May

Surely not the least important implications of this expanding American institution, the Town Hall of finance, is its revelation of *patience* as a cardinal qualification for the present-day corporation presidency.

* * *

Madame Stockholder A (licensed practical nurse):—"I can't speak louder. A lady doesn't shout. What is wrong with this mike system that it doesn't work? If the telephone company can't work these things, it is too bad." . . . [Then after a compliment by her to the Gilberts' courage was ruled irrelevant.] . . . "Another gentleman complimented you on your building. You didn't object to that statement, irrelevant as it might have been."

* * *

Mme. Stockholder B (Officer of a women's shareholder organization):—"I should like, with your indulgence, since everybody else is congratulating you, to congratulate you on serving, I believe, a bite of lunch. However, as it was not on the proxy statement or the Annual Report, I came equipped with my own sandwich. . . ."

President Craig:—"I think by this time our shareowners know that there are going to be refreshments."

Mme. Stockholder:—"One doesn't know when, and some of the business people have ulcers."

* * *

Rip's Return

Madame Stockholder C: — "He [a preceding participant] reminded me of Rip Van Winkle. He said he owned Telephone stock for 30 years and yet he is very satisfied with it. . . . May I say the gentleman does not require very much of his investments."

Mr. Stockholder C-1—"The previous speaker referred to me as a Rip Van Winkle. I personally don't mind it, but I think my wife would be offended. You remember Rip Van Winkle's wife was a scold; my wife is a real pal to me. Further, you will find that I have not been asleep. . . . I am not one of those getting the pensions which have caused two shareholders to suffer several years of sleepless nights. I don't even get $2,500. . . . But I am not associated with any clique of habitual management hecklers who have acquired a few shares in several hundred corporations, seemingly for the purpose of harassing managements and boring shareholders. . . . These hecklers bandy about the word democracy. They really mean it is their democratic privilege to annoy us and bore us."

Mr. Stockholder D (speaking on the proposal for a pension ceiling) — "What is $25,000 today? Did Mr. Gilbert [the public stockholder "representative"] ever see mentioned in the newspapers and the press, that a wrestler makes today a half million dollars or a million dollars, or that a singer without a voice makes a half million dollars, or an entertainer who is disgusting makes a half million dollars? As soon as Mr. Gilbert comes into a meeting he criticizes the salaries of management, the officers, but he forgets to criticize sometimes the underworld, the gangster, the union gangster who today wants to destroy our country, who wants to take away the Bill of Rights, our security, so that our children and grandchildren will curse us."

From the Younger Statesman

Mr. Stockholder E (*John, the Junior Gilbert brother*):—"Well, here is the other half of the Gilbert partnership. You know, it is very funny that so many of these people that call us crackpots and stupid and all that kind of business, I have never yet heard them come forth with constructive criticism; the criticism that has done so much to bring us all together in this room. . . . Just to answer some of the critics here on the subject of the $25,000 pension limitation; it has been brought up that we have to pay the market price for copper. I don't believe in that. With foresighted management they don't have to pay the market price. They have made their arrangements and the contract so they don't have to pay the price." (Interruption by a fellow-shareholder:—"I can give you more information about the copper market.") "You have had your chance to talk."

"Let Us Eat More Cake"

Madame Stockholder F:—"The only thing that I am interested in is knowing why I don't get more than a $9 dividend. I don't care too much about what the President or the other officials earns, or what pensions they get. The only thing I am interested in is getting a little more income than the $9 I get." **(Thunderous applause)**

Uncertain Debut

Mr. Stockholder G:—"I am from Weehawken, New Jersey. This is the first time I ever came to any of these meetings. [*sic*] I don't know what to say. I don't mind if President Craig makes a million dollars as long as he leaves a little bit for me. . . . Just as that lady says, give us more and you can take all you want." **(Additional thunderous applause)**

Anti-Growth Stock

Madame Stockholder H:—"I don't understand anything of big business, but once I saw a little boy blowing up a balloon. It was beautiful. It got bigger and bigger until it burst. So I pray to God, is this wonderful company not expanding too much? Or is it nervy for me to ask such a question? That's all."

Hoodoo for Our Grace?

Madame Stockholder B (encore, speaking for a resolution to televise the annual meeting):—"The co-proponent is Mrs. Therese Noble, who is usually at these meetings. Mrs. Noble owns as much stock as 15 of our 19 directors. Only one thing kept her away today. She is in Monaco for the wedding. However, she is from (*sic*) Reno, Nevada, and there are many stockholders out in Reno and all through the country who are deprived of seeing our annual meeting."

The Keynote (?)

Mr. Stockholder Eye:—"I would say that you cannot accomplish anything at these meetings. You won't accomplish anything here, except as they do in London and Hyde Park when they get out and make a few speeches. The British police and the British Government say, 'We let them blow off steam.' They are now letting us blow off steam, which I think, is very considerate."

* * *

Closing Hymn

(*Composed for the occasion by Mr. Stockholder J.*)

A. T. & T. is a good stock to buy
Though it costs a lot of mun,
But think what a bargain it will be
When they split it ten for one.
And then if they make the dividend a dollar,
Though that may be some time hence;
For each share, four times a year,
A quarter will be worth 25 cents.

New Representatives For Muir Inv. Corp.

SAN ANTONIO, Tex.—Fred D. Malsbury, Assistant Manager of the municipal department is now representing Muir Investment Corporation in Corpus Christi, Texas, with offices at 305 South Chaparral Street.

Peter W. Fischer is representing the firm in New Braunsfels, Tex.

Cheston Simmons

Cheston Simmons, limited partner in Hiegel & Co., New York City, passed away April 20 of a heart ailment at the age of 54.

Antitrust: Help or Hindrance

By HON. STANLEY N. BARNES*
Assistant Attorney-General, Antitrust Division
Department of Justice

Antitrust Division head states probable market effects are the determining factor as to whether proposed industrial mergers are acceptable, and illustrates this by citing the automobile mergers which "spelled no competitive disadvantage over the smaller concerns" and the proposed steel merger wherein Bethlehem was the second of the "big three" steel concerns and Youngstown was the sixth of the first ten. Mr. Barnes explains: enforcement departure from immediate predecessors; the holding of a coherent antitrust policy; the allowable and disallowable kinds of business expansion; competitive and consumer benefits in consent agreements; differences in industries structure and practices; labor organizations legal position; and the importance of free competition in our prosperous and growing economy.

At the outset, I shall talk over with you our shared interest in effective antitrust and how this Administration's enforcement policy differs from its predecessor's. Building on this general statement of policy, then, I shall go on to try to answer questions businessmen most often raise about antitrust law enforcement.

Stanley N. Barnes

Most Americans, I feel sure you realize, have a vital stake in effective antitrust enforcement. For antitrust has become a distinctly American means for assuring that competitive economy on which our political and social freedom in part depend. These laws have helped release energies essential to industrial productivity, to technological growth, to our ultimate world leadership. These laws reinforce our ideal of careers open to superior skills and talent, a crucial norm of a free society. As a result, the essentials of antitrust stand proclaimed by both political parties.

General agreement on antitrust goals, let me caution, must not obscure important differences in means. Here I part company with my immediate predecessors on at least three scores. First, cases brought have aimed not at mere doctrinal perambulations but at making real strides either toward cracking restraints on entry, or controls over price. Thus, our goal has been a vigorous cracking down, without fear or favor, on hard-core antitrust violations. Second, because businessmen and their lawyers know this difference in policy should bring greater court success, pre-trial settlements have jumped sharply. Thus we secure more results for each enforcement dollar. Finally, in those foggy unsettled reaches of law and policy (and I would be the first to admit that such areas of uncertainty and contradiction exist), we have not sought a hasty certainty at the cost of careful deliberation. A study group of 61 members (but four of whom were selected from government), representing a fair cross-section of all antitrust views, has surveyed major decisions under the Sherman and Clayton Acts and made its 393-page report after 21 months of intensive study, and thus helped our nation mold a coherent antitrust policy.

Carrying out these policies some businessmen occasionally question our activities. Some time ago the Attorney General received a letter beginning:

"Why? Why?? Why??? does not the Attorney General's Office take cognizance of the 'criminal' activities of the AFL-CIO??? . . . They are the most super-monopolies in the United States. Still the Attorneys General Offices not only 'wink' at their offenses but to date has not sought (sic) to curb their 'monopoly' . . . Why? Why?? Why???"

That letter goes on:

"Does the Attorney General protect the criminal unions and seek to persecute 'the employer who risks its capital to promote the general welfare and give employment to the criminals' in the organized labor ranks?"

With that, the letter closes with five question marks.

Law's Application to Labor

While the style is unique, the question raised is not uncommon. The best shorthand answer to this typical complaint is that our job is to enforce the laws Congress has passed. And Congress, "in its wisdom," has exempted most activities of organized labor from antitrust.

Section 6 of the Clayton Act declares, for example, that "the labor of a human being is not a commodity or article of commerce." It further provides that "nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor . . . organizations, instituted for the purpose of mutual help, and not having capital stock or conducted for profits, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade under the antitrust laws."

Despite these exemptions enacted by Congress, this Administration has moved vigorously to strike down those union restraints on commercial competition which Congress has **not** specifically shielded. From January, 1953, to date, the Division has brought 10 cases in which a union was a defendant and one in which a union was a co-conspirator. This three-year record of 11 cases stands in contrast with the seven-year record from 1946 to 1953 of only 16 cases naming unions as defendants. This is what I mean by vigorous enforcement, without fear or favor, against all groups alike.

Beyond application of antitrust to labor union activities, many people inquire about our administration of the Clayton Act restrictions against mergers. Is the Administration against growth? Against bigness? Against integration of business? The answer to each question is a resounding "No." Again we have the problem of enforcing, what Congress has, in its wisdom given us, not the Sherman Act, but the Clayton Act. Let me give you a specific problem and our conclusion.

To cull again from the Attorney General's mail, a short while ago one citizen wrote his Government:

"Who is the dumb guys in charge of the Antitrust Division? They approved the Studebaker-Packard merger and won't approve the Bethlehem-Youngstown merger. I don't get it. How dumb can you get?

"Yours respectfully,"

Again, a good short answer is that industries differ in structure and practice. Thus, a merger in one industry may have one set of market effects, and in another industry entirely different consequences.

Automobile Mergers

Consider, if you will, in response to our "Disgusted Citizen's" letter, the pattern of automobile production in early 1954, the time the Division considered the proposed mergers of Hudson-Nash, Packard-Studebaker. There were then three major and several smaller concerns. The majors in 1949 produced more than 85% of new cars — leaving the smaller firms with a meager 14½% market share. By the first four months of 1954, however, the majors had jumped to almost 95½%—while smaller producers' share had shrunk to a bit over 4%. In 1954, some of the smaller firms actually operated at a loss. The picture confronting us, then, revealed the smaller companies falling fast behind and the larger producers surging rapidly ahead.

Against this background, our feeling was the proposed mergers of Packard and Studebaker, Nash and Hudson, **might** revitalize these lagging smaller concerns. They would then have a broader asset basis, might economize by eliminating duplicating facilities, secure better dealer representation and sell more complete lines of cars. It should be emphasized that these companies merging were the smallest in the business. Thus, their consolidation spelled no competitive disadvantage over smaller concerns, for there were none. Vital to our determination of legality was, I emphasize, consideration as to any merger's probable effect, not only on the merging companies' ability to compete with their giant rivals, but also on any remaining smaller companies. The merger, by increasing the smallest firms' strength, created far more competition than it eliminated.

Absent competitive disadvantage to smaller rivals, Congress beyond doubt intended us to consider merger's effect on small companies' ability to compete with dominant firms. Thus, the Report of the House Committee considering Section 7 asks, for example: "Would the Bill prohibit small corporations from merging in order to afford greater competition to larger companies?" Rejecting this possibility, the Report concludes "there is no real basis for this objection." For, "obviously, those mergers which enable small companies to compete more effectively with giant corporations generally do not reduce competition, but rather intensify it." Applying this legislative guide, I concluded the auto mergers submitted constituted no substantial lessening of competition nor tended toward monopoly.

Bethlehem-Youngstown Merger

We reached, I have indicated, contrary conclusions regarding the proposed Bethlehem-Youngstown merger. Since litigation may well be in the offing, my comments are perforce cursory. In steel, the the three majors had, in 1954, 30, 15, and 8% of the capacity. The remaining seven of the first 10 producers range from 5% to 1.7% of capacity. Of the proposed merging companies Bethlehem is the second of the big three, and Youngstown the sixth of the first ten. Moreover, much of both Youngstown's and Bethlehem's capacity stems from past mergers and acquisitions.

Unlike the automobile, however, there were and are, of course, many companies — integrated and non-integrated — much smaller than Youngstown. Further, there was no need for Bethlehem and Youngstown to combine in order to compete with the 80 smaller steel companies, most of which are not even integrated. Thus, not only would this proposed merger eliminate competition between Bethlehem and Youngstown but equally important, it would increase concentration in the hands of two companies already industry leaders, and thus widen the competitive spread between the merged companies and their smaller rivals.

Were we not to take a position against the proposed Bethlehem-Youngstown merger, I pose the question, where would we begin to stop mergers in the steel industry? If the Bethlehem-Youngstown merger was approved, solely because U. S. Steel was still larger, could we fail to approve any other proposed merger that resulted in less than U. S. Steel's 34% of United States production? Could we permit Republic, National and all 23 of the fully integrated companies smaller than the first 10 to unite? Or should we permit the smaller 23 to merge with Kaiser **and** Colorado Fuel & Iron **and** Interlake **and** Armco **and** Inland **and** Jones & Laughlin? Neither of such consolidations would create a company larger than U. S. Steel. Yet could such mergers conceivably be outside the Congressional intended ban?

In short, stopping steel mergers **now** seems the best chance to avoid the troublesome problem—of undue concentration — which the Clayton Act seeks to prevent. This undue concentration, I might add, is becoming more and more sharply recognizable each day in the automotive industry.

Business Expansion Possibilities

Such misunderstanding of our merger policy has perhaps inspired a third question ofttimes addressed to me: Why are you against business expansion? Business may expand, let me explain, by at least two prime means — merger or internal growth. By enacting Section 7 of the Clayton Act Congress, not the Department of Justice, set special rules to control expansion by merger. Thus Section 7 proscribes any acquisition or merger which threatens to substantially lessen competition or tend to monopoly. The corporation that expands by internal growth, however, can grow as big as it desires, unless and until it seeks or creates a monopoly. And even where an individual company has expanded to the point of monopoly, it need not violate the Sherman Act where monopoly power has been "thrust upon it." [1] Judge Learned Hand suggested in **Alcoa** that monopoly power might be innocently acquired where demand is so limited that only a single large plant can economically supply it; where a change in cost or taste has driven out all but one supplier; or where one company out of several has survived by virtue of superior skill, foresight and industry. In the **American Tobacco** case, the Supreme Court suggested the additional case of a company which has made a new discovery or is the original entrant into a new field, and thus is unavoidably possessed of monopoly power. [2] In **United States vs United Shoe Machinery Corp.**, [3] Judge Wyzanski illumined such examples:

. . . (T)he defendant may escape statutory liability if it bears the burden of proving that it owes its monopoly **solely** to superior skill, superior products, natural advantages, including accessibility to raw materials or markets), economic or technological efficiency, (including scientific research), low margins of profit maintained permanently and without discrimination, or licenses conferred by, and used within, the limits of law, (including patents on one's own inventions, or franchises granted directly to the enterprise by a public authority. (Emphasis supplied). These principles, designed to protect business efficiency but preserve competition guide the Antitrust Division.

Consent Agreement Advantages

Beyond labor, mergers and business size, businessmen finally ask what this Department hopes to achieve by entering into consent judgments in civil antitrust cases. In response, a good example is the consent judgment entered against Eastman Kodak. Let me begin with a "Wall Street Journal" article, dated Sept. 30, 1955, captioned "Technicolor Says It Will Process Color Film for Amateurs—Entry Into New Field Follows Kodak Consent Decree." The news report introduced by these gratifying headlines pointed out that under terms of an antitrust consent decree entered last spring, Eastman Kodak had agreed to permit the processing of Kodachrome and Kodacolor film by independent laboratories.

The story that led to these results, for purposes of my telling tonight begins about 15 months ago. Then the Antitrust Division filed a civil complaint against Eastman Kodak at Buffalo, and simultaniously entered a consent judgment requiring Kodak, among other things, to discontinue tying the sale of its amateur color films to its processing of these films. Unlike black and white film, developed almost exclusively by small businessmen, these amateur color films produced by Eastman were processed only by Eastman. When the film was sold, the sales price included an unsegregated charge to cover the processing. The amateur would, after exposing the film, send it to Eastman. He could not take it for local processing to the corner drugstore, nor to the local photographic shop. For almost no one in the United States other than Eastman was prepared to process Kodachrome and no one in the United States could process Kodacolor film. The tie-in arrangement under which these films were sold kept the small businessman out of the field of processing these films.

This case, I believe, is a good example of what antitrust can do to generate more opportunities for the business world and more choices for the consumer. Already three major companies have entered the color film processing field, and the judgment is barely 15 months old. I referred to Technicolor a moment ago. In addition, Chesapeake Industries, Inc., has formed a new subsidiary, Pathe Color, to operate in the color finishing field, has begun work on a million dollar plant at New York, and has announced that as of July 1, 1956, it will commence processing amateur color film. Again, almost immediately upon the entry of the judgment, Pavelle Color, Inc., a large independent New York processor, announced that it was building additional equipment to enable it to process Kodak color film.

New business opportunities generated by the consent judgment were not limited to major film processors. Retail dealers, who heretofore have entered only black and white film finishing, will play an important part in this newly opened color film market. This fact is testified to not merely by news reports; ad-

*An address by Mr. Barnes before the Economic Club of New York, April 16, 1956.

1 Aluminum Co. of America v. United States, 148 F. 2d 416, 429, (2d Cir. 1945).

2 328 U. S. 781, 786 (1946).

3 110 F. Supp. 295, 342 (D. Mass. 1953) aff'd per curiam, 347 U. S. 521 (1954).

vertisements soliciting color film processing business are beginning to appear in the newspapers.

And how about the consumer, has he benefited? Before the judgment was entered, he had one choice of processor for his Kodacolor film. Soon, he should have at least four. And the number promises to grow.

To insure this number continues to grow, the **Eastman** judgment contains a unique provision. It provides, among other things, that about seven years from now, Eastman shall divest itself of so much of its facilities as may be in excess of 50% of the then domestic capacity for processing Eastman still color film. It is further provided, however, that no divestiture shall be required if Eastman shall show to the satisfaction of the court in substance that competitive conditions have been restored. Thus, Eastman is compelled only to take such steps as are necessary to restore competitive conditions and thereby avoid divestiture relief.

This basic goal some camera fans have not understood. We have received many complaints stating that this decree prohibits a customer from sending his films to Eastman for processing. Typical of these complaints is a letter referred to us by one Congressman.

It states: "I am writing to protest (the Eastman Kodak decree) as unfair to the customer." The Eastman Kodak judgment, the letter went on, "does not allow customers to send films for processing directly to Kodak as formerly done but now it must be taken to a dealer who sends them where he wishes and when."

The Eastman decree, I repeat, does no such thing. It does not prohibit Eastman from processing. In fact, to the contrary, it specifically provides that Eastman may so continue to process amateur color film. Nor does the judgment limit how Eastman may receive exposed color film for processing. Instead, to repeat, the judgment merely bars Eastman from selling color film on any basis which by including a processing charge **forces** the consumers to pay for developing whether or not he wants it.

Faced with the **possibility** for divestiture, Eastman's officials, I imagine, considered methods to promote entry of new processors. It discontinued its direct mailing system. It now requires that exposed film be returned only through dealers.

This decision, let me emphasize was Eastman's—not the Antitrust Division's.

Rising Production and Competition

Basic to our American philosophy, of course, is the tenet that the public interest is best served by the interplay of competitive factors and not by monopoly, however benevolent. This philosophy, I suggest in closing, has played a major role in our country's prosperity and growth.

Why can our nation out-produce the whole world? As Mr. Paul Hoffman phrased it, in welcoming a group of British industrialists who arrived in this country on Dec. 3, 1951 to try to ascertain our secret:

"In America we produced one-third of the total goods in the world and one-half the manufactured goods with one-fifteenth of the land area of the world, one-fifteenth of the people of the world, and one-fifteenth of the national resources of the world."

Perhaps influenced by this striking comparison, a noted Swiss political economist, William E. Rappard, concluded in his study, "The Secret of American Prosperity" published as recently as May, 1955, "that the United States today enjoys a much greater average income than any other nation. The material standard of living, is, therefore, by far the highest in the world." Seeking the reason for this, Mr. Rappard corresponded with Mr. John S. Crout, Director of the renowned Battelle Institute. Explaining America's system of free enter-

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Dealer-Broker Investment Recommendations & Literature

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

Atomic Commentary—Current status of atomic industry as of March 31, 1956 together with illustrated portfolio—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.

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

Bank and Insurance Stocks—96th consecutive quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Building Review—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Business in Brief — Quarterly survey — The Chase Manhattan Bank, Economic Research Department, 18 Pine Street, New York 15, N. Y.

Electronics—Bulletin—Salik & Co., Bank of America Building, San Diego, Calif.

Investment Aspects of the Paper Industry—Analytical brochure —Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

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

Long Term Investment Programs—List of suitable companies —Hirsch & Co., 655 Madison Avenue, New York, N. Y.

New York City Bank Stocks—Comparative figures at March 31, 1956 — The First Boston Corporation, 100 Broadway, New York 5, N. Y.

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

Outlook for Chicago Bank Stocks—Bulletin—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, Ill.

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

Tax Exempt Bonds and You—Comparison of Tax-Free and Taxable Yields — Mountain States Securities Corporation, Denver Club Building, Denver 2, Colo.

Treasure Chest in the Growing West—Booklet describing the area resources and opportunity to industry in the region served—Utah Power & Light Co., Dept., K. Bost 899, Salt Lake City 10, Utah.

Trends in the Hotel Business—20th annual review—Harris, Kerr, Forster & Company, 18 East 48th Street, New York, N. Y.

U. S. Governmental Agency Obligations — Summary — C. J. Devine & Co., 48 Wall Street, New York 5, N. Y.

Utility Outlook—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N Y.

World Time Chart 1956—Time differences in over 100 countries throughout the world as compared with Eastern Daylight Saving Time which will become effective April 29th—International Banking Department, Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

* * *

American Hospital Supply Corp.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is a memorandum on **Peerless Insurance Co.**

American Machine & Foundry—Bulletin—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Bell & Gossett Co.—Memorandum—F. S. Moseley & Co., 135 South La Salle Street, Chicago 3, Ill.

Bowater Paper—Report—De Pontet & Co., Inc., 40 Wall Street, New York 5, N. Y. Also available are reports on **Unilever N. V., Imperial Chemical** and **British Petroleum.**

Buffalo Eclipse Co.—Memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available are memoranda on **McLean Trucking Co.** and **National Gypsum Co.**

Commercial Uranium Mines, Inc.—Bulletin—Columbia Securities Company, Equitable Building, Denver 2, Colo.

Continental Can Co.—Memorandum—Zuckerman, Smith & Co., 61 Broadway, New York 6, N. Y.

L. A. Darling — Information — Moreland & Co., Penobscot Building, Detroit 26, Mich.

Detroit International Bridge Co. — Memorandum — Hemphill Noyes & Co., 15 Broad Street, New York 5, N. Y.

Thomas A. Edison Incorporated—Annual report—Thomas A. Edison Inc., West Orange, N. J.

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

General Electric—Discussion in April "Investment Advisory Digest"—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.

Greyhound Corporation—Report—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Gridoil Freehold Leases Ltd. — Bulletin — De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Hitachi (heavy electrical equipment company)—Analysis in current issue of Weekly Stock Bulletin—The Nikko Securities Co., Ltd., 5, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue is a brief analysis of **Tokyo Shibaura Electric.**

Hoyle Mining Company Limited—Analysis—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

I-T-E Circuit Breaker—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Vanadium Corp. of America.**

International Breweries, Inc. — Memorandum — Parrish & Co., Union Bank Building, Pittsburgh 22, Pa.

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

Mountain Fuel Supply Company—Analysis—Edward L. Burton & Company, 160 South Main Street, Salt Lake City 1, Utah. Also available is an analysis of **Equity Oil.**

Mueller Brass Company—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

National Steel Corporation — Annual report — National Steel Corporation, Grant Building, Pittsburgh, Pa.

New York Central Railroad—Annual report—Secretary, New York Central Railroad, 230 Park Avenue, New York 17, N. Y.

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

Public Service Co. of New Mexico—Analysis—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Republic National Bank of Dallas—Analysis—Estabrook & Co., 15 State Street, Boston 1, Mass.

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

Scranton Spring Brook Water Service Company—Analysis—A. G. Becker & Co. Incorporated, 60 Broadway, New York 4, N. Y.

"Shell" Transport and Trading Company Ltd. — Analysis — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Signode Steel Strapping—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Standard Oil Company of Indiana—Annual report—Standard Oil Company of Indiana, 910 South Michigan Avenue, Chicago 80, Ill.

Standard Oil Company of New Jersey — Annual report — Standard Oil Company of New Jersey, Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

Stauffer Chemical Company—Investment study—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

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

COMING EVENTS

In Investment Field

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

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

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

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

May 17, 1956 (Columbus, Ohio)
Columbus Stock & Bond Club annual outing at the Brookside Country Club, Linworth, Ohio.

May 17-18, 1956 (Nashville, Tenn.)
Security Dealers of Nashville annual party: cocktails and dinner May 17 at the Hillwood Country Club; golf and other outdoor activities followed by dinner May 18 at the Richland Country Club.

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

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

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

June 8, 1956 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at the Whitemarsh Country Club, Whitemarsh, Pa.

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

June 15, 1956 (Philadelphia, Pa.)
Philadelphia Securities Association annual outing at the Aronomink Country Club, Newtown Square, Pa.

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

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

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

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

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

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

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

Elected Director

Charles H. Pinkerton

PHILADELPHIA, Pa.—Charles H. Pinkerton, partner of the investment banking firm of Baker, Watts & Co., of Baltimore, Md. has been elected a director of Pennsylvania Glass Sand Corporation. Baker, Watts & Co. is a member of the New York and Philadelphia-Baltimore Stock Exchanges.

Violence in the Middle East: A Threat to Oil Companies?

By JOHN M. MINER
Investment Officer,
Fidelity-Philadelphia Trust Company

Assuming the worst might happen, Investment Research Specialist concludes no serious threat to American companies' earning power is involved since oil temporarily lost in Middle East would be made up in other areas, but Europeans and Britons would be faced with less oil, and world crude oil and oil products' prices would probably increase. Describes Persian Gulf area and Northern Iraq as principal oil sources, both 500 to 1,000 miles from Israel, yet Arab-Israel tension may have more direct affect upon Middle East oil operations than the general Arab-world hostility to Europeans and Americans—particularly Britain. Finds Arabs' astute traders' know how to play both ends against the middle, and oil shutdown by an Arab country could be more costly to it than to the oil companies.

We have $115,000,000 invested in the common stock of the five American oil companies with major Middle East operations. Events in this area are, therefore, of immediate concern to us.

John M. Miner

Violence and high tension run the length of the Mediterranean. Of the three most troubled areas, Algeria, Cyprus, and Israel, only the last may have a direct effect on Middle East oil operations. In addition, the general ferment in the Arab world could conceivably hamper this important flow of oil.

In this discussion we are not going to weigh the merits of the Arab-Israeli dispute, nor are we going to speculate on the likelihood of open war. Our sole concern is with what this situation might mean, assuming the worst, to oil in the Persian Gulf.

The Land and the People

The main countries of the Middle East are: Syria, Saudi Arabia, Lebanon, Kuwait, Jordan, Israel, Iraq, Iran. For many reasons Iran (formerly Persia) stands somewhat apart from this community. To the west lies Egypt; to the north, Turkey and Russia; to the east, Afghanistan and Pakistan.

The Middle East, excluding Iran, has half the land area of the United States but less than one-sixth its population. Saudi Arabia, by far the largest country, has an area 20 times that of Pennsylvania but only 60% as many people.

The area as a whole is desolate and uninhabited. The population is concentrated in a few compact sections. Aside from these dense pockets of people the Middle East is largely barren desert.

Except in the small countries of Israel and Lebanon, the language is Arabic; the religion, Moslem. However, the historical backgrounds of these Arab nations differ widely. This together with geography has resulted in each nation going its own way. While there is an Arab League this "union" of nations is loose, with each member jealously guarding its own interests.

Because of long-standing grievances, some real, some fancied, much of the Arab world is hostile to Europeans and Americans. Britain is the prime target of this animosity but other Western powers are not held in much greater esteem.

While oil income has helped some of these countries, extreme poverty and illiteracy are still the rule. The extent to which the Broad mass of people (as distinct from the ruling clique) shares in this income is hard to determine. The power of Arabian rulers over their people varies, but in all cases far exceeds that of Western leaders. From our viewpoint many Arabs are subject to a feudal way of life in which the ruler's authority is almost boundless.

It is well to keep in mind that Middle East thinking is often fundamentally different from that of the Western world; their logic is not necessarily ours.

Middle East Oil

Oil production is located primarily in the Persian Gulf area, secondarily in northern Iraq, both 500 to 1,000 miles from Israel. Only five countries have sizable oil production: Iraq, Iran, Kuwait, Saudi Arabia, and Qatar (the small, British-controlled peninsula in the Persion Gulf).

Middle East production represents about a quarter of total free-world output. Europe and Britain depend almost entirely, and our own Eastern Seaboard, increasingly, on this oil.

Three-quarters of the world's known oil reserves are located in the Middle East (the United States holds only one-eighth). The rapid postwar development of big production and tremendous reserves in this area has no parallel in the history of the oil industry anywhere in the world.

The Middle East is less important as a refining center. The bulk of its production is refined elsewhere.

Most of the oil is moved by tanker, usually from the Persian Gulf around the Arabian Peninsula up to Suez. The rest is carried by pipelines across Arabia to the eastern shore of the Mediterranean.

Oil operations are largely in the hands of a few American and British companies which are also the leaders in the areas in which this oil is marketed. Over the years the Arabian rulers of oil-producing countries have enjoyed an increasing share of the profits. The split between the company and the ruler is now about 50-50. Five American companies have a large stake in the Middle East: Gulf Oil, Socony Mobil Oil, Standard Oil of California, Standard Oil (New Jersey), and the Texas Company.

What If Full-Scale Arab-Israeli War?

Because of the great distance and rugged terrain between Israel and the oil producing areas, production would not be harmed militarily. The possible war area has no large operating refineries. There are three trans-Arabian pipelines, but the one running from Iraq to Israel has been shut off for some time because the Arabs will not permit their oil to enter Israel. Of the two active pipelines only the one which originates in eastern Saudi Arabia, closely skirts Israel's northeast border, and ends in southern Lebanon is vulnerable. If it should be cut the oil would be rerouted by tanker. This would be momentarily inconvenient but would have no marked effect on Middle East oil earnings.

A Show of Force?

As Arab-Israeli relations have worsened certain of the Arab nations have moved closer together to present a more united front. Those other Arab countries which have not yet joined this alliance have come under increasing pressure from their neighbors. In this militant, Arabia-for-the-Arabs atmosphere it is conceivable that one of the oil-producing countries might stage a show of force or "independence" by cutting off its production.

Because the oil-producing countries, and especially their rulers, are critically dependent on oil revenue such a stoppage would be painfully costly. However, even a brief shutdown would present a problem because there is not enough surplus capacity in the area immediately available to make up such a shortage. Production in other areas, notably South America and the United States would have to be stepped up. Europeans and Britons would find their oil harder to come by and the prices of crude oil and oil products throughout the world would probably increase.

Should this come about we see no great threat to the earning power of the American companies involved. They produce, refine, and sell throughout the world. What they might temporarily lose in the Middle East they would make up in other major areas. No doubt it would require many operational changes, but these companies have repeatedly shown alertness and flexibility.

This show of force is not considered likely but it is a possibility. Bear in mind that we are deliberately trying to get at the worst that might happen.

Communist Infiltration

Communist infiltration in the Middle East has not been outstandingly successful so far. Right after World War II there was a rather strong propaganda attempt in the northern part of Iran bordering on Russia which was not very fruitful. There was another rash of propaganda at the time of settlement of the British-Iranian oil dispute which again met with only limited success. In recent months, seizing upon the increasing ferment, Communist activity has increased throughout the area. This time it is apparently better organized, on a bigger scale, and more skillful.

There is no question that the Communists can make oil operations more difficult over a period of time. But there is little reason to suppose that the Arab world is basically more attractive to Russia than to the West. Long noted for astute trading, the Middle East leaders are clearly in a position to play both ends against the middle.

Western Strength

Our oil companies are by no means powerless. Understandably anxious to promote general good feeling they have gone out of their way to create a friendly working atmosphere.

The Arabian rulers are keenly aware of the vital importance of oil to their nations (and to themselves). Rocking the boat can be costly—far more so for the particular country than for the world-wide oil companies.

Western governments quite properly have an interest in the welfare of their nationals' capital abroad.

Production is the most important but by no means the only phase of the oil business. Crude oil must, of course, be transported, refined, and marketed. Herein lies the West's strongest point: the West is the sole market for this volume of oil; there is no other. Furthermore, only the Western companies, as a group, now operating Middle East production are capable of handling this oil.

Summary

If there is full-scale Arab-Israeli war no oil production and no important refinery would be militarily affected. At worst, a pipeline might be cut but the oil it now carries would be rerouted by tanker.

Whether or not this war occurs, Arab nationalism, abetted by heightened Communist activity, is increasing. It is conceivable that at the worst the growing hostility to the West could lead to a shutdown of production in one of the Arab countries as a show of "independence." Because oil revenue is vital to the country and its rulers such a shutdown could be far more painful to the country than to the oil companies with their world-wide resources. Replacement of this oil would require stepping up production throughout the world and would probably lead to higher prices.

Neither of these darkest possibilities would seriously affect the earnings of the oil companies.

We have no doubt that these events would make alarming headlines which might easily produce a temporarily unfavorable stock market reaction. Nevertheless we see no basic impairment of the favorable long-term prospects for the international oil companies in which our investment is substantial.

Two With Roger Johnson

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla. — Harvey N. Geisler and William J. Gilmore have become affiliated with Roger G. Johnson & Co., Professional Boulevard.

Charity vs. Tax Dollar

By MOST REVEREND RICHARD J. CUSHING, D.D.*

Archbishop of Boston

Archbishop Cushing notes that even here in America we are in danger from Socialism which, however mild, does not allow the independent "charity dollar" to compete with the "tax dollar." Asserts expanding Federal support of educational, recreational, social service and health programs means increased state competition with private activity which speedily falls behind as enormously increased taxes feeds the omnipotent state.

An age of socialism will test to the cracking point the power to survive of independent programs. Unless a miracle intervenes or some other extraordinary factor reverses the situation in eastern Europe and Asia, our generation must face the fact that several great nations are doomed to Marxist Socialist regimes. The basic Christian objection to Marxist socialism is, of course, its atheism and its complete contempt for all personal and spiritual values, with a consequent deification of the state and suppression of the person. But Christianity also shares democracy's objections to Marxist socialism. One of these is the objection which free people have always had to any system which destroys private initiative on every level and which tolerates no independent organized action of any kind within the community and apart from the state.

In the totalitarian concept of Marxist socialism all independent works such as yours are out of the question. They speedily become as illegal as organized religious action, independent of state controls. Independently organized social-service works are not merely theoretically inconsistent with Marxist socialism; they become practically impossible in the regimented life of the totalitarian state. They are ruthlessly eliminated from the life of the unhappy nations presently under the heel of the Red Fascist.

It seems unlikely that this crude atheistic socialism will prevail in western nations like our own. Our political institutions are rooted in social theories permeated by Christian idealism. Our democracy has been nourished by religious and cultural values which have had more free opportunity to disseminate themselves in western Europe, Britain, and here in our own hemisphere, than they may have had elsewhere. So long as State Socialism takes any of its color from our moral, political, and social climate, it must necessarily be influenced by spiritual and therefore humane values. It cannot include atheism in its theory and therefore it cannot so crudely offend conscience in its practice. It may not always acknowledge God, but it cannot despise Him—and, while it may exalt the state, it cannot destroy the dignity of the individual or totally eliminate the person.

American Socialist Dangers

But nevertheless, even here in America we are all in danger from Socialism. State Socialism, however mild, sooner or later creates serious problems for independent, private interests. It becomes impossible for programs supported by what is sometimes called the charity dollar, the dollar freely given by private persons to support independent organizations, to compete with the so-called tax dollar, the dollar raised by taxation and spent by Federal or other State agencies for organized social service agencies, for hospital programs, or for education schemes which are state-supported and state controlled. The charity dollar cannot long compete with the tax dollar once the tax dollar becomes a weapon in the hands of a socialist state. In the first place, it is very easy to collect tax dollars. All the prestige and the police power of the state is behind their collection. It is always harder to collect charity dollars — and it becomes increasingly hard, almost to the point of impossible, to collect charity dollars in a socialist state when so many tax dollars are being collected from the same people to finance increasing state-subsidized and state-controlled community works which, as they multiply, require yet more taxation.

This is a simple, cold mathematical fact which has nothing to do with religious theory or social philosophy: expanding Federal support of educational, recreational, social service, and health programs means increased State competition with all private activity in the same fields. Private activity must speedily fall behind in competition with the omnipotent State. It also means enormously increased taxation of every conceivable kind in order to feed the insatiable hunger for support of the Goliath that is the Socialist State. Here, too, private community services are bound to suffer since the charity dollar, freely given, must, lose out to the tax dollar, legally required, and, if need be, taken by force.

*From an address by Archbishop Cushing before the Society of St. Vincent de Paul, Boston, Mass., April 8, 1956.

American Bankers Create 4 New Posts

Four new administrative posts in the American Bankers Ass'n have been created by the Administrative Committee of the Association upon the recommendation of Executive Manager Merle E. Selecman, it has been announced. These new posts carrying the title of senior deputy manager were voted by the Administrative Committee at the spring meeting of the A. B. A. Executive Council in White Sulphur Springs, West Virginia.


J. R. Dunkerley


Carroll A. Gunderson


William Powers


Walter B. French

"The purpose," according to Executive Manager Selecman, "is to provide for better distribution of the administrative responsibilities of the varied and growing activities of the Association. This step follows sound, organizational planning for multiple administrative responsibilities," he said, "and is in line with the prevailing practice in many banks which now have senior vice presidents."

The four men advanced to these new posts are J. R. Dunkerley, Walter B. French, Carroll A. Gunderson, and William Powers. Collectively, these four men have 73 years of service with the A. B. A.

Mr. Dunkerley has been with the Association 29 years, having joined the staff in 1927 as assistant to the executive manager. He has been a deputy manager for 11 years, in charge of its Savings and Mortgage Division and the Organization Committee.

Mr. French has been with the Association for 16 years, having joined it in March, 1940, as a deputy manager. Since 1943 he has been in charge of the Credit Policy Commission of the Association and the Small Business Credit Commission, and since 1953 he has been secretary of the State Bank Division.

Mr. Gunderson has been with the Association for 12 years, having joined the staff as secretary of the Small Business Credit Commission in 1944. Later he became secretary of the Association's Credit Policy Commission. In 1950 he was named a deputy manager and secretary of the A. B. A. National Bank Division.

Mr. Powers has been with the Association 16 years, having joined the staff in 1940 to establish its Customer and Personnel Relations Department and to serve as assistant registrar of The Graduate School of Banking. In 1943 he was given the title of deputy manager and in 1944 was advanced to registrar of the G. S. B. In September, 1955, he was named secretary of the new A. B. A. Committee on Executive Development.

Three of these men are graduates of the American Institute of Banking, and all of them are graduates of The Graduate School of Banking.

Rudolph R. Fichtel, secretary of the Public Relations Council, has been made assistant director and secretary of the Council. Mr. Fichtel is also secretary of the A. B. A. Savings Bonds Committee.

Russ & Co. To Be N.Y.S.E. Member Firm

SAN ANTONIO, Tex.—Russ & Company, Inc., Alamo National Bank Building, on May 3d will become a New York Stock Exchange member corporation. William G. Hobbs, Jr., executive vice president, will hold the membership. Officers of the Corporation are A. McClure Russ, president; Mr. Hobbs, Charles L. West, William A. Beinhorn, Jr., Joseph J. Lodovic, and Ray J. Thomasma, vice presidents; and George H. Stolte, secretary-treasurer.

Interstate Secs. Opens Branch in Atlanta

ATLANTA, Ga.—Interstate Securities Corporation has opened a branch in the Fulton National Bank Building. Howard C. Traywick has been elected vice president of the company and will make his headquarters in the Atlanta Office. Dorothy D. Sweyer, assistant secretary of the firm, will be in charge of the trading department. Edward A. Albright, Jr., will serve as cashier.

Mr. Traywick was formerly president of Hancock, Blackstock & Co. of which Miss Sweyer was an officer and Mr. Albright cashier.

From Washington Ahead of the News

By CARLISLE BARGERON


Carlisle Bargeron

Probably the best example of President Eisenhower's chain of command theory of running the Government, that is, of delegating responsibility to his subordinates and sticking by them, is his veto of the Farm Bill. Ezra Taft Benson, the Secretary of Agriculture, wanted it vetoed. Very well, that's Ezra's job.

All of the political advice, apparently, was against vetoing it. You have the Attorney General, Mr. Brownell, presenting a recommendation to Congress on civil rights designed obviously to get Negro votes and another one, concerning relaxation of the immigration laws, designed to get foreign born votes. I doubt seriously that Mr. Brownell, concerned in getting votes, was in favor of the veto of the Farm Bill. Secretaries Humphrey of the Treasury, and Wilson of Defense, not being astute in the game of politics, were probably non-committal as was Secretary of State Dulles.

There is every reason to believe that the White House Palace Guard, all politically minded, and mostly Eastern politically minded, but concerned in votes, were against a veto. From all indications it seems to be safe to say that Mr. Benson won almost by himself. He is Secretary of Agriculture! As long as he is that, Mr. Eisenhower feels he should take his advice. That's what he has got him in the job for.

You can bet your boots that the President's action was against the advice he got from the Republican leaders on Capitol Hill. Most Republican members of Congress and Senate from the Middle West are still groaning, notwithstanding that the public reaction to the veto, as reflected in newspaper editorials, particularly Middle West editorials, have been gratifying.

To this writer, the veto seems to have been something that the President had to do. He is supposed to be a man above politics, a genuine man. To have given in to the clamor would have, to my mind, marked him as just another politician.

But Middle West Republican politicians with whom I have talked, although admitting this, don't like it. And they don't like Ezra Benson. He is an enigma to them. He is, in fact, sort of a mystic.

The fact is that he is no political fool. His Department of Agriculture undoubtedly has a better record of getting rid of hold-over Democrats and installing Republicans than any of the larger agencies in town. Chairman Leonard Hall of the Republican National Committee admits this with great affection and then, in the next breath, is inclined to rail about what a liability Benson is to the party.

The fact that Eisenhower is the party's best bet and that he is this because of his genuineness, because of his not being a politician, and that Benson is of the same stripe, doesn't catch on with Hall or the rest of the rank and file Republican Congressmen and Senators. They like to think of their President's genuineness but they worry about the same attribute of the Secretary of Agriculture.

Frankly, what they characterize as genuineness in the President, they describe as stubbornness on the part of the Secretary of Agriculture. They particularly see stubbornness now in the Secretary's opposition to the Democratic proposal for an appropriation with which to operate the so-called soil bank without legislation specifically authorizing the soil bank. At first glance this does seem to be pure stubbornness on the part of Mr. Benson. The Democrats claim he has authority under existing legislation to put the soil bank into effect, once he gets the money.

The facts are, or so it is claimed in behalf of the Secretary, that few, if any, farmers would sign up for the soil bank on a one-year basis, which it would have to be if set up on a basis of annual appropriations from Congress. The next Congress could refuse to appropriate any money for the soil bank.

There is another gimmick, mostly political. If Congress would authorize the soil bank the money would come from the Commodity Credit Corporation and not show up in the budget. An outright appropriation would, and tend to throw the budget out of balance at a time when the Administration intends to crow that it has balanced the budget.

Secretary Benson is a devout churchman. But you might say he is also a gambler, and a man of tremendous courage. Because he realizes that if the Republicans lose a single Senator in the Mid-West, or as many as two or three Congressmen this fall, there will be an irresistible demand for his scalp.

H. M. Dreyfus 50 Yrs. N. Y. S. E. Member

Herbert M. Dreyfus, partner in Benton & Co., New York City, on April 19th celebrated 50 years as a member of the New York Stock Exchange. Mr. Dreyfus purchased his membership on April 19th, 1906, when he was 21 years old. He had begun his career in Wall Street eight years previously as an errand boy for Ladenburg, Thalmann & Co.

Karl L. Meyer Wins Bowling Award

DENVER, Colo.—Karl L. Meyer, of J. A. Hogle & Co., proved himself the dean of Denver Bowlers. At the annual award dinner, when the M. C. called him for his award, he announced the firm as J. A. Hog-el. Said Karl, "We don't care what you call us—just as long as you call us!"

Investors' Responsibility And Private Transportation

By GEORGE K. WHITNEY*
Trustee, Massachusetts Investors Trust
Chairman, Investor Panel and Director,
Transportation Association of America

Mr. Whitney expresses interest in maintaining various private —and privately managed—forms of transportation and points out: (1) $2 billion airplane expenditure in next five years is planned prompting switch from short- to long-term funded debt which insurance companies are stepping in to meet; (2) toll roads are constructing, financing and authorizing $5 billion; (3) trucking expects to spend about $3 billion for operating equipment alone; (4) shipbuilders plan 180 new cargo vessels with $600 million in subsidies and $900 million from private investments; and (5) rails expect to invest $6.5 billion in next five years. Cites 60% 20-year traffic increase volume estimate in intercity freight and passenger traffic.

The opportunity to say a few words about the responsibility of investors in helping to assure a truly "future unlimited" for our vital transportation industry is appreciated. Needless to say, this is one of our best ways to assure a future unlimited for the nation's whole economy, which is vitally dependent on transportation.

George K. Whitney

Massachusetts Investors Trust, as you may know, is an institutional owner of common stocks of American industrial and commercial enterprises. It has a substantial commitment in equities in the transportation and directly related industries. For this reason, I am keenly interested in transportation's future.

Today I have the privilege of representing, as chairman of the Investor Panel of the Transportation Association of America, a broad cross-section of institutional investors. This panel of more than 50 banking, investment and insurance executives, works alongside of similar panels in the user and the various carrier fields studying and making recommendations on proposals affecting national transportation policies. We cooperate in efforts to iron out differences of opinion among the panels in order to formulate a position that is constructive to the overall welfare.

We, as investors, accept this responsibility of working side by side with users and carriers to improve our transport system. We regard it as an integral part of our business, which is, very briefly, to invest our clients' funds to their best advantage, with particular regard not only to the future solvency of companies in which we invest, but, also, in the case of equity investments, to the adequacy and continuity of dividends.

As to the investment aspects of the situation in respect to various forms of transportation the following can be said.

While the fact that the public holds some $17 billion of railroad securities possibly results in a widely-held belief that investors are primarily interested only in the welfare of that segment of transportation, there are other areas that constitute actual or potential sound avenues for the investor. Please keep in mind, however, that different investors have different objectives. Some invest in short, intermediate, or long-term types of debt obligation—and others, of course, are investors in equity securities for the long pull.

Airline Field

One example of a radidly rising interest by investors in other forms of transport is the airline field. We all have been reading almost daily of the coming of the jet age in commercial air transportation. Large orders for swift jet transports have been reported during the last few months. In fact, over 140 of these multi-million-dollar aircraft have been ordered, plus another 170 turboprop transports and almost 140 conventional four-engine planes.

Needless to say, this will cost money—around $2 billion in the next five years, and the airlines have been forced to switch from their past practice of relying on short-term bank loans to long-term funded debt. Insurance companies, expressing optimism in the future of this rapidly growing industry, have stepped in to help fill this financial need. During the past year, they have boosted their outstanding air carrier loans to $385 million, almost five times the total at the end of 1954. In fact, total outstanding aviation securities of all types amounted to only $350 million just a year ago. With at least another 100 aircraft expected to be ordered in this program, plus ground installations to handle this equipment, we can predict that the investor's stake in air transportation will be even greater in the nearer future. And from the standpoint of the common stockholder the present prospect is that, with one exception, all this will be done without dilution of his equity.

Highways Construction

Another field of direct concern to both the transportation and finance industries is highway construction. Long-term highway obligations outstanding are estimated at more than $9 billion. Many institutional and individual investors are particularly interested in the financing of toll road construction, with about $1 billion worth of turnpikes in operation, another $2 billion under construction or financed, and another $3 billion authorized. Our interest in seeing that such toll roads are wise investments, because of their self-amortizing nature, is obvious. Therefore, investors are deeply concerned when traffic estimates fail to materialize, as on the West Virginia and Ohio Turnpikes, both of which up to now are reporting far less truck traffic and revenues than predicted.

Trucking Equities

Speaking of the trucking field, here is a great potential that has not been tapped to any appreciable extent, at least by investors dealing in long-term securities. In fact, only a dozen or so trucking companies have offered their stocks to the public. Yet, leading spokesmen for the industry indicate that more equity financing can be expected in the future. When we realize that the trucking industry spent more than $2.5 billion last year for trucks and trailers, and is expected to spend about $3 billion this year for operating equipment alone, plus millions for new terminal construction, it is not difficult to look forward to a greater role for the investor in this growing field.

Shipbuilding Field

Perhaps I should mention briefly a potentially greater participation of investors in the shipbuilding field. As many of you perhaps know, the Administration has been working hard to get industry and government together to finance a Merchant Marine modernization program. To illustrate the scope of this program, the Maritime Administrator announced just recently that American-flag shipping companies are planning to build 180 new cargo vessels at a total cost of $1.5 billion. The government will pay about $600 million of this in construction subsidies, the remaining $900 million coming from private enterprise.

Railroad Investments

Going back to the railroads for a moment, I should mention that the $1 billion annual rate of rail capital expenditures maintained during the post World War II period is expected to be even higher during the next five years. For this year, for example, it is placed at $1.3 billion.

I could go into other areas of transportation in which the investor has a direct interest, but I think this coverage is sufficient to illustrate clearly that the financial field is closely involved in all forms of transportation, and thus is concerned about the national policies that affect their development.

We are particularly interested in carriers subject to public regulation, since they are the backbone of our transport network. Keeping these carriers under private ownership is vital if we expect to maintain our present capitalistic system. While the fear of government ownership of transportation may be fairly remote at present, we should realize that the United States is unique in this respect.

Minimum Regulation

The investor knows the need for regulation, but feels that every effort must be made to assure that it is kept to the absolute minimum needed in the public interest. Finding this minimum in rate regulation is a most difficult problem, as you all well know. Still, competition is essential to the welfare of our economic system and its benefits should be allowed to take maximum effect in the transport field.

In this respect, we doubt that regulatory authorities should have the power to substitute their judgment for management on such technical decisions as deciding what effect increases in rates will have on the movement of traffic. Also, regulated carriers should be given the opportunity to earn sufficient revenues to make them attractive to both bond and equity investors. Failure to do this merely means that investment money will find more profitable channels, lessening the chances of the regulated carriers to develop at the same rate as the rest of the economy, which would be calamitous, of course.

The problem of delays in obtaining approval for a general increase in rates to offset rising costs has been a plague to these carriers. It is most encouraging to see the Interstate Commerce Commission take steps to close this "time-lag," and we hope this procedure is continued.

There are many other areas of interest to investors, but time does not permit their being mentioned.

As to the future of transportation I should like to mention some estimates of traffic volume 20 years from now which recently appeared in an article by Arthur Jansen in the "Investment Dealers' Digest." A more than 60% increase in both intercity freight and passenger traffic is looked for by Mr. Jansen, who is a keen student of transportation matters. If the transportation system of the country is to remain largely in the hands of private enterprise it is the responsibility of investors to stand ready to make capital available as needed to meet the potential tremendous future demand for all types of facilities and equipment. This responsibility can only be fulfilled, however, if there is the proper political and regulatory climate as to transportation to attract capital and particularly equity capital. We, the representatives of investors, as members of the Investor Panel, are trying to do our bit in the cooperative effort of the TAA towards the attainment of this climate.

*An address by Mr. Whitney before the Western New York Institute of Transportation, Buffalo, N. Y., April 10, 1956.

Scherck, Richter Wire To Kansas City

ST. LOUIS, Mo. — Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange, announce the installation of a wire to George K. Baum & Company, 1016 Baltimore Avenue, Kansas City, Mo.

Now David Farrell Co.

LOS ANGELES, Calif.—David Farrell, 626 South Spring Street, is now conducting his investment business under the firm name of David Farrell & Co. The firm has opened a branch at 307 East Manchester Boulevard, Inglewood, Calif. under the direction of William Finerman.

Now Fenner Corporation

The firm name of Fenner-Streitman & Co., 37 Wall Street, New York City, has been changed to Fenner Corporation.

United States Survival Policy and Russian Economic Offensive

By PAUL G. HOFFMAN*

Chairman of the Studebaker-Packard Corporation

In accepting the annual Cordell Hull Award, Paul G. Hoffman declares world situation makes an effective and enlightened foreign economic policy more imperative than ever and cites: (1) Kremlin world conquest goal remains unchanged in their stress upon world-wide economic offensive; (2) U. S. United Nations Delegation's statement we can lose this economic contest unless U. S. wakes up to its implications; (3) propaganda advantage given to Japanese Communists in case of cotton textiles; and (4) our growing dependence upon world trade. Endorses President's proposal to authorize U. S. membership in the Organization for Trade Cooperation, in refuting protectionist's narrow, short look on the question of trade and job protection.

There is a new element in the world situation which makes an effective and enlightened foreign economic policy even more imperative, and that is the new communist economic offensive. Despite the startling repudiation of Stalin on the part of Russia's new leaders, Krushchev and Bulganin, the basic goal of the Kremlin is unchanged. It is world conquest. But whereas Stalin placed great emphasis on periphery military action and threats of military action to make progress toward that goal, the new leaders put their stress upon trade offers and offers of economic aid. Perhaps the most graphic statement of the crisis confronting us as the result of this new communist economic offensive was made by our nation's delegation to the United Nations. They stated:

Paul G. Hoffman

"The present period in history may one day be recognized as a major turning point in the struggle between communism and freedom . . . The Soviet Union . . . (is) using economic and social collaboration as a means for jumping military as well as political barriers . . . We are in (an economic) contest . . . which is bitterly competitive."

The U.S. Delegation to the U.N., with the President's specific endorsement, added that, "We could lose this economic contest unless the country as a whole wakes up to all its implications."

New Policy Implications

What are these implications? One is that the Russians are using trade to win friends and influence people. Communist trade boss Mikoyan's trip of the last month through Southeast Asia shows the design. He had, for example, a brilliant success in Pakistan. Although Russia's diplomatic and political relations with that staunch ally of the West are just about as bad as they can be, Mikoyan has told the Pakistanis that, all politics to the side, Russia wants trade. Pakistan, of course, desperately needs industrial equipment and also sorely needs an outlet for their hides, jute, cotton, and other agricultural products. Mikoyan has appealed to the pride of these newly independent people by assuring them that he is interested in a straight commercial proposition—trade as between equals—"as opposed to aid "with strings on it." As a result a major Soviet-Pakistan trade parley began in Karachi just this last Monday.

What comes next can be easily appreciated from these comments "Pravda" made on Mr. Mikoyan's visit to Pakistan: "The foreign policy principles which naturally follow from Pakistan's almost total orientation of her trade to the capitalistic countries of the West harmfully affect Pakistan's financial stability and the living level of her people. Thus," it continues, "it is completely understandable that Pakistan society all the more often talks of the development of normal economic and trade relations with all countries of the West and the East. Business and trade circles of Pakistan understand that the USSR, the Chinese People's Republic and the countries of the People's Democracies may serve to stabilize the market for many Pakistan products and, in turn, assist in providing Pakistan's needs for the industrialization of her industry and trade." And, "Pravda" blandly looks to the future with: "In these days it can be seen that the visit of A. I. Mikoyan has aroused a new wave of genuine interest in the Soviet Union and a massive desire to improve basic economic, trade, cultural and friendly connections between the peoples of the USSR and Pakistan."

Another of the implications of Russia's new economic offensive is that they are using trade to create dissension among the free nations and particularly to build up the resentment of all nations against the United States. Last February Mr. Krushchev told the Twentieth Congress of the Communist Party that, "altogether they (the Free Nations) have more than enough grounds to be displeased with the United States which is disorganizing the world market by carrying on unilateral trade, fencing off its markets from foreign imports . . . and other measures hitting hard at other countries."

Even more effective than this generalized propaganda of the communists against us are their campaigns within the individual countries when the U. S. has made some unpopular trade move. I still recall vividly the campaign the communists and fellow travelers staged against us in Denmark when we barred Danish cheese, and the criticism of Aneurin Bevan when we raised the import duties on bicycles. What the communists will do to us in Japan if we bar Japanese textile products is something I don't like to think about.

Organization for Trade Cooperation

While the Russians are carrying on their new trade offensive, what are we doing? Well, right at the moment a vicious attack has been leveled by the high protectionists against the President's recommendation that the United States join the Organization for Trade Cooperation. As you all know, a bill is now before Congress which would authorize our so doing. That organization, of which 35 nations will become members, is to be set up to administer the General Agreement on Tariffs and Trade. OTC, by the creation of an Assembly, an Executive Committee (on which the U. S. will have a permanent seat) and a Secretariat, will give a continuing administration to the General Agreement. We have, of course, been a Contracting Party to the Agreement since its inception, and have participated with the other nations in stabilizing or reducing approximately 60,000 tariffs and lessening other trade barriers, all of which have a very positive effect on U. S. prosperity.

U. S. membership in OTC is a simple, common-sense plan, providing permanent administrative machinery to perfect the operation of GATT. By means of OTC there will be a forum in which most of the free nations will be able to negotiate a continuing expansion of international trade. It will give us a quick and effective means to see that the other nations hew the line on their trade agreements with us. This sort of organized consultation is effective, I know from my own Marshall Plan experience.

Failure to authorize U. S. membership in OTC will, I am sure, confuse and depress the international trade situation and seriously compromise U. S. world leadership.

The authority for OTC is inherent in the late Secretary Hull's Reciprocal Trade Agreement Act. The high tariff people have, however, made wild attacks claiming that OTC threatens the "Constitutional prerogatives" of the Congress in setting tariff policy. Charges like these are just plain nonsense and those who make them know it. OTC will not in any sense enlarge our tariff concessions or expand the President's authority. As a forum, and in making the General Agreement more effective by permanent consultative machinery, however, it will be a welcome advance in our trade policy.

GATT, which OTC will administer, has already provided a very real value to the U. S. Thanks to that Agreement, 14 Western European countries between 1953 and 1955 lifted quota restrictions on more than 60% of their dollar imports. These concessions which we won through the machinery of the General Agreement signaled a major increase in U. S. exports to Western Europe in 1955. While Western Europe's imports increased generally by 18% during 1955, its imports from the United States rose by more than 24%, a percentage increase worth hundreds of millions of dollars to U. S. exporters and the 4,500,000 American families whose income is directly dependent on export trade.

But, believe it or not, that's the sort of dollars and cents advantage for the U. S. which the high tariff people are so bitterly fighting.

Somehow or other we've got to persuade the protectionists to take the broad, long look instead of the narrow, short look on this question of trade. If they do, they will support the legislation authorizing OTC. The plain fact is that without expanding world trade we face disaster. We are living in an interdependent world and we are becoming increasingly dependent on that world for our economic survival. We cannot close ourselves off from the rest of the world except at a very great risk to ourselves. We need goods from the outside world if we are to have a prosperous and expanding economy here. And other nations need our goods in ever increasing amounts if they are to grow in strength.

Dependence on Trade

Great Britain has known for well over a century that she must trade or die. She therefore adopted trade policies that helped expand world trade. We are rapidly coming to the point where our economic survival and strength, like that of Great Britain's, is dependent on world trade. We must face up to this reality and adjust our thinking and attitudes as the British did many years ago.

There are numerous examples of the stark reality of our need to import. We take justifiable pride, for instance, in our extensive use of steel. It is the backbone of our economic life. To produce one ton of steel requires 13 pounds of manganese. Of these 13 pounds, we produce in this country less than two. There are other examples. We import 43% of our lead, 50% of our tungsten, 97% of our nickel, and all of our tin and natural rubber. As our economy expands and as we use up our own supplies of these basic materials, we will need to import even more for the economical operation of our vast industrial machine.

There are also numerous examples of our need to maintain and develop export markets for the products of our farms and factories. You all know the extent to which agriculture is dependent on export markets for its prosperity. Our farmers sell abroad about 20% of their lard, almost 50% of their production of dry whole milk; 25% of their wheat, over 50% of their rice, a third of their dried fruit, a third of their cotton and one-quarter of their tobacco.

There are any number of our U. S. businesses that literally must sell between 10 and 25% of their productions for export in order to stay in a healthy and sound condition. I do not wish to take too much of your time by droning further statistics to you. So I will restrict myself to two important examples: 10% of our coal must go abroad; 20% of our textile machinery is for the export market. These levels cannot be maintained and expanded unless we as a nation are willing to let trade expand.

Restricted Imports Restricts Exports

There is another hard fact about trade that I want to emphasize: any restriction that is placed on an import is in fact a restriction on our exports. Other free nations, if they are to have dollars to buy our goods, must have a chance to earn these dollars. Even if we should save jobs in one industry by raising the tariff on competitive imports, we will do so only at the expense of a loss of jobs in some other industry. For example, our textile industries are understandably concerned about the fact that during the first three quarters of 1955 the Japanese sold us $19,000,000 worth of finished cotton goods. But we shouldn't forget that in that same period they bought from us $95,000,000 worth of raw cotton. Those dollars that other nations cannot earn because of our import restrictions are dollars that American industry will not be able to earn through exports. This should be so obvious that it should not need stating. But almost every advocate of protection tries to give the impression that there is a net saving of jobs through such protection. This is just not true, but unless it is adequately challenged the people may think it is true.

The nation must realize the tremendous importance of trade. It is part and parcel of our expanding prosperity and an all-important factor to our political survival. Despite these clear facts, self-seeking lobbies, well financed and fast talking, continue to exert a major influence on the thinking of the people and of the Congress. We must clear the air with truth—the nation's future depends on it. That's why the task you members of the Committee on Foreign Trade Education have undertaken is of such primary national importance. Your efforts to spread the truth must be intensified.

May I close with the words that President Eisenhower used in his message to Congress urging the passage of the Reciprocal Trades Bill: "If we fail in our trade policy, we may fail in all."

*An address by r. Hoffman in receiving the Cordell Hull Award for Leadership in Building U. S. Foreign Economic Policy made by the Committee on Foreign Trade Education, Inc., New York City, April 18, 1956.

A Common Fallacy

By ROGER W. BABSON

In discussing the theme "no two people are alike," Mr. Babson examines do-it-yourself education, inevitable disintegration of unions and the mistaken belief that investments can be standardized.

I was recently asked what was the most important thing I had learned during my 50 years in active business. The answer is what New England's famous surgeon, Dr. William Warren Babson, once said to me: "Remember, Roger, that no two people are alike — what's food for one may be poison for another and vice versa."

Roger W. Babson

After spending many years and millions of dollars educating young people, I am convinced of the great importance of small colleges, small schools and classes. Figures may show that costs of so-called education may be decreased by consolidated schools, state universities, and other attempts at mass education. Having learned, however, that all young people are different and are entitled to different instruction, I have concluded that the solution is to teach young people to educate themselves. When the "do-it-yourself" movement extends to education, we will begin to get good results and at very much less expense.

The labor union movement is fulfilling a need in combating the misused power of employers; but it will some day break up of its own weight, due to the inherent differences in people. Its present program of paying every workman in a certain group the same wage is against human nature. I forecast that for labor unions to succeed, they must recognize that workers are entitled to different wages, based upon their initiative, energy, intelligence, and other qualifications.

Investment Policy

I admire the work the President of the New York Stock Exchange is doing to popularize investments. If, however, his idea is carried too far, it may result in a great stock market panic. Too many people—for instance—are being advised to invest in the standardized "blue" chips." Investments cannot safely be standardized. An investor should make purchases according to his age, responsibilities, temperament, and the kind of work in which he is engaged. He needs an investment counselor to advise him about this. People are different, and free enterprise will succeed only as this difference is recognized in every field.

Two With Colo. Inv. Co.

DENVER, Colo.—Joe Malesovich and Larry F. Drewry are now associated with Colorado Investment Co., C. A. Johnson Building.

Small Business Administrator Opposes SEC's Proposed Regulation "A" and "D" Revisions

Administrator Wendell Barnes contends Commission's proposals are unrealistic and prejudicial to the interests of small business concerns. Among features condemned are those dealing with return of 85% of the proceeds if issue is not sold within six months and independent audit of company's financial statement.

In a letter to Chairman J. Sinclair Armstrong of the Securities and Exchange Commission, Wendell B. Barnes, Administrator of the Small Business Administration, expressed opposition to the Commission's proposed revisions of Regulations "A" and "D" covering stock issues of not more than $300,000. The proposed changes, according to Mr. Barnes, are unrealistic and would place unnecessary roadblocks in the path of small businesses seeking capital. Among the "basic objectionable features" of the SEC's proposals cited by Mr. Barnes as "prejudicial to the interests of small business concerns" are requirements that: (1) unless 50% of the issue is sold within six months, 85% of the monies paid by investors must be returned; and (2) that financial statements included in the offering circular must be certified by independent public accountants.


J. Sinclair Armstrong


Wendell B. Barnes

Full text of Mr. Barnes' letter follows:

The Small Business Administration is opposed to the revision of Regulation A of the Securities & Exchange Commission in the revised draft attached to the Commission's Release No. 3613, as of Feb. 14, 1956 (hereinafter called "Revised Draft"). SBA has previously, on Sept 13, 1955, submitted its comments in opposition to the proposed revision attached to the Commission's Release No. 3555 as of July 18, 1955 (hereinafter called "Original Draft").

It is our understanding that the proposed revision of Regulation A was designed to serve as a solution to many of the problems caused by recent underwritings of issuers engaged, or proposing to be engaged, in primarily speculative ventures. These revisions would impose novel and drastic limitations on "promotional" Regulation A financing. However, it should be pointed out that these limitations are not limited to uranium financing, or to mining and extracting industries, but may be applied to all "promotional" business concerns. It is also noted that these limitations are not imposed on non-exempt issuers. In our opinion these proposed revisions would destroy the utility of Regulation A to many meritorious small business concerns.

Many of the recommendations made in our memorandum dated Sept. 13, 1955, were recognized and are now incorporated in the Revised Draft. However, in the opinion of the SBA the Revised Draft still contains certain basic objectionable features which are prejudicial to the interests of small business concerns. In general these objections are as follows:

(a) The definition of promotional companies contained in both the Original and Revised Drafts is far too broad.

(b) The requirement that unless 50% of the stock issue is sold in six months, 85% of the monies paid by investors must be returned is a somewhat more realistic approach insofar as the percentage figures are concerned; however, this requirement continues to be a definite limitation on the use of Regulation A on the part of a small business which is interested in raising equity capital.

(c) The Revised Draft contains a requirement that financial statements included in the offering circular must be certified by independent public accountants. It is the position of the SBA that this places an additional burden on the small concern without commensurate gain to the public in that it increases the cost involved in using Regulation A.

(d) The Revised Draft would combine Regulation A and Regulation D. It is the recommendation of the SBA that Regulation A remain a separate exemption from Regulation D.

It is the opinion of SBA that equity financing under Regulation A usually results in substantial cash savings to the issuer; these savings are on such items as legal and printing expenses, which may be one-third of the cost of similar expenses for full registration issues. While such expenses are a small part of the total expense to the issuer (which are primarily underwriting and sales expenses), this basic saving in immediate out-of-pocket expense is extremely important to small business.

The Definition of "Promotional Company" Remains too Inclusive

The Original Draft defined a "promotional company" as:

"(i) any issuer which was incorporated or organized within one year prior to the date of filing the notification required by Rule 229 and has not had a net income from operations, or (ii) any issuer incorporated or organized more than one year prior to such date and which has not had a net income from operations, of the character in which the issuer intends to engage, for at least one of the last two fiscal years."

Special limitations or requirements were imposed on such promotional companies.

The Revised Draft also imposes special requirements for certain companies defined as follows:

"any issuer which—

(1) was incorporated or organized within one year prior to the date of filing the notification required by Rule 255; or

(2) was incorporated or organized more than one year prior to such date and has not had a net income from operations, of the character in which the issuer intends to engage, for a full fiscal year immediately prior to such filing." [Rule 253(a)]

We restate our vigorous opposition to inclusion of the phrase "net income from operations" in the above definitions. We submit that net profitable operations have no realistic relationship to a company being a "promotional company" or one being subject to the special requirements imposed by Rule 253.

During the early 1930's, the depression years, the mightiest corporate giants suffered fiscal years without a net profit from their gross operational income. We submit that proposed Rule 253 should be eliminated in its entirety. If it is retained, however, we suggest that the phrase "has not had a net income from operations" in paragraph (a) of Rule 253 should be replaced by the phrase "has not had gross income from its ordinary operations."

The Requirement that 85% of Receipts from Subscribers Be Returned to Them Unless 50% of the Issue is Sold Within Six Months Is Still Inequitable and Oppressive

Paragraph (e) of Rule 253 of the Revised Draft provides that none of the securities are to be issued and that 85% of receipts from subscribers will be returned to them unless 50% of the securities originally proposed to be offered has been sold and paid for in cash. This requirement applies to issuers defined in Paragraph (a) of Rule 253, discussed *supra*, and which in the Original Draft was referred to as "promotional" companies. This requirement of Paragraph (e) of Rule 253 is less restrictive than Paragraph (c) of Rule 227 of the Original Draft, which required a return of the entire receipts if less than 85% of the securities were sold and paid for within six months. We appreciate this amelioration of this requirement in the Revised Draft, but in our opinion this requirement still remains inequitable and unduly oppressive to applicable Regulation A financing.

Our basic objection is that this requirement would impose upon Regulation A financing a requirement not imposed upon similar non-exempt financing. In our opinion, the basic purpose of Regulation A is to afford to smaller financing, and to the small business concerns seeking this smaller financing, a less complicated and less onerous form of registration with the SEC. To impose a greater burden upon Regulation A financing than that imposed on non-exempt financing is contrary to this basic purpose and contrary to the intent of Congress in authorizing Regulation A.

The retention by such issuers of 15% of the net proceeds will not enable them to obtain underwriters and dealers to handle their issue. It is doubtful if any underwriter would wish to subject himself to the hazard of the requirements for the return of the subscriptions under the proposed revision. It should be pointed out that this requirement is highly unrealistic even on the basis of statistics compiled by the SEC itself. A recent study by the staff of the Securities & Exchange Commission confirmed the general opinion that the average cost to Regulation A issuers, and even to non-exempt issuers which are similarly unknown in the investment market as Regulation A issuers, is 25% of the total receipts from the sale of the financing.

Furthermore, there have been many successful issues which have required more than six months for sale of 50% of the issue, and completion of the sale beyond such six months period resulted in substantial benefits both to the issuer and to its investors.

This requirement could place the issuer in a state of suspended animation for the six months period. At the time of its security offering, the issuing company is probably in immediate need of the funds to enable it to proceed with its development plans.

In view of the foregoing, this 85% requirement would compel such companies to forego the benefits of Regulation A financing, and would place a considerable handicap on the access of small business to equity capital. As an alternative, we suggest that the Commission eliminate Rule 253 of the Revised Draft and require that promotional companies in the mining and extractive industries file a non-exempt registration. We would prefer that Rule 253 be eliminated and that Regulation A should continue to be available to all small business concerns, promotional or not.

In our opinion the answer to the abuses in promotional ventures is not Rule 253. The basic thesis of the Securities Act of 1933, as amended, has remained that the public is entitled to full and satisfactory disclosure of the pertinent facts, and thereafter it is the individual responsibility of each investor to determine for himself whether he wants to invest in a particular issue after full knowledge, or an opportunity to obtain the knowledge. We submit that we could not object to the Commission requiring additional disclosure for promotional companies utilizing Regulation A. We would request that any such additional reporting requirements consider the importance of continuing to retain Regulation A filings as simple and inexpensive as possible. For example, we question the necessity of the additional requirement imposed by the Revised Draft that financial statements of the issuer be certified by independent public or certified public accountant. (See Paragraph 12 of Form 1-A).

As a further simplification, we suggest that the proposed combination of Regulation A and Regulation D not be consummated and that they remain separate regulations, especially since the Revised Draft has removed the requirement that Regulation A issues qualify under local, State and Province laws, but has continued to provide that issuers having their principal place of business in Canada quality under the applicable Province law. We appreciate and commend the Commission for eliminating the requirement for qualifying under local State laws.

Finally, as to the necessity for the 85% requirement in order to assure a full continuation of the best efforts of uranium underwriters or dealers, we suggest that this is a matter more properly for the Commission's authority over the registration of security underwriters or dealers rather than as a penalty to be placed upon the issuer as is the case of Rule 253 of the Revised Draft.

This Memorandum is respectfully submitted by the Small Business Administration on the 6 day of April, 1956.

WENDELL B. BARNES,
Administrator,
Small Business Administration.

CORRECTION

In the "Financial Chronicle" of April 19 in reporting the appointment of Daniel Kelly as manager of the Commodity Department of Reynolds & Co., Chicago, the photograph of Daniel M. Kelly of Salomon Bros. & Hutzler, New York City, was inadvertently inserted. The correct photograph of Mr. Kelly of Reynolds & Co. appears herewith.


Daniel Kelly

New Camp Branch

EUGENE, Ore.—Camp & Co. has opened a branch office at 858 Pearl Street under the management of Richard Langton.

No Privacy for Lenders and Consumer Credit Tenability

By EDWIN B. GEORGE*

Director of Economics, Dun & Bradstreet, Inc., New York City

Allowing for several assumptions, including a $3 billion tax cut, probable third quarter Gross National Product of $405-407 billion and $411-414 billion in the fourth quarter 1956 is estimated by Dun & Bradstreet Economist after making an analysis of growing consumer credit expansion. Mr. George probes some of the more popularly debatable assertions and finds: (1) debt-asset and credit-production ratios are not too relevant; (2) net savings are inadequate for today's requirements; and (3) commendable low delinquency rates, as in 1930-32, can drain funds away from new goods to repayments and aggravate reduction in activity. Turning to the more important interplay of secular and cyclical forces, Mr. George discerns insufficient support for anything like the credit growth rate between 1949-1955. Expects the price for the 1955 boom to be paid in last three quarters of 1956 and doubts if in any quarter of 1956 seasonally adjusted annual spending rates on durables will approach third quarter 1955 total of $36.9 billion.

The contraction of debt for the enjoyment of modern conveniences in advance of readiness or ability to pay for them is now deeply imbedded in our national mores. It is part of our way of life. In response the apparatus for creating and extinguishing debt has been smoothly adopted to support this way of life. The parts added have grown into a major segment of the nation's credit mechanism. It is evidenced also by widespread interest as to the tenability of the present position in consumer credit.

Edwin B. George

Concern has gone so far as to rekindle speculation on the wisdom of reestablishing consumer credit controls—which could lead far and work badly but which some will consider a lesser evil. The crisis itself is water over the dam in the sense that a peak in the rate of rise in outstandings has apparently been reached; and from that peak, we are definitely receding. Nevertheless, the role of credit is under at least a weak microscope, and any new flurry would probably bring on more official and political inquiries. Actually, because of the stature it has achieved and the services it has rendered, consumer credit has worked its way into the public domain, which provoked my title, "No Privacy for Lenders."

It is best to get at this latter problem through the process of elimination. Through widespread discussion, many criteria have been put forward for probing the limits of sound credit extension under varying circumstances. The secular or long-term trend to be expected in consumer debt and cyclical variations around that trend are the things upon which it is most useful to concentrate in a short discussion at the present juncture. For this purpose, many of the asserted "facts" that are regarded as indicating that we are not in bad shape debtwise are largely irrelevant, whether or not correct in themselves. I propose, first, to comment briefly on some of them and then turn to what strikes me as the key considerations.

*An address by Mr. George before the National Instalment Credit Conference, American Bankers Association, St. Louis, Mo., March 21, 1956.

Commonly Argued Debt Rationalization

Some argue that the current volume of outstanding consumer debt is not dangerous because they are amply covered by individual holdings of liquid assets. That is true in an overall sense, but the debt-asset ratios for those typically buying on credit are high and have been rising rapidly. The national proportion is of very uncertain relevance to the problem.

Others are comforted because people as a whole have been saving more than they have been borrowing. So far as this is not another way of looking at the same point, it too is not very illuminating. It would be unfortunate for the country if the situation were otherwise. Net savings overall are scarcely adequate today to meet requirements of housing and business investment.

Thirdly, if we merely related the rate of growth in consumer credit to that in overall production, which seems plausible to some, we would still be walking in the dark. Production embraces many kinds of activity and is volatile as to both aggregate and pattern.

As a fourth point, many take comfort in the apparent quality of outstanding loans, noting that the rate of delinquency has never been lower and implying that this attests to underlying strength in the debt structure. The facts as to delinquencies seem to be as alleged. But that is hardly ground for enthusiasm. Repayment of consumer debt has been good as a rule. It was even so in 1930-32. The trouble is that during those years such repayments drained spending away from new supplies of goods, aggravating the reduction in activity then underway. Even if the fears of some that recent loosening of terms will lead to substantially higher repossessions in event of a decline in overall activity do not materialize, this same process will be at work to the extent that other means of propping extensions are not found. In and of itself, quality of loans is not decisive in assessing the soundness of our current position in consumer debt.

Secular and Cyclical Behavior

So much for things to be put out of the way. It is when we turn to the secular and cyclical behavior of consumer debt that we reach the heart of our subject. What I have to say can best be put in the form of answers to several questions. Let me begin with a brief theoretical question: How does consumer credit influence economic activity?

As in the case of inventories, it is not absolute changes but changes in the rate of change that stimulate or depress demand. In present context, we need only note that, taken by itself, a mere decrease in the rate of increase of credit will be deflationary. This may be expected eventually whenever growth in credit runs above the rate consistent with secular expansion of the system and secular rise in the proportion of total sales made on a credit basis. (If the relative rise in repayments leads to offsetting extension of loans for other purposes by banks and other lenders, the net effect on overall activity would be nil. Similarly, jumps in demand resulting from more rapid turnover of money could prevent emergence of deflation. But these are other matters, needing to be taken into account in forecasting developments in the whole economy, but not of immediate relevance. On them, I shall comment later.)

Postwar Record

Against this background, let's take a look at our postwar record —or more specifically, our experience after the first surge back from the wartime low in credit. Did this period witness abnormally large growth in instalment buying as many contend? Beyond question, in my judgment. Between the end of 1949 and the close of last year, consumer credit rose about 112% as against a jump of about 48% in disposable income. There are at work secular factors that would permit a sustainable rise in the proportion of debt to income—notably the fact that as real income rises, the percentage thereof in excess of that required to cover basic needs grows; the further fact that as a result of changes in methods of providing for social security—health insurance, unemployment insurance, old age pensions, etc.—people do not have to save as much as the spectres of want and sickness once seemed to require; and, finally, some secular shift from cash to credit as a means of financing purchases of goods and services. Taken together, however, these forces do not appear strong enough to support anything like the rate of growth in credit which has occurred over the period in question.

Analysis of data on the average size and the distribution of debt per family lends support to this judgment. Between 1949 and 1955, the amount of consumer credit outstanding per family almost doubled, while disposable income per family moved upward only about 35%.

Questions are also raised by data for families that ordinarily incur most of the consumer debt, viz., those in the $3,000-$7,000 income classes. According to the Federal Reserve Board Survey of Consumer Finances, by early 1955, for about one-third of these units, the annual rate of repayment of instalment credit alone equalled or exceeded 10% of their (1954) disposable income. For close to one-sixth, the rate was 20% or more. Since most of the huge rise in instalment credit during 1955 took place after this data was assembled, the picture at the year's close was even more dubious. In view of the other fixed obligations borne by such units, including those for insurance, charge accounts, mortgage payments, food and clothing, the margins they have left for expansion in their instalment debt relative to that in the incomes are now much smaller. As a result, while these absolute figures in themselves herald no disaster, we must look forward to a decline in the secular upward movement in consumer credit over the longer term. Again, it is the untenability of the rate of growth that is discouraging.

Cyclical Change

Finally, and of greatest immediate importance, over the short-term, this effect seems certain to be aggravated by cyclical change in the credit position. During 1955, the rate of expansion in instalment debt was well above the secular rate of growth between the late 40's and 1954. The seasonally adjusted annual rate of increase in outstandings totaled $4.8 billion in first quarter 1955, rose to $5.9 billion in second quarter 1955, and ran close to $6.4 billion in third quarter 1955. A rather sharp drop to a rate of $4.5 billion occurred in fourth quarter 1955; but over the year, outstandings rose about 24% — a change of roughly the same order as the huge Korea-induced jump during the year 1950—and boosted the ratio of instalment loans outstanding to disposable income from 8.7% at the close of 1954 to over 10% at the close of 1955 despite the substantial advance in disposable income between the two periods and the fact that year-end 1954 outstandings reflected the strong beginning of the 1955 auto model year in late 1954. (Growth in auto paper accounted for almost three-quarters of the total, representing a rise by over 38% for this category.) For overall consumer credit, the advance during the year ran just above 20%—only moderately below that occurring in 1950—carrying the ratio of credit outstanding to disposable income from 11.5% to over 13%.

Make-Up Date for 1955?

We are now set for a third question: Will the price for 1955 be paid in 1956 or in later years?

I think that it will be paid in good part in the second and third and perhaps a bit in the fourth quarter of 1956. Payment could be largely postponed only if producers could somehow give autos a shot-in-the-arm sufficient to boost sales somewhat above 1955 rates, or if a huge growth in sales of other goods on an instalment basis, plus a loosening of the terms in which they are sold, took place. Nothing like this is in prospect. Sales of autos so far have run substantially below those during the comparable period of 1955, and even this rate has been at cost of a heavy push in February that may have been borrowing from the remainder of the model year. (I don't know that to be the case.) Even with a good opening on the 1957 model year, sales are unlikely to exceed 6.5 to 6.6 million. The latest Survey of Consumer Finances, indicating that about the same percentage of families plan to buy cars this year as planned to do so a year ago, does not gainsay this judgment since purchases last year ran far ahead of early plans, and a repetition of such behavior seems unreasonable to expect—among other reasons, because 1956 models do not reflect the radical changes from the year before that gave a stimulus to 1955 sales and because this factor is reinforced by expectation of major changes in 1957 models, leading buyers to hold off until these become available.

Moreover, according to this Survey, consumer plans to buy furniture and major household appliances in 1956 were a bit below their level early last year, presaging a physical volume of sales slightly lower than 1955 unless incomes jump more rapidly than assumed by prospective buyers. And in addition the proportion of buyers of such items intending to make instalment purchases was somewhat smaller. Thus, the behavior of outlays for other durables is likely to reinforce, not offset, the change in autos so far as effects on the trend in consumer credit are concerned. Indeed, it is doubtful whether in any quarter of 1956 the seasonally adjusted annual rate of spending on durables will even approach the third quarter 1955 rate of $36.9 billion—from which we have probably fallen almost 10% already.

The credit picture has already begun to weaken: Growth in auto paper outstanding, which on a seasonally adjusted basis hit an average annual rate of $4.8 billion in third quarter 1955, fell to a rate of $3.1 billion in fourth quarter 1955 and shrank further to a rate of $2.1 billion in January. For all other instalment credit, the fourth quarter rate reached $1.3 billion, but that for January was only $600 million. February should have seen another significant rise in auto paper; but over the next few months, the advance should taper substantially, and it might turn into a decline in the early summer months. For other goods, the spring and summer months should see only minor growth at best.

Temporary Debt Burden?

This assessment leads inevitably to another question about which there is discussion, viz., how far is the prospective change due to such factors as temporary market saturation, etc., and how far may it be due to growth in the debt burden itself? This is very difficult to gauge. The former doubtless affords an important part of the explanation. As to the latter, the most recent evidence available is the material collected by the Michigan Survey Center last October. Of those families having some instalment debt—around 45% of the total number of families—about one-fourth said that it was a hardship to make the required payments and another quarter said that their debts forced postponement of other purchases. This is not to say that family units accounting for one-half of total buying of durables were affected in one or the other way since the "hardship effect" was found to be much more dependent on level of income than amount of debt and felt mainly by debtors with incomes under $3,000. (You will recall my earlier remark that the bulk of instalment debt is contracted by units with incomes between $4,000 and $8,000.) But even so, the totals appear impressive. One cannot tell how far, if at all, they constitute a depressing influence relative to past periods since this is the first time such data has been assembled. My guess, however, is that the debt burden will be considerably more of a factor in discouraging purchases in the 1956 picture than it was in early 1955.

The next question I want to ask is this: Where will the effects of any discouragement of spending due to debt burden be felt?

Partly in durables themselves. That is to say, so far as buying of durables is discouraged. But in addition, there would be some overflow on nondurables and services and perhaps investment of unincorporated enterprises, as growing repayments forced contraction of outlays for these purposes.

Now for my final and $6-billion question: Does the foregoing mean that we are in for recession in 1956?

Tax Cut to Avert Recession

If other things were equal in 1956, this would clearly be the case. The consumer saving ratio would tend to rise somewhat due to diversion of income to debt repayment. This in turn would have what economists call "multiplier" effects—the backfire on production reduces incomes, this reduces spending further, and so on—and in addition have an unfavorable impact on the rate of investment in inventories, which would in turn have a multiplier effect and thus a still more unfavorable effect on itself. If these effects emerged, fixed investment might be discouraged somewhat, launching its own cumulative downward pressures; and some recession could ensue. The whole process in fact would invalidate our initial judgment as to the magnitude of any adjustment in consumer credit, causing a drop in sales of hard goods greater than is reflected in that judgment, which presumed that in 1956 gross national product would average moderately above its level in fourth quarter 1955. Do we face such a slideoff as has just been described? Or will the year average above last quarter's level to the extent presumed? Or, finally, might the year be somewhat better than assumed, leading to a better credit picture—which itself would tend to reinforce demand?

I haven't time to discuss these questions at length. Let me say, however, that the year as a whole gives promise of being at least as good as I assumed—if we obtain a cut in personal income tax of around $2 billion, effective in July—(and perhaps, although less probably, if we don't obtain any tax cut) and will be somewhat better if a tax cut of $3 billion to $3½ billion materializes. Let me enumerate briefly for my reasons for thinking that this will be the case:

Consistently Positive Factors

Nonfarm equipment and nonresidential construction expenditures will rise by a substantial amount—very rapidly during the first half and slightly further in the second half. I would expect the annual rate of increase to be around $2.2 billion in first quarter 1956, an additional $2.2 billion in second quarter 1956, and then advance by about $200 million per quarter in the third and fourth quarters.

State and local governments will continue to increase their spending moderately—the annual rate of growth averaging between $400 million and $1 billion per quarter.

For the Federal Government, outlays will probably remain close to fourth quarter annual rate during the first quarter and perhaps second quarter, but jump at least $500 million in third quarter and another $500 million in fourth quarter.

Turnaround Factors

Of these, apart from consumer credit, housing and investment in inventories are the major cases. The odds are that housing starts will soon begin to turn upwards—perhaps in April. For a while thereafter, however, outlays for housing will continue to reflect the low rate of starts in the late autumn and winter months of 1955-56 and thus will fall below fourth quarter 1955 outlays, which reflected in part completions on higher starts earlier in that year. Despite a continuing uptrend in expenditures for repairs and modernization and moderately higher unit values for new starts, total spending will probably drop off about $500 million in first quarter 1956, hold around the lower level in second quarter 1956 and just about return to fourth quarter (1955) level in third quarter 1956. In fourth quarter 1956, however, outlays should be running between $500 million and $1 billion above fourth quarter 1955.

As to inventories, stock-sales ratios are still on the low side; but as noted earlier, what counts here is the rate of change in stocks. In fourth quarter 1955, this was +$5.3 billion. We cannot maintain that rate for any length of time. A falloff to +$4.0 billion seems reasonable in first quarter 1956 and another drop to perhaps $2 billion may be expected in second quarter 1956. By this time, the inventory-sales ratio should be almost satisfactory if the other components of GNP move as indicated above. On that basis, second quarter 1956 GNP would be only $3 to $4 billion above fourth quarter 1955—the jump in fixed capital and government spending being partly offset by a loss of +$3 billion in the rate of inventory accumulation and the deflationary effect of some runoff in consumer credit.

If, in fact, inventories are then in a close to satisfactory relation to sales, accumulation would come almost to a halt unless sales rose—a prospect complicated by the fact that cessation of accumulation would itself have a depressing multiplier effect on sales. The increases projected for other components, but assuming unchanged tax rates, would be just about enough to offset the further fall of perhaps $1.5 billion in the annual rate of inventory investment; and the outcome in that quarter would depend much on automakers' ability to needle sales toward the close of the 1956 model year, expanding consumer credit in the process. Third quarter 1956 might be down or up a bit, governed by what happened here. A tax cut of $3 billion, on the other hand, should push third quarter GNP to $405 to $407 billion. On the same assumption, a figure of $411 to $414 billion is probable for fourth quarter 1956, with inventory accumulation moderately larger and consumer credit moving upward slightly more rapidly than I have figured.

I suspect, however, that we shan't get a cut of more than $2 billion at most. In that event, fourth quarter 1956 GNP would run around $409 to $412 billion annual rate and the behavior of consumer credit be much as I outlined earlier in the text.

G. A. Hart Appointed By Bank of Montreal

MONTREAL, Canada—G. Arnold Hart, Assistant General Manager of the Bank of Montreal, has been appointed Deputy General Manager, according to an announcement by the bank.


G. Arnold Hart

Mr. Hart, who will shortly complete 25 years' service with the bank, has held a wide variety of important posts since World War II. On his return to the bank after 5 years with the Canadian Army, he became Secretary to the President, the late George W. Spinney.

Later, he served successively as Assistant Superintendent at Calgary, Manager at the Edmonton main office, and as an agent at the bank's New York Office.

In 1953, after an extended trip through the Far East as a special representative of the bank, he was made a Superintendent at the head office at Montreal, and in the following year he became an Assistant General Manager.

Billard Director


Gordon Y. Billard

Gordon Y. Billard was elected a director of Western Air Lines, it has been announced. Mr. Billard is a partner of J. R. Williston & Co., New York City.

LETTER TO THE EDITOR:

Reader Takes Issue With Dr. Spahr On Gold and Prices

Dr. Ernest R. Gutmann maintains "it is altogether improper and futile *not* to associate the over-all money supply with the level of prices" in rebutting Dr. Walter E. Spahr's contention there is no close connection between all money and credit at a particular time and prices at that time. Opposes gold redeemability on the grounds of insufficient gold reserves, and cites substantiation of our "Gold-Bullion-Standard" by U. S. Treasury, Federal Reserve Board, N.A.M. and Chamber of Commerce

Editor, Commercial and Financial Chronicle:

The article "A Primer on Money and Stable Price Index" by Dr. Walter E. Spahr is excellent, as a primer for beginners in the realm of monetary policy, but some of the conclusions drawn should not be allowed to pass by default.


Dr. E. R. Gutmann

(1) We learn in school *not* to add or subtract apples and pears, as they are not alike. In the example given by Dr. Spahr just *that* was done. The premise that 1920 dollars and 1936 dollars are one and the same and could therefore be compared on an equal basis, is just as wrong as to state that the 1934 dollar and the 1956 dollar are identical. They are naturally—*de jure*—one and the same, but—*de facto*—everybody who has to pay two dollars for an item for which he formerly paid one dollar, knows the difference, that there is indeed a 50% shrinkage. In Dr. Spahr's case the monetary units compared are not even—*de jure*—the same because in 1934 a 70% revaluation officially took place by law.

Correct results cannot derive from fictitious premises. The data given by Dr. Spahr read as follows:

"For example on June 30, 1920 when the total volume of money and of deposits was $42,902,000,000, the index of wholesale prices was 167 (prices for 1926 = 100). When on June 30, 1936, the total volume was $57,576,000,000, the index of prices was 79. Therefore if there is a close relationship between the supply of money and deposits and prices at a particular time, the correct generalization in this case would be, that to reduce the index of prices to less than half, the supply of money and deposits should be increased by a little more than 10%."

Let us shorten the above figures for reasons of simplicity; then $43 (instead of billions) at $20.67 an ounce in 1920 was equal to 2.1 ounces of gold. These 2.1 ounces at $35 an ounce in 1936, have the equity of $73.50. So $43 in 1920, should have been $73.50 in 1936, not to be more—just in order to be even. Now Dr. Spahr reports that $57 (instead of billions) in 1936 are an *increase* over $43 in 1920. Unfortunately that just is not so, this is a case where more is not more, but where more is less. $57 in 1936 do not even equate $43 in 1920—they are 27% deficient—$73.50 are required for this purpose. Now 1920 was a period of expansion with the index of prices at 167 and 1936 was a period of contraction with the index at 79, that is also the reason why the purchasing power of the monetary unit was 60 cents in 1920 and $1.25 in 1936. This dissimilarity was the elementary reason why in 1934 a 70% revaluation was officially undertaken, namely to adjust that differential erosion which is ignored in the quoted example. Through the 1934 compensating action the pendulum which had swung from 60 on the scale to 125 was brought back to the middle, to 100 in the direction of higher prices. Monetary processes are relentlessly logical.

We see now that it is altogether improper and futile *not* to associate the over-all money supply with the level of prices. Dr. Spahr reveals that he is overlooking the pertinent considerations mentioned above.

(2) In the final paragraph of his article Dr. Spahr states:

"There are many things which need to be done to eliminate as much unsoundness as possible in our economic system. One of them and it is an item of fundamental importance—is to make our currency redeemable at the statutory rate of $35 per fine ounce."

That is a proposal to return to the redeemable Gold Coin Standard as it existed in 1933 under the 1956 conditions.

We own today $665 billion of liquidable assets, if only $10 billion (1½%) of these would be withdrawn in order to convert them into gold, and that is what redeemable means, the Federal Reserve Banks would be brought below their legal reserve requirements. We see that action on such a proposal is neither possible nor is it practicable, it would only aggravate a given situation.

We have to be satisfied with the Gold-Bullion-Standard—the official spokesmen for the U. S. Treasury, the Federal Reserve Board, the N.A.M., the Chamber of Commerce, and myself emphasize this continuously.

DR. ERNEST R. GUTMANN

60 Broad Street
Room 1603-4
New York 4, N. Y.
April 5, 1956.

Chicago Analysts to Hear

CHICAGO, Ill. — The Investment Analysts Society of Chicago will hold a special afternoon forum on May 1 at 3:30 p.m. in the Adams Room of the Midland Hotel. The subject will be recent developments in toll road financing. Speakers will be Charles E. De Leuw, De Leuw, Cather & Company, Chicago, and Samuel P. Brown, Coverdale & Colpitt, New York City.

D. L. Scritchfield Opens

ANGOLA, N. Y. — David L. Scritchfield is engaging in a securities business from offices here.

"After All, Why Export And Extend Foreign Aid?"

By GEORGE W. WOLF*
President, United States Steel Export Company

Not blindly outbidding Communists for favor, but realistic, constructive economic and technical assistance program is unavoidable to prevent Russian break-through, according to U. S. Steel Export President in requesting foreign policy re-evaluation to fit our military and security needs. Mr. Wolf believes the Russian challenge can best be met in the market places of the world in calling attention to required $4 billion in U. S. aid to maintain "integrated viability" despite over-all world's prosperity. Outlines reciprocal advantages and impact of foreign trade in terms of our living standards and growth, source of raw material payment, avoidance of charity, demonstration of our economic system, and claims "our very civilization is at stake."


George W. Wolf

A few weeks ago, the world witnessed the ever-baffling spectacle of another fundamental switch in the Communist party line. From Moscow came the pronouncement that in this age of atomic standoff, war no longer is inevitable and that East and West can live side by side in harmonious co-existence. We were told that the Kremlin desires only to live peaceably, expand trade and give assistance to those less fortunate countries whose natural ambitions to develop their backward economies and raise their low standards of living, outrun their limited means.

Russian Challenge

Let us not be beguiled by these protestations. For the masters of the Kremlin do not trade and give assistance because of brotherly love, but for cynical political ends and to advance their relentless aim of world domination. Let there be no mistake, Soviet trade—whether it expands or contracts—is always economic warfare. It floods when it becomes politically expedient to disrupt the markets in the Western orbit. It ebbs when the time is ripe to scuttle some non-Communist project. The trading partners are not partners at all; they are mere pawns in the game of power politics masterminded in the Kremlin.

By its very nature, this new Russian economic challenge is indeed more insidious than the Cold War in its earlier manifestations. It is more dangerous and deadly. If we are to win out, as we must—for the price of failure is enslavement—this new situation demands that we re-evaluate our foreign policy, that we shape our policies to fit our military and security needs and, above all, that we practice the policy we finally adopt.

Battle at World Market Places

But what, you may ask, has this to do with export trade. The answer is everything. Because in the new death struggle that is shaping up, it is not on the battlefields, not at the conference table, not in the debating halls of the United Nations, but in the market places of the world that the battle will be adjoined.

Our never-relaxing aim must be to maintain the heritage and hegemony of the West, for certain it is that the heritage of freedom of the West will be maintained only so long as the West exercises constructive leadership over the peoples of the world who remain free or those captive nations of Moscow who yearn to again become free. Strength is the only commodity the Soviets recognize, and strength is the only commodity they respect.

Fortunately, the Free World is in better economic health today than at any time since the war. During this past year, most industrial nations this side of the Iron and Bamboo Curtains experienced the greatest peacetime boom in all history. As a natural by-product, world trade prospered, expanding to three times the prewar level in terms of current dollars. Fortunately too, much of this expansion in world trade emanated from the regained industrial vigor and economic strength of Western Europe.

Foreign Aid Need

However, due to general weakness in world markets for agricultural products and the general weakness of the nations that are essentially primary producing areas, not yet adequately industrialized, progress was uneven. The injection of more than $4 billion in additional dollar aid was again necessary to maintain the integrated viability of the West despite over-all world prosperity.

Since we now face an indefinite period of intense and intensifying struggle between the Western World and Russia in the economic field, it is foolhardy to conclude that the end of what used to be considered "extraordinary" aid is close at hand.

We have an easy and yet a difficult choice. Either the Western World "Americanizes" the lands where the people still have some freedom of choice, or Russia will "Sovietize" them and forever deny them the last vestige of any choice. Such is the significance of the Cold War, 1956 model. Both sides must cast in their economic all. The trick for America is to keep our economy sufficiently strong as to enable us to continue to improve living standards in friendly foreign lands and remain solvent and prosperous in the process. Above all, we dare not go broke in the West—nor have any of our great allies go broke.

Foreign Trade Impact

In the light of these world conditions, let us now contemplate the impact of the evolving Cold War patterns on our foreign trade.

Foreign trade, that is, the interchange of goods and services between nations, as you Exporters well know, has contributed much to the general welfare of the peoples of the earth and has been a powerful factor for international peace through prosperity. It is the means by which the underdeveloped countries can acquire the tools, the technical know-how, and the skills that are the key to the better, more abundant life to which they fervently aspire.

But, to make a lasting contribution to human welfare, foreign trade in its broadest sense, must, over the years, bring reciprocal advantages. It brings no satisfaction if it is a continuing one-way street.

Since the end of the war, the American public has underwritten an export surplus of goods and services, including military aid of some $60 billion—a staggering sum of nearly $1,000 for every jobholder in the United States. These sacrifices we have consciously made, and have been instrumental in keeping two-thirds of the human race from falling into Communist bondage.

Nevertheless, there are those who are beginning to question the usefulness of continued and continuing net outpourings of our wealth and production. They say —"After All, Why Export," inasmuch as foreign trade is not of great importance to the United States economy.

Aids National Growth

Cold figures would, indeed, indicate that American exports of goods and services are small in relation to the total value and volume of our national production and trade. In recent years, they have averaged no more than 4 to 5% of our Gross National Product compared with a ratio of 20% for the United Kingdom, 21% for Canada and 22% for Western Germany.

This, however, is a gross and indeed an over-simplification. The truth is that export trade is of far more than just marginal importance to the United States. Why, then, are exports so useful?

In the first place, exports are useful because they are an important source of employment and income. In 1954, they gave rise to nearly 9% of our total production of movable goods. In terms of national income, they contribute as much as the entire construction industry; as much as the entire transportation industry; nearly as much as the entire farm production; more than twice as much as the chemical industry; 3½ times as much as the textile industry. And this is not all, for over and above their direct effect on production levels, employment and income, exports, as all trade, have a built-in multiplier effect. Manufacturers or farmers who sell in export re-spend additional income and so do workers and employees whose own incomes are increased in turn. It has been estimated that for every $1 billion worth of exports, the total national expenditure on goods and services may be raised between $2 and $3 billion.

Pays for Raw Materials

In the second place, exports are useful because they furnish the only means for the payment of essential raw materials required in ever-increasing quantities to feed and operate our production lines, as well as for imports of non-essential goods—the dividends —so to speak—of our productive effort contributing mightily to make our American standard of living the highest in the world.

Considering only those vital imports necessary to our economy, a recent study by the Department of Commerce shows that there are 81 commodities for the supply of which United States dependence on imports ranges all the way from 80 to 100%. Included among these are such vital materials as Tin, Nickel, Manganese, Industrial Diamonds, Newsprint and Natural Rubber. For an additional 19 commodities, including a number of other important metals, imports furnish from 50 to 80% of our supplies.

Our total imports of goods and services fall far short in volume and value to that of the flood of exports we are sending out to the world. To the extent that our export surplus is compensated by intangible, though equally important returns in national security we get "value received" for our expenditure of materials and labor on such exports. Nevertheless we must bestir ourselves and take long needed action to increase our imports substantially.

Avoids Charity

Charity, if perpetuated, begets resentment, not gratitude. This fact of life seems better understood by the Communists who are winning friends in Asia and the Middle East not by gifts, but by extending long-term loans on easy, non-commercial terms and by accepting payment in kind, as for instance rice from Burma and cotton from Egypt.

However, beyond these purely economic considerations, exports, even if in excess of imports, are useful for political and strategic reasons in the face of the rising Soviet challenge. They help maintain the hegemony of the West and, as a calculated risk, they may cause the so-called Neutralist countries to stop, look and listen before crossing over the bridge. It would, of course, be sheer folly to enter into a blind race of outmatching Communist bids for favor, but continuation of a well-considered, realistic and constructive program of economic and technical assistance seems unavoidable if we are to prevent a Russian break-through.

Supports President's Program

The Administration has asked Congress for some $4.9 billion in new authority for foreign military, economic and technical assistance during the coming fiscal year, including changes in the program to permit greater flexibility and to provide limited authority to make longer term commitments for development projects and programs which require several years to plan and to complete. In the light of the international political situation, the President's program deserves our full support.

Finally, exports are needful because they represent, in effect, the showcase — The Good Things of Life—of our American Individual Enterprise System, the most successful economic system yet devised by man.

Lest we have any misunderstanding as to what in reality are the fundamental concepts of our American Individual Enterprise System, let me attempt to define it for you.

Free Enterprise

The essence, the American Individual Enterprise System is the right of the citizen, as an individual, or jointly with others, to set up in business for himself — to venture his personal efforts and capital; to own, use and risk the mechanical means of production.

The reward of success is profit, and the penalty of failure is the loss of what has been ventured. Nothing else than this can provide the incentive to that initiative and efficiency upon which economic progress is built. The processes of exploration, research, invention and experiment are all characteristic of Free Private Enterprise.

And without such economic freedom, without substantial freedom of the individual to seek his living where he can find it, and to venture his means where profit seems likely, and to be obliged to no man for this—without these it is pure delusion to imagine that political freedom, even if it exists, can long endure. As Benjamin Franklin said, as long ago as 1759, "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety."

Civilization at Stake

Let me with all solemnity and sincerity say what I know you have heard hundreds of times. Our American Heritage of Freedom—our very civilization is at stake. We must not let them go by default—we must defend them with tenacity, with courage, with devotion, but above all with wisdom. The Bible says in the Book of Ecclesiastes (Chapter 9 — Verse 18), "Wisdom is Better than Weapons of War."

I maintain it is Wisdom for us to use the great talent and ingenuity of Americans to Americanize the world, from an economic standpoint, as an offset to the clear intent of the Kremlin to Sovietize it. It is we, the Americans, who are the revolutionists of this Twentieth Century A. D., not the Russians. It is we who know how to combine effectively raw materials, manpower, tools and management, and to widely distribute to all the people the astounding flow of goods and services that pour forth from the Cornucopia of Plenty thus built.

Only an ever and ever increasing flow of goods and services between ourselves and our foreign friends can insure the Utopia that man has envisioned since the world began—the eradication of undeserved poverty and want. Let us do it then while the Kremlin boasts and blusters.

Let us fear not — nor be dismayed—for we Americans know the power of free men aroused by the threat of the loss of that freedom.

*An address by Mr. Wolf at the Export Managers Club of New York, Inc., New York City, March 27, 1956.

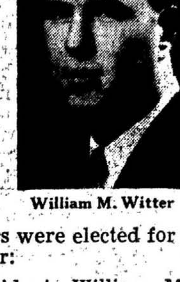
Miralia Will Join Kuhn, Loeb & Co.

On May 14, David T. Miralia will become associated with Kuhn, Loeb & Co., 30 Wall Street, New York City, members of the New York Stock Exchange, where he will be in charge of municipals. Mr. Miralia is a Vice-President of Halsey, Stuart & Co. with which he has been associated for many years.


David T. Miralia

William Witter Heads Chicago "Street Club"

CHICAGO, Ill.—At the recently held Annual Dinner Meeting of The Street Club, the following officers were elected for the 1956-57 year:


William M. Witter

President—William M. Witter, Dean Witter & Co.

Secretary — James E. Snyder, A. C. Allyn & Co., Inc.

Treasurer—John S. Dean, III., Continental Illinois Natl. Bank.

The Street Club is an association representing the younger executives in Chicago's financial district. It was organized right after the War in 1946 and presently consists of over 150 members from Chicago banks and financial houses.

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market continued in its irregular rut this week, hobbled by occasional selling that, however, failed to generate any flood of offerings. From a technical standpoint the industrial average was still lolling within prescribed limits without breaking through any important levels that would change the basic picture. Rails were given to superior action, including another new high posting for their average to make it the best reading since late in 1929.

The annual meeting season was in full cry but illustrated mostly that where there was good news, a good portion of it had already been discounted. The individual issues that have been having their own private bear market continued in their way but without excessive chagrin. Of these latter, American Viscose was perhaps the most regular member of the new lows lists, although Chrysler was also on the roster again this week. Some of the farm equipment shares were also repeaters.

Continuing Selectivity

The fairly even balance between new highs and new lows was one concrete illustration of how selective the market has been for a couple of weeks of relative inaction now. For two successive sessions the numbers and issues in each category were virtually identical.

The record-breaking profits of the steel companies were taken pretty much in stride, starting with U. S. Steel's handsome figures a couple of days ago. Bethlehem's results will be announced this afternoon and are expected to be equally comforting. But the long-hoped-for split of Bethlehem was pretty well dashed when the officials sprinkled cold water on the idea at the annual meeting two weeks ago.

The IBM Bonanza

One of the more interesting of the arithmetical efforts that emerged from the annual meetings was the figure work of International Business Machines executives who pointed out that more than 96%, or 4,040,161 of the 4,200,895, shares outstanding had been given to stockholders as stock dividends and stock splits. This donation, at the market price, figured out to around $2 billion.

Purchase of 100 shares in 1914 at around $3,000, plus exercising rights through 1925 would have boosted the commitment to 153 shares for around $6,000. This bundle today would be 3,990 shares of nearly $2,000,000 in market value, in addition to $209,000 in cash dividends paid over that period. Even a purchase of 100 shares as recently as the first day of 1951 at a cost of $21,000 would now come to 151 shares with a market price of $74,000 plus $3,000 paid in dividends.

For an issue that is not selling at such historically high levels, Pullman stands out chiefly because last year's profits were off a bit markedly. However, with record earnings being posted for its trailer subsidiary, plus a far greater backlog of freight car orders than a year ago, the company is a candidate for a large snap back in earnings this year. The stock is only around its 1946 peak and some 30 points under its all-time high.

Coppers haven't been very buoyant lately, price heaviness in the world markets tending to put a damper on the domestic corporations. Nevertheless, the feeling persists that the average price of the red metal this year will work out above last year's average and permit the companies to continue to amplify the excellent results reported for last year. Kennecott, for one, was able to boost earnings by 61% last year which is on the high side of the median line. The $11.60 per share earned last year is being carried to as high as $17 for 1956 by some of the financial services.

Kennecott, like some of the other large corporate entities, is interesting in that its diversification has been largely in acquiring holdings in other metal fields. The deflated book value of its investments now figures out at better than $10 in addition to holdings of U. S. Governments that rate at another $23 per share. But in the case of its investments, the market value of only one — Kaiser Aluminum — was more than $68,000,000 above the book value, adding another $6 per share to the value behind the stock. More important, however, is that these investments have been lessening Kennecott's dependence on copper alone and give it an important interest in such new fields as titanium, aluminum, molybdenum, uranium and other of the newer metals.

The Stirring Oil Equipments

After a long stalemate, oil equipment companies have been starting to perk up, notably National Supply, the giant of them all. Dresser Industries, outranked only by National, has been growing steadily ever since a momentary downturn in 1953 and last year posted a net income more than double that of the dour year. Additional romance surrounds Dresser because of its plans to introduce a revolutionary Russian-made drilling system to the domestic industry.

National Supply, itself, until its recent mild show of strength was selling around a 5% yield on a present dividend covered 2½ times by last year's earnings, leaving room for largesse if, as expected, this year's results continue the improvement in profit. From an earnings standpoint the company was largely at a standstill for three years until the upturn started last year. Part of the aversion to the oil well supply firms dates back to the days prior to World War II when oil company expenditures were subject to sudden declines following discovery of vast new fields. But such large discoveries have been getting rare, at least on the domestic scene, and the high level of consumption at present also mitigates against such cycles again for the well suppliers.

A Revitalized Truck Maker

The troubles being faced by the auto makers apparently have skipped by the truck makers, Mack Trucks being able to forge ahead to new highs in uncertain markets and stand its ground well in definitely easy ones. Under a revitalized management the company has been able to show some good operations figures. Last year it boosted its share of the diesel truck business to 42% from only a third of the business the year before. Production in the first quarter of this year is reportedly double the level of last year and projections of its 1956 earnings run to nearly double last year's good results. Much of the company's good fortune stems from a new engine for heavy duty apparatus that it has developed which, apparently, is working out well. The heavy apparatus, following the upward curve in the construction field, seems to be completely immune from the passenger car doldrums.

National Biscuit is also a company emerging from some problems. Last year the company introduced the largest group of new products ever introduced in such a period and expenses of launching them kept profits restrained. But the first quarter report showed an upturn as the new items started to show their effect on earnings.

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

Chemical Corn Exchange Bank Issues "ADRs" For Shares of German, South African Companies

Depositary receipts are transferable by endorsement and delivery and designed to facilitate ownership and transfer of foreign shares.

Chemical Corn Exchange Bank is issuing American depositary receipts against the deposit abroad of shares of certain selected foreign corporations, it was announced April 25 by Harold H. Helm, Chairman.

Harold H. Helm

American depositary receipts are registered in the names of owners. They are transferable by endorsement and delivery and are designed to make easier, quicker and cheaper the ownership and transfer of foreign shares. Once backed by the deposit of original share certificates in depositary banks selected by Chemical Corn Exchange Bank in the country of origin of the foreign securities, the American receipts may be traded indefinitely without disturbing the deposited foreign share. If, however, because of a higher price abroad, or any other reason, it should be advantageous to sell the underlying shares in their primary market, the American receipt holder may at any time claim the deposited shares and dispose of them abroad.

Chemical Corn Exchange Bank is issuing American depositary receipts against shares of 11 German and 5 South African companies, as follows:

German Companies

Allgemeine Elektricitaets-Gesellschaft.
Badische Anilin-& Soda-Fabrik A.G.
Deutsche Erdoel-Aktiengesellschaft.
Dortmund-Hoerder Huettenunion A.G.
Farbenfabriken Bayer A.G.
Gelsenkirchener Bergwerks-Aktiengesellschaft.
Ilseder Huette.
Kloeckner-Werke.
Mannesmann A.G.
Rheinische Stahlwerke.
Siemens & Halske Aktiengesellschaft.

South African Companies

Potgietersrust Platinums, Ltd.
The Randfontein Estates Gold Mining Co., Witwatersrand, Limited.
Union Corporation, Limited.
West Driefontein Gold Mining Company Limited.
West Rand Consolidated Mines, Limited.

Corporations issuing the foreign shares are not parties to any agreement with Chemical Corn Exchange Bank and bear none of the ADR expenses. Such costs, including charges of the foreign depositary banks, are borne by the receipt holder at the time of purchase, with a fee ranging from $3 to $5 per 100 ADR shares upon their issuance and also upon their conversion into the underlying foreign shares. A transfer fee of $1.50 per ADR certificate is charged the seller when ADR shares are transferred. In disbursement of dividends, the bank charges a fee of one cent per ADR share.

American depositary receipts are subject to registration, under the Securities Act of 1933, on a form recently promulgated by the Securities and Exchange Commission, and the ADR's issuable by Chemical Corn Exchange Bank have been so registered.

Considerable interest in American depositary receipts has been evidenced by the investment fraternity, especially in view of the economic progress evident in many parts of the free world.

SOUTHERN RAILWAY COMPANY

Sixty-Second Annual Report for the Year Ended December 31, 1955

March 21, 1956.

To the Stockholders of

SOUTHERN RAILWAY COMPANY:

It is gratifying to report to you that 1955 was the best year in the history of Southern Railway Company. Gross receipts, net results, and overall efficiency were better than in any year since the Company was organized in 1894.

These results were not accidental. They came from a combination of good and expanding industrial growth along our lines, continued investment by the Company in new facilities and equipment, and the introduction of modern techniques in all departments. Above all, they came from the hard work of an aggressive and skillful staff.

The contribution of our employees is gratefully acknowledged, and it increasingly reflects their pride in being associated with a Company that is endeavoring always to conduct its affairs in the most modern and efficient way possible in this era of intense competition for the nation's transportation business.

It is confidently expected that in 1956 these vital factors will continue to produce satisfactory results and thus further enhance the well-being of your Company.

The report on the following pages, for the year ended December 31, 1955, has been approved by our Board of Directors for presentation to our stockholders at the annual meeting in Richmond, Virginia, on May 15, 1956.

Sincerely,

HARRY A. DEBUTTS,

President.

HIGHLIGHTS OF THE YEAR

	1955	1954	1953
Operating Revenues	$276,913,414	$249,079,701	$275,212,346
Operating Expenses	181,029,631	176,101,146	186,399,731
Operating Ratio	65.37	70.70	67.73
Transportation Ratio	30.26	31.91	30.65
Tax Accruals (Federal, State, Local)	$41,168,187	$33,937,887	$42,952,412
Taxes Per Share of Common Stock	15.85	13.07	16.54*
Net Income	$37,993,249	$26,262,681	$33,190,325
Net Income Per Share of Common Stock—*after Providing for Dividend on Preferred Stock*	13.47	8.95	11.62*
Dividends Per Share of Preferred Stock	$2.50	$2.50	$2.50*
Total Dividends on Preferred Stock	3,000,000	3,000,000	3,000,000
Dividends Per Share of Common Stock	4.00	3.50	2.50*
Total Dividends on Common Stock	10,385,600	9,087,400	6,491,000
Number of Stockholders	18,507	18,474	19,067
Number of Shares of Stock Outstanding:			
Preferred	1,200,000	1,200,000	1,200,000*
Common	2,596,400	2,596,400	2,596,400*

*Adjusted to give effect to 2 for 1 stock split in June, 1953.

A REVIEW OF 1955

The Year's Statistics

Operating Revenues in 1955 were $276,913,414, an increase of $27,833,713, or 11.17%, over 1954, and exceeded the Operating Revenues of 1953, heretofore the largest in the Company's history, by $1,701,068, or 0.62%.

Freight Revenue amounted to $241,809,041, the highest on record, being an increase of $29,414,727, or 13.85%, over 1954, and an increase of $5,251,775, or 2.22%, over the previous record Freight Revenues of 1953.

Passenger revenue declined $674,032, or 4.35%, as compared with 1954, due to discontinuance of a number of passenger trains and the elimination or reduction of Pullman cars on several lines, both at a substantial saving in operating cost, together with the continued decline in military travel.

Mail Revenue continued its declining trend, due principally to diversion of mail to competing forms of transportation and the discontinuance of unprofitable passenger trains. Revenue from this source amounted to $10,359,327, being $1,261,048, or 10.85%, under 1954, which latter year was aided by a retroactive increase in mail pay. Because of increased expenses, it is likely that application for general increase in mail pay will be filed during 1956.

The volume of business handled in 1955 and the receipts therefrom, as compared with 1954, were:

	1955	1954
Freight moved (tons)	67,200,420	58,626,459
Average distance moved (miles)	229.52	225.22
Ton miles	15,422,493,438	13,203,652,889
Average revenue per ton mile	1.568¢	1.609¢
Total freight revenue	$241,809,041	$212,394,314
Number of passengers	1,953,422	2,231,324
Average journey (miles)	267.97	245.79
Passenger miles	523,454,651	548,433,268
Average revenue per passenger mile	2.831¢	2.825¢
Total passenger revenue	$14,820,210	$15,494,242

Operating Expenses increased by $4,928,486, or only 2.80%, as compared with 1954, and as contrasted with the $27,833,713, or 11.17%, increase in Operating Revenues. Maintenance of Way and Structures *decreased* by $540,747, as compared with 1954. Maintenance of Equipment *increased* by $1,870,905 and Transportation Expenses by $4,310,777.

While, as has been shown, the increase in Operating Expenses in 1955 absorbed only $4,928,486 of the year's $27,833,713 increase in Operating Revenues, Railway Tax Accruals amounted to $41,168,187, the increase of $7,230,300 absorbing nearly one and one-half times as much of the year's increase in gross as the entire increase in Operating Expenses. These tax accruals were equivalent to over 14¢ out of each dollar of gross revenue; and thus taxes exacted for the year an amount equivalent to $15.85 per share of Common Stock as compared with a net earning thereon, after charges and taxes, of $13.47.

Net Railway Operating Income, being what is left of Operating Revenues after deduction of all Operating Expenses, Taxes, and Equipment and Joint Facility Rents, amounted for the year 1955 to $48,430,035, as compared with $34,557,054 for 1954, an increase of 40.15%.

A comparison of the ratios for 1955 with those of the two preceding years of the several subdivisions of Operating Expenses, Taxes, and Equipment and Joint Facility Rents, expressed in the number of cents out of each dollar of revenue, is as follows:

	1955	1954	1953
Transportation	30.26¢	31.91¢	30.65¢
Maintenance of Way	12.57¢	14.20¢	13.04¢
Maintenance of Equipment	16.58¢	17.68¢	17.83¢
Traffic Expense	1.73¢	2.01¢	1.86¢
General Expense	3.51¢	4.04¢	3.52¢
Incidental Expense	0.72¢	0.86¢	0.83¢
Totals	65.37¢	70.70¢	67.73¢
Taxes	14.87¢	13.63¢	15.61¢
Equipment and Joint Facility Rents	2.27¢	1.80¢	1.41¢
Grand Totals	82.51¢	86.13¢	84.75¢

After the above deductions, there remained for fixed charges, for maturities of debt, for capital and corporate needs and for the owners, 17.49¢ out of each dollar of 1955 Operating Revenues, as compared with 13.87¢ in 1954 and 15.25¢ in 1953.

Net Income

Net Income for 1955, after taxes and charges, was $37,993,249.

A tabulation of Net Income and of the equivalent earnings per share of Common Stock (after deducting dividends on the Preferred Stock of $3,000,000 a year) for each of the past five years, is as follows:

	Net Income After Taxes and Charges	Earnings Per Share of Common Stock After Preferred Stock Dividends
1951	$18,856,597	$6.10*
1952	27,834,916	9.56*
1953	33,190,325	11.62
1954	26,262,681	8.95
1955	37,993,249	13.47

* Adjusted for the stock split in June, 1953.

The Net Income of 1955 of $37,993,249, as stated, was the highest in the history of the Company, and was produced when the Company's gross revenues amounted to $276,913,414, while the Net Income of 1953, amounting to $33,190,325, for comparison, was realized from gross in that year of $275,212,346.

Rapid amortization on certain capital investments made in aid of National Defense, not chargeable to regular depreciation under Interstate Commerce Commission regulations, but allowable in computing federal income taxes, effected a reduction in such taxes of $4,570,871, being equivalent to about $1.76 per share of Common Stock.

Fixed charges were covered 3.84 times in 1955, as compared with 2.95 times in 1954.

Dividends

During 1955, dividends of 5% on the $50 par value non-cumulative Preferred Stock were continued at the rate of 62½¢ per share per quarter. On the Common Stock quarterly dividends of 75¢ per share were paid in March, June, September and December, 1955, out of the surplus net earnings of 1954 after providing therefrom for the 5% Preferred Dividends. There was also paid on the Common Stock, on February 15, 1955, an extra dividend of $1.00 per share out of the same surplus net earnings of 1954.

Total disbursements for dividends, out of 1954 earnings, aggregated $2.50 per share, or $3,000,000 on the Preferred Stock, and $4.00 (including the extra of $1.00 per share), or $10,385,600, on the Common Stock. The total "pay-out" of $13,385,600 in 1955, being $1,298,200 more than in 1954, was equal to the largest disbursement of dividends in any year since the Company's organization.

Out of the surplus net earnings of 1955, after providing for dividends of 5% on the Preferred Stock, there was declared an extra dividend of $2.00 per share on the Common Stock, which was paid February 15, 1956, and a dividend of $1.00 per share on the Common Stock, which was paid on March 15, 1956. This latter dividend of $1.00 per share compares with a dividend of 75¢ per share on the Common Stock which was paid in the previous year, on March 15, 1955.

Stock Split

The Board of Directors, at its meeting in January, 1956, approved the splitting of the Preferred and Common Stocks of the Company two and one-half shares for one, subject to the approval of the stockholders at their regular annual meeting in May, 1956, and to the approval of the Interstate Commerce Commission.

Operations

Operations were conducted with increasing economy and efficiency in 1955. Aided by capital improvements costing over $280,000,000 in the period from 1945 to 1955, coordinated with increasing emphasis upon and development of modern techniques of operation, the recognized indices of performance showed improvement over prior years, and show that the Company ranks well to the front among the leaders of the railroad industry.

The proportion of gross revenues carried through to Net Railway Operating Income before Federal Income Taxes by the Company amounted to 26.13% in 1955, as compared with 21.09% in 1954, and compares with an average for all Class I Railroads of about 13.44% in the two years.

In the past seven years, the Company's freight haulage record has greatly improved, producing 52,466 gross ton miles per freight train hour in 1955 as compared with 29,577 ton miles in 1948. The average distance each ton of freight was hauled was also increased, being 229.5 miles in 1955 as compared with 209.1 miles in 1948.

Wages are the principal element in Operating Expenses. The Company's wage ratio for 1955 shows a marked decrease from the comparable ratio of a few years ago, and is lower than that for most Class I Railroads.

The Cost of Transporation Ratio for 1955 decreased to 30.26¢ as compared with 31.91¢ for 1954 and a Cost of Transportation Ratio for all Class I Railroads in 1955 of about 37.00¢.

The Company's Operating Ratio for 1955, which is the ratio of Operating Expenses to Operating Revenues, expressed in cents out of the operating dollar, was 65.37¢, approximately the lowest among other comparable railroads, and a gratifying decrease from 70.70¢ in 1954.

Capital Improvements

The Company is continuing to improve its plant by the expenditure of capital funds for new and ultramodern facilities. These consist, for example, of the $15,000,000 construction, now under way, of the new "automatic" Inman Yard at Atlanta, Georgia, and the acquisition of large numbers of machines used in accounting and in mechanized roadway and equipment maintenance. The Company fully expects thereby to effect still futher economies in the cost of operation.

New Equipment

During 1955, the Company received and put into service the new equipment referred to in last year's Report, consisting of (a) the 1,200—50'6" 50-ton all-steel box cars, and (b) the 2 Diesel-electric locomotives.

There were also received and put into service, (c) 25 Air-slide 70-ton covered hopper cars, the aggregate cost of which, approximately $325,000, was paid in cash, and (d) 885 (out of an order for 1,500) 70-ton hopper-bottom coal cars, the aggregate cost of which, approximately $10,500,000, is being financed by means of

SOUTHERN RAILWAY (Continued)

Conditional Sale Agreements, payable in twenty equal semi-annual installments with no down payment, at an interest cost of 3% per annum.

There is also on order, for delivery late in 1956 or early 1957, new equipment estimated to cost approximately $17,531,750, consisting of:

(1) 1,153—50'6" 50-ton all-steel box cars, 103 thereof equipped for automobile-parts loading;
(2) 200—70-ton hopper-bottom coal cars;
(3) 70—70-ton side door hopper cars;
(4) 60—53'6" 70-ton flat cars; and
(5) 20—65'6" 70-ton gondola cars.

With the receipt of the new freight cars ordered in 1955 by the Company and its affiliates, there will have been put into service approximately 26,000 new freight cars since the end of World War II at a cost of about $140,000,000, these new freight cars constituting nearly 50% of the System's entire ownership of 55,590 units.

The Company's affiliates have on order, in addition to certain new freight cars, 3 Diesel-electric locomotives, for 1956-57 delivery.

Equipment Obligations

Due to the inclusion of the new Conditional Sale Agreements referred to above, aggregating $10,500,000 in 1955, the Company's outstanding Equipment Obligations at December 31, 1955, amounted to $86,482,460, as compared with $75,489,165 at the end of 1954.

It is estimated that the installments of equipment debt now payable in 1956 of $10,969,205 will be in large part offset as to its cash effect by depreciation (exclusive of rapid amortization), chargeable to operating expenses, in the amount of $9,671,049.

If additional equipment debt should be created to finance the new equipment on order in 1956, it is believed that the installment payments thereon can be substantially "self-liquidated" by depreciation charges against such new equipment.

New Rail

During 1955, there were laid 40,766 net tons, or 175.55 miles, of new rail, as compared with 33,627 net tons, or 146.12 miles, laid in 1954.

The Company has ordered 44,800 net tons of new rail for the year 1956.

Acquisition of New Lines

The application for the proposed acquisition of the Atlantic and East Carolina Railway Company, extending from Goldsboro, North Carolina, to Morehead City, North Carolina, with the concomitant operation of the Marine Corps railroad, serving the Marine Corps Base at Camp Lejeune, referred to in last year's Report, is pending before the Interstate Commerce Commission.

With the approval of the Interstate Commerce Commission, the Company, in December, 1955, acquired the capital stock of the Transylvania Railroad Company, the line of which extends from Hendersonville, North Carolina, to Rosman, North Carolina, a distance of 32.12 miles, and on which are located several industries, including the plant of the Ecusta Paper Company. This line had been under lease and operated by the Company for fifty years. With the acquisition of the stock, at an aggregate cost of $69,000, the Company has effected a net reduction in its fixed charges, and will continue to lease and operate the line.

Use in 1955 of the Company's Financial Resources

In addition to meeting all of its current expenses, taxes and fixed payments, the Company paid from its treasury cash the following conspicuous items:

(1) For capital improvements to Road and Structures, $10,166,073; for Equipment, $12,390,135, consisting of installments of Equipment Obligations $9,502,705, and for additions and betterments to equipment $2,887,430, making an aggregate of $22,556,208 capital expenditures for the year, as compared with $21,321,996 in 1954;

(2) For dividends, $13,385,600, being $1,298,200 more than in 1954;

(3) For Federal Income Taxes attributable to the years 1941-1946, $2,466,605;

(4) For payment toward, and for advances to its real estate subsidiary of moneys for, the acquisition and construction of new industrial facilities to produce income to the Company, $2,565,685;

(5) For the purchase of stocks of subsidiaries at an aggregate cost of $1,332,615; and

(6) For the acquisition and cancellation of $15,582,000 principal amount of the Company's Development and General Mortgage Bonds, maturing in 1956, and the acquisition by a wholly-owned subsidiary of $788,000 principal amount of the Company's East Tennessee, Virginia and Georgia Bonds, also maturing in 1956, at a total cost of $16,689,771.

The Company had left on December 31, 1955, (a) investments in United States Government securities in the amount of $79,268,000, held in reserve for the acquisition of debt or reduction of maturing obligations, subject to further order of the Board of Directors, and (b) cash of $29,345,110, as shown in the balance sheet.

NET FUNDED DEBT AND FIXED CHARGES

	Dec. 31, 1955	Dec. 31, 1954
Funded Debt	$166,995,500*	$184,015,500‡
Leasehold Estates	25,978,300†	26,258,700§
Equipment Obligations	86,482,460	75,489,165
Amounts Payable to Affiliated Companies	550,605	550,605
Totals	$280,006,865	$286,313,970

*Does *not* include $12,474,000 of the Company's St. Louis Division 4% Bonds and $5,307,000 of the Company's East Tennessee, Virginia and Georgia 5% Bonds due in 1956, both held by a subsidiary.

†Does *not* include $18,549,300 of Securities on Leasehold Estates owned by the Company or its subsidiaries as of December 31, 1955.

‡Does *not* include $12,474,000 of the St. Louis Division Bonds and $4,519,000 of the East Tennessee Bonds referred to in footnote * above.

§Does *not* include $18,516,900 of Securities on Leasehold Estates owned by the Company or its subsidiaries as of December 31, 1954.

The Company's fixed charges, on an annual basis, as defined by the Interstate Commerce Commission, less charges on the Company's bonds held by a subsidiary and income from securities of its Leasehold Estates owned by the Company, or, in other words, its *net* fixed charges payable to the public, were approximately $11,810,000 at December 31, 1955.

At the beginning of the depression 1930's, the Company's fixed charges amounted to approximately $18,000,000 a year, the current figure of $11,810,000 showing a reduction of approximately one-third since that time.

The current net fixed charges are equivalent to only 4.26% of 1955's gross.

Debt Reduction and the 1956 Maturities

Long-term debt (exclusive of equipment debt) and securities on Leasehold Estates were reduced in the principal amount of $17,300,400 during 1955.

Included in this amount was the acquisition and cancellation of $15,582,000 principal amount of the Development and General Mortgage Bonds, maturing April 1, 1956 ($10,576,000 thereof having been acquired under the Company's Offer, effective between July 1, 1955, and October 31, 1955, to purchase any or all of such outstanding Bonds on the basis of a yield of 2% to maturity), thereby reducing the amount of this issue outstanding to $32,803,000 at December 31, 1955, as compared with $111,333,000 outstanding on January 1, 1942.

Also included in 1955 debt reduction was the acquisition by a subsidiary of $788,000 of the East Tennessee, Virginia and Georgia Bonds maturing November 1, 1956, reducing the amount outstanding in the hands of the public to $7,463,000 at December 31, 1955, as compared with the original maturity of $12,770,000.

The maturities of 1956 were thus reduced to an aggregate principal amount outstanding on December 31, 1955, of $40,266,000.

United States Government securities, included in the Company's reserves, and appropriately maturing, are held in the Company's treasury to pay this aggregate off in cash.

Such payment will effect a further reduction in the Company's annual fixed charges in the amount of $2,007,840.

Industrial and Agricultural Development

Industrial Development

Gratifying gains were made in industrializing the area during the year. There was a total of 399 new projects undertaken or established, costing about half a billion dollars, with estimated annual revenue to all rail carriers of about $23,000,000, and in connection with which some 23,000 new jobs were created.

The outlay for expansion of existing industries was more than twice the amount expended in the previous year and nearly four times that spent in 1953.

The total number of projects in 1955 was the largest since the two immediate postwar years of 1946-47. This encouraging situation is mainly attributable to the robust growth of existing industries.

Previous Reports have noted the growing diversification of manufacturing along the System's lines. This year's Report has been broken down in the following tabulation to illustrate the variety of products now being made in the territory and to show the relative importance of the several industrial groups from the standpoint of investment, estimated gross rail freight revenue to accrue to all rail carriers, and number of employees. Effort is made to keep estimates on the conservative side. Some expansions actually result in decreased employment because of more modern machinery and improved operating methods.

New Industries and Expansions in 1955

	Estimated Investment	Number of Projects	Estimated Gross Rail Freight Revenue	Number of Employees
Paper and Allied Products	$118,103,000	23	$ 3,240,000	1,945
Chemicals	77,575,000	23	2,329,000	1,061
Electrical Equipment and Appliances	68,905,000	24	1,655,000	4,381
Metals and Metalworking (including Machinery)	53,471,000	53	2,987,000	4,067
Power Plants	42,000,000	2	1,812,000	180
Defense Installations	30,181,000	3	*	1,500
Textiles	25,610,000	59	604,000	5,615
Lumber—Woodworking—Building Materials	8,625,000	49	3,702,000	1,027
Furniture	6,839,000	28	658,000	1,487
Cement—Concrete and Concrete Products—Asphalt	6,205,000	34	1,515,000	410
Food	5,937,000	25	1,450,000	297
Petroleum Products	4,200,000	20	487,000	160
Containers	3,265,000	3	19,000	104
Minerals	2,153,000	10	869,000	153
Miscellaneous	1,508,000	15	685,000	181
Ceramics	975,000	4	103,000	70
Flour and Feed	830,000	9	300,000	138
Rubber Products	650,000	4	195,000	97
Fertilizer	480,000	11	144,000	42
	$457,512,000	399	$22,754,000	22,915

*Estimated Revenue is not included, as information concerning these installations is restricted.

There is every reason for optimism in contemplating further industrial growth in the coming year. Already announced for construction during 1956 are a $5,000,000 vitreous-ware plant, a carpet mill, an aluminum plant to cost between $75,000,000 and $80,000,000, a multimillion dollar chlorine-caustic soda plant for which a 700-acre site has already been acquired, an electronics plant, and a TV-radio cabinet plant. Many other important projects are under consideration and site studies are under way for three new pulp and paper mills, a synthetic fiber plant, another large aluminum plant as well as a second chlorine-caustic soda plant.

Agricultural and Livestock Development

Progress continued in farm mechanization and in the improvement of cultivation methods. Favorable weather conditions throughout the growing season plus advanced technical knowledge produced record acre yields of all principal crops on southern farms.

During the year some 45,000 lambs were shipped into Alabama to be readied for the early spring market. This marks the first time that such an experiment has been made in the deep South and other southern states are now evincing interest in similar undertakings.

A study has recently been made of cash farm income for 1924 versus 1954 (latest year for which figures are available) in the eight states where the Company has substantial mileage and this analysis of the farm dollar pointedly demonstrates the growing importance of the South as a livestock producing area.

Of General Interest to the Stockholders

Acquisition of Industrial Real Estate

The Company is actively furthering its program of acquiring desirable properties for industrial development in and contiguous to the fast-growing towns and cities in the territory it serves in the South, thereby preventing such areas from use for housing or other developments which would block rapidly expanding industrial needs.

These properties are being sold, or are available for sale, to new industries, or are being used to construct thereon facilities for industrial use, which will produce rental income and additional traffic for the Company.

Through this activity, the Company is keeping in step with, and doing all it can to foster and promote, the dynamic economy of the South.

Rates and Fares

In last year's Report reference was made to the fact that the last general increase of 15% in freight rates as authorized by the Interstate Commerce Commission in *Ex Parte 175* would expire with December 31, 1955. By a subsequent order the Commission has peprmitted that a subsequent order the Commission has permitted that increase to become a part of the permanent rate structure of the country.

It was also pointed out that certain of the states in the South, i.e., Alabama, Kentucky, North Carolina, South Carolina and Tennessee, did not grant the railroad's petitions for the same general increase, as to intrastate traffic, as granted by the Interstate Commerce Commission in *Ex Parte 175*, and that proceedings accordingly were instituted with the Interstate Commerce Commission under Section 13 of the Interstate Commerce Act as to intrastate rates in those states.

The decision of the United States District Court for the Eastern District of North Carolina, referred to in last year's Report, which upheld the order of the Interstate Commerce Commission requiring removal of the unlawful discrimination found to exist against interstate commerce by reason of relatively lower rates within North Carolina, was affirmed by the Supreme Court of the

SOUTHERN RAILWAY (Concluded)

United States. This case involved about $500,000 of annual revenue to the Company.

During the year the Interstate Commerce Commission entered orders requiring the removal of unlawful discrimination found to exist in the rates on various commodities within the states of Alabama, South Carolina, and Tennessee. The orders are the subject of litigation in Alabama and South Carolina, but have been accepted by Tennessee. There is also litigation pending with regard to certain intrastate rates in Kentucky.

On December 30, 1955, the railroads, including the Company, filed with the Interstate Commerce Commission new tariffs covering a proposed 7% increase in freight rates, to be effective February 25, 1956. The Commission granted an increase of 6% subject to certain maxima, to be effective March 7, 1956.

The Company successfully continued its effort to increase its average haul on traffic handled, creating additional ton miles, and to channel this tonnage through its improved terminals and into fast freight trains, providing better service to its patrons at lower cost to the Company.

Reparations

Since last year's Annual Report to the stockholders, which referred to the July, 1953, report of the Interstate Commerce Commission Examiners recommending dismissal of all the Government's reparations cases and to the briefing and arguing of these cases to the full Commission, the Commission, on February 5, 1955, handed down its report fully sustaining the position of the railroads and dismissing all of the Government's complaints. The Commission on February 3, 1956, denied the Government's petition for reconsideration.

Bauxite Ore

In the Annual Reports for 1950 and 1951, reference was made to a complaint brought by the United States against the Company and other railroads assailing the rates charged for the transportation of bauxite ore subsequent to World War II. The amount of asserted liability was aproximately $728,000. By a decision rendered in 1952, the Interstate Commerce Commission sustained the position of the railroads and dismissed the complaint. Thereafter the Government instituted a suit in the United States District Court in Washington, D. C., to set aside and annul the Commission's order. On December 31, 1955, the Court handed down its decision upholding the Commission's order and dismissing the complaint.

Seatrain Litigation

In recent Annual Reports references have been made to the action under the Federal anti-trust laws brought in 1951 by Seatrain Lines, Inc., against a number of railroads, including the Company, pending in the District Court for the District of New Jersey, following remand by the United States Court of Appeals for the Third Circuit. On November 18, 1955, Seatrain Lines, Inc., dismissed its case without prejudice and without costs to any party, thus ending this litigation.

Labor Relations

The Conductors' request of October 1, 1953, and the Trainmen's request of June 7, 1954, were disposed of, through national negotiation, by an Agreement, dated May 26, 1955, providing for (1) graduated rates of pay based on number of cars handled on a car scale basis, (2) an increase in rates covering passenger service, (3) an increase in the Yard Foremen's differential, and (4) an increase for Dining Car Stewards.

The Trainmen's June 16, 1955, request for an increase in wages was disposed of, through national negotiation, by an Agreement providing for an increase of 10½¢ per hour, effective October 1, 1955, and the establishment of a five-day work week for all Yardmen, effective December 1, 1955. Upon conversion to a five-day work week, Yard Foremen received an increase of 16¼¢ per hour and Switchmen an increase of 14⅛¢ per hour.

The Firemen's notice of July 1, 1954, for wage increases was disposed of, through national negotiation, by an Agreement providing for an increase of 8¢ per hour for Road Firemen, and 4½¢ per hour for Yard Firemen, effective October 1, 1955. The Agreement also provides for an increase of an average of 21¢ per hour for Yard Firemen under a five-day work week, which became effective on December 1, 1955.

The Engineers' notice of February 15, 1955, for an increase in rates of pay was disposed of, through national negotiation, by an Agreement providing for an increase of 7% in rates of pay, effective October 1, 1955.

The Conductors' request of August 15, 1955, for an increase in rates of pay was disposed of, through national negotiation, by an Agreement providing for an increase of 14⅜¢ per hour, effective October 1, 1955.

The above settlements with train and engine service employees provide that 4¢ per hour, or 32¢ per basic day, is in lieu of a Medical and Hospital Insurance Plan.

The Non-Operating Employees' requests for an increase in wages, and for the Carriers to pay the entire cost of the Health and Welfare Plan, were disposed of, through national negotiation, by an Agreement granting an increase of 14½¢ per hour, effective December 1, 1955, and providing that the Carriers will assume the full cost of the Health and Welfare Plan, effective March 1, 1956.

Benefits obtained by the employees under these settlements will result in increased cost of approximately $8,480,028 per annum for the Company.

At the close of the year, still pending were requests for wage increases for Yardmasters, Dispatchers, Mechanical Department Foreman, Dining Car Cooks and Waiters, and Train Porters.

Looking Ahead

The Company's plant, roadway, structures and equipment are in excellent condition; its financial condition is improving year by year; the people who work for it are aggressive in its interest; it is fortunate to be located in the South which it Serves.

For these reasons, the Company has confidence in its future.

Financial Results for the Year

	In 1955	In 1954
The Company received from freight, passenger and miscellaneous operations a total revenue of	$276,913,414	$249,079,701
The cost of maintaining the property and of operating the railroad was	181,029,631	176,101,146
Leaving a balance from railroad operations of	$95,883,783	$72,978,555
Federal, state and local taxes required	41,168,187	33,937,837
Leaving a balance of	$54,715,536	$39,040,663
The Company paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by it from those sources	6,285,561	4,483,614
Leaving an income from railway operations of	$48,430,035	$34,557,054
Other income derived from investments in stocks and bonds and miscellaneous items was	6,340,419	5,432,574
Making a total income of	$54,770,454	$39,989,628
Interest on funded debt and equipment obligations, rents paid for leased railroads and miscellaneous deductions totaled	16,777,205	13,726,947
Resulting in a net income of	$37,993,249	$26,262,681

Financial Position at the End of the Year

	On December 31, 1955	On December 31, 1954	Increase or Decrease
The Company had investments in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars and other fixed property of	$730,228,696	$708,135,074	$22,093,622
Less: Depreciation, amortization, donations and grants, and acquisition adjustment	129,900,420	122,578,014	7,322,406
	$600,328,276	$585,557,060	$14,771,216
In addition the Company had investments in stocks, bonds and notes of affiliated companies and other investments carried at	103,353,463	98,164,283	5,189,185
Unexpended balance contracted for under Conditional Sale Agreement to be disbursed upon delivery and acceptance of equipment	8,330,000	------	8,330,000
Sinking fund for redemption of bonds	151,313	151,500	187
Total Investments	$712,163,057	$683,872,843	$28,290,214
The Company had cash and special deposits amounting to	$32,174,140	$31,679,261	$494,879
And temporary investments in U. S. Government Securities	79,177,325	71,859,779	7,317,546
Other railroad companies and others owed the Company	18,585,617	18,216,778	368,839
The Company had on hand fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	8,836,310	11,288,211	2,451,901
Deferred assets and unadjusted debits, including items owed to but not yet available to the Company	5,212,436	4,193,152	1,019,284
The Assets of the Company totaled	$856,148,885	$821,110,024	$35,038,861
The Company owed for materials, supplies, wages and balances to other railroad companies, and interest, dividends and rents accrued but not yet due	$33,452,688	$29,607,557	$3,845,131
Taxes accrued but not due	46,029,477	40,092,566	5,936,911
Operating reserves	4,580,172	3,846,058	734,114
Depreciation of road and equipment leased from other Companies	5,183,724	4,642,825	540,899
Deferred liabilities, including items due to others, but not yet adjusted	12,600,528	7,707,729	4,892,799
The total of these liabilities, credits and reserves was	$101,846,589	$85,896,735	$15,949,854
After deducting these items from the total assets there remained, for the capitalization of the Company, net assets of	$754,302,296	$735,213,289	$19,089,007
The capitalization of the Company consisted of the following:			
Funded Debt, including bonds, equipment obligations, etc.	$271,809,565	$277,048,270	$5,238,705
Preferred Stock	60,000,000	60,000,000	------
Common Stock	129,820,000	129,820,000	------
Making a total capitalization of	$461,629,565	$466,868,270	$5,238,705
After deducting this capitalization from net assets there remained a surplus, largely invested in the property of	$292,672,731	$268,345,019	$24,327,712

OUR CORPORATE CREED

The policies that guide the Southern Railway System have not varied through the years. They have been, and are—

To develop the territory and to foster faith in the South, its people and its opportunities;

To furnish safe, economical and adequate railroad transportation in the territory where the "Southern Serves the South";

To treat fairly and kindly the men and women whose work keeps the railroad going;

To pay a fair return to the owners of the property.

With steadfast faith, and with these principles, the Southern confidently approaches the future years.

LETTER TO THE EDITOR:

Canadian Free Gold Market And Devaluation Proposal

Referring to the newly opened Canadian free gold market and the assertion that the American mint gold price should be raised, Frederick G. Shull declares a rate allowing double the subsidy paid to Canadian gold miners would mean devaluing gold 12½%; or, penalizing Americans "to the extent of $60,000,000,000 in order to improve Canada's position by a mere $22,500,000!"

Editor, Commercial and Financial Chronicle:

An Associated Press release from Ottawa, on March 21, states that "Canadian mines now can sell gold to the public for hoarding or exporting without government restrictions;" but that "lifting of government controls over gold exports does not mean Canada intends to return to the gold standard which she . . . vacated in 1931." Also it states that Canada has no intention "to resume minting of gold coins"—that she "hasn't produced any gold coins for some 40 years." It goes on to say that "the mines are free to produce or sell, for safekeeping or export, gold in any shape or form, in small or large pieces, as long as they do not represent them as official coinage."

Frederick G. Shull

The "lifting of export curbs," according to the AP release, "paves the way for development of a free market for gold in Canada, similar to such markets in London, Paris, Brussels, Tangiers, Hong Kong, Bombay and other places"—and that now "Canada may be able to compete with these markets for the gold hoarder's money."

The article states that "Canada is the world's second largest gold producer"; and that "The official price of gold has been fixed at $35 an ounce (United States funds) for 24 years while production costs have mounted . . ." It continues: "All but two of the established mines are subsidized"; and that in 1955 these "government subsidies amounted to about $11,000,000." Also the article states; "Mine operators and others have long maintained that gold is under-priced at the official figure of $35 an ounce"; that "the United States, main buyer, has rejected demands for an increase"; but that "speculators may want to buy and retain more gold in Canada just in case the price is changed." According to the article, Canada's 1955 production of gold was *4,500,000 ounces.*

With that summary of the Associated Press article, let's start at the bottom and work upward: For sake of argument, let us assume that the United States Government were willing to raise its official price of gold to $40 an ounce, in order to appease these Canadian interests—Canadian Government, gold-producers and speculators. Such $5-an-ounce increase would mean about $22,500,000 of added revenue for those interests—or about double the subsidies paid producers by the Canadian Government in 1955. But before falling for this suggestion by our Canadian neighbors, let's view the suggestion from the standpoint of our own 165 million people:

Our citizens own upward of $500 billion of dollar-assets in the form of bank deposits, government bonds, and life insurance benefits already paid for—all recoverable in definite numbers of dollars, regardless of the *value* of the dollar itself. A $5 increase in the official price of gold would, automatically, drop the "value" of the American dollar from its present 1/35th of an ounce to a new low of 1/40th of an ounce of gold per dollar—or a *devaluation* of 12½% of its present value; and that would cut into the people's savings to the tune of 12½% of $500 billion, or a loss of more than $60 billion of the real *value* of those savings. Wouldn't that be a fine kettle-of-fish! penalizing our own people to the extent of $60,000,000,000 in order to improve Canada's position by a mere $22,500,000!

Let's not be silly! If the United States and Canada will each firmly fix the *value* of its respective dollar at $35 a fine ounce of gold, *redeemable on demand* at that fixed value—in other words, if the United States and Canada will both wisely return to the *honesty* of the Gold Standard—all of this hogwash about a higher official price for gold will be at an end, and commerce be able to go forward with a reliable *standard of value*, namely, Gold!

FREDERICK G. SHULL
2009 Chapel Street
New Haven 15, Conn.
April 23, 1956.

Wellington Sponsors Contest for Most Interesting Fund Sale

PHILADELPHIA, Pa.—The Wellington Company, sponsor and distributor of the $500 million Wellington Fund, has launched a contest with an award of an "Oscar" and cash prizes for the best stories of 500 words or less on the subject of "My Most Interesting Sale of Mutual Funds." The contest is open to every registered retail representative of N.A.S.D. member firms having selling group agreements with three or more mutual investment funds.

The first prize in the contest is a bronze plaque and $500 in cash. Second prize is $300 in cash and third prize $200 in cash.

The unique feature of the contest is that the stories can be about the sale of any fund or funds, whether or not Wellington Fund happened to be the recommended investment. Contestants may submit as many different stories as they wish. All a contestant need do is write a story, or stories, in 500 words or less, outlining his most interesting sale of mutual funds—a sale that gave his client an investment program to satisfy his or her particular problems or objectives.

The simple contest rules require only that the story or stories include the date of sale (it must have been made after Jan. 1, 1955); origin of prospect; complete description of client (name and address not to be included); salesman's recommendation (without naming the mutual fund recommended or sold); sales presentation and sales points that influenced the client to invest; and dollar amount of client's initial and subsequent investments.

The contest winners will be selected by an impartial panel of three men prominent in the investment securities and sales field. They are: John H. Caldwell, Managing Editor of "Sales Management," the national magazine of marketing, and himself an expert on marketing; Arthur J. C. Underhill, partner in the New York Stock Exchange firm of Arthur Wiesenberger & Company, an authority on mutual funds and head of the nationally-known Wiesenberger Dealer Service; and Louis H. Whitehead, partner in the New York Stock Exchange firm of Cosgrove, Miller & Whitehead and one of the country's most successful retailers of mutual fund shares.

The contest closes at midnight Aug. 10, 1956, and awards will be made at the Eighth Annual Mutual Fund Sales Convention in Chicago, Sept. 20 to 22, 1956. The winners, who will be informed of their selection in advance, will attend the convention where they will receive their awards and read their award-winning sales stories to the assembled delegates.

Entry forms and full information about the contest can be obtained by writing to Milton Fox-Martin, Manager of Dealer Relations, The Wellington Company, 1630 Locust Street, Philadelphia 3, Pa.

All entries in the Oscar contest should be sent to the "Wellington Oscar Contest, c/o Doremus-Eshleman Company, 1616 Walnut Street, Philadelphia 3, Pa."

Form Sequoyah Secs.

OKLAHOMA CITY, Okla. — Sequoyah Securities Co. has been formed with offices at 1029 North Walker to engage in a securities business. Officers are James R. Fitzgibbon, President; Robert A. Watson, Secretary-Treasurer, and John J. Snider, Vice-President.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

At a regular meeting of its Board of Directors held on April 24 **The First National City Bank of New York** appointed David S. Baker, Jr., an Assistant Vice-President. Mr. Baker has been an Assistant Cashier at the bank's 42nd Street Office.

* * *

The First National City Bank of New York announced on April 23 an increase in its interest rate on savings accounts to 2½% per annum, effective May 1. The new rate will apply to all amounts from $10 to $25,000 and will be compounded quarterly. Since Feb. 1, 1952 the bank has paid 2% interest on amounts up to $10,000 and 1% on amounts above $10,000, and up to $25,000. Deposits received through May 7, 1956 will earn interest from May 1 for the period ending June 30. For subsequent quarterly periods beginning July 1, deposits received through the first 10 business days of the quarter will earn interest from the first of that month if left on deposit to the end of the quarter.

* * *

Effective May 1, **The Chase Manhattan Bank of New York** will pay interest at the rate of 2½% per annum on thrift account balances from $5 to $25,000, the bank announced on April 23. This represents an increase from the existing 2% interest rate.

* * *

Manufacturers Trust Company of New York announced on April 24 that, effective May 1, the rate of interest paid on its savings deposits will be increased to 2½% per annum on balances up to $25,000. The present rate, which has been in effect since July 1, 1953, is 2% on the first $10,000 and 1% on the next $15,000. Interest will be credited and compounded quarterly, and deposits made on or before May 7 will receive interest from May 1. For subsequent quarterly periods beginning July 1 deposits received through the first 10 banking days of the quarter will earn interest from the first of that month if left on deposit to the end of the quarter. According to its annual report for 1955, Manufacturers Trust Company has approximately 404,000 savings accounts with total balances of about $296,000,000.

* * *

Arthur T. Roth, President of **The Franklin National Bank, of Franklin Square, Long Island, New York**, has announced the advancement of William H. Cline, Jr., to Vice-President. He heads up Franklin National's mortgage servicing division. Formerly Assistant Vice-President, Mr. Cline has been with the bank since 1946.

* * *

The Wheatley Hills National Bank of Westbury, Long Island, N. Y., with common stock of $160,000, was merged with and into the **Hempstead Bank, of Hempstead, Long Island, N. Y.**, under the charter and title of the latter bank, effective April 2, it is announced by the Office of the Comptroller of the Currency. As we noted in our issue of April 12, page 1824, plans for the carrying out of the merger received authorization from the New York State Banking Department on April 2 when it approved plans to increase the capital of the Hempstead Bank from $1,200,000 to $1,350,000.

* * *

The Bank of East Syracuse, of East Syracuse, N. Y. and the **First Trust & Deposit Co. of Syracuse, N. J.**, both State members of the Federal Reserve System, merged under the charter and title of the latter bank on Feb. 27. A branch of the First Trust & Deposit Co. was established in the former location of Bank of East Syracuse.

In addition to the foregoing, several other banks have become branches of the First Trust & Deposit Co. of Syracuse; one of these, the **First National Bank of Marcellus, Marcellus, N. Y.**, with common stock of $50,000, was merged into the First Trust & Deposit on Feb. 3; it is also indicated, by the office of the Comptroller of the Currency, that as of March 16 the **First National Bank of Weedsport, N. Y.**, with common capital stock of $25,000 was absorbed and is now operated as a branch by the **First Trust & Deposit Co. of Syracuse.**

* * *

Announcement was made on April 20 that of the 40,000 shares of capital stock of the **New England Trust Co. of Boston, Mass.** recently offered to stockholders, 39,432 shares or 98.58% of the issue had been subscribed when the rights expired on April 17. The remaining 568 shares have been sold by F. S. Moseley & Co. and Kidder, Peabody & Co., who were the underwriters of the issue. Reference to the offering appeared in our April 5 issue, page 1690.

* * *

An increase in the capital of the **Waterbury National Bank, of Waterbury, Conn.** from $500,000 to $750,000, became effective as of April 9. Details of the plans to enlarge the capital were noted in these columns March 22, page 1440, in which it was indicated that the stockholders were offered rights to subscribe for an issue of 20,000 new shares, $12.50 par value, on the basis of one new share for each share of $25 par value capital stock held of record March 13. Subscription price was $30 per share.

* * *

Kingsbury S. Nickerson, President of **The First National Bank of Jersey City**, has announced the appointment of William W. Foulkes, Jr., as a Vice-President in the bank's Consumer Credit Department. Mr. Foulkes, a veteran of more than 19 years of experience in the instalment loan field, will direct the activities of First National's Consumer Credit Department. In 1942 he was called to active duty with the U. S. Army. Upon his discharge with the rank of Major, Mr. Foulkes joined the staff of the **Hudson Trust Company, Union City, N. J.**, as Manager of its Consumer Credit Department, advancing to Assistant Secretary a few months later. In 1947 he was made Assistant Vice-President and three years later became Vice-President, the title he held when he resigned to join The First National Bank of Jersey City organization.

* * *

Directors of the **First National Bank of Jersey City, N. J.** have elected Thomas J. Carlon an Assistant Vice-President, it was announced on April 19 by Kingsbury S. Nickerson, President. Mr. Carlon will make his headquarters at the Hoboken office and will be active in the business development program of First National, Mr. Kingsbury said. Mr. Carlon is rejoining the First National Bank of Jersey City after three years with the **First Camden National Bank**, where he served as an Assistant Vice-President. He was previously associated wtih First National of Jersey City from 1950 to 1953. His basic training in banking was obtained with The First National Bank of Montclair and the Bankers Trust Company in New York.

* * *

At the annual meeting of directors of the **Provident Savings Bank of Baltimore, Md.** on April 18, P. Howard Pemberton, Assistant Treasurer, was promoted to the position of Assistant Vice-President, according to the Baltimore "Sun" of April 19, which also stated that Norman G. Williams was elected Assistant Treasurer to succeed Mr. Pemberton. The "Sun" added that Mr. Pemberton has been associated with the Provident since November, 1931 and that Mr. Williams has been connected with the Provident since 1946.

* * *

The capital of the **Fidelity-Baltimore National Bank & Trust Co. of Baltimore, Md.**, as of April 10, was raised to the figure of $3,300,000, having been brought to that amount from $3,000,000 by a stock dividend of $300,000.

* * *

As of March 1 the name of the **Union National Bank of Rochester, at Rochester, Minn.**, was changed to the **Northwestern National Bank of Rochester.**

* * *

An addition of $150,000 has been made to the capital of the **First National Bank of Clayton, Mo.**, following the sale of new stock of that amount, the capital having thereby been raised on April 9 from $450,000 to $600,000.

* * *

A charter has been issued as of April 6 for the **Delray Beach National Bank, of Delray Beach, Palm Beach County, Florida**, the capital of which is announced as $300,000, while the surplus is given as $150,000. The advices of the Office of the Comptroller of the Currency at Washington also indicate that Dugal G. Campbell is designated as President of the primary organization and William R. McAllister as Cashier.

* * *

A capital of $300,000 was reported as of Feb. 8 by the **Kenosha National Bank of Kenosha, Wis.**, the amount having been increased from $250,000 by the sale of $50,000 of new stock.

* * *

The capital of the **First National Bank of Biloxi, Miss.** became $150,000 as of March 1, having been increased from $100,000. The addition to the capital resulted from a stock dividend of $25,000, and the sale of $25,000 of new stock.

* * *

Following the sale of $200,000 of new stock the **First National Bank of Jefferson Parish at Gretna, La.** has enlarged its capital as of April 13 to $800,000 from $600,000.

* * *

The sale of $50,000 of new stock by the **State National Bank of Corsicana, Texas** has resulted in an increase in the bank's capital from $200,000 to $250,000. The new capital became operative as of April 9.

* * *

The new $160,000,000 capital of the **Bank of America National Trust and Savings Association of San Francisco, Calif.** became effective on April 6. Items bearing on the increase in the capital from $150,000,000 through the sale of $10,000,000 of new stock, appeared in these columns Feb. 9, page 741, and April 5, page 1691.

* * *

The stockholders of the **Wells Fargo Bank of San Francisco** of record April 9 have been offered the right to subscribe to 100,000 shares of capital stock (par $20 per share) at $75 per share. The rights expire May 9.

Bank and Insurance Stocks

By **ARTHUR B. WALLACE**

This Week — Bank Stocks

The leading New York City banks, for the 12 months ended March 31, 1956, reported remarkable gains both in the price-earnings ratios, compared with the like period to March 31, 1955; and also in the rate of earnings on invested capital, or on book value. Book value in this use does not include reserves of any sort. And operating earnings are used, without inclusion of securities profits or losses or recoveries or charge-offs. Nine of the 13 banks carried in the table also showed a smaller dividend pay-out in relation to operating earnings than was the case in the 12 months earlier. This showing was in the face of a number of dividend increases in the period, and so it reflects the pronounced improvement in operating earnings.

The banks were among the worst sufferers coming out of the depression. The New Deal, in its various attempts at restoring prosperity, almost immediately upon taking office set about increasing the supply of funds and cheapening interest rates. These rates were artificially maintained through what should have been a normal recovery period. Then, with the advent of war, it became necessary to keep rates down to aid in financing the war. Through all of this period the banks were obliged to subsist on low rates, and their stocks sold at relatively high ratios to earnings and at figures that represented quite scanty rates on invested capital.

With the coming of the present Administration and the hardening of interest rates the banks began to realize a better rate of earnings on book value, and they are now at a stage where realistic figures are shown, figures that they should have been reporting long ago.

Of course, an important part of the better showing has been the result of the greater volume of loans and discounts under the prosperous economic conditions. But it begins to appear that the shift from Government bonds to loans is due to be halted soon. After all, there is a place in a bank condition statement for Government bonds (and, in fact, for other types of high grades, such as state, municipal and corporate obligations). They are liquid and may be drawn upon under stress economic conditions.

Probably many banks whose loan portfolios have been expanding are at a juncture where the relationship between investments and loans is as wide as it ought to go. If the money stringency continues, the banks will have to look to possible higher interest rates for earnings betterments rather than to the sale of more bonds. One of the strong forces behind high loan volume will be the Mills Plan of income tax adjustment under which the corporations are gradually getting onto a current payment basis as individuals are; and this often requires sizable borrowing by the corporations.

With the better earnings, dividends may be expected to be raised and such increases will make easier the expected raising of additional capital through rights to buy new shares. It is expected that there will be several operations of this nature this year.

The following tabulation covers the 12 months to March 31, 1956, in comparison with the like period to March 31, 1955:

	Price-Earnings Ratio		% Earned on Book Value		% Earns. Paid in Dividends	
	1955	1956	1955	1956	1955	1956
Bankers Trust	14.5	14.1	7.5	8.0	53	59
Bank of New York	15.4	12.4	6.7	7.9	60	49
Chase Manhattan	14.7	14.1	8.0	8.1	64	62
Chemical Corn Exchange	14.8	12.8	7.8	8.7	57	55
Empire Trust	12.5	11.8	9.6	10.8	24	19
First National City	19.1	14.0	5.8	7.7	71	57
Guaranty Trust	18.9	15.2	5.6	6.3	83	78
Hanover Bank	15.7	15.0	6.8	6.3	59	61
Irving Trust	17.4	14.6	7.4	9.0	70	70
Manufacturers Trust	14.7	13.0	7.9	8.3	53	53
J. P. Morgan & Co.	22.0	14.9	6.1	8.9	68	45
New York Trust	15.8	13.7	7.4	7.7	63	60
United States Trust	16.8	13.3	6.9	7.9	71	61

Capt. Sigel Joins Lawrence W. Snell Co.

Lawrence W. Snell Co. Inc., 70 Pine Street, New York City, have announced that Captain Clinton H. Sigel, U. S. Navy (Ret.), has joined the company as Vice-President.

Prior to his retirement in 1955, Captain Sigel was Chief of the Navy section of the military advisory group which provided assistance to the NATO committed forces of the Royal Netherlands Navy. He was also commander of a service division furnishing logistic services to United Nations naval forces in the Far East during the Korean conflict.

During World War II, Captain Sigel served as commanding officer on a U. S. Navy ship in the Pacific, and in the Navy Department in Washington. He is a graduate of Annapolis, Class of 1925, and holds the Legion of Merit.

British Chancellor's First Anti-Inflationary Budget

By PAUL EINZIG

Noted British Economist discusses Chancellor Macmillan's first budget and the favorable sterling exchange rate response. Credits "premium bond" proposal as politically courageous and appealing to many people who are not tempted by higher interest rates or tax exemption. Sees in Macmillan's past record evidence that the promise to reduce public expenditures will be fulfilled.

LONDON, Eng. — Following on Mr. Macmillan's Budget statement the London Stock Exchange displayed a cheerful tone and sterling rose to above $2.81, the highest point since its decline last Summer. The verdict of the Stock Exchange and of the international foreign exchange market was distinctly favorable. In itself a firmness on the Stock Exchange could have been interpreted as an indication that the markets were anticipating more inflation. Since, however, it was accompanied by a firmness of sterling, such interpretation would be out of place. Rightly or wrongly, investors, speculators, and dealers in foreign exchanges have taken an optimistic view about Britain's economic prospects, as a result of the measures announced by Mr. Macmillan on April 17.

Dr. Paul Einzig

The taxation measures adopted by the new Chancellor in his first Budget would not in themselves justify optimism about the possibility of checking inflation. Although he increased slightly the tax on tobacco and the Profits Tax —thereby squeezing slightly both the working classes and the employers — he gave away the proceeds in the form of some long-overdue concessions, mainly to the middle classes. It cannot be said that the budget has inaugurated a disinflationary fiscal policy—unless we accept the view that capital expenditure by the Government need not be covered by current revenue — that an overall balance means a big surplus. That conception has become thoroughly discredited in recent times.

It is indeed absurd to imagine that the effect of purchasing power created through capital expenditure by the Government differs in any way from that of purchasing power created through an excess of current expenditure over current revenue. Spending by workers engaged on some Government capital investment project is just as inflationary as the spending by civil servants whose salaries form part of current expenditure, unless it is covered by revenue. It is to the credit of Mr. Macmillan that he discarded the unwarranted differentiation between the two types of expenditure and reestablished a proper Budgetary equilibrium. This alone justifies a certain degree of optimism. It means that Government deficit is no longer added to the inflationary forces in operation. There is, however, no overall Budgetary surplus which would mop up the inflation created in the private sector of the economy as a result of the operation of the wages spiral.

Instead of aiming at a large revenue surplus to that end, Mr. Macmillan concentrated his main effort on measures aiming at stimulating savings, especially by the lower income groups. He increased interest rates on Savings Certificates and Defense Bonds, and he exempted from taxation, up to a certain limit, interest earned on savings bank deposits. To a large extent the effect of such measures will probably be a transfer of funds to these types of savings from other types of savings. The net increase of saving resulting from these measures is not likely to be spectacular.

On Mr. Macmillan's decision to introduce a new type of premium bond required considerable political courage, because there is strong prejudice in a by no means insignificant section of the British public, against any form of State lottery. It is immaterial whether those opposing it are sincere or whether they are hypocrites. The government is certain to lose votes as a result of this decision, especially as the Opposition is doing its best to make political capital out of a measure which they really favor in their heart of hearts.

The disinflationary effect of Mr. Macmillan's measures will depend largely on the response of the public to the premium bond issues. There is good reason to expect that it will appeal to many people who are not tempted by higher interest rates or by tax exemption. If, as a result of a substantial net increase of saving, much excessive purchasing power is mopped up it might provide the solution to Britain's inflationary problem. Unfortunately, it may take at least six months before the new scheme could be put into operation, and meanwhile uncertainty would prevail about the disinflationary effect of Mr. Macmillan's measures.

But British economy does not depend entirely on the outcome of the premium bond issues. Mr. Macmillan has embarked upon an economy drive in public expenditure. His announcement that he would cut down expenditure during the current financial year by at least £100 million was received with some doubts, because similar undertakings were given on repeated occasions by his predecessors who were unable to implement their promise. Mr. Macmillan's past record justifies, however, a certain amount of optimism in this respect. When in 1951 he became Minister of Housing he announced his determination to build 300,000 houses a year. His predecessor Mr. Aneurin Bevan, who was an efficient administrator, declared this to be impossible. Yet Mr. Macmillan exceeded considerably his self-imposed target. It is not unreasonable to hope, therefore, that on the present occasion too his performance will surpass his promise.

In order to bring the wages spiral to a halt, however, it will be necessary to continue the credit squeeze. In his Budget statement Mr. Macmillan reminded the bankers that the Government has legal powers to force them to restrict credit and that he would be quite prepared to exercise those powers unless voluntary restraint by the banks produced the desired result. Taking everything into consideration it seems therefore that the popular verdict in favor of Mr. Macmillan's Budget expressed by the Stock Exchange and the foreign exchange market, was fully justified.

Five Arrow Secs. New Venture Cap. Co. Formed by Rothschilds

Formation by the de Rothschild banking houses of Paris and London, in association with Pierson & Co. and Heldring & Pierson, Holland, and Banque Lambert in Belgium, of a new company incorporated in Canada has been announced in New York City.

The new company is Five Arrows Securities Co. Ltd., a title derived from the five arrows contained in the Rothschild coat-of-arms and referring to the five original Rothschild banking houses. The Rothschild banks have a history dating back to the middle of the Eighteenth Century. Five Arrows Securities Co. Ltd. has an initial paid-in capital of $8,000,000.

Baron Guy de Rothschild, partner of de Rothschild Freres, Paris, is Chairman of the Board of Directors of the new company. Other directors are Baron Elie de Rothschild, partner of the Paris firm; Edmund D. de Rothschild, partner of N. M. Rothschild & Sons, London; Jonkheer J.A.G. Sandberg, partner of the banking firm of Heldring & Pierson, The Hague, and Pierson & Co., Amsterdam; Baron Lambert, partner of Banque Lambert, Brussels, and G. Peter Fleck, President of Amsterdam Overseas Corporation, New York City. Mr. Fleck has also been elected President of the new corporation.

Mr. Fleck said that the charter of Five Arrows Securities Company authorizes the company to invest in existing and new companies and effectuate all financial transactions resulting therefrom, as well as to promote, finance and develop new enterprises in any country in the world. He stated the company is prepared to invest substantial venture capital in all situations that provide suitable investment opportunities.

The stock of the company is owned by de Rothschild Freres; N. M. Rothschild & Sons; Heldring & Pierson, Pierson & Co., and Banque Lambert.

At the same time it was announced by Mr. Fleck, President, that Leo Model, senior partner of the New York and London banking firm of Model, Roland & Stone, has been elected a director of the Amsterdam Overseas Corporation, where he joins on the Board amongst others its Chairman, Camille Gutt, partner of Banque Lambert, and former Chairman of the International Monetary Fund; Baron Alain de Rothschild of the Paris House, and Jonkheer Sandberg of the Dutch banking firms.

Jack Bernstein With Cantor, Fitzgerald Co.

BEVERLY HILLS, Calif. — In view of the continued expansion and growth of the company, Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive, has created the post of General Manager and has named Jack J. Bernstein to the position, it was announced by President B. Gerald Cantor. Mr. Bernstein, active in New York financial circles for the past 15 years, has arrived from the East to begin his new duties.

Joins Proctor, Cook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Harold H. Berkowitz has joined the staff of Proctor, Cook & Co., 10 Post Office Square, members of the New York and Boston Stock Exchanges. Mr. Berkowitz was formerly with Keller & Co.

Public Utility Securities

By OWEN ELY

British Columbia Power Corp., Ltd.

British Columbia Power is a Canadian holding company controlling British Columbia Electric and British Columbia Electric Ry. Most of the securities of the latter company are now held by the Electric Company and with acquisition of the final holdings of preference stock and debenture stock the Railway company will be dissolved.

The system, including operating subsidiaries with annual revenues of over $63 million, serves an area of about 1,600 square miles and a population of 830,000 with electricity, gas and transit. It is one of the largest producers of hydro-electric energy in Canada.

The area served has grown rapidly, with an increase in population of 62% during 1941-54 compared with 32% for all of Canada and 21% for the United States. The growth in manufacturing industries (net value of products) has also been large—during 1939-1953 the increase in British Columbia was nearly 400% compared with less than 300% for the United States, and 317% for the state of Washington. Manufactures account for about 47% of production value in the Province, construction 24%, forestry 12%, mining 6%, agriculture 5%, etc. Wood products are the principal output of manufacturing, followed by foods and beverages, paper products, iron and steel, chemical and allied products, etc.

British Columbia Power's revenues are 63% electric, 28% transit (22% passenger and 6% freight), 8% manufactured gas, and 1% miscellaneous. During World War II the system was unable to expand appreciably because of material shortages but in the postwar period the electric and transit properties have been completely modernized. With the addition of large hydro capacity some reserve capacity has now been obtained, whereas during the war the company had to operate on a low voltage basis at times. The transit system has been converted from street railways to busses. The gas division is being converted to natural gas, and will temporarily obtain gas from the San Juan Basin in the United States but later will substitute Peace River Gas via West Coast Transmission Company, when the latter gas is available in another year or so.

The company this year expects to spend about $75 million on construction versus $36 million last year. Equity financing was done in December and no more should be needed this year. Over the next five years the company expects to spend over $400 million on construction, as compared with present net plant of $308 million. Recent and pending developments include the following:

(1) The Company will soon serve the important Powell River Area, where the largest newsprint and pulp unit is located, as well as other industries.

(2) La Joie Dam was completed in October, permitting full use of 180,000 kw.

(3) The completely automatic 42,000 kw. Seton Project will be ready in mid-1956.

(4) The 140,000 kw. Cheakamus Project will be completed in late 1957.

Total kw. hydro capacity is now 525,000 kw. and 309,000 is expected to be added by 1961, an increase of 59%. The company has one small steam standby plant and a few small diesels.

While sales of electricity are over four times as large as in 1939 there is room for further growth in residential usage. For example, saturation of electric ranges is 43%, and of gas ranges 19%; refrigerators 79%, but freezers only 5%; electric water heaters 29% and gas 13%, automatic washers 11% (conventional type 74%), TV 56%, clothes dryers 3%, etc.

Share earnings have increased rapidly in recent years as follows:

1955	$2.05
1954	1.62
1953	1.47
1952	*1.34
1951	*0.98

*Adjusted.

The company enjoys good relations with the British Columbia Commission, and under a past ruling is permitted to earn 6½% on the over-all rate base. Since a very low return is earned by the transit properties (except for freight transit, which is quite profitable) this would permit a better-than-average return on gas and electric business. With the acquisition of natural gas it has been estimated that by 1958 this division may earn 5.3% on the rate base, and in 1959 7.8%.

Capital structure as of Dec. 31, 1955 was approximately as follows:

	Millions	Pctge.
Funded Debt	$157	48%
Pfd. Stk. of Subs.	79	24
Com. Stock Equity (3,401,000 shs.)	89	28
	$325	100%

The current dividend rate is $1.20. The stock has been selling recently on the American Stock Exchange at 39½, making the yield about 3% and the price-earnings ratio over 19. Thus the stock has graduated marketwise into the class of "growth" utilities, such as Florida Power & Light, Texas Utilities, Houston Lighting, etc.

Oscar Miller Now With de Vegh & Co.

Oscar M. Miller has been appointed director of research of de Vegh & Company, 1 Wall Street, New York City. Mr. Miller was formerly Manager of the Investment Research Department for E. F. Hutton & Company.

Forms Investors Security

NEW EGYPT, N. J.—J. Henry Mantel is now conducting his investment business under the firm name of Investors Security Co.

Continued from first page

As We See It

Administration presented to the Congress for the health and growth of our entire economy.

"The reasons for the message were simple:

"First, farmers generally were not—and are not—getting a fair return for their work. Farm families, almost alone of our people, are not sharing as they should in the record prosperity of our nation.

"Secondly, farm families deserve a better break because of heavy investments they have in land and equipment, the many risks they take, and the sweat they put into their jobs. Our farmers are the most efficient in the world. In no other country do so few people produce so much food to feed so many at such reasonable prices to consumers.

"A third reason for the January message to Congress was that our Government owes the farmers help. Unwise and unbalanced price support legislation of the past many years has distorted production and markets, and piled up price-depressing surpluses."

What of the Reasons?

Now we suggest that the reader examine these three reasons dispassionately and with care. Farmers, says the President, are not getting a fair return for their work and are not sharing in the record prosperity of the nation. What is a "fair return"? One might look for a long time in search of an answer to that question that would satisfy everybody—and then not come up with one. In the case of the railroads and the public utilities essentially the same question has long been one of the stormy petrels of economics, and the only answer that makes sense seems to be that a "fair return" is a return sufficient to make it worth while for people to put their money and time into the production of the services supplied by these two industries.

The services, or most of them, are essential, and no one has found any way of providing them economically except by permitting the producer to charge the consumer prices which will keep him in the business. Substantially more would in the end in all probability result in too many people going into the business. It is this constant determination of the price which is necessary to keep just the right amount of a given good or service flowing into the economy which competition so well accomplishes, and it is the difficulty—if not the impossibility—of maintaining what would be normal competition alive in certain specialized fields like railroading or the utilities generally that has led to the bungling attempts of government to regulate. But no one, so far as we are aware, has ever suggested that the Government should step in to provide subsidies to the railroads or the utilities to enable them to provide more service that any one is interested in having at prices which pay the cost of production. Such exceptions as there are to the general rule of requiring these enterprises to find their own income from their own consumers owe their origin to other considerations—and even then are often open to serious question.

Why Are They Exceptions?

Why should farmers be any exception to the general rule? And echo answers, "why." Oh, there are physiocratic arguments often presented to show that the farmer is *sui generis* for one reason or another, but to the dispassionate mind their validity is conspicuous by its absence. Of course, farm products are essential—but not farm products far in excess of the needs of the people or at a cost that is far greater than normal—and taxes to pay largesse are certainly a cost. But what is more burdensome to us all is the fact that several million people are being kept on the farms producing nothing of value (since the surplus piling up has no value) when they might well be adding to our supply of the good things of life that are not already in super-abundance. The President's first reason, then, upon examination is found to be without validity.

The second is like unto the first. If the farmer has unwisely invested in equipment or in land which now can not be made to earn a fair return in a free market, then the farmer like any of the rest of us must face the facts and take his loss, turning his attention to some other occupation where the return is reasonable. To ears grown accustomed to the pleas of the farmer and his friends such doctrines as these may seem harsh, but why are they harsher when so applied than when applied (as they are daily applied) to, say the security dealer or manufacturer or the merchant? It is in the application of such doctrines that the strength of our free enterprise has been nurtured through the centuries, and it is in their application that it will progress in the future. The fact that the farmer is efficient, merely renders it the more lamentable that the consumer is not given the opportunity to enjoy the good fortune that ought to be his.

And now, the third reason. Government itself is, so it is said, in part responsible for the plight in which the farmer now finds himself! 'Tis true, 'tis pity, and pity 'tis 'tis true. But saddest of all, the program which the President is now initiating (at the same time that he condemns Congress for the wretched bill he vetoed, and past administrations for surplus producing subsidies) could hardly fail to have precisely the same kind of effect as those that are being condemned. The government has to get out of this business of paying subsidies to the farmer no matter how they are disguised or by whatever name they may be called. If by reason of past policies, sudden withdrawal of government is adjudged unduly harsh or unfair to the farmer, then some means of getting out of the business gradually or with a minimum of hardship may be devised, but government must get out. That, we are afraid, the President, little more than Congress, fully envisages.

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Coal and America's Future

the minerals and metals upon which our entire economy depends. We have been successful in the search for new ore deposits and in the use of lower-grade materials only because energy in plentiful amounts has been available. I feel confident that the development of energy resources will continue to keep pace with and support advances made on other economic fronts.

It is hard to say how the various sources of energy will fare competitively during this bright economic future. The energy pattern is extremely dynamic, and shifts from one fuel to another are to be expected in the days ahead. At this point perhaps I should indicate that the Department of the Interior, in view of its very broad responsibilities within the energy field, cannot favor one fuel over another. The Department's programs are designed to promote vigorous but wise development as well as effective utilization of all energy resources.

Nevertheless, coal within the foreseeable future promises as much or more than any other source of energy. It enjoys a very primary advantage in being so immediately and so abundantly available. The magnitude of our coal resources is unmistakably reassuring when one considers the fact that less than 3% of known recoverable reserves have been mined to date.

Not only is coal abundant — it produces more Btu's per dollar expended than any other fuel.

Worst Is Over

By this time some of you may be wondering where you have been, or rather, where I have been. Can it be that coal is so truly wonderful and people don't know it? For 10 years retail sales of both bituminous and anthracite kept going down. During this same period over-all production of coal skidded from a high of 700 million tons to a little over 400 millions tons in 1954, a drop of some 40%.

I believe, however, that the worst is over and coal is on its way up again.

Production of bituminous in 1955 exceeded the fondest expectations of the most optimistic observers. Utilities and steel took substantially more; industrial consumption and retail sales were up; exports doubled. Anthracite didn't didn't do nearly so well, as you all know. Production was off 8%, but recent news is more encouraging—I understand that sales during the past year actually ran ahead of production for the first time in years, and late reports indicate that the arrows are pointing upward in 1956 for both production and sales.

The present year promises to be even better than 1955, for the economy as a whole, and for both bituminous and anthracite. The power companies and the steel mills are expanding — European demands will continue strong, and I think retail sales should improve.

Rapid strides in coal-preparation methods are giving you an improved quality product. Improved production methods are keeping initial costs down. Sales of automatic heating equipment last year were a whopping 38% over 1954. When you sell equipment, coal sales are sure to follow.

Anthracite, being an inherently smokeless fuel, has a natural market in areas where smoke abatement and air pollution are problems.

Vast building programs are under way. New factories and new industries mean hundreds or even thousands of smaller industries and business enterprises, plus a tremendous expansion of housing.

With firm determination and cooperation, much can be done now by your industry and related business enterprises not only to regain some of your lost solid fuel markets, but to obtain even a greater share of the strongly increasing demands for fuel energy.

It is important to remember that while the customer puts a high value on convenience, he always has a hand on his pocketbook. In the long run, efficiency and costs of operating heating units often are the determining influences when a man or a company selects a fuel.

If it develops that energy demands within the next 20 years will be about two-thirds greater than today, and this seems likely, how much of this increase will go to coal? That depends largely on how resolutely the various segments of the coal and related industries meet the competition of other energy sources. I am sure that many of you already realize this and have set your sights accordingly.

The producing industry has made remarkable strides in recent months. It is paying far more attention to employee relations and to safety. It is working hard in developing new equipment and machinery to increase productivity. It constantly is on the alert for improved methods of transportation and storage.

The coal industry has put millions into plants to remove impurities from coal and to give the consumer, through groups like yours, a more uniform, high-quality product.

And, like the oil industry, the automobile industry, or the steel industry, the producers of coal are realizing that they must give greater attention to certain fields of research. Among these are the development of new equipment to burn coal more efficiently and the discovery of ways to unlock more of the magic things that are found in a lump of fuel which already gives us medicines, plastics, perfumes, and scores of other important products.

Atoms and Coal

Now a word about development of peacetime uses of the atom. Does this new source of energy pose a real competitive threat to conventional types of fuel such as coal?

Some fear it will force coal into the background and make it a secondary industry. I do not feel that such will be the result. In this regard you may have noted that the Congressional Joint Committee on Atomic Energy recently expressed an opinion that competition from nuclear power will be very small 25 years hence. Fissionable materials probably should be looked upon as an essential supplemental source of energy. There may be some intermediate reverses, but the long-range outlet still points to a market for coal in the 1965-1975 period far greater than any experienced in the past.

We in the government also are mindful of the need for advanced studies in connection with coal.

In keeping with a recommendation of the President's Advisory Committee on Energy Supplies and Resources Policy, and at the suggestion of several leading coal men, the Department of the Interior has been working informally with representatives of the industry and of local governments to make a comprehensive inventory of all research on bituminous coal. This work, now well along, covers research on coal performed by State Governments and by industry as well as that performed by the Federal Government. When completed this inventory will be studied and evaluated with a view to eliminating duplication in research, determining the areas and respective responsibilities for research, and deciding where emphasis should be placed in order to meet specific goals earlier.

Anthracite Prospects

Problems with respect to anthracite are not being overlooked, either. We can point to an expanded research program now underway in the Bureau of Mines for increasing the use, the preparation, and the mining of hard coal. In the field of utilization, the work primarily is on finding new uses—new markets—for anthracite in the industrial field. Meanwhile, the mining research program is concerned with developing new and improved mining methods to increase the output per man day, since the actual problems of mining anthracite are far more complex than in the bituminous fields. The Department, through the Bureau of Mines, has been working closely with the anthracite industry on these several programs and we confidently expect to count attainments that will be of material benefit to the industry.

Among the many problems facing the anthracite industry is that of surface and underground water getting into the workings. Under a law enacted by the 84th Congress, the Secretary of the Interior is authorized to cooperate with the Commonwealth of Pennsylvania on mine-drainage projects aimed at controlling water in the anthracite coal formations.

This cooperative program, with an initial $17 million—half from the government and half from the Commonwealth — is just getting started and we expect that completion of the projects that can be undertaken with the money will help considerably in curbing the mine-water problem.

The encouraging prospects for using anthracite in blast furnaces, and its possible application in the field of treating ores, such as taconites for the recovery of iron, the upward trend in anthracite burner sales, the work on the flood-water problem, the renewed spirit of enthusiasm—all are big points on the credit side of the ledger for "hard coal."

Another phase of the activities of the Department which might be of particular interest to this group are the plans which we are now developing to assure that an adequate supply of solid fuels will be available for distribution by the Civil Defense authorities in the event of an enemy bombing. Because potential target areas are not generally located near producing mines, a procedure must be developed whereby the proper amounts and kind of fuels can be supplied for disaster relief in order to avoid the necessity for confiscating supplies of fuel in transit.

Because of the complex nature of the various types of fuels, and the specialized knowledge that is required of their normal distribution pattern, the Federal Civil Defense Administration has delegated to the Department of the Interior the primary responsibility for developing a program to assure that adequate supplies of fuels will be made available for the relief and rehabilitation of any area suffering bomb damage. The Office of Minerals Mobilization within the Department is now engaged in developing a plan to accomplish this purpose for solid fuels. These plans contemplate that your government will enlist the services of persons engaged in the retail distribution of solid fuels to act as advisors to the local Civil Defense Administrator, should an emergency occur, in determining the kinds and quantities of fuels that are required and in arranging for its procurement from the proper source. As this program develops, it is the intention of the Office of Minerals Mobilization to work closely with the various retail coal dealers associations in the respective metropolitan areas and to seek from them their counsel and guidance.

You and the entire industry of which you are a vital part can do much to help guard this nation's security, and you can do much to advance its peacetime objectives by bringing one of our major energy resources into fuller and more effective utilization. Increased aggressiveness and still greater efforts along the lines of advanced research, hard-hitting sales and promotional campaigns, together with a real crusade by transportation agencies, equipment manufacturers, builders, homeowners, hotels, apartments, and industry, should convert an optimistic potential for solid fuels into reality. I can assure you that the Department of the Interior will continue to do its share in applicable fields, such as mining research, preparation, safety, and utilization.

Furthermore, you have my pledge that the Department will continue to champion policies under which the development of coal and all other natural resources may proceed within the framework of American free enterprise traditions.

$50 Million Ontario Debentures Offered For Investment

Harriman Ripley & Co. Incoporated and Wood, Gundy & Co., Inc. are joint managers of an investment banking syndicate offering $50,000,000 Province of Ontario (Canada) Twenty-Five Year 3⅞% Debentures, due May 15, 1981, at 99.60% and accrued interest, yielding 3.90% to maturity.

Net proceeds from the sale of the Debentures will be advanced by the Province of Ontario to the Hydro-Electric Power Commission of Ontario, which will add the funds to its cash resources. These cash resources will be used, among other things, for capital expenditures in connection with the Commission's present construction and expansion program, and to repay temporary loans. The Commission estimates the cost of the present construction program for 1956 at approximately $198,400,000, including expenditures for further generating capacity, and the extension of transformation and distribution facilities in connection with the increasing demand for power.

The Debentures will be redeemable as a whole or in part, at the option of the Province of Ontario, at any time on and after May 15, 1961, at redemption prices ranging from 103½% to par, according to redemption date, plus accrued interest. The Debentures will be direct obligations of the Province of Ontario. Principal and interest on these Debentures will be payable in currency of the United States. In the opinion of counsel, income taxes presently imposed by Canada will not be payable in respect of the debentures or interest thereon by owners who are non-residents of Canada.

The Province of Ontario is the second largest in area of the Canadian Provinces, and covers approximately 412,000 square miles. Total estimated population of the Province at June 1, 1955, was 5,183,000 or about 33.2 per cent of the total population of Canada. Principal industries in the Province of Ontario are manufacturing, mining, hydro-electric power generating, agriculture and forestry. The diversified resources and industries form the basis for the economic strength of Ontario. In 1955, personal incomes in the Province aggregated approximately $8.1 billion, comprising about 41% of the whole for Canada.

Boero Appointed by Nat'l Quotation Bureau

National Quotation Bureau, Inc. 46 Front Street, New York City, has elected Ugo Boero as an Assistant Secretary. Mr. Boero has been associated with the Corporation for many years in the library and statistical department.

With R. W. Pressprich

(Special to The Financial Chronicle)

BOSTON, Mass.—Anthony A. Catalando is now connected with R. W. Pressprich & Co., 75 Federal Street.

Continued from first page

Travelling Too Fast?

ing its trial run in the world. In some countries, it has been reasonably successful thus far; other countries have had much less success, and their currencies have been depreciating in value.

(5) Business booms of excessive nature are in evidence in some countries. England is a case in point. Capital goods expansion, rising prices, excessive demand for labor, high wage demands and booming consumer expenditures, in part on credit, are a part of the development.

(6) In this country, that nebulous but important piece of economic equipment which we call confidence is very strong today. In this respect, we are now at the opposite pole from the early 1930s. Confidence is reflected in the attitude of the consumer. It is reflected in current plans for plant expansion. It is reflected in the outpouring of business forecasts for five, ten, twenty-five years hence, in which few, if any, anticipate substantial decline. Perhaps it is also reflected in the inclination on the part of some people to take it for granted that our monetary authorities are doctors who have painless cures for all major economic ills. (Our monetary authorities have been prompt in declining this generous distinction!)

These are some of the areas which form the background of the present business picture. In the foreground, perhaps the first thing to attract our attention is the stability of business activity during the past several months at the very topmost point ever achieved in our business experience. The Federal Reserve Board index of industrial production has, for six months, been at the peak level of approximately 143-144.

Automobiles and Housing

The two areas of business activity which have attracted most attention in recent months have been automobile production and housing construction. These were the areas of greatest uncertainty at the first of the year. However, as the second quarter gets under way, in neither case has there been drastic decline.

Last year was a banner year for the automobile industry. The decline in production experienced thus far this year leaves the industry producing at a rate which would suggest perhaps six and a half to seven million cars for the year, a rate which compares very favorably with other postwar years. Sales for the year thus far show a decline of less than 10% below last year. Production cuts have been influenced, in no small degree, by the increase in inventories of cars, which are now probably at record high levels. However, the inventory situation is not regarded as a great cause for concern by the industry. Relatively high inventories are desired at this season of the year, just preceding the spring sales rush. Also, because of the variety of colors, models and equipment, larger inventories are now more essential to dealers than they were a few years ago.

The latest word from officials in the industry is that sales have been going somewhat better in recent weeks than had been expected and that it may not be beyond reason to look for the second best year in the automobile industry in 1956.

Steel Demand

Apart from automobiles, other heavy users of steel have been operating at very high rates thus far this year, and total demand for steel has increased to a new high level. Railroads are in great need of additional freight cars. Given the short supplies of steel, pressure of over-all demand for steel would be even greater should the automobile industry resume production rates comparable to those of last year.

In the case of residential building, current figures for construction now under way probably reflect the maximum influence of the tightening of lending terms by the Federal Housing Administration, the Home Loan Bank and the Veterans Administration which became effective some months ago. Already, residential contracts are showing an upward tendency. Figures released by F. W. Dodge Corporation for January and February show building contracts 6% above those of a year ago. Within 30 days, this improvement in contracts should appear in housing put in place. The current outlook indicates that home construction in 1956 is going to fall only a little below the high of 1955.

Agricultural Outlook

Perhaps the least favorable area in the economic picture at the moment is agriculture. For many years, as scientific methods have been applied in agriculture, it has been increasingly inclined to overproduce. The result is our current farm problem. Prices have dropped nearly 30% from the peak of a few years ago. Agricultural income declined 9% last year.

Many of our previous attempts to aid the farmer were initiated without clear understanding of the problem, and in their application, these efforts have run counter to basic economic forces and thus have tended, in the long run, to hinder rather than to help.

However, the situation is not without some favorable developments. Agriculture was, of course, the original source of livelihood in America. In early Colonial days, a very high proportion of our population was farmers. Since then, agriculture has been declining in relative size, and during the last 20 years the number of people on farms has been tending downward.

This does not mean that agriculture is deteriorating; it is not. The standard of living on farms, as measured by the Department of Agriculture, has shown steady improvement. Also, agriculture is now more efficient, more scientifically managed and is using more technical skill than ever before. The simple fact is that a steadily rising standard of living in this country means that we will continue to use a larger proportion of goods and services which are not produced on the farm. Therefore, we will need relatively fewer people on farms and relatively more people in industry, trade, the service industries, etc.

Another favorable development is the improvement in farm management. This is leading to larger farming units. It is also tending to put less emphasis upon the "family farm" and more upon farming as a business. In this latter development, agriculture is following the course of American industry. In the very early days, manufacturing was, in many cases, a **family** project, but this practice gave way to larger and more efficient units.

In the immediate agricultural situation, additional emergency legislation may be necessary. But our efforts in this regard should not interfere with positive developments now under way.

General Price Level and Food Prices

In contrast to the agricultural situation, it might appear that one of the bright spots in the picture is the steadiness of the price level in recent years. Since early 1953, the average of wholesale prices has shown little change. This steadiness of prices is, indeed, a remarkable development. In view of the various other trends in our economy during this period, including the rise in the money supply, the increase in wages, the advance of transportation costs, etc., the stability in the price index seems almost too good to be true. And possibly this is the case. The steadiness in the index during the past 18 months is greatly indebted to the drop in the agricultural price component. Had agricultural prices remained steady, the record of stability would have been a different story, since many non-agricultural prices — including industrial raw materials and building materials — have shown considerable advance.

Thus, the general index of prices has covered up a multitude of price movements. Future price changes may not average out quite so well. We know that the general level of agricultural prices has been approximately steady since mid-January, and with the agricultural program planned for this year, agricultural prices may not continue to hold the general index down. Also, we know that the "money supply," as commonly measured, has not risen sharply during the past year (only about 2½%), but it might rise further under present credit demand. Furthermore, wage costs have advanced steadily, and it may be a question whether productivity of labor is keeping pace. Application of the revised minimum wage law has increased wages for two million workers, and further general wage rate advances are to be expected this year.

Although basic material prices have shown many irregular movements, the current level of demand, coupled with uncertainties relative to sources of supply and capacity to produce, may be a factor of price strength in the coming months.

Under the circumstances, some upward movement in the general level of prices this year now seems to be well within the range of possibility. Latest figures show that wholesale prices of industrial commodities edged upward again in January and February, at the same time that the price of farm products was showing more strength.

Business Inventories Advancing

Another area in our business picture worthy of attention is business inventories. There has been an upward movement in inventories since late 1954. The rise from the low point of $76.9 billion has been about $5.7 billion. In January, total inventories advanced about half a billion dollars above the usual seasonal movement, and a similar advance probably occurred in February. Of the total rise in January above usual seasonal, manufacturers' inventories account for $300 million and retailers', $200 million, wholesale inventories showing no change. The major item accounting for the rise in retail inventories was passenger cars in dealers' hands, referred to earlier. Thus, the trend of sales in cars during the next few months is going to have an important bearing on the total inventory situation.

Total business inventories of all varieties are now estimated at about $82.5 billion, or approximately $5.5 billion higher than a year ago. This rise in inventories, amounting to 7% during the past year, is not greatly out of proportion to retail sales, which are some 6% over a year ago. Cautious policies on the part of purchasing agents have kept general business inventories in close step with the rise in sales.

Heavy demand for some products, in the face of possible shortages of supply and rise in prices, may have resulted in some inventory accumulation by those fortunate enough to be able to do so. Steel, cement and copper may be cases in point. To the extent that this has occurred, inventory figures may decline as these unusual situations straighten out.

In his address before this Conference last year, Mr. Sproul pointed out the danger involved when expansion causes sections of the economy to begin "to stretch at the seams." There are three areas in our economy where expansion has been great in recent years and where some stretching at the seams may be occurring. These are construction, consumer buying and the use of consumer credit. It is well to examine these particular areas with some care.

Capital Goods Expansion

The **first** area which may be developing something of this characteristic is capital goods expansion. Construction has been very strong in recent years. Total public and private new construction was below $23 billion in 1949, and it totaled more than $42 billion in 1955. The dollar value of public construction has nearly doubled since 1949, and the same is true of non-farm residential construction. Studies dealing with the relative size of our plant capacity are not numerous at the moment, but one study recently made ("Are We Building Too Much Capacity," Robert P. Ulin, Harvard Business Review, November-December, 1955.) suggests that our industrial capacity, relative to our industrial output, may be quite adequate at present.

Nonetheless, it is evident that a very strong further expansion of construction is under way. F. W. Dodge figures for total construction contracts awarded for January and February indicate a rise of 21% over the similar period of 1955. Plant and equipment outlays for 1956 are now estimated by the Department of Commerce and the Securities and Exchange Commission to be 22% above 1955. In manufacturing industries, the current expansion of plant and equipment is expected to be 31% ahead of a year ago, and in railroads, 42%.

For steady, uninterrupted growth, the expansion of plant and equipment might be expected to move forward in close relationship to needs for additional capacity and also in fairly close relation to available personnel.

It is clear that our labor force is largely employed. Indeed, hours worked in industry have shown a general upward trend during the past year because of the necessity for using labor overtime in order to complete desired production. It is true that many new plants are designed to save labor, but the greatest saving may be in the so-called "unskilled labor" category rather than in that of trained personnel. The real shortage is one of highly skilled labor and those with advanced scientific training.

Evidence of this shortage appears in various places. "Pirating" of highly trained personnel is reported in different areas. A recent issue of the New York Sunday "Times" carried some nine pages of ads designed to attract the services of engineers, chemists, physicists, etc. It is coming to be common knowledge that the shortage of technicians is even more acute than that of copper, structural steel, or lithium.

With the present onrush of industrial progress, it is clear that, almost without end, new plants and equipment may be **technologically desirable.** Indeed, the same may be true of other types of capital goods. It is, nonetheless, important that we do not crowd too much construction into one period, with the result that lean years follow.

Total Consumer Buying

A **second** area where expansion may have been pulling at the seams in recent months is consumer buying. In one area after another, large consumer purchases have been felt. Housefurnishings, do-it-yourself equipment, automobiles and tourist services are among the outstanding cases. But all fields, including clothing, food and service industries, have enjoyed the rise, and any decline which occurred in one area, such as the decline in automobile sales last fall, was easily made up by increased sales of other goods.

Last year, consumer expenditures increased some $16 billion, the largest year-to-year gain since the 1946 rebound from wartime restrictions. This rise was faster than that of the disposable income of consumers. The result was that the amount of income saved has been on the decline.

Total retail sales in January and February, adjusted to seasonal variations, compared favorably with the December level and were some 6% above a year earlier. The recent survey by the Federal Reserve Board and the Michigan Research Center indicates that consumer buying plans are about the same as last year. Thus, it is very clear that the American consumer is using a very big shopping bag, one which may be somewhat out of proportion to his income.

Consumer Credit

One reason why the consumer has found it easier to spend more liberally in recent years has been the increased use of consumer credit. This is the **third** area in which there may be some "stretching at the seams." Consumer credit, introduced only a few decades ago, has risen very fast. During the past 10 years, while disposable income has gone up about 6% annually, consumer short-term debt has mounted some 20% a year. In no other country has there been a rise of such magnitude.

Due to last year's boom in business generally—and in automobile sales particularly—the expansion of consumer credit last year was no doubt exceptional, and an advance of lesser proportions would seem probable for this year. Available figures thus far do not indicate any clear pattern of consumer credit growth for 1956. January totals for consumer credit outstanding showed about the usual seasonal drop from the high level of holiday buying at the year end.

Competition among lenders has resulted in a rather steady trend toward easier terms during the greater part of our experience with consumer credit. In recent months, the easing of terms has been halted, and some bank lenders have tightened terms. However, we will be fortunate if no further easing of terms takes place as competition among retailers progresses during the months ahead.

Experience with consumer credit has now been sufficient to make clear that it is not **emergency** financing on the part of those who use it; rather, as a family's income increases, its borrowing tends to increase. We know that consumer credit does not, in all cases, involve families in additional expenses; rather, credit purchases of household appliances may be, in reality, substitutes for household servants and services which might be paid for in other ways. We know that some users of consumer credit have various types of liquid assets and are using consumer credit for reasons of choice rather than of necessity. We also know that the use of consumer credit enables the consumer to bunch his purchases, buying less at one time or another. Changes in business may thus be augmented by changes in consumer buying. It may be no mere coincidence that the two most uncertain sectors of our business situation at the beginning of this year were automobile production and residential construction — fields where personal borrowing was used most profusely last year.

Consumer credit, in many cases, is a close companion of housing credit. Those who buy a home on credit frequently need credit for the purchase of furnishings, equipment and an automobile. Thus, to a considerable degree, the burden of housing debt and consumer debt may rest on the same shoulders.

In view of all circumstances, it is in no sense surprising that there should be some concern regarding consumer credit developments. In his Economic Report, the President has asked for stand-by controls. What these controls would be and how they would be administered and enforced is a question. The review of the situation which the Federal Reserve Board is now undertaking should throw much additional light on the situation.

On the basis of this brief review of some of the major points of interest in the business picture, it is evident that, having ascended the hill to the present high level of business, the American economy still has much steam in the boiler. And we should keep it this way, avoiding a speculative blowoff of any kind. To do this, the economy must proceed with care, despite the feeling of exuberance regarding the achievement of the present level of prosperity. For, after all, prosperity is, in many respects, a critical period, a period in which seemingly small excesses may pyramid into great difficulties later on.

Now, with industrial activity and stock prices at peak levels, with capital goods expansion in unprecedented volume, with wages and other production costs rising, with consumer buying still advancing over recent high levels, and with persistently strong demand for additional bank credit, the course of business shows no signs of immediate decline. Rather, there may be a tendency to crowd a little too much business into 1956.

Thus, the wisdom of credit authorities in keeping a steady hand on the credit situation in recent months is evident, and an exercise of some continued restraint by credit authorities does not seem inappropriate so long as present conditions persist. Current loan demand is very strong and, at the moment, the evidence seems to point in the direction of still greater demand in the near future.

In the face of the present scarcity of reserves, banks have the alternative of (a) refusing a larger proportion of loan applications, or (b) building up their reserve position for making loans either by additional borrowing at the Federal, or by further sale of Government securities. A large part of reserves for loan expansion during the past year was acquired by such sales. This is now more difficult for most banks than formerly, since so many of their short-term securities have already been sold, and additional sales would have to come from longer-term issues, on which losses might have to be taken.

Under the circumstances, banks are probably more selective in their loan policies at present, and a still larger proportion of prospective borrowers may be unable to find accommodation if there is no change in present Federal Reserve policy. At what point this restraint begins to interfere with normal business growth is, of course, a question for our Reserve authorities to determine.

In any kind of business prediction, we venture out beyond the range of human knowledge, at least beyond the knowledge which I possess. Perhaps it may be said that, as to business prospects for the immediate future, I would not rule out a business advance to a new high point before the end of this year. Neither would I rule out the possibility that prices may break away from the general level of the past few years and make a definite advance. I would emphasize the point that we must be on guard against the creation of excesses that could lead to a substantial decline in business within the next few years.

Gibbs & Co. Adds

(Special to The Financial Chronicle)

WORCESTER, Mass.—Robert V. Adrian has been added to the staff of Gibbs & Co., 507 Main Street.

McDonald-Moore & Co. Opens Muskegon Office

MUSKEGON, Mich.—McDonald-Moore & Co., have announced the opening of a branch office at 329 West Western Avenue, Muskegon, Mich.

Donald S. Jones, former Vice-President and Trust Officer, Hackley Union National Bank, was appointed Manager of the office.

Mr. Jones began his training in the investment business in 1928 when he became associated with the Illinois Merchants Trust Co., of Chicago. He subsequently became affiliated with the Illinois Co., of Chicago, Standard & Poor's, Northern Trust Co., and LaSalle National Bank, Chicago. In 1953 he resigned from the LaSalle National Bank to become Vice-President and sole Trust Officer of the Hackley Union National Bank, Muskegon, where he remained until Jan. 1, 1956.

McDonald-Moore & Co., conduct a general investment securities business. They are members of the Detroit Stock Exchange and Midwest Stock Exchange and have a direct wire from Detroit to Chicago, via their Grand Rapids office.

Joins R. F. Campeau

(Special to The Financial Chronicle)

DETROIT, Mich.—Robert E. P. Richards is now with R. F. Campeau Company, Penobscot Building.

Northern Trust Co. Appoints W. C. Knecht

CHICAGO, Ill. — The Northern Trust Company has announced the election of William C. Knecht as Assistant Secretary in the Corporate Division of the Trust Department.

Before joining The Northern Trust Company in 1950, Knecht was associated with the Chicago law firm of Knapp, Cushing, Hershberger, and Stevenson. He is a graduate of the University of Michigan and the Harvard Law School.

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Mounting Price Pressures Confront An Expanding Economy

rate, particularly when the severe demands of labor shortly to be made upon the industry are considered?

That steel prices will be raised considerably this year is to be expected. The industry seems to be unable to agree on the timing of the announcement. Mr. Weir, for example, thinks steel prices ought to be raised right now rather than after the labor-management negotiations will have been completed in regard to the new steel contract. A strike, needless to say, would increase price pressures under economic conditions as we encounter them at the present time.

Financial statements of major steel makers now indicate a value of about $60 per ton of ingot capacity. We are told that one ton of capacity added to an integrated steel plant will come to $300 a ton in contrast with the $60 a ton at which capacity is now on the books of the steel companies. To reflect such steep cost increases, the hike in steel prices will have to be sizable. Last summer, they were increased by $7.35. More recently came the additions, the extras hitched on to steel amounting to probably another $1 a ton on the average.

Increased Freight Rates

What will be the effects of another round of steel price increases? Higher prices all around, of course. That phrase, however, needs elaboration. The railroads wanted an increase in rates to bring another $590 million into the revenue drawer. The Interstate Commerce Commission yielded only enough to raise revenue by $400 million a year. What will the roads do with still higher steel prices?

A sixth postwar increase in freight rates will lose the rails a lot of traffic. By 1954, when freight rates were about 80% above those in effect at the end of World War II, the rails' share of intercity freight hauling had dipped below 50%. During the same period, the truckers' share had jumped to above 19% of the intercity freight business. That was a gain of 90%. Waterways, of course, took most of the remainder.

No matter how much railroad presidents will complain over the alleged unfair advantage truckers have, even they must appreciate the fact that climbing freight costs will induce more and more firms to use more and more trucks. General Motors is now showing off its new air suspension tractor-trailer combination. The application of the air suspension principle, so successfully used on buses, will make trucks even more competitive with the rails. It should mean a reduction of maintenance costs and an increased payload potential for the trucker and less packaging expenses for the shipper.

Higher freight charges also affect the location of industry. Aluminum fabrication is thought to consume about 50% more aluminum in 1960 than it did a year ago. An interesting change in the locational pattern of the aluminum industry is developing. With higher freight charges, Western hydro-electric power at 2.2 mills from Federal dams no longer possesses its quondam competitive advantage when management considers the cost of transporting finished goods East.

Kaiser Aluminum is building a new plant near Ravenswood, West Virginia. The needed power will come from a nearby plant of Ohio Power into which is to be fed coal from a mine over a 50-mile long conveyor belt. Olin Mathieson is reportedly building a $60 million power plant atop a coal mine in West Virginia to power its new aluminum plant 12 miles away. Other aluminum plants are scheduled to go into the southern Ohio area.

The capital goods sector of the economy is moving right along to new records. Aluminum will have less problems in financing its expansion than steel will encounter. The electric utilities are in good shape. Many of them have over the past few years improved their equity ratios so that construction programs can largely be financed by the sale of senior securities. But many firms in various industries will have to do some scratching around to finance the projected expansion. There will be many financial statements which will show the disappearance of working capital into fixed assets. For many a product, there will be a price increase ahead.

Some of the coming price increases will have their roots in raw materials shortages. The copper shortage in this country has been eased by Anaconda's decision to price its Chilean copper at the London level. A recent 3-cent hike brought copper here to 46 cents, considerably below the London price. The result of the U. S.-England price discrepancy was that two-thirds of Anaconda's Chilean output was being sold in Europe. Many a U. S. fabricator will now pay 53 cents a pound.

Officially reported raw materials prices are one thing. Those actually paid by desperate managements in the grey markets are again another. Nickel has recently brought five times the going rate in the grey market. Our Defense Authorities have temporarily come to the aid of such metals as copper and nickel by postponing and diverting shipments from the nation's strategic stockpile. Such moves can have only a temporary effect on prices. The recent increase in the price of prime aluminum too will have its repercussion. Wherever one looks, there are threatening or actual price increases. The contemplated record expansion in the nation's productivity facilities is both cause and effect in this picture. To expand facilities takes, for example, steel. This makes less steel available for others and hence price relationships are that much more strained. The income of individuals is increased because of these business expenditures for new plants and equipment. This, in turn, increases the demand for consumer goods and hence puts even more steam behind industrial expansion.

Demand for More Government Spending

Government expenditures are going up. Not so very long ago qualified observers thought federal expenses could be brought down to around $40 billion a year. Now we are spending at the rate of $65 billion. Highway expenditures will probably quadruple before long. Public housing, largely in the form of loans, will register increases. Flood control is poised for a big increase in view of the recent New England and California floods. A quick thaw and warm rains now would make such demands even greater.

The Federal Government will have to make funds available for education — from kindergarten — through the universities' graduate schools. With university seniors being offered considerably in excess of what a primary or secondary teacher can look forward to after years of teaching or a salary which a top Ph. D. can hardly expect when applying for his first teaching position, with building and equipment shortages, the nation cannot afford to twaddle any longer. A properly drafted bill, with adequate safeguards, should overcome much of the opposition to federal aid to education. Said Walter Lippman some time ago: "We must measure our educational effort as we do our military effort. That is to say, we must measure it not by what it would be easy and convenient to do, but by what it is necessary to do in order that the nation may survive and flourish . . . we have no time to lose."

Better airports and airways, higher social security and veterans' pensions and extended health programs, a soil bank, and oodles of things we need and/or want will spell higher federal expenditures. The nation's reserve forces and guided missile program will demand, it would seem, an additional $5 to $7 billion in the 1960's. Our increasing population also requires increased expenditures on state and local governmental levels.

In a sense, we are trapped. Even with full realization of the present inflationary implications, it is difficult to see what else can be done. A rapidly increasing population needs and wants more public and private goods and services. The number of births is running at the record rate of over four million per year. The U. S. Bureau of the Census predicts a population of between 186 and 193 million in 1965. By 1975, anywhere between 207 and 228 million Americans will rub elbows.

Our present population of 167 million constitutes an increase over the 1940 census equal to the entire U. S. population, North and South, at the eve of the War between the States. A rapidly rising population accompanied by a rapidly rising per capita standard of living simply forces increased governmental and private spending. One can but agree with Professor Sumner Slichter's statement that fiscal policy "is an enormously powerful instrument for stability if the country can only learn to use it." Facts are on his side when he says that "the state of the budget in 1947 and 1948, and to a large extent in 1949, was more due to luck than wise planning." There can be no doubt that "in the boom of 1953 and the recession of 1954 the net influence of fiscal policy . . . was to aggravate both the boom and the recession." But his prescription is a tough one. Professor Slichter feels that "the problem is to persuade the people of the country to insist on moderate budget surpluses in times of high employment and rapidly expanding output." After a bow to the wisdom inherent in the utterance, one still wonders to what extent our rapidly rising population and a postponement in construction, with the ordinary allowance for human folly, have made it impossible for us to do anything but increase public expenditures.

Net foreign investment, the third variable in addition to private capital expenditures and government spending, will show a continued 'though modest uptrend. Again there is little else we can do. This country is being forced into a participation of the development of economically underdeveloped countries. The status of international politics dictates such a course at this time. About the only leeway remaining is the possible division between public and private participation in this task. As far as the total effect on the economy is concerned, there is little the difference. If the services of technicians and capital goods must be set aside for people residing elsewhere, then the use of these goods and services is denied to Americans. The activities in the foreign field will, however, increase our national income 'though reducing available goods and services. Pressure on prices is thus made stronger.

Expenditures in the economy, particularly spending for capital goods, have a spiraling effect. Wage and salary payments rise and, if spending remains high, increased consumer expenditures constitute new demand which, in turn, may persuade producers to expand their facilities still further and so we drift higher and higher, each turn of the spiral re-inforcing pressure on prices.

Consumer Expenditures Act on Price

Consumer expenditures, the fourth variable which helps to determine the size of the national income, are staying high. They are too high. If they continue at the present rate, considering the increased expenditures of governments and business, substantial price increases await us. The nation is making increasing demands upon the economy which, at this time, make it difficult to see how they can be fulfilled. The very roads taken to increase output will aggravate price pressures over the short run. If a steel shortage exists and not enough freight cars can be built, then building new steel plants will temporarily make even less steel available.

The veil of money hides the really important economic processes. Let's forget about money. Let's just look at the total output of goods (and services), otherwise known as the gross national product. From the pile of goods annually produced, certain deductions will have to be made. Equipment and plant facilities wear out and will have to be replaced. Fire and flood losses must be made up. Another bunch of goods and services will not be available for consumption purposes. They are the defense items and the net exports of defense and civilian goods and services. With our rapidly increasing population, in order to keep the per capita standard of living rising, more of our available resources must be used to turn out capital goods which will make tomorrow the goods that you and I want. As I have stated earlier, 1956 apparently will show a 22% increase in this type of expenditures over last year. To that extent human and material resources will be taken away from consumption purposes. We tend to overlook that factor.

Importance of Savings

After replacements, defense and net exports, and capital goods diversion, what remains left is available for consumption. Any economy, be it our free private enterprise system or the Russian totalitarianism, can only have more tomorrow by taking less today. That brings saving into the picture. Another word for saving is "non-consumption." When people save, directly or through institutions, they do not demand resources which can then be diverted and used in the production of more machines and construction. These goods will then tomorrow increase the supply of consumption goods. We can call that the social reward for saving.

The American public has been educated along many lines, some of them of distinctly doubtful social value. It has as yet not been taught the reason and need for increased saving when the economy is booming. Attempts to do so have been, as a rule, so bad as to insult the intelligence of a mentally retarded child age 10. If the economy continues at its present speed and in its present direction and if saving does not increase, the pressure on prices will become substantial. Then once again shall we experience the price-wage-price spiral.

The tragedy is that everything desired will be there if only the demands for it would be better timed. Our people want more economic security. Since such security acts also as shock absorber to the economy, one can hardly be against such demands in principle. The bedeviling aspect of the situation, however, is that the measure of success in attaining the economic security goals will increase the desire to possess present rather than future goods. The more secure people feel, the greater will be their inclination to spend and the smaller will be savings. The higher living standard acts then as a new push toward even bigger and earlier pension demands.

Labor Economists and Wages

Apparently, the economists now on the payrolls of labor organizations have little desire to educate their bosses on fundamental economic processes. Their ratiocinations seem to be little else than high-sounding phrases in support of the demands of their bosses which were earlier made without their benefit in cruder terms. As Eliot Janeway so charmingly put in a recent article of his in "The Iron Age"; "Labor now has enough economists on tap to be as poorly oriented toward the trend as business."

The din of the boom is drowning out the quiet, but persistent demands for increasing savings so that we may enjoy tomorrow without savers being rewarded by being repaid in continuously smaller dollars. After all, there are only three groups in society, i.e., those who do the work and those who are either too old, incapacitated or too young or still in the training process to help in the production of goods and services. If more money (more claim checks to goods and services!) goes to either of the non-working group, then there is less left for the working group. Under conditions of high employment, the only way it and the other two groups can have more is for output to be increased. That cannot be done unless, through saving, resources are first made available that can provide this additional output. That takes time, a little patience and understanding of fundamental economic processes and, above all, saving.

Prices have already risen all around us. Building materials of all types, metal containers, steel, aluminum, copper, nickel, some grades of crude oil, outer and under-clothing, shoes, furniture, washers, dryers—the list is as long as your arm. There will be more increases. Some of them will be of the spiraling kind.

Unemployment remains low for this time of year. The extraordinary year-to-year rise of people working and looking for work means that the so-called emergency workers, older workers and married women, have already been drawn into the labor force. Only the jobless are left for recruiting purposes. Many of them won't do for the tasks that business has available for them.

Organized labor so far apparently has not received its money's worth from all the Ph. D.'s it hired away from the academic professions at salaries the latter could not meet. To quote again economist Janeway: "Labor . . . missed the 1954 upturn, and failed to trust the 1955 upsurge. Consequently, 1956 is due to see another Operation Catch-up in the labor market. . . ." The demands which labor will make on business this year will be big. They will go a long way to add to the price pressures.

What is also astonishing is the small publicity given to the effects of raising minimum wages to one dollar as of March 1. Recent history is revealing here. When the Fair Labor Standards Act went into effect and no covered employer could pay less than 25 cents an hour, with that minimum gradually rising to 40 cents by 1945, inflation and boom times pushed up wages faster than this graduated rise. Again in the early 1950's, inflation and rising money wages robbed the new

75-cent minimum of any widespread impact on the economy.

Secretary of Labor Mitchell said the other day that, as far as he could see, the jump to $1 "is going to be absorbed with a great deal of ease." He added, however, that the "most bothersome" area for some employers would be very likely the problem of maintaining skilled worker pay differentials for those already making more than $1 an hour. One can only marvel at Mr. Mitchell's sense for understatement. An author of a widely used economics textbook, one which will, I feel sure, not make the editorial page of the *Wall Street Journal*, cautioned sometime ago that should labor's pressure for higher minimum wages succeed "we may see a more revealing test of the effects of minimum-wage legislation." 1956 might well provide such a test.

More Credit Restraint Required

Continued pressure on prices is certainly today our number one economic problem. Either the Treasury-Federal Reserve accord is showing its age or somebody is staying out a long time for lunch with the boys. What would seem to be needed is a little tightening up. Mr. William McChesney Martin, Chairman of the Federal Reserve Board, said on February 7th: "I don't know what business is going to do in the next three or four months . . . we'll be watching . . . it's pretty hard sometimes to know which way the wind is blowing." I don't imagine Mr. Martin would say the same words today if called again before the Congressional Joint Committee on the Economic Report.

Other Problems to Watch

There are, of course, many other problems that in the interest of smoother economic sailing in the future need looking into. Among them: What is our antitrust policy? toward business? toward labor? Should a graduated corporate income tax be enacted as, for example, provided under H. R. 9067? Apparently, there is considerable sentiment among many businessmen for such a tax. A lot of corporation presidents are saying privately what Wallace R. Person, President of The Emerson Electric Manufacturing Company, said recently for publication: "It's the middle-sized firms that are taking the beating . . . the giants in most industries have been able to develop competitive advantages over their smaller rivals . . . hardly a week goes by we don't hear of some merger . . ."

What has been the effect of these mergers, primarily made to effect multiple sales, on the economy? Have they impeded the functioning of the price system? When price can no longer act as the impersonal allocator of resources then the ball game is over—the private enterprise society then will have gone down the drain. Price competition is as essential to the continued existence of our type of society as is oxygen to us. Many inroads have been made upon the price system and not all of them have come from the governmental side. I find it extremely difficult to agree with *Time* when it says, speaking of the General Motors Corporation: "Ultimately, the criterion of monopoly is whether the consumer is hurt." Surely, there are other criteria far more basic than the one mentioned.

What I have said so far does not apply to agriculture—a relatively declining industry 'though playing the role of the tail that is trying to wag the dog. Today agriculture accounts for about 10% of the U. S. labor force. 20 years from today, that figure will be about cut in half. In 1910, nearly a third of the working population were farmers. Dr. J. D. Black, Harvard's eminent agricultural economist, points to the decline in U. S. farms — down 600,000 between 1950 and 1954. That is twice the decline which occurred during the preceding five years. Professor Black suggests as answer to the farm problem a price for farm products that will vary "with the size of the current crop in such a way that the net return from a large crop or output of any product is a little less than from an average crop, so that there will be no premium on a larger output."

Dr. Black is a realist. In an article in the current issue of the *American Economic Review* he says: "Many farmers will say if asked: 'Labor is grabbing all it can get. Business always has been able to get pretty much what it wants. If we farmers don't grab the same way, we are being silly.'" U. S. agriculture did a wonderful job during the war. It is impossible to maintain an agricultural machinery geared to feed half the world under present conditions. The farmer is entitled to every consideration, but he must appreciate the fact that aid is to be considered as a pain-deadening device to transfer some of the less efficient farmers into other occupations. From that point of view a fixed parity plan becomes an economic absurdity.

With all the renewed pressure on prices, one can only marvel at the failure of the stock market to be even higher than it is. After all, there is a tendency for the prices charged and paid in competitive, unregulated industry to follow the lead of commodity prices and stock earnings, dividends, and prices tend to follow industrial prices. In 1929, a little over 100 million shares were traded during a month. Today, the figure is less than half of that amount. In 1929, a little over one billion shares were listed on the New York Stock Exchange. The other day, listing on the Big Board moved above the four billion share mark.

The *Wall Street Journal* quoted recently an official of Boston's S. D. Warren Co., paper manufacturer, as having said: "Business is so good it almost scares us." Somebody ought to give the gentleman a cigar. Business is so good, it should scare us at least a little into restraining ourselves in the demands we make on the economy.

Insurance Information For College Students

Yale boys planning complete compendium explaining insurance industry's operations and opportunities. Idea stimulated by J. A. Neumark, Class of 1957, Editor of "Wall Street 1955."

In order to combat the general lack of knowledge of most college students about the insurance business, to clear up prevalent misconceptions, and to attract a greater number of outstanding college graduates' attention and interest to the insurance business, the Yale Daily News is planning to publish a unique and sizable magazine, entitled "Insurance World," in the fall of 1956.

John A. Neumark

One hundred and fifty thousand copies of the magazine will be circulated free to approximately a half-million male college students at 55 leading colleges and universities throughout the country.

"Insurance World" is planned as a permanent and definitive explanation of the operations, composition, scope, opportunities, and appeals of the insurance industry. It will feature articles by outstanding scholars, government officials, and insurance executives on all aspects of the insurance business. The groundwork for the project is now being laid. It will be financed by companies desiring to support this venture and to derive their share of the benefits from it—i.e. through advertisements. Copies desired for public relations and publicity purposes will be sold in bulk if ordered before the printing. Inquiries may be addressed to John Neumark, 202 York Street, New Haven, Conn.

The idea for the publication originated with John A. Neumark, Yale '57, who was recently editor of the only other industry symposium, "Wall Street 1955," a highly successful and acclaimed 160 page publication distributed free to students in the Ivy League colleges. "Wall Street's" circulation was only 10,000 because it was an unprecedented, untried venture. It contained articles by Secretary of Treasury Humphrey, Bernard Baruch, President of the Federal Reserve William McChesney Martin, President of the New York Stock Exchange Keith Funston, Under Secretary of Treasury Randolph Burgess, Financier John Hay Whitney and many other business notables. Most of the large and outstanding investment banking and brokerage firms took advertisements in the publication and were highly pleased with its results. The editors feel "Insurance World," with 15 times the Wall Street 1955 circulation, will be a far greater success and more distinguished endeavor.

Now Central Secs.

DENVER, Colo.—The firm name of Buerger, Ladet & Radinsky, Inc., First National Bank Building, has been changed to Central Securities Corporation.

Continued from first page

Outlook for Business and The Securities Markets

simultaneously or enjoying material prosperity at the same time, there have been "rolling" corrections in which the cycles of different industries have operated independently of each other. Although some industries may be depressed at a given time, other industries may be enjoying great prosperity. This is a major change from the earlier over-all "boom or bust" business cycles. Present indications are that 1956 will continue to follow this newer pattern. On balance, it is probable that over-all business activity in 1956 will average out slightly above the favorable 1955 year. While the general indexes of production and sales may be the same or only slightly above 1955, the individual components making up the indexes are likely to show some interesting variations.

In surveying the outlook for production and sales, the nature and size of the principal sources of demand must be determined. The major components of demand consist of (1) consumer demand for soft goods and consumer durables; (2) government demand (federal, state and local), which draws heavily on the productive capacity of the nation for defense purposes, foreign aid and large scale public works; and (3) industry demand for durable goods such as machinery, equipment and buildings.

Consumer Spending

Last year savings were abnormally low amounting to only about 6% of disposable income instead of the more normal 8%. Since disposable income is that potential purchasing power which the consumer has the right to spend as he pleases, after all taxes and other deductions have been made, the fact that he saved comparatively little last year meant that he spent the greatest part of his net income on items of personal satisfaction. This heavy spending was reflected in the sharp rise in consumer expenditures and sales in 1955. Last year consumer expenditures were further stimulated by the huge rise in instalment credit, in large part utilized in the purchase of new cars. Total instalment credit outstanding has reached $36 billion, an all-time high and up considerably over the past year. This fact has been of considerable concern to officers of leading institutions and the nation's financial leaders. The amount is not in itself dangerous in proportion to the amount of income available to consumers with which to pay the regular monthly instalments required by such a heavy instalment debt. The ratio of 13% is not far out of line with historical spending. The big concern, however, arises from the fact that any decline in consumer income would immediately raise the ratio of debt to income. It also should be noted that consumer mortgage debt (on residences) increased by $13 billion last year. "Fortune" (April, 1956, p. 126) points out that mortgage debt jumped from $13 billion to $19 billion from 1925 to 1929; and from $45 billion to $89 billion between the end of 1950 and the end of 1955.

The outlook for 1956 is for a continuation of the high rate of consumer spending but the 1955 bulge in consumer credit is not likely to be repeated. Wages and employment will probably continue high throughout 1956. The wage pattern will take shape in the steel wage negotiations, scheduled to start around the middle of the year. It is probable that there will be substantial wage increases granted to avoid costly shutdowns. Several recent strikes, notably the Westinghouse fiasco, have proved the economic waste to labor, management and the public when a strike is called. Ordinarily higher wages and greater disposable income mean greater purchasing power unless offset by increased living costs. It is believed that sales in 1956 will only very slightly exceed 1955, as workers are expected to increase their rate of savings.

The outlook for consumer purchases of homes and automobiles is for lower volume. However, the building industry has shown distinct signs of recovery in recent weeks. Housing starts this year may be somewhat lower than last year's 1,350,000 units. but may well be as much as 1¼ million units. Offsetting the decline in the number of units constructed are increased costs and the tendency towards larger units. Therefore, the dollar value of home construction this year may not decline as much as physical volume. Longer term housing prospects are good. The low birth rate of the thirties was followed by a rising trend which is still continuing. Individuals born in the mid-thirties and later are now forming the home-forming group of the population—those just past 20 years of age. After a lag expected the next few years in reflection of the low birth rate of the early and middle thirties, there should be a big gain, which presages increased home building activity to new peaks. Some informed sources are of the opinion that at the start of 1957 home building will be at the annual rate of 1.4 million units; and foresee a dollar rate of $18 billion.

Demand for automobiles has declined to the point where the recent cut-back in production has not been able to keep inventories from rising. The decline in automobile purchasing may cause a net reduction in consumer expenditures of nearly $3 billion. Still, the demand for consumer durables, primarily cars, is expected to be a healthy $32½ billion. It is expected that auto sales should approximate 6½ million units, a decline of one million units from the 1955 all-time peak.

On balance, consumer demand is a neutral factor for 1956, neutral that is, in the sense of being neither bullish nor bearish though definitely an important factor in sustaining the economy on a high plateau around current levels.

Government

The government, a major customer of many individual companies and an important source of demand generally, shows no sign of reducing its spending. The normal expenses of government continue to rise. Foreign aid was nearly doubled in 1955, rising from $2.4 billion to $4.6 billion reflecting the unrest in the Far East, Near East and the continuing cold war. No major change is seen in this quarter. In addition, both for economic and political reasons (the "Welfare State" concept now accepted by both parties) spending for highways, schools, public housing, etc., will be stepped up.

The much deferred road building program will receive legislative impetus in the months ahead. The 60 million cars now on the road are inadequately provided for. The additional 20 million expected in the next decade make the problem more acute, especially since such construction projects are time and money consuming. Government demand for these purposes should be an important stimulus for years; and the same applies to defense expenditures, particularly for aircraft, guided missiles, etc.

Industry

A key factor in the outlook for 1956 and beyond is the expansion program of business and industry. President Eisenhower's decision to run again has been reflected in renewed confidence on the part of business leaders throughout the nation. Surveys of the capital goods programs of corporations indicate that there will be a whopping 22% increase in expenditures for capital goods in 1956 to an estimated $35 billion. Such expenditures for heavy machinery, plants and equipment are seldom filled in one year, indicating that the nation's business leaders are confident of the continued prosperity of the country over the longer term. Even the automobile industry, which has been accumulating a large inventory of cars, is planning heavy expenditures for the coming year. The 1957 models, which are expected to appear around September of 1956 will probably show major changes. This of course means important capital outlays. It is apparent that business leaders have concluded that future demand will be greater and that their business planning truly should be on a long term basis. By 1965, less than 10 years hence, the population of the United States should be about 190 million, or 26% above the present level. This should result in a huge increase in demand, based on the 1½% annual improvement in living standards.

Inventories

In addition to the large demand from consumers, industry and government last year, industrial production was stimulated by the building up of inventories in practically all lines. However, the increase in inventories (at an estimated five billion dollar annual rate) was less than the increase in sales, and thus the overall stock-sales ratio actually has declined slightly to around 1.58 to 1. The major exception is the automobile industry, where inventories are high. While demand should continue high in 1956, it seems likely that inventory increases will no longer be an important factor. However, for perspective, lack of continued inventory building would be fully offset by the estimated increase of $6.2 billion in corporate capital expenditures.

Prices

With the notable exception of farm prices, the price structure has been firm, particularly for basic raw materials. Aluminum recently was raised 1½c a pound; steel is expected to be raised in the near future followed likely by a further increase in the price of aluminum; copper which has been selling in the United States for 3c to 5c per pound below the world price level, has been tending upwards towards a more universal price. Lead and zinc, the other two primary nonferrous metals, have been in strong demand and currently have brought increasing prices in the world's markets. A price increase in crude oil appears likely. Only farm prices show declining tendencies, reflecting the glut in United States and the world production of wheat, corn, rye and other major staples.

While higher prices ordinarily might be considered a deterrent to future advances in production and sales, the present situation does not necessarily follow the standard pattern. This is primarily because price increases recently instituted in non-ferrous metals seem to be part of a world-wide pattern of inflation. Considering the magnitude of anticipated wage increases, not fully offset by higher worker productivity over the short term, it is apparent that prices of finished goods will rise, particularly in industries such as steel where the demand aspects are favorable. (This continues the long term trend toward "Built-in inflation.")

The total output of goods and services, known as Gross National Product should be approximately $400 billion in 1956 compared with about $390 billion in 1955. The Federal Reserve Board Index of production which measures physical production rather than the value of the production, likewise should be slightly better than 1955.

Bond Market Outlook

Mr. Eisenhower's decision to again be a candidate has had an important effect on the bond market. His candidacy has increased the confidence factor and has tended to stimulate business. Just as the anticipated increase in dividends, and the strengthening of business expansion plans, etc., have caused a stronger stock market, so too have these same elements resulted in higher yields on bonds and thus lower bond prices. The demand for funds, both by corporations and individuals, has been enormous. Of related importance is the sale of bonds by insurance companies in favor of higher yielding mortgage loans and further institutional pressure on the bond market, including Treasuries, has resulted from the great expansion in bank loan portfolios.

Thus, the expectancy of a few months back that interest rates shortly would ease has not been fulfilled; and over the next few months, with demand for funds very high, and the banks' reserve position tight, the money markets are not likely to experience an easing in rates. In this context, the "Fed" authorities appear again to be taking a more aggressive position to counteract inflationary pressures. This was manifested by the recent action increasing the bank discount rate by ¼th of 1%—the fifth increase over the past year. The banking system's borrowings from the Federal Reserve in recent weeks approximated the peak of early 1953, the highest in years. Thus no easing in rates is expected over the shorter term . . . and the recent bank increase in the prime rate may find further reflection in the form of slightly lower bond prices. On the other hand, a much greater tightening is not to be expected. Easy money (if perhaps not "very easy money") has become an accepted tenet of our present day managed economy.

Stock Market Outlook

Quantitative, or intrinsic value factors, indicate that the equity market no longer is in the zone of basic undervaluation which applied for most of the period from October, 1946, through 1955. The rise in bond yields has brought them to a point where the "bond-stock ratio" provides a much lesser yield differential in favor of stocks, than generally has been the case for the past nine years Bond yields now are about 75% of equity yields, up considerably from the 50-60% of equity yields a few years back.

Stock yields are not down to the extremely low yields which preceded the 1929, 1937 and 1946 market declines—but by the same token are not close to the yields which prevailed during periods of stock undervaluation in each of the years 1948-1953 when at some time during each of the years yields exceeded 6%. As a matter of fact, the increase in dividends has been greater than the price rise over recent months, and thus stock yields actually have risen somewhat to around 4½%—not a level to make one wildly enthusiastic, but rather a level which spells caution, although not quite outright danger.

Perhaps the answer lies in the future dividend trend. In 1955 corporate dividend payments rose sharply to a peak of around $11 billion compared with about $10 billion in 1954. For the first two months of 1956, corporate payments were up about 15%. The big "cash flow" of American industry, coupled with little change from last year's high earnings level, and the low dividend payout in relation to earnings, warrants the expectation of moderately higher dividends in 1956, say 5% to 6%. Various informed sources estimate dividend increases of 40% to 60% over the next decade. A related sustaining factor is recognition by corporate managements of the importance of the dividend factor in determining stock prices. To the extent that managements plan to finance further expansion by equity financing, they are likely to increase dividends.

Perhaps the most important single determinant of stock prices is the level and direction of earnings. Corporate profits last year totalled $22 billion, a substantial gain from 1954, and about even with the previous peak in 1950, when the tax rate was lower. Thus far 1956 corporate profits have run well ahead of 1955, but it appears likely that profit margins later this year will shrink reflecting higher raw materials and wage costs, not fully passed on in the form of higher prices. Thus earnings comparisons later in 1956 will not show the same favorable gains over last year—and for the year as a whole should show little change from the satisfactory 1955 results.

The recent increase in stock prices has been paralleled by higher earnings and thus the price-earnings ratio currently is around 12.3 to 1, not a danger level, but well above the lows of recent years. According to the "Book of Indices" this data may be summarized as follows:

Price-Earnings Ratios

At 1937 high—17½ times
At 1942 low—7.6 times
At 1946 high—26.9 times
From 1948 through 1953—between 7.3 and 11.5 times (in historical perspective, an area of stock undervaluation).
Beginning of 1955—14.3 times.
Beginning of 1956—12.2 times.

It is concluded that this important measurement can be considered as "neutral" at this time. While the present ratio is closer to the lows than to the highs which have preceded major bear markets, it should be noted that markets should and usually do capitalize peak earnings at lower multiples, than the ratios which can and do obtain in relation to a lower and more easily sustained level of earnings.

Intangible "confidence" factors have played an important part in recent market action. That this has been and is an "Eisenhower Confidence Market" is easily illustrated by noting the correlation between market upswings and downswings to respective fears and hopes re the President's candidacy.

At current levels the market appears to be discounting at least in part the expectation of another four years of an Administration friendly to business, the prospects of further population growth, the hope that war can be avoided, and of further long term growth in earnings and dividends. To the extent that militant labor unions can continue to gain at the expense of the stockholder, or the political outlook changes, or there is a diminution of inflationary expectations, or the international situation worsens, there could be shakeouts of an intermediate character, particularly if they come when the market might be in a weak technical position.

Perhaps the key to present investment policy lies in recognizing (1) that prudence dictates a balanced portfolio position; and (2) that the much abused term "selectivity" must be carefully applied. In this connection it is interesting to note that in the face of the greatest bull market in history that numerous industry groups and individual issues are selling well below their 1946 peaks, when the Dow-Jones Industrials attained a high of 212, compared with the present 511. This is particularly true of many sound companies which are considered "secondary issues" as contrasted with the "blue-chips" which have been the primary beneficiaries of the strong and growing institutional demand.

It appears that over the intermediate term, the market will undergo a period of consolidation or even moderate decline. The long term trend continues to point to higher levels, in anticipation and reflection of the growth envisioned for the next decade.

Downtown Manhattan Development Forums Currently in Progress

Discussions under co-sponsorship Downtown Manhattan Association and Pace College opened to the public.

A series of Forums on the Development of Downtown Manhattan are being sponsored jointly by the Downtown Manhattan Association, the Manhattan Community Planning Board No. 1, and Pace College. The forums are an evidence of the friendly cooperation of these organizations and the desire on the part of Pace College to serve an active and useful function in its community.

Held at Pace College

The forums, being held at Pace College, began April 23 and will be held through June 6, 1956. They are giving responsible leaders in business and government a unique opportunity to exchange views on vital issues affecting business in the local area. Participation of the audience in the open discussions follows the brief talks.

Persons interested in attending the Forums may obtain free tickets by writing "Midday Forum," Pace College, 41 Park Row, New York 38, New York.

With H. L. Robbins

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Harold S. Ringer is now with H. L. Robbins & Co., Inc., 40 Pearl Street.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Mrs. Hazel D. Smith has been added to the staff of Bache & Co., 1000 Baltimore Avenue.

Andrew M. Law

Andrew M. Law, Spartanburg, S. C., passed away April 15 at the age of 79 following a brief illness. Mr. Law founded A. M. Law & Co. about 1900. He withdrew from the firm about four years ago and since he has been a Partner in Calhoun & Company.

Railroad Securities

By GERALD D. McKEEVER

Atlantic Coast Line

The remarkable rise of Atlantic Coast Line stock this year has been the cause of repeated questions of "What's going on in Coast Line?" From the low of 43¾ early this year, this stock has had a gain of just over 17 points to the inter-day high of 60⅞ recently, and is now trading around 59½. What is more, the rise has been steady with only minor rests and relapses for a day or so, indicating persistent buying. The Coast Line earned $5.60 per common share in 1955 (including about $1.85 per share tax deferral) and is paying dividends at the rate of $2 per share annually, indicating a yield of only about 3.4% at the present market. Obviously there must be some special reason for this steady accumulation at rising prices to the point where the current price is 10½ times annual per share earnings and the yield is just about the lowest in the rail category.

One might point out that the yield on Southern Railway common is also only about 3.4%, but this stock is selling at the lower ratio of less than 9 times per share earnings. Both roads have been exhibiting a strong trend of revenue growth for some time and the stocks of both roads have been characterized by a very conservative rate of dividend "pay-out"—less than 30% for Southern and about 35% for Coast Line. An increase in the Southern dividend is expected at any time, and the rather obvious conclusion might be drawn that similar action might be in store for Coast Line. But then, it might be asked, why does Coast Line sell at an even higher relative price than Southern, or even more pointedly, why is it being so much more highly prized than Seaboard which, serving substantially the same territory, has had an almost equally good growth record in the past several years, and when the stock of this road sells at less than 9 times its per share earnings and yields about 6.2%?

There may be two reasons for the sudden burst of enthusiasm for Coast Line this year. For some time past, this road has been engaged in a roadway rehabilitation program which has been partly reflected in maintenance charges that are considerably above the average. The rate for 1955 was 37.5% of gross revenues and was 37.6% in 1954. The reduction in this rate to 36.4% for the first two months of this year as against 38.1% for the corresponding 1955 period may be taken by some to indicate that the program of excessive expenditures may be drawing to a close, and it has been stated that a normalization of maintenance outlays is expected toward the latter part of this year. If, for instance, 1955 maintenance had been charged at the more normal rate of 33%, some $3.5 million, or $1.46 per common share, would have been added to 1955 net after tax, increasing per share earnings from $5.60 to $7.06. The present price of the stock would be only 8.4 times this adjusted figure, and thus not excessive.

Another possible reason for the upward march of Coast Line stock may well be the rumor of a control battle between the Atlantic Coast Line Company (Conn.) and at least two investment companies. As last reported, Atlantic Coast Line Company, long the controlling interest in the road's stock, owned 742,700 shares, or 30.5%, giving effect to the recently reported purchases of 15,100 additional shares. On the other hand, there has been no disclosure from SEC or other sources of notable acquisitions by any other concern, so this may have to stand as merely a rumor for the time being—and possibly wishful thinking that new interests that may be more "dividend-minded" may be gaining a dominant position.

Special reasons for the rather sudden awakening to the possibilities in Coast Line are sought because few rail observers could have been blind so long to the exceptionally strong strides this road is making in revenue growth. Largely due to the Florida phosphate labor troubles and the strike against the industry which began about last June 1 and lasted the better part of four months, the road showed an increase of only 4.5% in revenues as against 7.8% for Class I roads. However, the showing would have been much less satisfactory if it had not been for several new revenue sources which opened up last year. Chief among these were the $22.8 million Sunny Point Ammunition Loading Terminal of the Army, the reactivation at the cost of some $35 million of the Seymour Johnson Air Force Base of the Army at Goldsboro, N. C., and the American Cyanamid titanium dioxide plant at Savannah. Fuller impact of these and other revenue sources is seen in revenues for the first two months this year which showed an 11.7% increase above those of the corresponding 1955 period, while February alone, with one more day than February, 1955, showed a 12.2% increase. The longer term revenue trend of the Coast Line is shown in comparison with that of the Southern and the Seaboard Air Line, the Southern District and Class I by the following table of indices based on the 1947-49 average at 100:

	Atlantic Coast Line	Southern Railway	Seaboard Air Line	Southern District	Class I Total
1955	123	122	123	117	112
1954	118	110	120	111	104
1953	127	121	125	123	119
1952	131	120	129	123	118
1951	123	116	120	118	116
1950	103	106	109	107	106

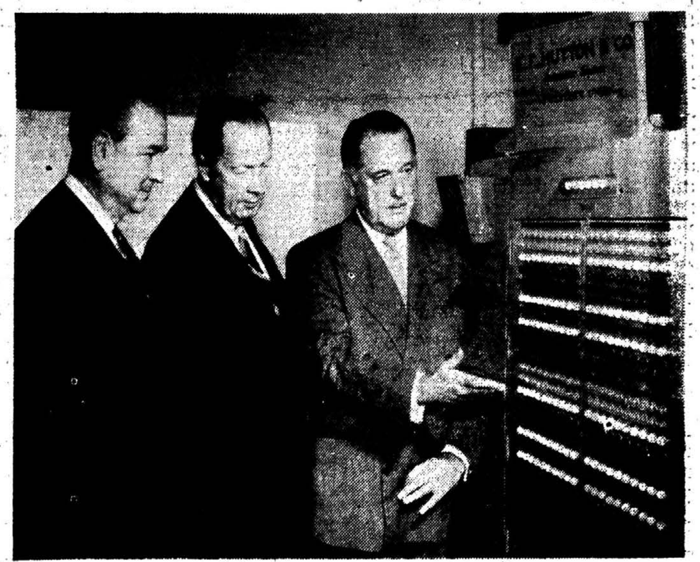
The Atlantic Coast Line is a 5,344-mile system, the main line of which extends from Richmond and Norfolk to Tampa, lying eastward of the Seaboard and paralleling it for the most part. However, it has more branch mileage than the Seaboard and covers Florida more intensively. This it will do even more so if it succeeds in acquiring the Florida East Coast. A plan for the reorganization and merger of the latter with the Coast Line has been filed jointly by the two roads, the joint filing being to get around the objection raised against the previous similar plan that merger was being forced upon the East Coast as a condition to reorganization, but primarily to meet the requirement of the U. S. Supreme Court in its April, 1954 decision that a merger plan of reorganization must be of joint origin. The fate of the new plan also is in some doubt because of continued opposition by St. Joe Paper Co., holder of $45 million of Florida East Coast refunding 5s which sell at a price that is scarcely justified by the proposed "package" they would receive.

The Atlantic Coast Line lives not by itself alone. Almost 60% of its $13,851,000 net income in 1955 was represented by non-operating income, and over half of this item was the $4.1 million dividend received from its 823,427 shareholding of Louisville & Nashville stock which is 35% of the outstanding total. Another $2,446,000 came from its 50% interest in the Carolina, Clinchfield & Ohio which it owns jointly and equally with the Louisville & Nashville. In times gone by income from these sources has been of vital importance to the Coast Line. In most years since 1940, however, and in all years since 1948, the road's income from its own operations has exceeded its non-operating income.

This change has been largely due to the steady growth of gross revenues of the Coast Line, but it has also been due to a great extent to the road's improved operating efficiency. The Coast Line is now completely dieselized except for possible emergency service for which a few steam locomotives are held on stand-by, and the transportation ratio in 1955 was 37.5% as against 42.6% in 1946, for instance, and 41.9% as recently as 1949. Largely as a result of dieselization, gross ton-miles per freight-train-hour increased 47% between 1946 and 1954 as against an increase of about 40% for Class I.

With the help of the minor reduction in maintenance referred to above, the Coast Line earned $1.03 per share in the first two months this year as against 92 cents for the corresponding 1955 period. This was in spite of the wage increases that were fully effective in this period without any offsetting freight rate increase. It is estimated that the wage increases that went into effect in the latter part of last year amounted to about $6 million on an annual basis for the Coast Line as against some $6.5 million gain from the freight rate increases that went into effect on March 7. The road thus comes up with some balance in its favor, from this source, and since passenger revenues are a sizeable factor for the Coast Line over $16 million annually, or about 12½% of total revenues—the 5% increase in fares that has been applied for should give the road another $1 million or so before taxes if granted, allowing also for the 7½% Pullman Fare increase applied for.

E. F. Hutton Installs Electronic High-Speed Private Wire



Left to Right: John W. Inwood, Los Angeles Superintendent of Western Union; Gordon B. Crary and Ruloff E. Cutten, senior partners of E. F. Hutton & Co., examine supervisory monitor in Los Angeles center of completely automatic private wire system designed by Western Union to meet the high-speed needs of the brokerage business. The panel provides at a glance an instantaneous check on the operating condition of the entire transcontinental wire system.

The first completely automatic high-speed transcontinental communications system specifically designed to meet the unique needs of the brokerage business was officially placed in operation April 24 by E. F. Hutton & Company in conjunction with Western Union.

This revolutionary new type of electronic private wire system, developed by Western Union engineers, flashes orders from Hutton's West Coast offices to Hutton's New York and Chicago offices with the speed of light, without human attention. More than 2,400 messages an hour can be handled through a built-in priority device giving orders the right-of-way over all other communications. This private wire system encompasses 18,893 miles of telegraph circuits.

Mayor Robert F. Wagner of New York and Mayor Norris Poulson of Los Angeles exchanged greeting messages after Mayor Poulson officially opened the system by pressing a single key in the high-speed message center in the firm's main Los Angeles office.

The first order sent over the system from Los Angeles was transmitted by Ruloff E. Cutten, Senior Partner of the Hutton Company. It was received in Hutton's main office at 61 Broadway by Theodore A. Lauer, New York partner with the firm when Hutton in 1906 became the first New York house to have an exclusive transcontinental brokerage wire.

$50 Million Ohio Road Construction Bonds Publicly Offered

Syndicate under joint management of Blyth & Co., Halsey, Stuart & Co., Lehman Bros., and B. J. Van Ingen & Co.

A syndicate headed jointly by Blyth & Co., Inc., Halsey, Stuart & Co. Inc., Lehman Brothers, and B. J. Van Ingen & Co. Inc. is offering $50,000,000 in State of Ohio Major Thoroughfare construction bonds at prices to yield from 2.15% for bonds maturing Sept. 15, 1956 to 3% for the 1972 maturity The issue was won at publicly advertised sale on a bid of 100.01747% for a combination of 3½, 3¼ and 3% coupons, a net interest cost of 3.0932%.

These bonds, which are rated Aa by Moody's Investors Service, represent the third instalment of a total authorization of $500,000,000 approved by the voters in 1953. They are payable as to principal and interest solely from fees, excises or license taxes levied by the State of Ohio relating to registration, operation or use of vehicles on public highways or to fuels used for propelling such vehicles. Among the foregoing fees, excises and license taxes are, a 4-cent gasoline tax, a 1-cent additional gasoline tax, a motor vehicle license tax, the drivers' license fees, a motor transportation companies' tax, and a private motor carrier's tax and a highway use tax. Such revenues available for debt service during the year ended June 30, 1955 amounted to $207,601,000. Giving effect to the current sale of $50,000,000 in bonds, the total of such bonds currently outstanding is $132,000,000.

The bonds are part of a State highway construction program which anticipates expenditures of approximately $1,000,000,000 over an eight-year period. The funds for this program are to be provided by the sale of the $500,000,000 in construction bonds, by the proceeds of the highway and fuel taxes not used for debt service and by Federal aid and other highway funds.

With Barclay Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Bernard A. Horman is now affiliated with Barclay Investment Co., 39 South La Salle Street. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market continues to flounder about in a very uncertain and defensive fashion because of the money tightening operations of the powers that be. No relief of any great importance is expected in the trend of Treasury issues until some of the measures taken by the monetary authorities to curb the forces of inflation and the boom show more tangible results than have been witnessed so far. It is believed that the 2¾% discount rate of the majority of the Central Banks will be pushed up to 3%, unless there are quick changes in not a few of the boom forces.

The higher level of interest rates has attracted some buying to fixed income obligations but this has not been very sizable yet. It is reported that support has come into selected issues of Treasuries from government trust funds. This has tended to improve market conditions from time to time. Purchase of this kind would make for a more orderly government market.

Federal Reserve Policy Weighed

The money markets are trying to figure out whether or not the interest rate raising operations of the powers that be, are going to limit the availability of credit to the extent that some of the bloom will be taken off the boom. There appears to be no question about the long-term effects of credit controls because they have worked in the past and they will work this time. In the interim, however, the bond market, and this includes governments, corporates, and tax-exempt obligations, is feeling the pressure of rising costs in the obtaining of loanable funds. To be sure, the yields on many of these issues have reached levels where there is some new interest now appearing among those that have money for investment. However, these purchases, so far, have been largely scaled down acquisitions, and the size of the buying orders have been rather limited.

Uniform 3% Discount Rate Expected

One of the important points of discussion in government bond circles now is whether the discount rate will go to a uniform 3% for all the Central Banks and, if this should be the case, would such an increase in the Federal Reserve Banks borrowing rate cause further unsettlement in the money market. There is no positive answer to such a question which will come only with passing of time. However, it is the opinion in some quarters of the money market that a 3% discount rate for the 12 Federal Reserve Banks has been pretty well taken into consideration by the bond market at this time.

Higher Bond Yields Seen Possible

The ideas in the money market are by no means uniform, because it is indicated that not a few followers of government securities hold the opinion that interest rates will continue to work higher and the 3% discount rate will not be the top level for the Central Bank Rate. They are not yet convinced that borrowing rates have reached areas that will slow down the obtaining of credit which is feeding the forces of inflation. Accordingly, until there is more tangible evidence that the boom has been tempered by the interest rate raising operations of the monetary authorities these money market specialists are looking for higher yields in the bond market.

Loan Trend Key to Market

The future trend of loans, as well as the action of the stock market, are factors that are getting a great deal of attention as far as the money markets are concerned, because it is believed there will be no let-up in the pressure on interest rates until there is a slowing down of these forces of boom psychology. Shifts have been made from equities into fixed income bearing issues in some instances already, but it is not believed that this will assume important proportions as long as the feeling of confidence is as widespread and as positive as it appears to be at the present time.

Governments Lack Marketability

The government bond market has become such a narrow and thin affair that Treasury obligations, except for the shortest maturities, have lost practically all of their marketability. There have been instances reported in which there has been almost no market for securities that were well within the maturity range of a note. This, of course, has prevented the sale of Treasury issues in order to get funds that could be used for other purposes. On the other hand, this kind of action in government issues has probably done these securities no good, because poor marketability is usually something which is not readily forgotten.

Even though there has been no let-up in the pressure policies of the monetary authorities, it is indicated that the corporate funds seeking an outlet in near-term tax exempt issues have been on the increase.

Vickers Bros. Offers Helio Aircraft Stock

Offering of 150,000 shares of common stock of Helio Aircraft Corp. is being made by Vickers Brothers of New York City, at $6 per share.

The corporation plans to use the proceeds from the sale of these shares for various purposes including improvements and adaptations on existing Courier model, for research and development, for additions to production tooling, to finance production and for other corporate purposes.

Helio Aircraft Corp. is engaged in the design, development and sale of a unique type of short-takeoff, short-landing light aircraft heretofore manufactured to its order by others. The basic design is generally known as the "Helioplane" so-called because it seeks to combine the economy, speed and range of the fixed-wing airplane with an ability also to fly slowly and to land in small areas previously useable only by helicopters. One of the company's models, a four-place, 260 h.p., all metal aircraft can take off and land in less than 75 yards fully loaded.

The primary market in which the corporation is offering its product is that of business flying within the United States.

Continued from page 4

The State of Trade and Industry

from the week before. Trucks were down 4%, or to an estimated 23,276 from 24,242 jobs.

United States output so far in April is at a monthly rate of 556,000 cars and 99,500 trucks, "Ward's" declared, compared with original goals of 562,000 and 104,000 respectively.

Steel Production Scheduled at 99.7% of Capacity This Week

Mills produced steel for ingots and castings at 100% of capacity in the week ended April 22, "Steel" magazine reported on Monday of this week. Despite a few soft spots in steel demand, it said steelmaking should continue at near-practical capacity at least until June.

This trade weekly noted that some of the pressure for hot-rolled bars is melting as a result of a reduction in agricultural implement output. Inventories of implements are good, it added, and retail demand is lessening.

Nevertheless, continued this metalworking authority, overall steel production will be kept at near-practical capacity for at least the next six weeks by the demands of customers who are building steel inventories in anticipation of higher prices and the possibility of labor strikes.

This is the second time this year that "Steel" has reported full-capacity mill operations. Production also hit the 100% mark in the week ended Feb. 19.

The publication declared second quarter earnings in steel are expected to match the excellent showings of the first three months, compared with the slow start that steel had in the first quarter of last year.

The iron and steel casting industry is driving for one of the best years in history, the magazine stated. Key elements in the drive are the expansion in heavy industry and large backlogs for railroad passenger and freight cars.

For the week ended April 18, "Steel's" price composite on steelmaking grades of scrap stayed at $55 a gross ton, the record set 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 having 96.1% of the steelmaking capacity for the entire industry will be at the average of 99.7% of capacity for the week beginning April 23, 1956, equivalent to 2,454,000 tons of ingot and steel for castings as compared with 100.2% of capacity, and 2,466,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 99.6% and production 2,452,000 tons. A year ago the actual weekly production was placed at 2,307,000 tons or 95.6%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Reverses Upward Trend of Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 21, 1956, was estimated at 10,894,000,000 kwh., a decrease below the week ended April 14, 1956, according to the Edison Electric Institute.

This week's output declined 24,000,000 kwh. under that of the previous week; it increased 1,197,000,000 kwh. or 12.3% above the comparable 1955 week and 2,637,000,000 kwh. over the like week in 1954.

Car Loadings Rose 8.3% Above the Preceding Week

Loadings of revenue freight for the week ended April 14, 1956, increased 56,656 cars or 8.3% above the preceding week the Association of American Railroads reports.

Loadings for the week ended April 14, 1956, totaled 742,053 cars, an increase of 71,749 cars, or 10.7% above the corresponding 1955 week, and an increase of 129,169 cars, or 21.1% above the corresponding week in 1954.

U. S. Automotive Output Declined 3.5% the Past Week

Automotive output for the latest week ended April 20, 1956, according to "Ward's Automotive Reports," declined 3.5%.

Last week the industry assembled an estimated 131,449 cars, compared with 136,038 (revised) in the previous week. The past week's production total of cars and trucks amounted to 154,725 units, a decrease of 5,555 units below the preceding week's output, states "Ward's."

Last week's car output declined below that of the previous week by 4,589 cars, while truck output showed a greater loss the past week of 966 vehicles. In the corresponding week last year 180,647 cars and 31,351 trucks were assembled.

Last week the agency reported there were 23,276 trucks made in the United States. This compared with 24,242 in the previous week and 31,351 a year ago.

Canadian output last week was placed at 11,620 cars and 2,676 trucks. In the previous week Dominion plants built 11,646 cars and 2,752 trucks, and for the comparable 1955 week, 10,241 cars and 2,835 trucks.

Business Failures Register Slight Decline in Latest Week

Commercial and industrial failures dipped to 252 in the week ended April 19, from 255 in the preceding week, according to Dun & Bradstreet, Inc. However, they were higher than in the comparable weeks of 1955 and 1954 when 204 and 229 occurred respectively. The toll remained 20% below the pre-war level of 316 in 1939.

Failures with liabilities of $5,000 or more accounted for the week's decline, falling to 214 from 222 last week, but exceeding the 174 a year ago. However, small failures, under $5,000, rose to 38 from the 33 of a week ago and the 30 of last year. Nineteen businesses failed with liabilities above $100,000, as compared with 30 in the previous week.

Wholesale Food Price Index Registers the Highest Level in Five Months

The wholesale food price index, compiled by Dun & Bradstreet, Inc., rose sharply the past week to stand at $6.01 on April 17, as against $5.96 a week earlier. This marks a new peak for the year and the highest since Nov. 22, 1955, when it stood at $6.02. This week's figure compares with $6.52 on the corresponding date a year ago, or a drop of 7.8%.

Aiding in the current rise were higher wholesale costs for wheat, corn, barley, hams, bellies, lard, butter, cheese, sugar, coffee, cocoa, eggs, potatoes and lambs. Lower in price were flour, rye, oats, steers and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Showed a Mixed Trend the Past Week

Movements of the Dun & Bradstreet daily wholesale commodity price index were mixed last week. The index rose to new high ground since early September 1952 and closed at 293.22 on April 17. This compared with 292.28 a week previous and with 275.11 on the corresponding date a year ago.

Grain markets were unsettled in the week. Following nervous and erratic fluctuations most of the period, prices rallied briskly at the close to finish with modest gains.

The late uptrend was largely influenced by the news that price supports on basic crops (except peanuts) would be raised to 82½% of parity, which would insure national support averages of $2 a bushel on wheat and $1.50 on corn.

Strength in cash wheat reflected a further tightening in the "free" wheat situation. Producer marketings of corn were limited and impoundings under the loan continued heavy. Based on April 1 conditions, the Crop Reporting Board estimated the 1956 Winter wheat crop at 716,000,000 bushels, or 2% more than the 1955 crop of 705,000,000 bushels. Sales of grain and soybean futures on the Chicago Board of Trade last week increased to a daily average of 62,400,000 bushels, from 56,300,000 the previous week and 38,400,000 in the same week a year ago.

Activity in cocoa increased sharply with prices substantially higher than the week before. Support was influenced by strength in the London market and better commission house and dealer demand. Warehouse stocks of cocoa were down moderately and totalled 343,512 bags, against 345,894 bags a week earlier. At this time last year they stood at 169,960 bags. Despite continued large market receipts of hogs, lard prices registered fair gains for the week aided by continued strength in oils coupled with the bright export outlook for both fats and oils.

Spot cotton prices were fairly steady as traders awaited Washington developments on farm legislation and the surplus cotton export program.

The announcement on Monday of last week that the President had vetoed the farm bill was generally viewed as constructive owing to the statement that cotton would be supported at a minimum of 82½% of parity.

Trading in the 14 spot markets continued to lag and totalled 38,400 bales for the week, against 33,300 the week before and 63,100 in the corresponding week a year ago. Sales of cotton for export remained small in volume. CCC loan repayments in the week ended April 6 totalled 43,100 bales, as against entries of 16,200 bales in the same period. Loan outstanding on 1955-crop cotton as of April 6 were reported at 6,331,800 bales.

Trade Volume Stimulated in Latest Week by Extensive Sales Promotions

Consumer buying was spurred by extensive sales promotions last week, with noticeable retail gains reported in housewares, outdoor furniture and men's apparel.

Purchases of new and used automobiles were slightly below those of the previous week.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 4 to 8% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England +8 to +12; East +6 to +10; South and Southwest +1 to +5; Middle West +5 to +9 and the Northwest and Pacific Coast +2 to +6%.

There was a slight rise in wholesale orders in the week and the total dollar volume somewhat exceeded that of the similar week a year ago. An upsurge in re-orders for Spring and Summer apparel occurred with buying of furniture and major appliances above that of the previous week.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended April 14, 1956, increased 11% above those of the like period of last year. In the preceding week, April 7, 1956, a decrease of 15% was reported. For the four weeks ended April 14, 1956, an increase of 2% was reported. For the period Jan. 1, 1956 to April 14, 1956 a gain of 3% was registered above that of 1955.

Retail sales volume in New York City the past week rose substantially above the level of the corresponding period a year ago.

The week's increase, according to trade observers, was about 10 or 12% higher than last year's volume.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 14, 1956, increased 21% above those of the like period last year. In the preceding week, April 7, 1956, a decrease of 14% (revised) was recorded. For the four weeks ending April 14, 1956, no change was recorded. For the period Jan. 1, 1956 to April 14, 1956 the index recorded a rise of 2% above that of the corresponding period of 1955.

Securities Salesman's Corner

By JOHN DUTTON

Organizational Teamwork Helps You

There is often too wide a gulf between the various departments of a business such as the investment business. Sales does not know what goes on in the cage, the back office does not understand the problems that confront the salesmen, and too often the partners, and those engaged in buying, are so engrossed in their own activities that there is needless friction throughout the entire organization.

Staff Meetings Are Good for Everyone

It is helpful if meetings between the cashiering department and the sales department can be held which will give the salesmen a better understanding of the routine work which goes on interruptedly day after day in order that their clients can be serviced properly. The exact route of an order, through the books, clearance, transfer, and ultimate delivery should be made clear to all salesmen. In addition, the necessity for accuracy in writing tickets, and properly designating the transfer instructions, or any other pertinent desires of the customer, can in this way be emphasized. Accuracy not only helps the cage but the salesman and the customer. Sloppy handling of an order is a reflection on the salesman and the firm; it can be avoided if all understand the problems and get together to meet them.

Likewise it is just as helpful if the cashiering departments, telephone operators, and secretarial help get a briefing in their responsibilities in helping the salesmen to do a better job of efficiently handling firm's customers. The eccentricities of people are something that many office people do not appreciate—but a salesman has to deal with them all the time. Some men don't want their wives to know they invest in securities, some wives the same, some customers don't want dividend checks mailed to their homes, or their offices. Others desire mail to be held for them and some have special accounts in joint names. Many of them will make requests that to the cashiering department may be bothersome but, if their account is worth it, that is what you are in business to take hold of and accomplish. It should be done in a spirit of cooperation between sales and the back office.

The Brass Should Cooperate Too

In some investment firms there is too little understanding and appreciation of what goes on in the cashiering department. It is something taken for granted. I have seen periods in the investment business when overworked staffs uncomplainingly worked many hours of overtime in the evenings and weekends just so that the books and the important matters incident to the proper functioning of the business could be accomplished. Not only has the investment business been notorious in underpaying these hardworking and loyal people but the memory of scotch weeks is still quite well remembered by most of us who have been in this business a few years. Until recently, few firms have set up profit sharing or retirement plans. Others pay a generous bonus in good years but fire right and left when the lean ones come along. I have yet to see much change in this attitude on the part of investment firms.

The work of the cashiering department is rarely commended by an owner or a partner. The faceless people who toil in cashier's cages day after day have a feeling of frustration and futility that cannot help but produce a spirit of indifference and casuality. To many of them it is just a job but they could also belong to a team of which they are a vital part. In some firms there is too much "big brass," big deals, big expense accounts, and big heads. A little more humility and appreciation would do a lot to improve efficiency and harmony in many organizations.

Continued from page 7

Antitrust: Help or Hindrance

prise, Mr. Crout referred to the growth in Europe during the late nineteenth century of certain closely-knit business groups which:

"did not desire to compete among themselves and therefore . . . entered into formal or informal agreements on prices, production quotas, wages rates, and markets; and thereby tended to create monoplies.

"Toward the end of the nineteenth century, this trend was met in the United States by an opposition which succeeded in having antitrust legislation enacted.

"As a result of this legislation," Crout continued, "several of the large combines were broken up into small units by court decisions following long legal battles.

"The rigid enforcement of this new national policy compelled corporate managements to reconsider their position. They realized that they were required to compete, but had no hope of ever establishing a monopoly.

"Under these circumstances, they accepted the concept of true competition and directed their energies and efforts to ways and means of increasing their profits by expansion of their volume of business.

"This competitive battle for profits led to the introduction of new concepts, practices, and tools at various stages of growth.[4]

"In essence, this meant that each management set out to do a better job of producing, selling and distributing its products than its competitors."

A like conclusion was reached by a British study team that recently visited this country. "The Anglo-American Council on Productivity" was set up to study the reasons for the superior productivity of American industry. It was responsible for organizing 66 British teams of managers, technicians and trade unionists, which came to the United States to see what methods used there could be adapted to the needs of Great Britain. The 66 teams presented reports which were practically unanimous.

Lest you think I might be biased in reporting their conclusions, let me read you what an American newspaper reported under a London dateline in late 1954, as a result of the return of one of the latest teams. This New York "Times" headline read:

"Productivity Team Lays U. S. Output Supremacy largely to Sherman, Clayton Acts"

"Hits Own Country's Law"

"Parliament Urged to Act on Manufacturer Pacts That End Competition"

That newspaper's account went on:

"The praise for the Sherman and Clayton Antitrust Acts was included in the industrial engineers' report because, according to members of the group, 'it was the answer we kept getting when we asked Americans what was the source of the competitiveness in their economy.' The group's secretary . . . remarked that '. . . the monopolies issue has become a part of the public morality of the United States; it is enforced by public opinion.'"

And so we see the importance that antitrust enforcement assumes, in the eyes of others. It has withstood the crucible not only of time, but of intensive study. Today it stands as one of the prime supports for our prosperous and free economy. In its preservation you—indeed, all Americans—have a vital stake.

Finally, I emphasize that at the heart of our antitrust laws are the highest intellectual and moral principles. These concepts, based on a firm and definite national policy — a bipartisan article of faith—have endured with variations only in emphasis for more than a century—since a certain tea party in Boston Harbor. This national belief is not stationary nor static. Instead, resting within this core of belief is an immutable momentum toward the goal of free competition. After a century of testing, that policy today remains vital and vigorous. It underscores America's fundamental belief that a dynamic Republic can rest only upon the foundation of a free economy—and that economic freedom — like political liberty — belongs only to those who value it, and are vigilant.

4 William E. Rappard, *The Secret of American Prosperity*, (1955), p. 67.

Canning Midwest Rep. For Wellington Fund

CHICAGO, Ill.—A. J. Wilkins, Vice-President in charge of distribution of The Wellington Company, distributors of Wellington Fund, Inc., announces the appointment of Joseph E. Canning as a midwest wholesale representative. He will make his headquarters in Chicago, and will be responsible for Wellington service to certain investment dealers in the Chicago metropolitan area, as well as all dealers in Indiana, Kansas, Oklahoma, Kentucky, Arkansas, New Mexico and Western Ohio.

Phila. Secs. Ass'n to Hold Annual Outing

PHILADELPHIA, Pa. — The Philadelphia Securities Association will hold their annual outing Friday June 15 at the Aronomink Country Club, Newtown Square, Pa.

Join Mitchell Curtis

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—John R. Davis and Adrian M. Hodges have joined the staff of Mitchell T. Curtis & Co., 156 Montgomery Street.

Now With Denton Co.

(Special to THE FINANCIAL CHRONICLE)

SANTA ANA, Calif. — Vincent R. Horncastle has become affiliated with Denton & Company, First Western Bank Building.

Mutual Funds

By ROBERT R. RICH

Hugh Long Stresses Business Bet On Prosperity in Years Ahead

"American industry is predicting good business in the years ahead," shareholders were told by President Hugh W. Long at the annual meeting of Fundamental Investors, Inc., held in Elizabeth, New Jersey.

Mr. Long referred to the fact that industry's spending for new plant and equipment—now at the rate of $35 billion a year—was in itself an expression of confidence in the long-term future.

"American businessmen feel that their corporations will not be able to satisfy demands for products without this expansion and the increased efficiency and lower cost operation it will provide," Mr. Long added. Such expansion, it was noted, will be partially financed by plowed-back earnings, thus building up the equity and earning power of today's shareholders.

Tracing the rise in confidence in common stock investing over the past two decades Mr. Long predicted that this trend would continue. "Today, preservation of the purchasing power of assets and of income is considered to be one of the most important functions of capital management." Examples of such confidence were cited, including the fact that annual purchases of common stock by institutional investors are now 20 times as great as in 1940; and that in the past 10 years the number of indivduals owning common stocks has doubled.

Shareholders attending the meeting were given a preview of the fund's quarterly report, to be released at the end of this month.

On March 30, total net assets of Fundamental Investors were $363,664,472, an increase of 13.6% over Dec. 31, 1955. In the same three months, 3,938 new shareholders were added to the fund.

Shareholders were also informed that the dividend payment on March 15, at the rate of 12 cents per share, resulted in the disbursement of dividend checks totaling more than $2½ million—the largest amount of money paid in dividends by the fund in the first quarter of any year of its existence.

In his report, President Long also revealed that 81% of the fund's shareholders elected to receive the Jan. 16, 1956 capital gains distribution of 60 cents per share in additional shares of the fund, rather than in cash.

Broad Street Investing Corporation's net assets at the end of the first quarter were $89,611,127, a gain from $81,646,781 at the beginning of the year and from $69,-523,949 at March 31, 1955.

Asset value reached a new high of $23.11 per share at the end of the quarter. This compared with $21.71 at the start of the year and represented an increase of 18% over the figure 12 months earlier after adding back the December, 1955, distribution of 74 cents from realized gain.

It was reported that the investment policy of Broad Street Investing "has continued to take into account the greater risks that are inherent in the high level of business and continued gains in stock prices."

As a result, holdings of fixed-income bonds and preferred stocks were built up moderately more in the first quarter, primarily with money received from the sale of new shares, which amounted to $2,531,296. Common stock holdings declined, because of this, to 83.6% of net assets at March 31, comparing with 85.0% at the start of the period and 88.8% at March 31, 1955.

Shifts in common stock holdings favored oil and consumers goods companies equities, and more important reductions were in automobile, steel, and tire and rubber industries.

National Investors' net assets totaled $64,177,816 on March 31, a gain from $57,289,942 at the first of the year and from $48,-926,184 at March 31, 1955. There was virtually no change in the corporation's over-all investment position in the quarter and common stock holdings stood at 98.5% of net assets at March 31. The fund pointed to the reflection of "some additional gain in investor confidence" in the advance of stock prices in general since the first of the year.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Wilson L. Miller has joined the staff of King Merritt & Co., Inc., 576 First Avenue, North.

Combines Plans

Broad Street Sales Corporation has combined the accumulation and reinvestment plans of Broad Street Investing Corporation, National Investors Corporation and Whitehall Fund, Inc., into one simplified accumulation plan for each company.

An initial $250 purchase or an investment holding worth that amount is still required to open an accumulation plan. But the minimum requirement for subsequent investments has been reduced to $25 from $50, and requirements that investments be made at specified times and for a minimum dividend for reinvestment have been eliminated.

Is Oil Industry Threatened by the Atom?

Robert Colton

The use of nuclear energy is bringing new benefits to the petroleum industry that should offset the relatively insignificant market inroads the atom will make as a competitive power fuel, according to the April issue of "Atomic Activities," just published by National Securities & Research Corporation.

Under the title "Is the Oil Industry Threatened by the Atom?", the publication devotes its entire April issue to answering the question of primary concern at the April 22-29 Southwest American Exposition in Oklahoma City. Feature of the Exposition is the "Geneva Atoms for Peace" exhibit. National Securities & Research Corporation, New York, sponsors and manages the National Securities Series of mutual investment funds with combined net assets of over $280,000,000.

Robert Colton, manager of the Atomic & Electronics Division of National Securities, says in the publication that "it now appears . . . nuclear energy may eventually penetrate in a number of impressive areas" of existing gasoline, fuel oil and natural gas markets. But, he adds, even if all vessels, aircraft and all steam plants for power or process and heating steam now using petroleum fuels were to be converted to operate on nuclear fuel "less than 20% of the total petroleum fuel market would be jeopardized. Obviously, 100% conversion would not occur."

Mr. Colton ruled out as atomic power possibilities small-sized aircraft and land vehicles, such as automobiles, and locomotives "principally because pay load, range and speed could not be substantially increased" and because "most authorities agree that the added cost and radiation hazards would more than offset the slight advantages."

"Assuming 25% conversion, and the conversion admittedly would be carried out over many years," Mr. Colton explains, "it now appears that nuclear energy actually threatens only about ¼ of 20%, or 5%, of petroleum markets.

"In view of the industrial growth and decentralization which would parallel nuclear power plant developments, actually more travel would be required and subsequently more petroleum fuel would be necessary, further minimizing the slight competition which may be expected from the atom."

Commenting on the direct help that the atom is providing the petroleum industry, Mr. Colton said:

"In almost every phase of petroleum activity, including surface and subsurface exploration, restoration of exhausted oil fields, pipeline transportation of petroleum products, as well as storage and refinery operations, the atom is already saving the industry many millions of dollars. In addition to cost saving, atomic energy in the form of radiosotopes is constantly increasing production efficiency and helping to create better products.

"Subsurface survey work, for example, has been aided for a number of years by instruments which detect natural radiation, which sometimes indicates the presence of hydrocarbons. Recently, this procedure has been improved by using artificial radioisotopes and particle accelerators which function as neutron sources. As these devices are slowly lowered into the earth, their radiations aid in detecting the presence of crude petroleum. Radioactive bullets for marking various levels, radioactive tagging of tool bits to detect wear without frequent inspection, and the use of radioactive tracers for improving efficiencies of drilling slurries and well acidizing procedures are other examples of radioisotope applications.

"Liquid level gauges, flow meters, interface markers and leak locators also utilize radioactive materials; these instruments are now used in connection with pipeline transportation and petroleum storage.

"In refineries, many unit operations have been significantly aided by radioisotopes. Fractionation, mixing, flow movement and even constant checks of cracking and hydroforming catalyst efficiency are among the operational phases to which isotopes contribute."

Chemical Fund Surveys Holders

Ownership of mutual fund shares has been associated primarily with the small investor. A stockholder study released today by F. Eberstadt & Co. Inc., manager and distributor of Chemical Fund, Inc. showed that in contrast to this belief, some mutual funds have wide appeal to institutions and large individual investors as well.

At the end of 1955, institutions and large individual investors (holding 1,000 shares or more) owned shares of Chemical Fund with a market value of $43,987,-000, or 39.7% of the fund's net assets.

The number of institutional investors has increased 112% since 1951. The 10 largest institutional investors were as follows:

	Market Value
A Savings Bank	$852,000
A University	332,000
A Pension Fund	176,000
A Charitable Organization	173,000
An Insurance Company	160,000
A Home for the Aged	112,000
A Business Corporation	110,000
A University	104,000
An Investment Company	99,000
A Profit Sharing Plan	93,000

The survey further indicated that at the same time, more than 23,500 small and medium sized investors owned shares of the fund with an average value of $2,849.

Axe Science Fund To Be Delisted

Axe Science & Electronics Corporation will be changed to an open-end mutual fund and its shares withdrawn from trading on the American Stock Exchange, if recommendations by the board of directors are approved by the shareholders at the annual meeting May 2. As of now, the shares of the year-old atomic age investment company are redeemable but no new shares are sold.

It was also reported that management is also planning an insured investment program and other features if the shareholders approve the changes necessary to make the corporation an open-end mutual fund. In explaining the proposed change-over, directors and management believe that a continuous offering of shares will maintain or increase the net assets available for investment and thus benefit the corporation and shareholders.

United States & Foreign Securities Corp. reports net assets of $146,478,998 as of March 31, 1956. This is a new record high and is equivalent to $44.24 per share on the corporation's outstanding stock. It compares with net assets on Dec. 31, 1955 of $128,950,171, which was equal to $38.95 per share and with an asset value per share of $36.98 (adjusted for three-for-one split) on March 31, 1955. Common stock investments held by the corporation on March 31 represented the following approximate percentages of total assets: oil 45%; chemical and drug 16; metal and mining 14; manufacturing and miscellaneous 9; merchandising 5; electric utility 2; natural gas 2.

I. D. S. Reports

Net income of Investors Diversified Services, Inc. and undistributed net income of its wholly owned subsidiaries for the first quarter of 1956 amounted to $3,162,107 or $2.18 per share, compared with $3,052,810 or $2.10 per share for the same period of 1955, according to unaudited figures released by the company. The 1956 earnings include realized profits from investment transactions of $346,799 or 24 cents per share compared with $374,893 or 26 cents per share in the comparable period last year.

Joins A. G. Becker

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Norton Conway is now with A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York Stock Exchange. Mr. Conway was previously with E. F. Hutton & Company.

Axe Business Index Declines For Two Months

The Axe-Houghton weekly business index has shown a downward trend during the last two months but the decline has been moderate so that the index is only 4 points away from the all-time peak of Feb. 4. During this interval all the components of the index have shown a slight downward trend except lumber loadings, which, on a seasonally adjusted basis, have advanced sharply.

The durable goods raw material price index has advanced sufficiently to cancel all the January-February decline. The advance is attributable to a new high in steel scrap prices and an upturn in copper scrap.

In London, however, copper prices have declined, although there has been little change in the outlook except a slump in the American automobile industry and a considerable period free from strikes.

The semidurable goods raw material price index has continued to display a declining tendency. Cotton prices have declined, allowing for seasonal variation. Print cloth prices have also declined, so there has been little advantage to manufacturers, although mills running on sheetings appear to be in a better position, temporarily at least, since sheeting prices have been well maintained.

The industry generally, however, continues to complain bitterly about competition from Japan. Rayon goods prices have also shown a moderate further decline, and prices on some of the other synthetics have recently come down.

The outstanding business development of the first quarter has undoubtedly been the huge volume of new construction reported (a) with respect to engineering contracts, by the "Engineering News-Record," and (b) with respect to public works, public utility, and other nonresidential construction by the F. W. Dodge Corporation. Unfilled orders for fabricated structural steel have continued to expand and are now nearly double the total reported at the end of 1954, despite high production and shipments. Orders for lumber are higher than shipments. Lumber prices and some other construction material costs have reached new highs.

The tight money market is unfavorable factor in the general outlook, Axe reports. The expansion of commercial, industrial, and agricultural loans, seasonally adjusted, has gathered speed. Real estate loans have resumed their advance.

The net result of this huge demand for bank credit has been, in the first quarter alone, a rise of $1.1 billion in commercial, industrial and agricultural loans (gross, unadjusted for seasonal variation).

Real estate loans have advanced $0.2 billion, and other loans a like amount. Brokers' loans have declined $0.4 billion, leaving a net increase of $1.0 billion in the total loans (net) of the reporting member banks.

During the first quarter there was the usual sharp decline in demand deposits, so that the member banks were able to reduce their Federal reserves slightly; and they also drew down their cash and their balances with other domestic banks. But this was insufficient, and the reporting member banks as a whole consequently sold or allowed to mature $2.1 billion of United States Government securities.

M.I.T. Assets Now Total $1,068 Million

Massachusetts Investors Trust, the nation's oldest open-end investment company, for the three months ended March 31, 1956 reports 29,992,364 shares outstanding owned by 137,403 shareholders and total net assets of $1,068,286,513.

These are record high figures for the end of any quarterly period in the trust's 32-year history and compare with 28,557,537 shares outstanding, 125,669 shareholders and total assets of $819,970,265 a year ago.

Net asset value per share at the quarter's end was $35.62 which, together with a special capital gain distribution of 84 cents in February, is equivalent to $36.46 compared with a net asset value per share of $28.71 last year.

Major portfolio changes during the quarter were:

Purchases

Company—	Bought
Aluminum Co. of Amer.	11,600
American Home Products	30,500
American Natural Gas	14,500
Armco Steel Corp.	10,000
Comm. Edison Co.	10,000
Cons. Natural Gas Co.	20,000
National Steel Corp.	15,000
New Jersey Zinc	15,000
Norfolk & West. Ry. Co.	20,000
Oklahoma Gas & Elec. Co.	24,200
Phillips Petrol. Co.	12,000
Seaboard Oil Co.	15,000
Sinclair Oil Corp.	20,000
Texas Utilities	24,000
U. S. Gypsum Co.	18,800

Sales

Company—	Sold
American Tobacco Co.	10,000
Detroit Edison Co.	120,000
Industrial Rayon Corp.	10,000
Pfizer (Chas.) & Co.	19,000
Procter & Gamble Co.	10,000
United Fruit Co.	15,000
Westinghouse Elec. Corp.	14,200

Peoples Reports

Abraham S. Karasick, President of the Peoples Securities Corporation, announced that the net assets of the mutual fund reached approximately $750,000 on March 31, 1956, representing an increase of 33% over the $562,111 reported on Dec. 31, 1955. The net asset value per share, after dividend payments of 7c from income and 13c from securities profits, was $14.11 as compared to the Dec. 31, 1955 value of $13.04, an increase of 8.2% for the three-month period.

Joins Moseley Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William S. Eddy has joined the staff of F. S. Moseley & Co., 135 South La Salle Street. He was formerly with Robert W. Baird & Co.

Coast Fund Reports Gains

In a report to shareholders, Jonathan B. Lovelace, President of The Investment Company of America, reported that total assets for the quarter ended March 31, 1956, reached $86,651,104, a new high. Shares outstanding and net asset value per share attained new highs.

The net asset figure of $86,651,104 as of March 31, 1956, compares with $54,524,669 on March 31 a year ago. Net asset value per share was $9.93, compared to $8.51. During the 12 months period since March 31, 1955, shares outstanding increased to 8,725,888 from 6,404,909.

Net income for the three months ended March 31, 1956, not including profit or loss on sales of securities, was $565,434, equal to approximately 6.6 cents a share on the average number of shares outstanding (8,540,716) during the period. This compares with net income of $368,214, or approximately 6 cents per share on the average number of shares outstanding (6,170,939) during the same period in 1955.

Whitehall Fund asset value reached a new high of $12.63 a share at March 31. The figure was up from $12.18 at the first of the year and, after adding back the December distribution of 71 cents from realized gain, represented an increase of about 12% over March 31, 1955.

Net assets of the balanced mutual fund totaled $7,777,179 at the end of the quarter, up from $7,124,420 at Dec. 31 and from $5,855,031 at March 31, 1955. The assets continued to be held roughly 50% in cash and fixed income bonds and preferred stocks and 50% in common stocks.

Whitehall management foresees no change in nearby prospect from the high-level plateau of over-all business activity which was maintained in the first quarter. Aside from month-to-month irregularities, good business is expected to continue during the year.

Investors Syndicate Reports for 1955

Net assets of Investors Syndicate of America, Inc., wholly-owned subsidiary of Investors Diversified Services, Inc., climbed to a record high of $376,858,328 at the close of last year, an increase of $55,509,309 over the previous year-end total of $321,349,019, Joseph M. Fitzsimmons, Chairman of the board and President of ISA, disclosed in the company's 1955 annual report.

Net income increased to $2,816,696 as against $2,020,755 the preceding year and was added to the earned surplus as were also the 1954 earnings. Capital and surplus at the year-end totaled a record $12,564,757. Certificate reserves stood at $361,431,464 at the year end. The increase of $51,159,959 for the year included $10,318,891 provided from earnings of the company.

New certificates issued during the year had a maturity value of $247,716,760. The number of certificate accounts increased to 288,498, or 21,624 over the 266,874 reported at the end of 1954. Total maturity value of certificates outstanding rose from $1,438,719,468 to $1,573,364,017, the highest year-end amount reached in the company's history.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert B. Jarchow has joined the staff of King Merritt & Co. Incorporated. He has recently been with Van Strum & Towne, Inc. and prior thereto was with Julien Collins & Co. and Goodbody & Co.

Continued from page 2

The Security I Like Best

improved over 1954 in spite of increased competition.

The following growth index numbers show how favorably Moore has kept pace with better known "glamour" stocks:

BASE YEAR — 1947-49=100

	Moore	Nat'l Cash	Crown Zellerbach	General Electric
Sales Index	176	188	204	202
Operating Profit	275	175	189	190
Net Income	243	128	175	175
Book Value	214	158	203	179

At a recent market around $45; Moore is selling at only 12.8 times last year's $3.50 earnings. Compare this with current price earnings ratios of 18 times for National Cash, 20 times for Crown Zellerbach and almost 28 times for General Electric.

The current dividend yield is modest. One dollar and forty-five cents was paid last year. However, the dividend has been increased every year-end. On an adjusted basis, dividends have doubled from the 72 cents in 1946 to $1.45 last year. Dividends are payable in United States funds.

One disadvantage to the stock is a comparative lack of interim information. The market for the 2,145,056 common shares is also comparatively thin.

Incoming orders are running ahead of the same period a year ago and the longer-term future looks extremely bright. The company is continuing its expansion program to keep up with the increased demand for its products and with the developments in automatic office machines and equipment, an even greater emphasis is put on the use of business forms. Moore has continually been a leader in business form research and we believe a continuation of its excellent growth record seems assured.

In my opinion, Moore Corporation, Limited, has all of the characteristics of a "growth blue chip" and as such, is entitled to a much greater capitalization of earnings in comparison with other equities in the market.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc., as manager of an investment banking group on April 20 offered $3,350,000 of Portland Gas & Coke Co. first mortgage bonds, 4⅜% series due April 1, 1976, at 101.67% and accrued interest, to yield 4.25%. The underwriters won award of the bonds at competitive sale on April 19 on a bid of 99.61%.

The bonds are to be redeemable at regular redemption prices ranging from 105.67% to par, and at special redemption prices receding from 101.67% to par, plus accrued interest in each case.

The net proceeds from the financing will be used by the company for its 1956 construction program and for other corporate purposes. Expenditures in connection with the construction program for this year are estimated at approximately $5,644,000. Major items of construction include liquefied petroleum gas facilities; distribution mains; customers' services, and meters and regulators.

Salomon Bros. Places So. Pac. Co. Contracts

Salomon Bros. & Hutzler has negotiated the direct placement of $17,575,000 Southern Pacific Co. 3%-3.30% conditional sales contracts maturing April 1, 1957 to April 1, 1971, it was announced today (April 26).

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

Adirondack Uranium & Mineral Corp.
March 19 (letter of notification) 300,000 shares of class A stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For prospecting and exploring costs and equipment. **Office**—115 Main Street, Whitesboro, N. Y. **Underwriter**—V. T. Smith Investments, Sherrill, N. Y.

★ **Alexandria Steel Fabricators, Inc. (4/30)**
April 13 (letter of notification) $250,000 of 7½% debentures due 1966. **Price**—At par. **Proceeds**—For expansion, etc. **Office**—Alexandria, Va. **Underwriter**—Seaboard Securities Corp., Washington, D. C.

Allstate Properties, Inc.
March 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital. **Office** — 62 Third Avenue, Mineola, L. I., N. Y. **Underwriter**—Wagner & Co., New York.

• **American Fire & Casualty Co., Orlando, Fla.**
March 29 (letter of notification) 15,000 shares of common stock (par $5) being offered for subscription by stockholders of record April 18 on a 1-for-10 basis; rights to expire on April 28. **Price** — To stockholders, $19 per share; to public, $20 per share. **Proceeds**—For working capital. **Underwriter**—Goodbody & Co., Orlando, Fla., and New York, N. Y.

American Frontier Corp., Memphis, Tenn.
Feb. 15 filed 175,000 shares of class A common stock (par $1). **Price** — $10 per share. **Proceeds** — Together with other funds, to purchase 1,000,000 shares of common stock (par $1) of American Frontier Life Insurance Co. **Underwriter**—None.

American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

• **American Shopping Centers, Inc. (5/7)**
April 16 filed $2,000,000 of 5% convertible debentures due May 1, 1968. **Price**—To be supplied by amendment. **Proceeds**—To repay certain obligations. **Office** — Minneapolis, Minn. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

• **American Shopping Centers, Inc. (5/7)**
April 16, filed 200,000 shares of class A common stock (par 10 cents) and 100,000 shares of class B common stock (par 10 cents) to be offered in units of one class A share and one-half class B share. **Price**—To be supplied by amendment. **Proceeds** — To discharge certain obligations and for construction of new centers and working capital. **Office**—Minneapolis, Minn. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

Anchor Casualty Co., St. Paul, Minn.
March 27 filed 20,000 shares of $1.75 cumulative convertible preferred stock (par $10) to be offered for subscription by common stockholders on the basis of two preferred shares for each 11 common shares held. **Price**—$40 per share. **Proceeds**—To enable company to write a larger volume of insurance premiums. **Underwriters**—Harold E. Wood & Co., St. Paul, Minn., and J. M. Dain & Co., Inc., Minneapolis, Minn.

★ **Architectural Plastics Corp., Eugene, Ore.**
April 18 (letter of notification) 4,568 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—1355 River Road, Eugene, Ore. **Underwriter**—None.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

★ **Associated Growers, Inc., Seattle, Wash.**
April 20 filed 5,703 shares of common stock; $2,000,000 of 25-year 5% registered convertible debenture notes; and $1,500,000 of 5% coupon bearer bonds. **Price** — Of stock, $50 per share; and of notes and bonds, 100% of principal amount. **Proceeds**—To reduce bank, mortgage loan, or other indebtedness; and for working capital. **Underwriter**—None.

Atlantic County Development Corp.
March 30 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For purchase of property, etc. **Office** — Brigantine, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Atlas Corp.
Feb. 28 filed 9,890,095 shares of common stock (par $1) to be issued pursuant to an agreement of merger with this corporation of Airfleets, Inc., Albuquerque Associated Oil Co., RKO Pictures Corp., San Diego Corp. and Wasatch Corp. on the following basis: Four shares for one of Atlas common; 2.4 shares for one share of Airfleets common; one share for each share of Albuquerque common; four shares for each 5.25 shares of RKO common; 2.4 shares for each share of San Diego common; 13 shares for each share of Wasatch cumulative preferred; and 1.3 shares for each share of Wasatch common. The registration statement also covers 1,250,000 shares of 5% cumulative preferred stock (par $20) which will become issuable upon and to the extent that shares of common stock are convertible into shares of preferred stock.

Atlas Investment Co., Las Vegas, Nev.
Jan. 9 filed 20,800 shares of class B common voting stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,800 shares are to be offered in exchange for preferred stock. **Proceeds**—For payment of bank loans, and for capital and surplus. **Underwriters**—Rex Laub and Max Laub, of Tremonton, Utah, and M. D. Close Mortgage & Loan Co. and Jack Hemingway Investment Co., of Las Vegas, Nev.

Big Dollar Food Stores, Inc.
April 9 (letter of notification) 25,000 shares of common stock (par $1). **Price**—At market (about $2.50 to $3 per share). **Proceeds** — To selling stockholders. **Office**—42 East Post Road, White Plains, N. Y. **Underwriter**—Baruch Brothers & Co., Inc., New York.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—To be used for exploratory work on mining mineral properties. **Office**—1424 Pearl Street, Boulder, Colo. **Underwriter**—Lamey & Co., Boulder, Colo.

Big Ridge Uranium Corp., Reno, Nev.
Oct. 19 (letter of notification) 9,000,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development costs. **Office**—206 North Virginia St., Reno, Nev. **Underwriter**—Mid America Securities, Inc., Salt Lake City, Utah.

★ **Bingham (R. H) Co., Tampa, Fla.**
April 3 (letter of notification) 250 shares of common stock (par $1). **Price**—$100 per share. **Proceeds**—For building, inventory and corporate business. **Address**—P. O. Box 2022, Tampa, Fla. **Underwriter**—None.

Birnaye Oil & Uranium Co., Denver, Colo.
April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Office** — 762 Denver Club Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Blue Lizard Mines, Inc.
Jan. 17 filed $900,000 of 8% convertible subordinated debentures due 1976. **Price**—100% of principal amount. **Proceeds**—To make additional cash payment on purchase contracted and for mining expenses. **Office**—Salt Lake City, Utah. **Underwriter**—None.

B-Thrifty, Inc., Miami, Fla.
Nov. 23 filed 37,000 shares of class A common stock (par $25). **Price**—$38 per share. **Proceeds**—To open additional retail stores. **Business**—Supermarket concern. **Office**—5301 Northwest 37th Ave., Miami, Fla. **Underwriter**—None. Statement effective March 7.

California Oregon Power Co. (5/8)
April 9 filed $16,000,000 first mortgage bonds due May 1, 1986. **Proceeds**—Together with funds from sale of $7,000,000 of preferred stock, to retire bank loans and for capital expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and The First Boston Corp. (jointly); Lehman Brothers; White Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 8:30 a.m. (PDT) on May 8.

• **California Oregon Power Co. (5/2)**
April 9 filed 70,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Together with funds from sale of $16,000,000 of new bonds, to retire bank loans and for capital expenditures. **Underwriters** — Blyth & Co., Inc., and The First Boston Corp.

• **Cherokee Uranium Mining Corp. (4/30)**
April 5 (letter of notification) $180,000 principal amount of 6% convertible debentures due April 15, 1966. **Price**—100% and accrued interest. **Proceeds**—For mining expenses. **Office**—608-610 Equitable Bldg., Denver, Colo. **Underwriter**—Columbia Securities Co., same city.

Coastal Chemical Corp., Yazoo, Miss.
March 22 filed 399,986 shares of class A common stock. **Price**—At par ($25 per share). **Proceeds**—Together with bank loans, to be used to construct and operate a fertilizer plant. **Underwriter**—None.

• **Colohoma Uranium, Inc. (5/21)**
Nov. 9 filed 2,500,000 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Office**—Montrose, Colo. **Underwriters**—General Investing Corp., New York; Shaiman & Co., Denver, Colo., and Honnold & Co., Oklahoma City, Okla.

Columbia General Investment Corp.
March 29 filed 100,000 shares of common stock (par $1) to be offered for subscription by stockholders only. **Price**—A maximum of $4.50 per share. **Proceeds**—To make additional investments, including stock of Columbia General Life Insurance Co. **Office** — Houston, Tex. **Underwriter**—None.

Commonwealth, Inc., Portland, Ore.
March 23 (letter of notification) 5,912 shares of 6% cumulative preferred stock to be offered to shareholders for a period of 30 days and then to others. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office**—Equitable Bldg., 421 S. W. 6th Ave., Portland 4, Ore. **Underwriter**—None.

Commonwealth Life Insurance Co., Tulsa, Okla.
March 28 filed 70,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—To be named.

★ **Consolidated Edison Co. of N. Y., Inc. (5/22)**
April 24 filed $30,000,000 of first and refunding mortgage bonds, series L, due May 1, 1966. **Proceeds**—To repay short-term bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected to be opened on or about May 22.

• **Container Corp. of America**
March 9 filed 115,276 shares of common stock (par $10) being offered in exchange for common stock of The Mengel Co. at the rate of one Container share for each two Mengel shares. The offer is to become effective when Container's holdings of Mengel stock has been increased to at least 90% of the Mengel stock outstanding. Statement effective March 30.

Continental American Fund, Inc., Jersey City, N. J.
March 30 filed 300,000 shares of capital stock (par $1). **Price**—At net asset value plus a premium of 5% of the offering price. **Proceeds**—For investment. **Underwriter**—Continental American Management Co., Inc., Jersey City, N. J.

Continental Equity Securities Corp.
March 28 filed 40,000 shares of class A common stock (par $5) and 80,000 shares of class B common stock (par 50 cents). **Price**—Of class A stock, $12.50 per share, and of class B stock, 50 cents per share. **Proceeds**—To increase capital and surplus. **Office**—Alexandria, La. **Underwriter**—None.

Copper Corp., Phoenix, Ariz.
Jan. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 175, Phoenix, Ariz. **Underwriter**—Keim & Co., Denver, Colo.

★ **Copperhouse Uranium, Inc., Reno, Nev.**
April 16 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—139 North Virginia St., Reno, Nev. **Underwriter**—Cappie L. Hannon, Las Vegas, Nev.

★ **Crampton Manufacturing Co.**
April 24 filed 137,14 shares of 6% cumulative convertible preferred stock (par $10), of which 125,000 shares are to be offered for subscription by holders of 5% convertible preferred stock and common stock on the basis of one new share for each three shares of 5% preferred stock held and one new share for each eight shares of common stock held. The remaining 12,805 shares of 6% preferred stock are to be offered in exchange for the 5% preferred stock on a share-for-share basis. **Price** — $10 per share. **Proceeds** — For working capital. **Underwriter**—Baker, Simonds & Co., Detroit, Mich.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

Cullen Minerals Corp. (Texas) (5/1)
March 30 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To repay bank loans, and for expansion and working capital. **Underwriter** — Lepow Securities Corp., New York.

Dennis Run Corp., Oil City, Pa.
Nov. 28 (letter of notification) 46,000 shares of common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To pay bank loans and debts; and for working capital. **Office**—40 National Transit Bldg., Oil City, Pa. **Underwriter**—Grover O'Neill & Co., New York.

Doctors Oil Corp., Carrollton, Tex.
Feb. 23 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to

pay off $13,590.80 liabilities. **Underwriter** — James C. McKeever & Associates, Oklahoma City, Okla.

Douglas Corp., Fort Collins, Colo.
March 26 (letter of notification) 2,997,800 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—155 North College Ave., Fort Collins, Colo. **Underwriter** — Columbia Securities Co., Denver 2, Colo.

Duke Power Co. (5/1)
March 30 filed $30,000,000 first and refunding mortgage bonds due 1986. **Proceeds**—For payment of short-term borrowings and for construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—To be received up to 11 a.m. (EDT) on May 1 at Room 1306, 48 Wall St., New York 5, N. Y.

Duke Power Co. (5/7)
March 30 filed 367,478 shares of common stock (no par) to be offered for subscription by common stockholders of record May 3, 1956 at the rate of one new share for each 25 shares held (with an oversubscription privilege); rights to expire on May 21, 1956. **Price**—$25 per share. **Proceeds**—For construction program. **Office**—Charlotte, N. C. **Underwriter**—None.

Eagle Fire Insurance Co.
Feb. 1 (letter of notification) 72,565 shares of common stock (par $1.25) being offered for subscription by stockholders on the basis of one share for each five shares held as of Feb. 27; rights to expire on April 27. **Price**—$3.60 per share. **Proceeds**—For working capital. **Office**—26 Journal Square, Jersey City 6, N. J. **Underwriter**—None.

NEW ISSUE CALENDAR

April 26 (Thursday)
Cincinnati Enquirer, Inc. .... Debentures
(Bids noon CST) $1,476,000
Hawaii (Territory of) .... Bonds
(Bids 10 a.m. EST) $7,500,000

April 27 (Friday)
First National Trust & Savings Bank, San Diego, Calif. .... Common
(Offering to stockholders—to be underwritten by Dean Witter & Co., Blyth & Co., Inc., William R. Staats & Co. and Dewar & Co.) $1,339,200
Nationwide Corp. .... Class A Common
(Lehman Brothers and J. C. Bradford & Co.) $15,200,000

April 30 (Monday)
Alexandria Steel Fabricators, Inc. .... Debentures
(Seaboard Securities Corp.) $250,000
Cherokee Uranium Mining Corp. .... Debentures
(Columbia Securities Co.) $180,000
Sierra Prefabricators, Inc. .... Common
(S. D. Fuller & Co.) $299,000
Western Electric Co., Inc. .... Common
(Offering to minority stockholders—no underwriting) $116,775

May 1 (Tuesday)
Cullen Minerals Corp. .... Common
(Lepow Securities Corp.) $300,000
Duke Power Co. .... Bonds
(Bids 11 a.m. EDT) $30,000,000
Eastern Corp. .... Debentures
(Offering to stockholders—to be underwritten by White, Weld & Co.) $4,090,200
El Paso Electric Co. .... Preferred
(Bids 11 a.m. EDT) $2,000,000
General Motors Corp. .... Common
(Morgan Stanley & Co.) 1,278,833 shares
Simca .... Common
(Offering to stockholders—no underwriting) 1,455,713 French shares

May 2 (Wednesday)
California Oregon Power Co. .... Preferred
(Blyth & Co., Inc. and The First Boston Corp.) $7,000,000
Edo Corp. .... Class A
(Paine, Webber, Jackson & Curtis) 160,000 shares
Jamaica Water Supply Co. .... Bonds
(Bids 11 a.m. EDT) $3,000,000
Jamaica Water Supply Co. .... Common
(Blyth & Co., Inc.) 28,000 shares
Pacific Finance Corp. .... Debentures
(Blyth & Co., Inc. and Hornblower & Weeks) $25,000,000
Western Maryland Ry. .... Equip. Trust Ctfs.
(Bids to be invited) $3,285,000

May 3 (Thursday)
Kaiser Aluminum & Chemical Co. .... Preference
(The First Boston Corp. and Dean Witter & Co.) $30,000,000

May 4 (Friday)
Sierra Pacific Power Co. .... Preferred
(Exchange offer—to be underwritten) $4,025,000

May 7 (Monday)
American Shopping Centers, Inc. .... Common
(Carl M. Loeb, Rhoades & Co.) 200,000 units
American Shopping Centers, Inc. .... Debentures
(Carl M. Loeb, Rhoades & Co.) $2,000,000
Duke Power Co. .... Common
(Offering to stockholders—no underwriter) 367,478 shares
Inter-County Tel. & Tel. Co. .... Common
(Central Republic Co., Inc.) 25,000 shares
Thyer Manufacturing Corp. .... Debentures & Com.
(P. W. Brooks & Co., Inc.) $765,000

May 8 (Tuesday)
California Oregon Power Co. .... Bonds
(Bids 8:30 a.m. PDT) $16,000,000
National Aviation Corp. .... Common
(Offering to stockholders—no underwriting) 139,523 shares
New York, Chicago & St. Louis RR. .... Equip. Tr. Ctfs.
(Bids to be invited) $4,650,000
Niagara Mohawk Power Corp. .... Bonds
(Bids 11 a.m. EDT) $30,000,000

May 9 (Wednesday)
National Fuel Gas Co. .... Common
(Offering to stockholders—no underwriting) 447,797 shares
Piedmont Natural Gas Co., Inc. .... Common
(Offering to stockholders—to be underwritten by White, Weld & Co.) 41,530 shares
Savannah Electric & Power Co. .... Bonds
(Bids 11 a.m. EDT) $4,500,000

May 10 (Thursday)
Lewisohn Copper Corp. .... Common
(George F. Breen) 100,000 shares

May 14 (Monday)
Ekco Products Co. .... Common
(Lehman Brothers and Shearson, Hammill & Co.) 50,000 shares

May 15 (Tuesday)
Dubl-Check Corp. .... Preferred & Common
(Talmage & Co.) $299,370
General Electric Co. .... Debentures
(Morgan Stanley & Co. and Goldman, Sachs & Co.) $300,000,000
Murphy Corp. .... Common
(Lehman Brothers and A. G. Becker & Co. Inc.) 250,000 shares
Pennsylvania Electric Co. .... Bonds
(Bids 11 a.m. EDT) $12,500,000
Pennsylvania Electric Co. .... Preferred
(Bids 11 a.m. EDT) $9,000,000

May 16 (Wednesday)
Erie RR. .... Equip. Trust Ctfs.
(Bids noon EDT) $6,225,000
Northern Illinois Gas Co. .... Bonds
(Bids 10 a.m. EDT) $15,000,000

May 18 (Friday)
First Railroad & Banking Co. of Ga. .... Common
(Offering to stockholders—to be underwritten by Johnson, Lane, Space & Co.) 159,561 shares
Monterey Oil Co. .... Common
(Offering to stockholders—to be underwritten by Lehman Brothers) 225,810 shares

May 21 (Monday)
Colohoma Uranium, Inc. .... Common
(General Investing Corp. and Shaiman & Co.) $1,000,000

May 22 (Tuesday)
Consol. Edison Co. of New York, Inc. .... Bonds
(Bids to be invited) $30,000,000

May 23 (Wednesday)
Florida Public Utilities Co. .... Common
(Starkweather & Co. and Clement A. Evans & Co., Inc.) 25,000 shares
Southern California Gas Co. .... Bonds
(Bids 8:30 a.m. PDT) $40,000,000

May 24 (Thursday)
Reading Co. .... Equip. Trust Ctfs.
(Bids to be invited) $6,600,000
Republic Cement Corp. .... Common
(Vickers Brothers) $9,650,000

June 5 (Tuesday)
Commonwealth Edison Co. .... Bonds
(Bids to be invited) $35,000,000 to $50,000,000

June 6 (Wednesday)
Braniff Airways, Inc. .... Common
(Offering to stockholders—to be underwritten by F. Eberstadt & Co.) 1,105,545 shares

June 7 (Thursday)
First Pennsylvania Banking & Trust Co. .... Common
(Offering to stockholders—to be underwritten by Drexel & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Smith, Barney & Co.) 202,800 shares
Indianapolis Power & Light Co. .... Bonds
(Bids to be invited) $10,000,000

June 20 (Wednesday)
United States Life Insurance Co. of New York .... Common
(Offering to stockholders—to be underwritten by William Blair & Co.; The First Boston Corp. and Carl M. Loeb, Rhoades & Co.) 100,000 shares

June 25 (Monday)
Boston Edison Co. .... Preferred
(Bids may be invited) $18,000,000

July 11 (Wednesday)
Florida Power Corp. .... Bonds
(Bids to be invited) $20,000,000

July 25 (Wednesday)
Consolidated Natural Gas Co. .... Debentures
(Bids to be invited) $30,000,000

September 11 (Tuesday)
Carolina Power & Light Co. .... Bonds
(Bids to be invited) $15,000,000

September 25 (Tuesday)
Virginia Electric & Power Co. .... Bonds
(Bids to be invited) $20,000,000

October 1 (Monday)
Tampa Electric Co. .... Bonds
(Bids to be invited) $10,000,000

October 2 (Tuesday)
Columbia Gas System, Inc. .... Debentures
(Bids to be invited) $30,000,000

Eastern Corp., Bangor, Me. (5/1)
April 9 filed $4,090,200 of convertible subordinated debentures due May 15, 1981, to be offered for subscription by common stockholders of record May 1, 1956, on the basis of $100 of debentures for each nine shares of common stock held; rights to expire on May 15. **Price**—At par (flat). **Proceeds** — Together with funds from sale of $10,000,000 of senior notes to institutional investors, to repay outstanding indebtedness, to construct a new bleached kraft pulp mill at a cost of $10,000,000, and to acquire an 80% interest in the capital stock of Ascot Chemical & Adhesives Corp. for $1,000,000. **Business**—Manufacturer and seller of paper and pulp. **Underwriter**—White, Weld & Co., New York.

● **Edo Corp. (5/2-3)**
April 2 filed 160,000 shares of class A stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To finance expanded production, to reduce indebtedness and for general corporate purposes. **Office**—College Point, L. I., N. Y. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

★ **Ekco Products Co. (5/14)**
April 23 filed 50,000 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To a private trust. **Underwriters** — Lehman Brothers and Shearson, Hammill & Co., both of New York.

El Paso Electric Co. (5/1)
April 10 filed 20,000 shares of cumulative preferred stock (no par). **Proceeds**—About $2,000,000—to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Blair & Co. Incorporated; Equitable Securities Corp.; Union Securities Corp.; Kidder, Peabody & Co., White, Weld & Co., and Shields & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 1 at 90 Broad St., New York, N. Y.

First Lewis Corp.
March 1 (letter of notification) 60,000 shares of 7% preferred stock. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Business** — General brokerage business. **Office** — 165 Broadway, New York, N. Y. **Underwriter**—Basic Industries Corp., 31 State St., Boston, Mass.

★ **First Railroad & Banking Co. of Georgia (5/18)**
April 19 filed 225,000 shares of class A common stock (par $1), of which 159,561 shares are to be offered for subscription by common stockholders on the basis of one class A share for each five shares of common stock held of record May 18, 1956. The remaining 65,439 shares are to be offered to a selected group of licensed general insurance agents in Georgia and South Carolina. **Price**—To be supplied by amendment. **Proceeds**—To purchase stock of First of Georgia Fire & Casualty Co. (to be formed) and for general corporate purposes. **Underwriter**—Johnson, Lane, Space & Co., Inc., Savannah, Ga., for 159,561 shares.

Florida Sun Life Insurance Co.
March 16 filed 32,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To expand company's business. **Office**—Fort Lauderdale, Fla. **Underwriter**—None. Offering will be made through James C. Dean, President of company.

★ **Fluor Corp., Ltd., Los Angeles, Calif.**
April 16 (letter of notification) 2,500 shares of capital stock (par $2.50). **Price**—To be determined at between $20 and $25 per share so as not to exceed an aggregate of $50,000. **Proceeds** — To a selling stockholder. **Office**—2500 South Atlantic Blvd., Los Angeles, Calif. **Underwriter**—Hill, Richards & Co., Los Angeles, Calif.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Frigikar Corp., Dallas, Tex.**
April 18 filed 104,500 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Southwestern Securities Co., Dallas, Tex., and Muir Investment Corp., San Antonio, Tex.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

● **General American Transportation Corp.**
April 6 filed $23,810,700 of 4% convertible subordinated debentures, due May 1, 1981, being offered for subscription by common stockholders of record April 25 on the basis of $100 of debentures for each 10 shares of stock held; rights to expire on May 9. **Price**—100% and accrued interest. **Proceeds**—For working capital. **Underwriter**—Kuhn, Loeb & Co., New York.

★ **General Electric Co. (5/15-16)**
April 25 filed $300,000,000 of sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for capital expenditures and working capital. **Underwriter** — Morgan Stanley & Co. and Goldman, Sachs & Co., both of New York.

General Motors Corp. (5/1)
April 11 filed 1,278,833 shares of common stock (par $1.66⅔). **Price**—To be supplied by amendment. **Proceeds**—To the Alfred P. Sloan Foundation, Inc., who is

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receiving these shares as the result of the death of Mrs. Alfred P. Sloan, Jr. **Underwriter**—Morgan Stanley & Co., New York.

● General Telephone Corp.
March 29 filed $50,854,200 of convertible debentures due May 1, 1971 being offered for subscription by common stockholders of record April 18, 1956, on the basis of $100 of debentures for each 23 shares of common stock held; rights to expire on May 7, 1956. **Price**—100% of principal amount. **Proceeds**—To purchase securities of subsidiaries and for general corporate purposes. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif.

General Uranium Corp. (N. J.), New York
Jan. 13 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

Golden Dawn Uranium Corp., Buena Vista, Colo.
Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — Bel-Air Securities Co., Provo, Utah.

● Griggs Equipment, Inc., Dallas, Texas
April 12 filed 400,000 shares of common stock (par 50¢). **Price** — $5.75 per share. **Proceeds** — For purchase of Griggs Equipment Co. capital stock for $1,924,565, and for working capital. **Business** — Public seating equipment. **Underwriter** — Southwestern Securities Co., Dallas, Texas.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

★ Hawker Siddeley Group, Ltd. (England)
April 23 filed 60,000 American depositary receipts ($250,000) for ordinary registered shares.

Hill & Hill 1956 Oil Exploration Capital Fund
March 13 filed $450,000 of participations in this Fund to be offered for public sale in minimum units of $15,000. **Proceeds**—For payment of various property and exploratory well costs and expenses. **Business**—George P. Hill and Houston Hill are engaged in exploration for and production of oil and gas as a joint venture. **Office**—Fort Worth, Tex. **Underwriters** — William D. McCabe and E. S. Emerson, South Texas Bldg., San Antonio, Tex.

Holden Mining Co., Winterhaven, Calif.
April 13 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address** — P. O. Box 308, Winterhaven, Calif. **Underwriter**—Arthur B. Hogan, Inc., Hollywood, Calif.

Hometrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — To expand operations of subsidiary and increase investment therein. **Underwriter**—None.

Honey Dew Food Markets, Inc.
March 12 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To open or acquire additional super markets and for working capital. **Office**—811 Grange Road, Teaneck, N. J. **Underwriter**—Brown, Barton & Engel, Newark, N. J.

★ Hyde Park Cooperative Society, Inc., Chicago, Ill.
April 19 (letter of notification) 1,531 shares of common stock. **Price**—At par ($10 per share). **Office**—5535 South Harper Ave., Chicago 37, Ill. **Underwriter**—None. This is an offering of rescission.

Idaho-Alta Metals Corp.
March 7 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development expenses. **Underwriter** — Fenner Corp. (formerly Fenner-Streitman & Co.), New York.

Industrial Dynamics Corp., Wilmington, Del.
April 3 (letter of notification) 150,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter** — World Wide Investors Corp., Hoboken, N. J.

Industrial Minerals Development Corp.
March 7 (letter of notification) 1,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds**—For development and working capital. **Office**—Moab, Utah. **Underwriter**—I. J. Schenin Co., New York.

Installment Finance Co., Champaign, Ill.
April 9 (letter of notification) $100,000 of 5½% senior subordinated debentures and $50,000 of 6½% junior subordinated debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For additional operating funds, expansion of business and to transfer short term indebtedness to long term. **Office**—74 East University Ave., Champaign, Ill. **Underwriter**—Hurd, Clegg & Co., Champaign, Ill.

Insulated Circuits, Inc., Belleville, N. J.
Nov. 10 filed 100,000 shares of 6% convertible preferred stock (cumulative if and to the extent earned). **Price**—At par ($5 per share). **Proceeds**—For general corporate purposes. **Underwriter**—Alexander Watt & Co., Inc., has withdrawn as underwriter; new one to be named.

● Inter-County Telephone & Telegraph Co. (5/7-11)
April 16 filed 25,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Office**—Fort Myers, Fla. **Underwriter** — Central Republic Co., Inc., Chicago, Ill.

International Atomic Devices Corp.
Feb. 21 (letter of notification) 59,900 shares of common stock (par $2). **Price** — $5 per share. **Proceeds** — For working capital and general corporate purposes. **Business**—Manufacture of Educational Atomic Kits. **Office**—18 North Willow St., Trenton 8, N. J. **Underwriter**—Louis R. Dreyling & Co., Jamesburg, N. J.

International Basic Metals, Inc.
Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office**—155 West South Temple St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Metals Corp.
Oct. 4 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance exploration and development of mining properties of Recursos Mineros Mexicanos, S. A., Mexican subsidiary, and to discharge note. **Office** — Houston, Tex. **Underwriter**—Gearhart & Otis, Inc., New York.

International Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5, N. Y. **Underwriter**—Kamen & Co., New York.

★ Interstate Oil & Development Co., Reno, Nev.
April 17 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For oil development expenses. **Office**—139 North Virginia St., Reno, Nev. **Underwriter**—None.

★ Iowa Power & Light Co.
April 25 filed $7,500,000 first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Union Securities Corp. and Blair & Co. Incorporated (jointly); Blyth & Co., Inc.; Lehman Brothers; Kuhn, Loeb & Co.

★ Iowa Power & Light Co. (5/23)
April 25 filed 249,558 shares of common stock (par $10) of which 226,871 shares are to be offered for subscription by common stockholders on the basis of one new share for each eight shares held as of record May 23, 1956. The balance of 22,687 shares represent stock which may be acquired in stabilizing transactions. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders may include Smith, Barney & Co., New York.

"Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp., New York.

● Jamaica Water Supply Co. (5/2)
April 3 filed 28,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans incurred to finance construction, and to defray part of the cost of future construction. **Underwriter**—Blyth & Co., Inc., New York.

Jamaica Water Supply Co. (5/2)
April 3 filed $3,000,000 of first mortgage bonds, series F, due 1981. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids** — To be received up to 11 a.m. (EDT) on May 2 at the New York Trust Co., 100 Broadway, New York, N. Y.

★ Johns-Manville Corp.
April 23 filed 250,000 shares of common stock (par $5) to be offered to certain employees of the company and its subsidiaries pursuant to an incentive stock option plan approved by stockholders of the company.

Kaiser Aluminum & Chemical Co. (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. **Underwriters** — The First Boston Corp., New York, and Dean Witter & Co., San Francisco, Calif.

Kassel Base Metals, Inc.
Feb. 6 (letter of notification) 120,000 shares of capital stock (par 10 cents), of which 20,000 shares are being sold by Burt Hamilton Co. and 100,000 shares by Kassel company. **Price**—$2.25 per share. **Proceeds**—For mining expenses. **Office**—1019 Adolphus Tower Bldg., Dallas, Texas. **Underwriter**—First Western Corp., Denver, Colorado.

★ Laude-Mason Properties, Inc., Normandy, Mo.
April 20 (letter of notification) $300,000 second mortgage bonds. **Price**—$500 each. **Proceeds**—To reduce indebtedness and purchase properties. **Office** — 8001 Natural Bridge Rd., Normandy 21, St. Louis County, Mo. **Underwriter**—None.

Lester Engineering Co., Cleveland, Ohio
Feb. 24 (letter of notification) 37,500 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1956 on the basis of one new share for each 4¼ shares held. Of the unsubscribed portion, up to 7,500 shares are to be offered to employees. **Price**—$8 per share. **Proceeds** — For general corporate purposes. **Office**—2711 Church Ave., Cleveland, Ohio. **Underwriter**—None.

● Lewisohn Copper Corp. (5/10)
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York.

● Long Island Lighting Co.
April 5 filed 120,000 shares of cumulative preferred stock, series G (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York. **Offering** — Postponed because of present unsatisfactory market conditions.

★ M. & D. Display Mfg. Corp., Alhambra, Calif.
April 20 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For plant construction; machinery and equipment; to retire existing indebtedness; and for other corporate purposes. **Underwriters** — Bateman, Eichler & Co., Los Angeles, Calif; and Dempsey-Tegeler & Co., St. Louis, Mo.

Manati Sugar Co.
March 5 filed $2,184,300 of 6% collateral trust bonds due 1965 being offered in exchange for presently outstanding 4% bonds maturing Feb. 1, 1957 on a par-for-par basis. Unexchanged bonds may be sold by company at approximately the principal amount thereof plus interest. The offer will expire on April 27. **Proceeds**—To retire old bonds.

Manville Oil & Uranium Co., Inc., Douglas, Wyo.
Feb. 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—308 East Center St., Douglas, Wyo. **Underwriter**—Colorado Investment Co., Denver, Colo.

Mayfair Markets, Los Angeles, Calif.
March 8 (letter of notification) 5,000 shares of $3 cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Merchandising, Inc., Tampa, Fla.
March 23 (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—Expenses for expansion of vending machine operations. **Office**—107 South Willow, Tampa, Fla. **Underwriters** — Louis C. McClure & Co., Tampa, Fla., and French & Crawford, Inc., Atlanta, Ga.

Mesa Oil & Gas Ventures, Inc.
March 29 (letter of notification) 900,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For expenses incident to oil and gas properties. **Office**—421 Glenwood Ave., Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Midland General Hospital, Inc., Bronx, N. Y.
Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of $6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, $2,700,000. **Price** — $100 per share. **Proceeds** — For construction, working capital, reserve, etc. **Underwriter**—None.

Mineral Projects-Venture C, Ltd., Madison, N. J.
Feb. 7 filed $4,000,000 of participations in capital as limited partnership interests in the venture to be sold in minimum units of $25,000. **Proceeds**—For expenses incidental to oil exploration program. **Underwriter**—Mineral Projects Co., Ltd., on "best efforts basis."

★ Miner's Mining, Inc., Everett, Wash.
April 16 (letter of notification) 1,000,000 shares of common stock (par 25 cents). **Price**—30 cents per share. **Proceeds**—For mining expenses. **Office**—205 Colby St. Bldg., Everett, Wash. **Underwriter**—None.

Mohawk Business Machines Corp.
March 30 (letter of notification) 167,000 shares of common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay accounts payable and for working capital. **Office**—944 Halsey Street, Brooklyn 33, N. Y. **Underwriter**—None.

Mohawk Silica Co., Cincinnati, Ohio
March 23 (letter of notification) 3,000 shares of 8% cumulative convertible preferred stock (par $50) and 3,000 shares of common stock (no par) to be offered in units of one share of preferred and one share of common. **Price** — $60 per unit. **Proceeds** — For mining expenses and processing silica. **Office**—2508 Auburn Ave., Cincinnati, Ohio. **Underwriter**—None.

★ Monterey Oil Co., Los Angeles, Calif. (5/18)
April 25 filed 225,810 shares of common stock (par $1) to be offered to common stockholders of record about May 18, 1956, at the rate of one new share for each seven shares held; offering to extend for a period of approximately two weeks. **Price**—To be supplied by amendment. **Proceeds**—To carry on a program of offshore oil exploration with The Texas Co. along the southern California coastline. **Underwriter** — Lehman Brothers, New York.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Pro-**

ceeds—For mining expenses. Office—223 Phillips Petroleum Bldg., Salt Lake City, Utah. Underwriter—Frontier Investment, Inc., Las Vegas, Nev.

Mountain Top Mining & Milling Co., Denver, Colo.
March 20 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—For mining expenses. Office—406 C. A. Johnson Bldg., Denver, Colo. Underwriter—Columbia Securities Co., Denver 2, Colo.

★ Murphy Corp., El Dorado, Ark. (5/15-16)
April 25 filed 250,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds — For exploration and development expenses and for other corporate purposes. Business—Crude oil and natural gas; also liquified petroleum products. Underwriters — Lehman Brothers, New York; and A. G. Becker & Co. Inc., Chicago, Ill.

Mutual Investors Corp. of New York
March 21 (letter of notification) 295,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For working capital. Business—To purchase and resell mortgages and properties. Office—550 Fifth Ave., New York, N. Y. Underwriter—Stuart Securities Corp., New York.

National Aviation Corp. (5/8)
April 17 filed 139,523 shares of capital stock (par $5) to be offered for subscription by stockholders of record on or about May 8, 1956, on the basis of one new share for each four shares held (with an oversubscription privilege); rights to expire on or about May 22, 1956. Price—To be supplied by amendment. Proceeds—For investment. Underwriter—None.

National Fuel Gas Co. (5/9)
March 28 filed 447,797 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 8, 1956, on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on May 25. Price—To be supplied by amendment. Proceeds—To be used to purchase common stock, or for loans to the operating subsidiaries; and for other corporate purposes. Underwriter—None.

National Lithium Corp., Denver, Colo.
Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For mining expenses. Office — 556 Denver Club Bldg., Denver, Colo. Underwriter — Investment Service Co., same city.

National Metallizing Corp.
March 5 (letter of notification) 24,000 shares of Class A stock (par $1) and 40,000 shares of Class B stock (par $1) to be offered for subscription by Class A and Class B stockholders of record Feb. 1, 1956 on a 1-for-4 basis. Price—$2 per share. Proceeds—For vacuum metallizing, conditioning, slitting and inspection machinery. Office—1145-19th St., N. W., Washington, D. C. Underwriter—None.

★ National Motel Credit Corp., Kansas City, Mo.
April 18 (letter of notification) 34,650 shares of common stock (no par). Price—$5 per share. Proceeds—For working capital, construction of motels, etc. Office—715 Lathrop Bldg., Kansas City 6, Mo. Underwriter—None.

National Old Line Insurance Co.
Nov. 15 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). Price—To be supplied by amendment. Proceeds — To selling stockholders. Office — Little Rock, Ark. Underwriter—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. Offering—Indefinitely postponed.

● Nationwide Corp., Columbus, Ohio (4/27-30)
March 29 filed 800,000 shares of class A common stock (par $5). Price—To be supplied by amendment (expected at around $19 per share). Proceeds—For investments. Business—To hold interests in other companies, engaged in the field of insurance. Underwriters—Lehman Brothers, New York, and J. C. Bradford & Co., Nashville, Tenn.

★ Nemaha Oil Co., Dallas, Texas
April 11 (letter of notification) 200,000 shares of common stock (par $1). Price—$1.50 per share. Proceeds—For exploration and development costs and to retire outstanding indebtedness. Underwriter—Whitney-Phoenix Co., Inc., New York.

New England Electric System
March 19 filed 834,976 shares of common stock (par $1) being offered for subscription by common stockholders of record April 18, 1956, on the basis of one share for each 12 shares held; rights to expire on May 3. Unsubscribed shares to be offered for subscription by employees up to and including April 30, 1956. Price—$16 per share. Proceeds—To further construction plans of subsidiaries, either through loans to the subsidiaries or purchases of additional shares of their capital stock, any balance to be used for general corporate purposes of company. ~~Underwriters—Carl M.~~ Loeb, Rhoades & Co., Ladenburg, Thalmann & Co., and Wertheim & Co. (jointly) submitted the best bid on April 18 for the stand-by underwriting.

~~Niagara Mohawk Power Corp.~~ (5/8)
April 16 filed $30,000,000 of general mortgage bonds due May 1, 1986. Proceeds—To repay bank loans. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; The First Boston Corp. Bids—Expected to be received up to 11 a.m. (EDT) on May 8.

Nicholson (W. H.) & Co., Wilkes-Barre, Pa.
Jan. 16 filed 20,000 shares of common stock (par $5). Price—$25 per share. Proceeds — For working capital. Underwriter—None. A. E. Nicholson Jr. of Kingston, Pa. is President.

North Star Uranium, Inc., Spokane, Wash.
March 15 (letter of notification) 1,500,000 shares of common stock (par 10 cents). Price—15 cents per share. Proceeds—For mining expenses. Office—W. 408 Indiana Avenue, Spokane, Wash. Underwriter—Pennaluna & Co., Spokane, Wash.

Northern Illinois Gas Co. (5/16)
April 18 filed $15,000,000 of first mortgage bonds due April 1, 1981. Proceeds—For new construction and general corporate purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp.; Blyth & Co., Inc. Bids — Expected to be received up to 10 a.m. (EDT) on May 16.

Nucleonics, Chemistry & Electronics Shares, Inc.
Feb. 17 filed 400,000 shares of capital stock (par $1). Price—To be supplied by amendment (expected at $10 per share). Proceeds — For investment. Office—Englewood, N. J. Underwriter — Lee Higginson Corp., New York. Name Changed—From Atomic, Chemical & Electronic Shares, Inc.

Old National Insurance Co., Houston, Tex.
March 29 filed 48,108 shares of capital stock (no par) to be offered for subscription by stockholders on the basis of one new share for each nine shares held (with an oversubscription privilege). Price — To be supplied by amendment. Proceeds — To purchase life insurance in force and assets from other life insurance companies. Subscription Agent — Old Southern Trust Co., Houston, Tex. Underwriter—None.

★ Olin Mathieson Chemical Corp.
April 19 filed 809,492 shares of common stock (par $5), of which 746,665 shares are to be offered under the Restricted Stock Option Plan for Key Employees of the company and its subsidiaries, including options granted thereunder, and 62,827 shares are to be issued under outstanding options granted pursuant to the Restricted Stock Option Plan.

● Olympic Radio & Television, Inc.
March 28 filed $1,400,000 of convertible subordinated debentures due 1966. Price—To be supplied by amendment. Proceeds—To retire a $750,000 note and for working capital. Office—Long Island City, N. Y. Underwriters—Bache & Co., New York; and First California Co., San Francisco, Calif. Offering — Expected today (April 26).

★ Orchard Paper Co., St. Louis, Mo.
April 16 (letter of notification) 185 shares of class A common stock (par $100). Price—$270 per share. Proceeds—For working capital. Office—3914 N. Union Blvd., St. Louis 15, Mo. Underwriter—None.

Oswego Falls Corp., Fulton, N. Y.
March 27 filed $5,001,100 of 4¼% subordinated debentures due April 1, 1976 convertible to and including April 1, 1966, being offered for subscription by common stockholders of record as of April 13, 1956 on the basis of $100 of debentures for each 13 shares of common stock held; rights to expire on April 28. Price—101¾% of principal amount. Proceeds — For expansion and equipment and $1,700,000 to redeem outstanding 4½% cumulative preferred stock. Underwriter—Hornblower & Weeks, New York.

● Pacific Finance Corp. (Calif.) (5/1)
April 10 filed $25,000,000 of debentures due 1971. Price—To be supplied by amendment. Proceeds—For reduction of short-term bank loans. Underwriters—Blyth & Co., Inc. and Hornblower & Weeks.

Peabody Coal Co., Chicago, Ill.
Feb. 27 filed 210,823 shares of common stock being offered for subscription by stockholders of record Jan. 30, 1956 on the basis of nine additional shares of common stock for each 100 common shares held and nine new shares of common stock for each 40 shares of preferred stock held. This offer will not be made to holders of the 6,492,164 shares of common stock issued for the acquisition of the Sinclair properties under an offer of June 28, 1955. The warrants will expire on Dec. 31, 1957. Price—At par ($5 per share). Proceeds—For working capital and general corporate purposes. Underwriter—None. Statement effective March 27.

★ Pennsylvania Electric Co. (5/15)
April 18 filed $25,000,000 of first mortgage bonds due 1986 (reduced on April 19 by amendment to $12,500,000). Proceeds—To redeem $12,500,000 of 4⅛% first mortgage bonds due 1983 and to repay bank loans. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co. Bids—Expected to be received up to 11 a.m. (EDT) on May 15.

★ Pennsylvania Electric Co. (5/15)
April 18 filed 90,000 shares of cumulative preferred stock, series G (par $100). Proceeds — To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc. Bids — Expected to be received up to 11 a.m. (EDT) on May 15.

Petroleum Equipment Service & Maintenance Co.
March 23 (letter of notification) 35,000 shares of class B common stock (par 50 cents). Price—$3.25 per share. Proceeds—For inventory, equipment and working capital. Office—Allentown, Pa. Underwriter — Osborne & Thurlow, New York, N. Y., for 20,000 shares.

● Piedmont Natural Gas Co., Inc. (5/9)
April 12 filed 41,530 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each ten shares held as of about May 9; rights to expire on May 23. Price—To be supplied by amendment. Proceeds — Together with funds from private sale of $2,000,000 of first mortgage bonds, for construction program. Underwriter—White, Weld & Co., New York.

Pinellas Industries, Inc., St. Petersburg, Fla.
Feb. 16 (letter of notification) 8,000 shares of class A common stock (par $1). Price—At the market (maximum $6). Proceeds—For working capital. Office—34th St. & 22nd Ave., North, St. Petersburg, Fla. Underwriter—Eisele & King, Libaire, Stout & Co., New York.

Pioneer Telephone Co., Waconia, Minn.
March 27 (letter of notification) 3,000 shares of 5% cumulative preferred stock, series E. Price—At par ($100 per share). Proceeds—For additions and improvements. Office—Waconia, Minn. Underwriters—M. H. Bishop & Co., and Johnson-McKendrick & Co., both of Minneapolis, Minn.

● Pipelife Corp., Tulsa, Okla.
Nov. 29 filed 115,000 shares of common stock (par $1). Price—$4 per share. Proceeds—To pay current accounts and notes payable; for research and development; and general corporate purposes. Underwriter — North American Securities Co., Tulsa, Okla. Statement to be withdrawn.

Power-Freeze, Inc., Atlanta, Ga.
March 28 (letter of notification) 3,300 shares of common stock (no par). Price—$15 per share. Proceeds—To reduce outstanding obligations and for inventory and working capital. Underwriter—Franklin Securities Co., Atlanta, Ga.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). Price—Five cents per share. Proceeds—For mining expenses. Underwriter—Skyline Securities, Inc., Denver 2, Colo.

Pulaski Veneer & Furniture Corp.
March 28 filed 170,000 shares of common stock (par $5). Price—$5.75 per share. Proceeds — To repay bank loans and for machinery and equipment and working capital. Office — Pulaski, Va. Underwriters — Scott, Horner & Mason, Inc., Lynchburg, Va., and Galleher & Co., Inc., Richmond, Va.

Quo Vadis Mines, Inc., Las Vegas, Nev.
March 8 (letter of notification) 300,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For mining expenses. Office—Viener-Jones Bldg., 230 S. 5th St., Las Vegas, Nev. Underwriter — First Jersey Securities Corp., Newark, N. J.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Office—573 Mill St., Reno, Nev. Underwriter—Utility Investments, Inc., Reno, Nev.

Rapp (Fred P.), Inc., St. Louis, Mo.
March 2 filed 150,000 shares of 5½% cumulative preferred stock (par $10). Price—To be supplied by amendment. Proceeds—To repay bank loans incurred by company to redeem and cancel all of the issued and outstanding shares of 4% and 7% preferred stock; and for expansion program. Underwriter—Edward D. Jones & Co., St. Louis, Mo. Statement may be withdrawn as company may be acquired by ACF-Wrigley Stores, Inc.

● Redlands Oil Co., Ltd.
Jan. 23 filed $1,000,000 of partnership interests to be offered in minimum amounts of $25,000. Proceeds—To acquire leases for drilling for oil and gas and for development costs. Underwriter — Name to be supplied by amendment. Statement withdrawn March 20.

Reno Hacienda, Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. Price—At par ($1 per share). Proceeds—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. Underwriter—Wilson & Bayley Investment Co.

★ Republic Cement Corp., Prescott, Ariz. (5/24)
April 20 filed 965,000 shares of capital stock. Price—$10 per share. Proceeds—For construction of plant, working capital and general corporate purposes. Underwriter—Vickers Brothers, New York.

★ St. Anthony Mining Co., Phoenix, Ariz.
April 18 (letter of notification) 100,000 shares of common stock (par $1). Price—$2 per share. Proceeds—For mining expenses. Underwriter—None.

St. Regis Paper Co.
Feb. 21 filed 540,000 shares of common stock (par $5) being offered in exchange for outstanding common stock of Rhinelander Paper Co. on a share-for-share basis. The offer will be declared effective if 90% of Rhinelander common stock is deposited for exchange; and may be declared effective if a lesser amount, but not less than 80% of said shares, are so deposited. This offer will expire on May 16. Dealer-Manager—White, Weld & Co., New York, and A. G. Becker & Co., Inc.

Savannah Electric & Power Co. (5/9)
April 12 filed $4,500,000 of first mortgage bonds due 1986. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Blair & Co. Incorporated. Bids—Expected to be received up to 11 a.m. (EDT) on May 9 at 90 Broad St., New York, N. Y.

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Sayre & Fisher Brick Co.
Sept. 30 filed 325,000 snares of capital stock (par $1) later amended to cover 234,641 shares now being offered for subscription by stockholders of record April 13, 1956 at the rate of one new share for each two shares held (with an oversubscription privilege); rights to expire on May 7. **Price**—$5 per share. **Proceeds**—For prepayment of outstanding 4½% sinking fund bonds due 1960; balance for general corporate purposes, including additions and improvements and working capital. **Underwriter**—None. **Warrant Agent**—The Hanover Bank, New York City.

Schwartz Carbonic Co., El Paso, Texas
Feb. 27 (letter of notification) 30,700 shares of common stock to be offered for subscription by stockholders on basis of 0.6158 new share for each common share held. **Price**—$7.50 per share. **Proceeds**—For expenses incident to manufacturing and sales of carbon dioxide. **Office**—1600 East Eleventh St., El Paso, Tex. **Underwriter**—None.

Shangrila Uranium Corp.
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Underwriter**—Western States Investment Co., Tulsa, Okla.

● **Sierra Pacific Power Co. (5/4)**
April 12 filed 80,500 shares of preferred stock, series A (par $50) to be offered in exchange for the outstanding 35,000 shares of 6% preferred stock on the basis of 2.3 shares of new preferred for each share of old preferred. **Price**—To be supplied by amendment. **Proceeds**—To redeem old preferred stock or to retire bank loans. **Underwriters**—Names to be supplied by amendment. Stone & Webster Securities Corp., New York, N. Y. and Dean Witter & Co., San Francisco, Calif., underwrote last equity financing. Exchange offer expected May 4 to expire on May 24.

Sierra Prefabricators, Inc. (Calif.) (4/30)
March 12 (letter of notification) 149,500 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—S. D. Fuller & Co., New York.

Simca, Paris, France (5/1)
March 29 filed (1) such number of American shares as may be issued (on a basis of two American shares for each underlying capital share) in respect of 1,455,713 capital shares of Simca and (2) the 1,455,713 capital shares. These securities are being offered to the holders of presently outstanding capital shares, including holders of American shares representing capital shares, at the rate of one additional capital share for each capital share (or one additional American share for each American share) held on April 30, 1956, together with certain additional subscription privileges. The subscription price will be 5,500 francs (approximately $15.71) per capital share and approximately $7.86 per American share. Subscription rights of holders of capital shares will expire at the close of business in Paris on June 6, 1956, whereas warrants evidencing subscription rights of holders of American shares will expire on May 31, 1956. The subscription is to be handled by a group of French subscription agents. **Proceeds**—To finance a program of expansion and improvement. **Business**—Simca is engaged in the production and sale of passenger automobiles, trucks, tractors and other products in France. **Depositary**—For American shares: City Bank Farmers Trust Co., New York.

Skiatron Electronics & Television Corp.
March 16 filed 470,000 shares of common stock (par 10 cents). **Price** — At the market. **Proceeds** — To selling stockholders. **Underwriter**—None.

Sonoma Quicksilver Mines, Inc.
April 9 (letter of notification) 640,000 shares of capital stock (par 10 cents) to be offered for subscription by stockholders. **Price**—45 cents per share. **Proceeds**—For mining expenses. **Office**—41 Sutter St., San Francisco, Calif. **Underwriter**—None.

★ **Southern California Gas Co. (5/23)**
April 23 filed $40,000,000 of first mortgage bonds, series B, due 1981. **Proceeds**—To repay short-term indebtedness owing to parent, Pacific Lighting Corp.; and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers, White, Weld & Co. and Union Securities Corp. (jointly). **Bids**—Expected to be received up to 8:30 a.m. (PDT) on May 23.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—For expenses incident to development of oil and gas properties. **Office**—801 Washington Bldg., Washington, D. C. **Underwriter**—None.

★ **Stanley Works, New Britain, Conn.**
April 18 (letter of notification) an undetermined number of shares of common stock (par $25). **Proceeds**—For working capital. **Office**—195 Lake St., New Britain, Conn. **Underwriter**—None.

Strategic Metals, Inc., Tungstonia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co., Salt Lake City, Utah.

● **Stubnitz Greene Corp., Adrian, Mich.**
March 29 filed $1,000,000 of 5½% sinking fund subordinated debentures due 1966 (with warrants to purchase 60,000 shares of common stock) and 100,000 shares of 60-cent cumulative preferred stock (par $5) being offered for subscription by common stockholders of record March 26 in units of $250 of debentures (with warrants attached to purchase 15 shares of common stock at $8 per share) and 25 shares of preferred stock for each 100 shares of common stock presently held; rights to expire on May 9. **Price** — $418.75 per unit. **Proceeds**—For expansion and working capital. **Office**—404 Logan Street, Adrian, Mich. **Underwriter**—Golkin & Co., New York. Statement effective April 24.

Suburban Land Developers, Inc., Spokane, Wash.
Feb. 2 (letter of notification) 920 shares of 6% cumulative non-voting preferred stock ($100 per share) and 2,160 shares of common stock (par $10). **Price**—Of preferred, $100 per share; and of common, $15 per share. **Proceeds**—For improvements and working capital. **Office**—909 West Sprague Ave., Spokane, Wash. **Underwriter**—W. T. Anderson & Co., Inc., Spokane, Wash.

★ **Sun Oil Co., Philadelphia, Pa.**
April 18 filed 14,000 memberships in the Stock Purchase Plan for the Employees of this company and its subsidiaries, together with 162,000 shares of common stock, being the maximum estimated number of shares which may be purchased by the trustees of the plan under the 1956 plan.
April 18 filed 229,300 shares of common stock. **Price**—At the market. **Proceeds**—To selling stockholders. **Underwriter**—None.

Superior Uranium Co., Denver, Colo.
Nov. 9 (letter of notification) 29,600,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—608 California Bldg., Denver, Colo. **Underwriter**—Securities, Inc., P. O. Box 127, Arvada, Colo.

Target Uranium Corp., Spokane, Wash.
March 1 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office** — 422 Paulsen Bldg., Spokane, Wash. **Underwriters**—Percy Dale Lanphere and Kenneth Miller Howser, both of Spokane, Wash.

Taylor Petroleum Corp., Norman, Okla.
Feb. 1 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital, drilling and completion of additional wells, possible acquisition of interests in additional oil and gas leases and exploration for oil and gas. **Underwriter**—Hayden, Stone & Co., New York.

Texas Eastern Transmission Corp.
Nov. 30 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Toward redemption of presently outstanding 190,000 shares of 5.50% first preferred stock. **Underwriter**—Dillon, Read & Co., Inc., New York. **Offering**—Temporarily postponed.

Texize Chemicals, Inc., Greenville, S. C.
March 19 filed $742,800 of 5% subordinated convertible debentures due April 1, 1971, to be offered for subscription by common stockholders on the basis of $100 of debentures for each seven shares of common stock held; (for a 14-day standby). **Price**—$98.50 per $100 debenture, plus accrued interest, to stockholders; and at par to public. **Proceeds** — For capital expenditures and working capital. **Underwriters** — Edgar M. Norris and Alester G. Furman Co., both of Greenville, S. C., and seven other firms.

Tex-Star Oil & Gas Corp., Dallas, Texas
Jan. 20 (letter of notification) 99,990 shares of common stock (par $1). **Price** — $3 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—Meadows Building, Dallas, Texas. **Underwriter** — Thomas F. Neblett, Los Angeles, Calif.

● **Thyer Manufacturing Corp. (5/7-8)**
April 13 filed $600,000 of 6% sinking fund debentures due 1976 (with warrants attached) and 40,000 shares of capital stock (par $1). **Price**—For debentures, 100% and accrued interest; and for stock, $4.12½ per share. **Proceeds**—For working capital in connection with increased business. **Business**—Manufactures and sells prefabricated homes. **Office** — Toledo, Ohio. **Underwriter** — P. W. Brooks & Co., Inc., New York.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

TranSouth Life Insurance Co., Columbia, S. C.
Feb. 21 filed 941,250 shares of class A non-voting common stock (par $1) and 10,270 shares of class B voting common stock (par $1) of which 100,000 class A and all of the class B shares are to be reserved on exercise of options to be granted to employees and directors of the company. Class A shares are to be offered in units of four shares each, and at $8 per unit, under a condition that each purchaser donate one share out of every four shares purchased to TranSouth Educational Foundation, Inc. **Proceeds**—To finance its business as a life insurance company. **Underwriter**—None. J. R. Hoile is President-Treasurer; and G. F. Kennedy is Secretary. Statement effective April 18.

Transportation Vendors, Inc.
March 23 (letter of notification) 299,750 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — To pay indebtedness, and for expansion and working capital. **Business**—Vending machines. **Office**—60 Park Place, Newark, N. J. **Underwriter** — Midland Securities, Inc., New York, N. Y.

Tunacraft, Inc., Kansas City, Mo.
Jan. 17 (letter of notification) $250,000 of 6% 12-year registered subordinated sinking fund debenture notes due Jan. 1, 1968. **Price**—At par. **Proceeds**—To reduce outstanding secured obligations. **Underwriter**—McDonald, Evans & Co., Kansas City, Mo.

Union of Texas Oil Co., Houston, Texas
Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office** — San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas.

★ **United Pacific Mining Corp., Eugene, Ore.**
April 16 (letter of notification) 5,700,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—68 West 10th St., Eugene, Ore. **Underwriter**—None.

U. S. Automatic Machinery & Chemical Corp.
Nov. 4 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Office**—8620 Montgomery Ave., Philadelphia, Pa. **Underwriter**—Columbia Securities Corp., 135 Broadway, New York.

U. S. Fiberglass Industrial Plastics, Inc.
March 19 (letter of notification) 150,000 shares of convertible preferred stock (par $1) and 30,000 shares of common stock (par 10 cents) to be offered in units of five shares of preferred stock and one share of common stock first to stockholders. **Price**—To stockholders, $9 per unit; and to public, $10 per unit. **Proceeds**—For capital improvements and general corporate purposes. **Office**—Norwood, N. J. **Underwriter**—None.

★ **Uranium Cycle Mining & Development Co.**
April 17 (letter of notification) 16,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—4933 Elm Court, Denver, Colo. **Underwriter**—None.

Uranium Exploration Co., Salt Lake City, Utah
Feb. 13 (letter of notification) 77,875 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—538 East 21st South St., Salt Lake City, Utah. **Underwriter** — Pioneer Investments, Salt Lake City, Utah.

Utco Uranium Corp., Denver, Colo.
Jan. 30 (letter of notification) 200,000 shares of common stock, which are covered by an option held by the underwriter. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—310 First National Bank Bldg., Denver, Colo. **Underwriter** — Amos C. Sudler & Co., same city.

Vance Industries, Inc., Evanston, Ill.
Jan. 24 (letter of notification) 7,000 shares of common stock (par one cent). **Price**—$7 per share. **Proceeds**—To selling stockholders. **Office** — 2108 Jackson Ave., Evanston, Ill. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

★ **Value Line Special Situations Fund, Inc. (N. Y.)**
April 18 filed 2,000,000 shares of capital stock (par 10 cents). **Price**—At market. **Proceeds** — For investment. **Underwriter**—Value Line Distributors, Inc., New York.

★ **Wellington Fund, Inc., Claymont, Del.**
April 18 filed 5,000,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

Western Electric Co., Inc. (4/30)
April 13 (letter of notification) 2,595 shares of common stock (no par) to be offered for subscription by minority stockholders of record April 10, 1956 at the rate of one new share for each nine shares held; rights to expire on May 31, 1956. An additional 1,409,071 shares are to be sold to American Telephone & Telegraph Co., owner of 99.82% of the outstanding voting stock. **Price**—$45 per share. **Proceeds**—For plant improvement and expansion. **Underwriter**—None.

Western Securities Corp. of New Mexico
Feb. 13 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Williamson Co., Cincinnati, Ohio
Feb. 20 (letter of notification) 20,666 shares of class B common stock (par $1) to be offered for subscription by class B common stockholders on a 1-for-7 basis. **Price**—$6.84 per share. **Proceeds**—For working capital. **Office**—3500 Maison Road, Cincinnati, Ohio. **Underwriter**—None.

Wilmington Country Club, Inc., Wilmington, Del.
April 2 filed $1,500,000 of non-interest bearing debentures, due 1991, to be offered to the members of the Club. **Price**—At par ($1,000 per debentures). **Proceeds**—For construction of a golf house and other improvements. **Underwriter**—None.

Wilson (Russell) Industries, Inc.
March 13 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—To repay bank loans, for drilling well and working capital. **Office**—Winnsboro, Texas. **Underwriters**—J. J. Holland Securities Co., Inc., New York, N. Y., and Daggett Securities, Inc., Newark, N. J.

● **Wisconsin Electric Power Co.**
March 30 filed 463,641 shares of common stock (par $10) being offered for subscription by common stockholders of record April 24 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on May 15. Unsubscribed shares will be offered to employees. **Price**—$28.75 per share. **Proceeds** — For construction program. **Underwriter**—None.

● **Woodbury Telephone Co., Woodbury, Conn.**
March 27 (letter of notification) 5,300 shares of common stock being offered to stockholders of record April 20, 1956 on the basis of one new share for each share held; rights to expire on May 18, 1956. **Price**—At par ($25 per share). **Proceeds**—To repay short term loans and for construction. **Underwriter**—None.

Woods Oil & Gas Co., New Orleans, La.
Aug. 29 filed 400,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To retire outstanding obligations. **Underwriters**—Woolfolk & Shober and Howard, Weil, Labouisse, Fredricks & Co., both of New Orleans, La. Statement effective Feb. 28.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. **Price**—Around $4.25 per share. **Proceeds** — For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

American Telephone & Telegraph Co.
March 21 the directors authorized a new issue of debentures (non-convertible) amounting to $250,000,000. **Proceeds**—For additions and improvements to Bell System telephone service. **Underwriter** — To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received sometime after the middle of June.

Arizona Public Service Co.
March 23 it was announced company plans to spend during the next five years an estimated $94,000,000 for new construction. Of this amount, $41,000,000 is expected to come from within the company, and the balance from outside sources. No new equity financing is planned for 1956. About $16,000,000 is expected to be spent this year. Bond financing is expected to be done privately through Blyth & Co., Inc. and The First Boston Corp.

Baltimore & Ohio RR.
March 22 ICC authorized company to issue up to $54,-710,000 of convertible 4½% debentures, series A, due Feb. 1, 2010, which it proposes to offer in exchange to holders of its outstanding convertible 4½% income bonds on a par-for-par basis.

Blackstone Valley Gas & Electric Co.
Feb. 27 it was reported company plans to issue some preferred stock during 1956. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.

Bon Ami Co., New York
March 9 it was announced company plans to offer to common A and common B stockholders the right to subscribe for 10,000 shares of common A stock (now held in treasury) on basis of one share of common A stock for each 29 shares of common A and/or common B stock held. The stockholders on March 21 will vote on approving this proposal and also on changing the par value of the shares from no par for both issues to $2 per share for the common A stock and $1 for the common B stock. **Underwriter**—Dominick & Dominick and Smith, Barney & Co. (formerly Charles D. Barney & Co.) handled secondary offering of common B stock in 1926.

Boston Edison Co. (6/25)
March 19 it was reported company plans to offer 180,000 shares of preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—If by competitive bidding, bidders may include Lehman Brothers; The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—Expected up to noon (EDT) on June 25. Registration scheduled for May 22.

Braniff Airways, Inc. (6/6)
April 11 company authorized an offering to stockholders of record on or about June 5, 1956, of 1,105,545 additional shares of common stock (par $2.50) on the basis of three new shares for each five shares held (with an oversubscription privilege); rights to expire about June 20. **Price**—To be named later. **Proceeds**—For general corporate purposes. **Underwriter**—F. Eberstadt & Co., New York.

California Electric Power Co.
March 19 it was reported company plans to issue and sell some additional securities in June or July. **Proceeds**—To retire bank loans and for new construction. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co. Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co. Previous common stock financing was underwritten by Blyth & Co., Inc. and The First Boston Corp.

Carolina Power & Light Co. (9/11)
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Sept. 11.

★ **Celotex Corp.**
April 16 it was reported company is considering issuance and sale of $10,000,000 convertible debentures. **Underwriters** — Hornblower & Weeks and Union Securities Corp., both of New York City.

Central Illinois Light Co.
April 3 it was announced company plans $8,000,000 additional financing during 1956. The type of securities to be issued has not yet been determined. **Proceeds**—For construction program. **Underwriter**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Union Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly).

Cincinnati Enquirer, Inc. (4/26)
April 12 it was announced bids will be received by Halsey, Stuart & Co. Inc., Chicago, Ill., up to noon (CST) on April 26 for the purchase from it of $1,476,000 Cincinnati Enquirer, Inc., convertible debentures which have been called for redemption on May 10. These debentures are convertible into 147,600 shares of common stock, which would represent about 35% of the stock which would be outstanding.

Coastal Transmission Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for construction of a 565.7 mile pipeline system to cost $68,251,000. **Underwriters**—May be Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2)
Feb. 15 it was announced company may issue and sell $30,000,000 of debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 2.

Commercial Credit Corp.
March 12 it was reported company plans early registration of about $25,000,000 of junior subordinated debentures. **Underwriter** — Kidder, Peabody & Co. and The First Boston Corp., both of New York.

Commonwealth Edison Co. (6/5)
Jan. 24 it was announced that company may issue between $35,000,000 to $50,000,000 of bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Blyth & Co., Inc. (jointly); The First Boston Corp.

Connecticut Power Co.
March 1 it was reported company plans to issue and sell $5,200,000 of new preferred stock and offer to common stockholders 71,132 additional shares of common stock on a 1-for-10 basis. **Proceeds** — To reduce bank loans. **Underwriters**—Putnam & Co.; Chas. W. Scranton & Co. **Offering**—Expected in June.

Consolidated Natural Gas Co. (7/25)
March 15 it was announced company plans to issue and sell $30,000,000 of debentures due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received on July 25.

Consolidated Water Co.
Jan. 16, Frank A. O'Neill, President, announced that the company sometime between now and the summer of 1956, will probably do some additional financing. **Proceeds**—For expansion. **Underwriters**—The Milwaukee Co.; Harley Haydon & Co., Inc.; and Indianapolis Bond & Share Corp. underwrote class A common stock offering made last August.

Consumers Power Co.
April 7 it was reported company plans to issue and sell $30,000,000 of first mortgage bonds. **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly). **Offering**—Expected in the Fall.

Crane Co., Chicago, Ill.
F. F. Elliott, President, on March 18 stated in part: "To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary." **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co.

Cribben & Sexton Co.
Feb. 27 it was reported stockholders will vote March 6 on approving a proposal to increase the authorized common stock from 250,000 shares to 750,000 shares, the additional shares probably to be issued in connection with future financing. **Underwriter**—May be Hornblower & Weeks, New York.

Delaware Power & Light Co.
Sept. 28 it was announced that the company expects to undertake some common stock financing, probably first to common stockholders. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Carl M. Loeb, Rhoades & Co.; Blyth & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers. **Offering**—Expected in June or July.

Detroit Edison Co.
Feb. 20, Walker L. Cisler, President stated that "tentative plans are that about $60,000,000 will be obtained from investors in 1956. Internal funds and bank borrowings will probably provide for the remainder of the $95,000,000 necessary this year to carry forward the company's program of expansion of facilities." Financing may be in form of 15-year debentures to common stockholders. **Underwriters**—None. **Offering**—Tentatively expected in June.

Dolly Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. **Underwriter**—Allen & Co., New York.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing some years ago. Stockholders of Laboratories on Oct. 10 approved formation of Broadcasting firm.

● **Dubl-Check Corp. (5/15)**
April 9 it was reported company plans to issue and sell 58,700 shares of preferred stock and 58,700 shares of common stock in units of one share of each class of stock. **Price**—$5.10 per unit. **Business**—Check cashing service, whereby a coin operated camera photographs the check casher. **Underwriter**—Talmage & Co., New York.

Erie RR. (5/16)
Bids will be received by the company up to noon (EDT) on May 16 for the purchase from it of $6,225,000 equipment trust certificates to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

First National Trust & Savings Bank, San Diego, Calif. (4/27)
April 4 it was announced Bank plans to offer to its stockholders the right to subscribe for 43,200 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held as of April 27 (following payment of a 100% stock dividend); rights to expire on May 18. **Price**—$31 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Dean Witter & Co., Blyth & Co., Inc., William R. Staats & Co. and Dewar & Co., all of San Diego, Calif.

First Pennsylvania Banking & Trust Co. (6/7)
March 27 it was announced Bank plans to offer to its stockholders 202,800 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held on or about May 28; rights to expire on June 22. **Price** — To be established later. **Proceeds** — To increase capital and surplus. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co., both of New York City. **Meeting**—Stockholders will vote May 28 on increasing authorized capital stock from 2,028,000 shares to 2,230,800 shares.

Flo-Mix Fertilizers Corp., Houma, La.
Dec. 12 it was reported early registration is expected of 159,000 shares of common stock. **Price** — Probably $5 per share. **Underwriters**—Fairman, Harris & Co., Inc., and Straus, Blosser & McDowell, both of Chicago, Ill.

Florida Power Corp. (7/11)
Feb. 20 it was announced company plans to issue and sell $20,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Expected July 11. **Registration**—Planned for June 14.

★ **Florida Public Utilities Co. (5/23)**
April 23 company applied to the Florida RR. & P.U. Commission for authority to issue and sell 25,000 shares of common stock (par $3). **Price** — To be determined later. **Proceeds**—For construction program, etc. **Underwriters**—Starkweather & Co., New York; and Clement A. Evans & Co., Inc., Atlanta, Ga.

Fort Worth National Bank
April 17, the bank offered to stockholders of record April 17, 1956 the right to subscribe on or before May 3, 1956 for 150,000 additional shares of common stock (par $10) on the basis of one new share for each 4⅔ shares held. **Price**—$22.50 per share. **Proceeds**—To increase capital and surplus. **Office**—Fort Worth, Texas. **Underwriters** — Dallas Union Securities Co. and First Southwest Co., both of Dallas, Texas.

General Acceptance Corp.
April 2 it was reported company plans to issue and sell $15,000,000 of debentures due in 1966, $10,000,000 of capital debentures due in 1971 and about $3,500,000 of common stock. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York. **Registration**—Expected late in April.

★ **General Contract Corp., St. Louis, Mo.**
April 18 it was announced that company plans $5,000,000 additional financing in near future. **Proceeds**—To go to Securities Investment Co., a subsidiary. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. It is also possible that a new issue of common stock will be offered for subscription by common stockholders before April, 1957. **Proceeds**—To repay bank loans, etc., and for construction program.

Giannini (G. M.) & Co., Inc., Pasadena, Calif.
April 11 it was reported company plans to issue and sell 100,000 shares of convertible preferred stock (par $20). **Proceeds**—For working capital. **Underwriters**—G. H. Walker & Co., St. Louis, Mo., and Hill, Richards & Co., Los Angeles, Calif.

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Hawaii (Territory of) (4/26)
Bids will be received up to 10 a.m. (EST) on April 26, at the office of the Bankers Trust Co., 46 Wall St., New York, N. Y., for the purchase from the Treasurer of the Territory of Hawaii of $7,500,000 public improvement bonds, series A, dated May 1, 1956, and to mature $417,000 on May 1, of each year from 1959 to 1975, inclusive, and $411,000 on May 1, 1976.

Houston Texas Gas & Oil Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for permission to construct a 961 mile pipeline system to cost $105,836,000. **Underwriters**—May be Blyth & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

• **Indianapolis Power & Light Co. (6/7)**
March 21 it was announced company has applied to the Indiana P. S. Commission for authority to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Blyth & Co., Inc.; Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp. (jointly); W. C. Langley & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Equitable Securities Corp.; Hemphill, Noyes & Co. and Drexel & Co. (jointly). **Bids** — Expected June 7.

Jersey Central Power & Light Co.
Feb. 6 it was reported company may later in 1956, issue and sell $9,000,000 first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated.

Johns-Manville Corp.
March 9, Leslie M. Cassidy, Chairman, said the corporation is studying possibilities for expansion that could require financing, adding that the management had no definite plan for the issuance of additional stock other than those required for the two-for-one split but "the situation could change."

Kaman Aircraft Corp.
April 16 it was reported an offering is expected in May of approximately 30,000 shares of common stock. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Kansas City Power & Light Co.
April 6 it was announced stockholders will vote April 24 on increasing bonded indebtedness of the company by $20,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined.

Kansas Power & Light Co.
March 21 it was reported company may soon offer additional common stock to common stockholders on a 1-for-10 basis. **Underwriter**—The First Boston Corp., New York.

Kay Lab., Inc., San Diego, Calif.
March 26 it was reported company plans to sell between $900,000 and $1,000,000 common stock early in May. **Underwriter**—Shearson, Hammill & Co., New York and Los Angeles. **Registration**—Expected in April.

Kern Mutual Telephone Co., Taft, Calif.
March 12 it was reported company plans to issue and sell 12,000 shares of preferred stock (par $25). **Proceeds**—To redeem outstanding 6% preferred stock, to repay bank loans and for improvements, etc. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Kimberly-Clark Corp., Neenah, Wis.
Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. **Proceeds**—To be used to pay for further expansion, estimated to cost an additional $37,000,000. **Underwriter**—Blyth & Co., Inc., New York.

Lone Star Steel Co.
Jan. 24, E. B. Germany, President, announced that the company plans the private and public sale of new securities during the first half of the current year. **Proceeds**—To retire indebtedness of company held by the RFC and the Treasury Department. **Underwriters**—Probably Dallas Rupe & Son; Estabrook & Co.; and Straus & Blosser.

★ **Long Island Lighting Co.**
April 14 it was reported company plans to issue and sell next Fall $20,000,000 to $25,000,000 first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Blair & Co., Incorporated and Baxter, Williams & Co. (jointly); Smith, Barney & Co.

Metropolitan Edison Co.
Feb. 6 it was reported that company is considering the sale of additional first mortgage bonds later this year. (probably about $5,000,000 — in June or July). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

Metropolitan Edison Co.
April 16 it was reported company may issue in June or July, depending upon market conditions, about $5,000,000 of preferred stock (in addition to about $5,000,000 of bonds). **Underwriter** — For preferred stock also to be determined by competitive bidding. Probable bidders: Smith, Barney & Co. and Goldman, Sachs & Co. (jointly); Salomon Bros. & Hutzler; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

★ **Michigan Bell Telephone Co.**
April 19 company applied to the Michigan P. S. Commission for permission to issue and sell $30,000,000 of 40-year debentures later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

★ **Montreal Transportation Commission**
April 23 it was reported early registration is expected of $11,500,000 of sinking fund debentures due 1976. **Underwriter**—To be determined by competitive bidding. Probable bidders: Shields & Co., Halsey, Stuart & Co. Inc. and Savard & Hart (jointly); Lehman Brothers; White, Weld & Co., Blyth & Co., Inc. and Union Securities Corp. (jointly); Kuhn, Loeb & Co., Glore, Forgan & Co. and Salomon Bros. & Hutzler (jointly).

National Steel Corp.
March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of $200,000,000. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly).

New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New York, Chicago & St. Louis RR. (5/8)
Bids are expected to be received by the company on May 8 for the purchase from it of $4,650,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Northern Indiana Public Service Co.
March 13 it was reported company plans to spend about $52,000,000 for new construction in 1956 and 1957 ($29,000,000 in 1956 and $23,000,000 in 1957). Of the total about $30,000,000 will be obtained from new financing, the type of which has not yet been determined. **Underwriter**—For any preferred stock, Central Republic Co. Inc., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly). Bonds may be placed privately.

Northern Natural Gas Co.
March 12 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debt securities and treasury funds. **Underwriter**—Probably Blyth & Co., Inc.

Northern States Power Co. (Minn.)
Jan. 19 it was announced company plans to issue and sell later this year $20,000,000 of first mortgage bonds due 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); and Glore, Forgan & Co.

Norway (Kingdom of)
April 17 it was announced a registration statement will be filed next week covering a proposed issue of $10,000,000 to $15,000,000 of 15-year bonds. **Price**—To be named later. **Proceeds**—Together with $15,000,000 to $20,000,000 of borrowings from the World Bank, for construction of a large hydro electric power plant. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; Lazard Freres & Co., and Smith, Barney & Co. and associates.

Offshore Gathering Corp., Houston, Texas
Nov. 18 David C. Bintliff, President, announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Pacific Northwest Pipeline Corp.
March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par $1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—$10 per share. **Proceeds**—Together with funds from private sale of $35,000,000 additional first mortgage bonds, and $10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. **Registration** — Expected soon.

Pan Cuba Oil & Metals Corp. (Del.)
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

★ **Potomac Electric Power Co.**
April 23 it was reported company plans to do some additional financing in 1956 and 1957. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding for any bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Stone & Webster Securities Corp. and Union Securities Corp. (jointly); The First Boston Corp.; Lee Higginson Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Harriman Ripley & Co. Inc.

Public Service Co. of New Hampshire
Feb. 25, it was reported company plans to issue and sell $8,000,000 of first mortgage bonds. **Proceeds** — To pay cost, in part, of construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co. and Blyth & Co. Inc. (jointly); Equitable Securities Corp.; White, Weld & Co.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Lehman Brothers. **Bids** — Expected sometime in June.

Public Service Electric & Gas Co.
April 16, Lyle McDonald, Chairman, estimated that requirements for new capital this year will be approximately $80,000,000 to $85,000,000. The types and amounts of the new securities to be issued and the time of sale have not been determined. **Proceeds**—To help finance construction program. **Underwriters**—For any debenture bonds — may be determined by competitive bidding; probable bidders include Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly).

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

Reading & Bates Offshore Drilling Co.
March 29 it was reported early registration is expected of about 160,000 shares of common stock. **Underwriter**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

Reading Co. (5/24)
April 5 it was reported company plans late in May to issue and sell $6,600,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Rochester Gas & Electric Corp.
March 21 it was announced stockholders will vote May 16 on approving a proposal to increase the authorized preferred stock by 100,000 shares (par $100), of which it is planned to issue 50,000 shares later in 1956. **Underwriter**—The First Boston Corp.

Sierra Pacific Power Co.
April 12 it was announced company is planning to offer 62,576 additional shares of common stock to its common stockholders on a 1-for-10 basis and 80,500 shares of new cumulative preferred stock (par $50) first in exchange for outstanding 6% preferred stock (which is callable at 115). (See also under "Securities in Registration" in a preceding column.) **Underwriters** — May be Stone & Webster Securities Corp. and Dean Witter & Co. if exemption from competitive bidding is obtained.

South Carolina Electric & Gas Co.
March 9, S. C. McMeekin, President, announced that it is expected that $10,000,000 of new money will be required in connection with the company's 1956 construction program. The company proposes to obtain a part of its new money requirements from the sale of $5,000,000 of preferred stock and the balance from the private sale of $5,000,000 principal amount of bonds. **Underwriter**—Kidder, Peabody & Co., New York.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Nevada Power Co.
Nov. 7 it was announced company plans to sell in 1956 approximately $10,000,000 of new securities (probably $7,000,000 first mortgage bonds and $3,000,000 preferred and common stocks). **Proceeds**—For construction program. **Underwriters**—For stocks: Hornblower & Weeks, New York; Wiliam R. Staats & Co., Los Angeles, Calif.; and First California Co., San Francisco, Calif. **Bonds** are to be placed privately.

★ Southern Union Gas Co.
April 19 it was announced company is considering issuance and sale to stockholders later this year of some additional common stock on a pro rata basis (with an oversubscription privilege). **Underwriter**—None.

Spencer Telefilm Corp., Beaumont, Texas
Jan. 16 it was announced company plans to offer publicly to Texas residents 75,000 shares of capital stock. **Price**—$1.50 per share. **Business**—To produce, sell and distribute syndicated films for television. **Underwriter**—Porter-Stacy Co., Houston, Tex.

Tampa Electric Co. (10/1)
Feb. 18 it was reported company may issue and sell around Oct. 1, $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.

Taylor Fibre Co., Norristown, Pa.
April 9 it was reported registration is expected early in May of sufficient common stock to raise approximately $500,000. **Proceeds**—To a selling stockholder. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Tennessee Gas Transmission Co.
Jan. 28 it was reported company may later this year sell $50,000,000 of bonds. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

Thiokol Chemical Corp.
April 9 it was reported company may issue and sell some additional common stock this year. Stockholders will vote April 19 on increasing the authorized common stock by 500,000 shares to 1,000,000 shares. **Proceeds**—For expansion. **Underwriter**—Probably Lehman Brothers, New York.

Transcontinental Gas Pipe Line Corp.
April 17, Tom P. Walker, President, announced that negotiations had been completed for the sale of $40,000,000 first mortgage pipe line bonds in May and $20,000,000 of debentures in November. May be placed privately. **Proceeds**—To retire presently outstanding $60,000,000 bank loan.

UM & M T-V Corp.
April 2 it was reported company may offer an issue of up to $7,000,000 of debentures. **Underwriter**—Hirsch & Co., New York.

● Union Electric Co. of Missouri
April 23 it was announced company plans to issue and sell prior to Sept. 14, 1956, $35,000,000 to $40,000,000 first mortgage and collateral trust bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly).

United States Life Insurance Co. of New York (6/20)
April 12 it was announced stockholders will vote May 14 on changing the capital stock from 250,000 shares of $4 par value to about 1,100,000 shares of $2 par value, in order to effect a two-for-one stock split, provide for payment of a 100% stock dividend and the sale to stockholders of 100,000 additional shares on the basis of one new share for each two shares to be held. Continental Casualty Co., which owns 51% of the presently outstanding stock will reduce its holdings and Continental Assurance Co., which owns about 24% would sell shares to stockholders. **Underwriters**—William Blair & Co., Chicago, Ill., and The First Boston Corp. and Carl M. Loeb, Rhoades & Co., both of New York. **Registration**—Expected about June 1. **Offering**—Tentatively planned for June 20.

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

★ Vita Food Products, Inc., New York
April 23 it was reported early registration is expected of 60,000 shares of common stock **Proceeds**—To selling stockholders. **Underwriter**—Granbery, Marache & Co., New York.

Wells Fargo Bank, San Francisco, Calif.
April 11 the Bank offered its stockholders of record April 9 the right to subscribe for 100,000 additional shares of capital stock (par $20) on the basis of one new share for each 4½ shares held; rights to expire on May 9. **Price**—$75 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Dean Witter & Co., Blyth & Co., Inc., and The First Boston Corp.

★ Western Airlines, Inc.
April 26 it was reported company plans to issue and sell $5,000,000 of debentures. **Proceeds**—For new equipment. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

★ Western Maryland Ry. (5/2)
Bids are expected to be received by the company on May 2 for the purchase from it of $3,285,000 equipment trust certificates, series S, to be dated June 1, 1956 and to mature annually June 1, 1957 to 1971, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

White Eagle International Oil Co.
April 2 it was reported company plans to register a common stock offering. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Our Reporter's Report

Underwriters of new corporate debt securities took heart this week from indications that the situation might be approaching a new base for doing business. After weeks of encountering stern resistance from institutional investors of one type or another, it appeared they had come up with a deal that carried the necessary appeal.

Presumably even some among the institutional portfolio men are of a mind to view the basic money market as having shaken off its latest spasm of increasing rates. Whatever the motivating force some of these guardians of other people's investments were more inclined to look the field over in recent instances.

The specific issue which may prove to have been the bellwether in this phase of the market's churning turns out to be Wisconsin Electric Power Co.'s $30 million of 30-year first mortgage bonds which came to market yesterday.

Put up for bids on Tuesday, this undertaking drew a top tender of 101.039 for 3⅞% coupon with the tenders of several other bidders making it plain they were bidding generally with a view to reoffering on a 3.75% to 3.80% yield basis.

The successful group repriced the issue at 101.875 for an indicated return to the buyers of 3.77% and reports were that upward of 80% of the issue had been spoken for before books actually opened.

Observers Impressed

What impressed market observers was the caliber of the buying reported in the Wisconsin Electric Power bonds. Some New England insurance companies were reported among those taking down allotments.

And to sweeten the pot a bit it was indicated that a number of pension funds, including those of New York City, the State of Massachusetts and others on the West Coast were among the purchasers.

Meanwhile, it was reported that rather brisk interest developed in the Columbia Gas System debenture issue when it was cut loose by the syndicate. This offering backed up badly upon initial offering to yield 3.85%. But when loosed from syndicate it settled back to around a 4% basis and reportedly was picked up in good volume around that level.

Ontario Issue Out Fast

Another issue that might prove a straw - in - the - wind, was the Province of Ontario's offering of $50 million of 25-year debentures brought out, of course, by the negotiated route.

For several days before the opening of subscription books it was evident, according to those in a position to judge indications of demand, that this piece of business was slated to be a "sell-out."

Funds raised through the financing will be advanced to the Hydro-Electric Power Commission to finance certain capital expenditures which it has budgeted.

Big General Motors Block

The Street was girding itself for the job of handling another big equity deal, probably early next week, if conditions marketwise are right.

Currently, it is believed that the big offering of General Motors common stock for the account of the Alfred P. Sloan Foundation, Inc., will be along about next Tuesday.

This undertaking involves the sale of a block of 1,278,333 shares of the big motor maker's stock bequeathed to the Foundation by the late Mrs. Alfred P. Sloan, Jr.

General Electric Registers

General Electric Co. went into registration this week with its $300 million of new 20-year debentures which are to be publicly offered for new capital purposes.

Well up among the year's biggest underwritings to date, this distribution will be handled by a nationwide syndicate and is expected to reach market about the middle of next month.

The debentures will have a sinking fund which will provide for redemption of upward of 65% of the original issue by maturity, thus making average maturity slightly less than 15 years.

Women's Bond Club To Hear Burrill

Dr. Cecil L. Burrill, Chief Economist of Standard Oil of New Jersey, will be the guest speaker at the luncheon meeting of The Women's Bond Club of New York. The subject of Dr. Burrill's talk will be "The Petroleum Outlook."

The luncheon will be held at the Bankers Club, 120 Broadway, at 12.15 p.m., Thursday, May 3, 1956.

General American Transportation Offer Underwritten by Kuhn, Loeb Group

General American Transportation Corp. is offering to holders of its common stock the right to subscribe for $23,810,700 of 4% subordinated debentures due May 1, 1981, convertible into common stock through May 1, 1971. The debentures are being offered to stockholders at 100% in the ratio of $100 principal amount of debentures for each 10 shares of common stock held of record on April 25, 1956. The subscription offer will expire at 3:30 p.m. (EDT) on May 9, 1956. The offering is being underwritten by a group headed by Kuhn, Loeb & Co.

Net proceeds from the sale of the debentures will be used for additions to General American's fleet of railroad freight cars and for additional tank storage terminal facilities.

The debentures will be convertible initially into common stock at a conversion price of $75 a share through May 1, 1961; $80 a share during the five years through May 1, 1966; and $85 a share thereafter through May 1, 1971.

Gross income of the corporation from manufacturing and services during 1955 totaled $167,878,609 compared with $156,231,502 in 1954; income available for interest, $29,505,877 contrasted with $27,451,121; and net income, $12,491,456 or $5.24 per common share compared with $11,380,466 or $4.79 a share.

Debt and capitalization of the corporation and its subsidiaries outstanding on April 1, 1956 consisted of $160,149,610 debt, of which $129,699,610 represented equipment trust obligations, and 2,381,079 shares of common stock.

General American's principal activity is the supplying of railroad freight cars to shippers and railroads. It owns and maintains a fleet of approximately 62,500 cars, the largest privately-owned fleet of freight cars in the United States. The cars are supplied mainly to shippers in the petroleum, food and chemical industries as well as in other industries requiring specialized freight cars.

The corporation manufactures freight cars for its own fleet and for sale to others. It also owns and operates other manufacturing plants, bulk liquid storage terminals and freight car repair shops. In addition it furnishes a diversified line of products and services.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of April 19, 1956 is as follows:

Team:	Points:
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	46½
Bradley (Capt.), C. Murphy, Voccoli, Picon, Hunter	42
Kaiser (Capt.), Kullman, Werkmeister, O'Connor, Strauss	40
Leinhardt (Capt.), Bies, Pollock, Kuehner, Fredericks	40
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	38
Donadio (Capt.), Brown, Rappa, Shaw, Demaye	34
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	34
Growney (Capt.), Define, Alexander, Montanye, Weseman	33½
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson Smith	32½
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	29½
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	25½
Topol (Capt.), Eiger, Neiman, Weissman, Forbes	24½

5 Point Club
Hank Serlen

200 Point Club

Hank Serlen	217
Jack Manson	211
Will Krisam	211

With the permission of and thanks to Stroud & Company, Incorporated, the Security Traders Association of New York announces the initiation of a Perpetual Annual Trophy to be awarded to the NSTA member who most closely predicts the standing of the Dow-Jones Industrial Average at the close of business on the date of STANY's 21st Annual Dinner in 1957.

In the "Chronicle" of April 19 it was incorrectly indicated that Stroud & Company, Incorporated were sponsoring the trophy.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	April 29	§99.7	*100.2	99.6	95.6
Equivalent to—					
Steel ingots and castings (net tons)	April 29	§2,454,000	*2,466,000	2,452,000	2,307,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	April 13	7,155,900	7,171,100	7,153,400	6,828,450
Crude runs to stills—daily average (bbls.)	April 13	¶7,551,000	7,517,000	7,986,000	7,131,000
Gasoline output (bbls.)	April 13	25,417,000	25,579,000	26,056,000	24,017,000
Kerosene output (bbls.)	April 13	2,067,000	2,342,000	2,510,000	2,177,000
Distillate fuel oil output (bbls.)	April 13	12,170,000	12,174,000	12,910,000	10,841,000
Residual fuel oil output (bbls.)	April 13	8,178,000	7,559,000	9,042,000	8,026,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	April 13	195,059,000	197,322,000	195,941,000	181,864,000
Kerosene (bbls.) at	April 13	17,607,000	17,644,000	17,959,000	19,451,000
Distillate fuel oil (bbls.) at	April 13	60,832,000	60,808,000	67,386,000	63,360,000
Residual fuel oil (bbls.) at	April 13	32,788,000	32,651,000	35,038,000	44,741,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	April 14	742,253	685,397	685,985	670,304
Revenue freight received from connections (no. of cars)	April 14	662,943	655,544	660,958	602,423
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	April 19	$536,373,000	$529,844,000	$501,318,000	$382,796,000
Private construction	April 19	386,544,000	376,133,000	392,864,000	233,676,000
Public construction	April 19	149,829,000	153,711,000	108,454,000	149,114,000
State and municipal	April 19	119,912,000	109,657,000	94,646,000	116,194,000
Federal	April 19	29,917,000	44,054,000	13,808,000	32,920,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	April 14	10,050,000	8,595,000	9,230,000	8,413,000
Pennsylvania anthracite (tons)	April 14	545,000	462,000	430,000	407,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	April 14	114	104	105	103
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	April 21	10,894,000	10,918,000	11,134,000	9,697,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	April 19	252	255	208	204
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	April 17	5.179c	5.179c	5.179c	4.797c
Pig iron (per gross ton)	April 17	$60.29	$60.29	$59.09	$56.59
Scrap steel (per gross ton)	April 17	$55.50	$54.83	$50.17	$36.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	April 18	46.150c	46.775c	46.275c	35.700c
Export refinery at	April 18	47.125c	48.100c	50.100c	38.050c
Straits tin (New York) at	April 18	97.875c	99.250c	101.375c	92.125c
Lead (New York) at	April 18	16.000c	16,000c	16.000c	15.000c
Lead (St. Louis) at	April 18	15.800c	15,800c	15.800c	14.800c
Zinc (East St. Louis) at	April 18	13.500c	13.500c	13.500c	12.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 24	92.79	92.34	94.24	96.32
Average corporate	April 24	104.83	105.52	107.27	109.42
Aaa	April 24	107.62	108.34	110.70	112.93
Aa	April 24	106.74	107.44	109.24	110.70
A	April 24	104.83	105.69	107.27	109.60
Baa	April 24	100.49	100.81	102.30	104.48
Railroad Group	April 24	103.80	104.31	106.21	107.44
Public Utilities Group	April 24	105.17	106.39	107.80	109.97
Industrials Group	April 24	105.69	105.69	107.98	110.52
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 24	3.07	3.10	2.95	2.77
Average corporate	April 24	3.46	3.42	3.32	3.20
Aaa	April 24	3.30	3.26	3.13	3.01
Aa	April 24	3.35	3.31	3.21	3.13
A	April 24	3.46	3.41	3.32	3.19
Baa	April 24	3.72	3.70	3.61	3.48
Railroad Group	April 24	3.52	3.49	3.38	3.31
Public Utilities Group	April 24	3.44	3.37	3.29	3.17
Industrials Group	April 24	3.41	3.41	3.28	3.14
MOODY'S COMMODITY INDEX	April 24	424.6	422.8	412.3	400.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	April 14	247,625	380,425	265,047	235,891
Production (tons)	April 14	285,493	276,703	281,572	266,031
Percentage of activity	April 14	100	94	99	92
Unfilled orders (tons) at end of period	April 14	602,710	647,160	570,946	514,762
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	April 20	108.62	108.45	107.57	107.07
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 31	1,239,287	1,598,596	1,608,764	1,274,329
Dollar value	Mar. 31	$65,796,336	$86,427,561	$81,105,948	$64,645,879
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 31	1,103,530	1,326,752	1,280,112	1,185,730
Customers' short sales	Mar. 31	11,068	8,383	9,390	8,451
Customers' other sales	Mar. 31	1,092,462	1,318,369	1,270,722	1,177,279
Dollar value	Mar. 31	$55,588,549	$67,600,841	$64,556,694	$57,924,956
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 31	293,700	296,470	313,770	320,220
Short sales	Mar. 31				
Other sales	Mar. 31	293,700	296,470	313,770	320,220
Round-lot purchases by dealers—					
Number of shares	Mar. 31	422,380	565,456	612,360	413,560
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 31	474,190	569,630	715,550	574,860
Other sales	Mar. 31	11,524,160	14,546,840	14,108,750	14,275,030
Total sales	Mar. 31	11,998,350	15,116,470	14,824,300	14,849,890
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 31	1,396,590	1,827,630	1,868,690	1,754,360
Short sales	Mar. 31	272,160	318,150	391,450	332,690
Other sales	Mar. 31	1,191,400	1,555,890	1,566,540	1,428,140
Total sales	Mar. 31	1,463,560	1,874,040	1,957,990	1,760,830
Other transactions initiated on the floor—					
Total purchases	Mar. 31	327,790	396,990	337,270	377,030
Short sales	Mar. 31	25,000	28,620	50,250	36,900
Other sales	Mar. 31	316,200	366,620	271,890	370,910
Total sales	Mar. 31	341,200	395,240	322,140	407,810
Other transactions initiated off the floor—					
Total purchases	Mar. 31	580,972	654,620	641,542	532,661
Short sales	Mar. 31	94,870	99,630	125,320	89,100
Other sales	Mar. 31	671,751	866,105	808,028	573,701
Total sales	Mar. 31	766,621	965,735	933,348	662,801
Total round-lot transactions for account of members—					
Total purchases	Mar. 31	2,305,352	2,879,240	2,847,502	2,664,051
Short sales	Mar. 31	392,030	446,400	567,020	458,690
Other sales	Mar. 31	2,179,351	2,788,615	2,646,458	2,372,751
Total sales	Mar. 31	2,571,381	3,235,015	3,213,478	2,831,441
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	April 17	113.5	113.4	112.8	110.3
Farm products	April 17	88.0	88.0	87.8	92.1
Processed foods	April 17	100.7	100.8	99.8	102.4
Meats	April 17	76.6	76.5	72.4	83.4
All commodities other than farm and foods	April 17	121.4	121.3	120.5	115.8

*Revised figure. ¶Includes 859,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN RAILWAY CAR INSTITUTE— Month of March:			
Orders for new freight cars	1,618	1,675	2,156
New freight cars delivered	5,943	4,881	2,833
ASSOCIATION OF AMERICAN RAILROADS— Month of March:			
Locomotive units installed in service	155	118	85
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of March 31:			
Imports	$262,604,000	$262,888,000	$226,836,000
Exports	236,448,000	233,822,000	182,141,000
Domestic shipments	10,768,000	10,588,000	12,986,000
Domestic warehouse credits	38,225,000	32,776,000	235,409,000
Dollar exchange	17,576,000	20,318,000	56,496,000
Based on goods stored and shipped between foreign countries	94,404,000	106,156,000	93,100,000
Total	$660,025,000	$666,548,000	$806,968,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of March:			
New England	$19,847,491	$15,915,875	$22,232,353
Middle Atlantic	87,931,061	116,267,638	106,256,795
South Atlantic	48,521,484	44,015,042	54,570,182
East Central	94,016,006	78,464,404	99,180,764
South Central	87,614,619	77,236,207	96,005,691
West Central	31,041,504	20,888,474	42,651,962
Mountain	24,454,605	18,495,762	29,963,928
Pacific	109,355,083	66,499,347	92,135,424
Total United States	$502,781,853	$437,782,749	$542,997,099
New York City	52,512,472	89,172,555	59,577,583
Outside New York City	450,269,381	348,610,194	483,419,516
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of March:			
Manufacturing number	224	202	225
Wholesale number	122	108	119
Retail number	572	511	520
Construction number	150	141	108
Commercial service number	102	62	66
Total number	1,170	1,024	1,038
Manufacturers' liabilities	$15,649,000	$17,647,000	$16,921,000
Wholesale liabilities	5,433,000	5,048,000	4,932,000
Retail liabilities	12,430,000	14,693,000	11,972,000
Construction liabilities	7,089,000	9,881,000	4,468,000
Commercial service liabilities	2,015,000	1,920,000	2,916,000
Total liabilities	$42,622,000	$49,189,000	$41,209,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of March	12,822	12,503	13,417
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Mar. 31 (000's omitted)	$560,000	$588,000	$681,000
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of March:			
Sales (average monthly), unadjusted	104	80	98
Sales (average daily), unadjusted	98	85	93
Sales (average daily), seasonally adjusted	107	105	106
Stocks, unadjusted	125	116	116
Stocks, seasonally adjusted	122	124	113
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of January (000's omitted)	44,751,726	43,653,831	38,255,992
Revenue from ultimate customers—month of January	$734,354,000	$712,806,000	$659,163,000
Number of ultimate customers at Jan. 31	52,661,775	52,558,601	51,261,150
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of March:			
Weekly Earnings—			
All manufacturing	$78.59	*$78.17	$75.11
Durable goods	84.05	*84.05	81.56
Nondurable goods	70.31	*69.65	66.70
Hours—			
All manufacturing	40.3	*40.5	40.6
Durable goods	40.8	*41.0	41.4
Nondurable goods	39.5	39.8	39.7
Hourly Earnings—			
All manufacturing	$1.95	$1.93	$1.85
Durable goods	2.06	2.05	1.97
Nondurable goods	1.78	*1.75	1.68
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of March:			
Seasonally adjusted	142	143	135
Unadjusted	145	144	138
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of March (1947-49=100)	81.4	*80.8	78.7
METAL OUTPUT (BUREAU OF MINES)— Month of January:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	135,457	148,993	144,641
Silver (in fine ounces)	2,911,551	2,899,182	3,145,906
Copper (in short tons)	95,505	88,575	83,300
Lead (in short tons)	26,976	27,802	27,837
Zinc (in short tons)	40,548	39,615	41,518
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of March	£58,297,000	£19,134,000	£10,254,000
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Feb. (000's omitted):			
Savings and loan associations	$699,830	$664,760	$702,007
Insurance companies	136,438	147,859	150,944
Bank and trust companies	421,330	435,439	365,144
Mutual savings banks	127,468	130,761	115,786
Individuals	269,539	274,651	228,138
Miscellaneous lending institutions	395,175	405,622	395,683
Total	$2,049,780	$2,059,092	$1,957,702
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of March:			
Net sales		$9,799,500	
Net purchase	$10,690,500		$18,878,300
ZINC OXIDE (BUREAU OF MINES)—Month of February:			
Production (short tons)	14,359	*14,297	12,537
Shipments (short tons)	17,420	*14,766	13,662
Stocks at end of month (short tons)	13,246	16,307	15,350

MEETING NOTICES

NORFOLK AND WESTERN RAILWAY COMPANY
10 North Jefferson Street
Roanoke, Virginia, April 4, 1956.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Norfolk and Western Railway Company will be held, pursuant to the By-laws, at the principal office of the Company in Roanoke, Virginia, on Thursday, May 10, 1956, at 10 o'clock A. M., **to elect four Directors** for a term of three years.

Stockholders of record at the close of business **April 12, 1956, will be entitled to vote at such meeting.**

By order of the Board of Directors,
W. H. OGDEN, Secretary.

ALLIS-CHALMERS MFG. CO.
Milwaukee, Wisconsin

Notice of ANNUAL MEETING OF STOCKHOLDERS to be held May 2, 1956

NOTICE IS HEREBY GIVEN, that the annual meeting of stockholders of ALLIS-CHALMERS MANUFACTURING COMPANY, a Delaware corporation (hereinafter called the "Company"), will be held at the general offices of the Company, 1115 South 70th Street (Allis-Chalmers Club House), West Allis, Wisconsin, on Wednesday, May 2, 1956, at 11:00 A.M. (Central Standard Time), for the following purposes, or any thereof:

1. To elect a Board of Directors;
2. To consider and act upon a proposal, recommended by the Board of Directors, to amend Article IV of the Certificate of Incorporation in the respects set forth in the Proxy Statement, and
3. To consider and transact any other business that may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed March 15, 1956, as the record date for the determination of the common stockholders entitled to notice of and to vote at this annual meeting or any adjournment thereof.

By order of the Board of Directors
W. E. HAWKINSON,
Vice President and Secretary

Dated: March 15, 1956

DIVIDEND NOTICES

AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

A regular quarterly dividend of fifty cents ($.50) per share on the Common capital stock of the Company issued and outstanding in the hands of the public has been declared payable June 11, 1956, to the holders of record at the close of business May 10, 1956.

W. J. ROSE, Secretary

April 25, 1956.

Allied Chemical

BARRETT · NITROGEN · GENERAL CHEMICAL
MUTUAL CHEMICAL · NATIONAL ANILINE
SEMET-SOLVAY · SOLVAY PROCESS
DIVISIONS

Quarterly dividend No. 141 of $.75 per share has been declared on the Common Stock of Allied Chemical & Dye Corporation, payable June 8, 1956, to stockholders of record at the close of business May 11, 1956.

RICHARD F. HANSEN, *Secretary*

April 24, 1956.

Continuous Cash Dividends Have Been Paid Since Organization in 1920

DIVIDEND NOTICES

The Singer Manufacturing Company

The Board of Directors has declared a quarterly dividend of fifty cents per share payable on June 13, 1956 to stockholders of record at the close of business on May 14, 1956.

D. H. ALEXANDER, Secretary.

April 23, 1956.

J. O. ROSS ENGINEERING CORPORATION
NEW YORK, N. Y.

At a meeting held on April 18, 1956, the Board of Directors of this corporation declared the regular quarterly dividend of 25¢ per share on the common stock, payable on June 8, 1956 to stockholders of record at the close of business on May 22, 1956.

J. F. FORSYTH,
Treasurer

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 151 of one dollar and seventy-five cents ($1.75) per share on the preferred stock payable June 1, 1956, to stockholders of record at the close of business on May 4, 1956.

GERARD J. EGER, Secretary

IOWA SOUTHERN UTILITIES COMPANY

PUBLIC I.S.U. Co. SERVICE

DIVIDEND NOTICE

The Board of Directors has declared the following regular quarterly dividends:

35⅝ cents per share on its 4¾% Preferred Stock ($30 par)

44 cents per share on its $1.76 Conv. Preferred Stock ($30 par)

30 cents per share on its Common Stock ($15 par)

all dividends payable June 1, 1956, to stockholders of record May 15, 1956.

EDWARD L. SHUTTS, [illegible]

April 23, 1956

DIVIDEND NOTICES

UNITED STATES LINES COMPANY

Common Stock DIVIDEND

The Board of Directors has authorized the payment of a dividend of thirty-seven and one-half cents ($.37½) per share payable June 8, 1956, to holders of Common Stock of record May 18, 1956, who on that date hold regularly issued Common Stock ($1.00 par) of this Company.

CHAS. F. BRADLEY, *Secretary*
One Broadway, New York 4, N. Y.

Southern Railway Company

THE SOUTHERN SR SERVES THE SOUTH

DIVIDEND NOTICE

New York, April 24, 1956.

A dividend of One Dollar ($1.00) per share on 2,596,400 shares of Common Stock without par value of Southern Railway Company has today been declared out of the surplus of net profits of the Company for the fiscal year ended December 31, 1955, payable on June 15, 1956, to stockholders of record at the close of business on May 15, 1956.

J. J. MAHER, *Secretary*

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pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value), payable June 1, 1956, to stockholders of record May 15, 1956, was declared by the Board of Directors on April 18, 1956.

B. C. REYNOLDS, *Secretary*

DIVIDEND NOTICES

UGI The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable June 30, 1956 to stockholders of record May 31, 1956.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable July 2, 1956 to stockholders of record May 31, 1956.

JOHNS HOPKINS, Treasurer

Philadelphia, April 24, 1956

TEXACO

THE TEXAS COMPANY
215th
Consecutive Dividend

A regular quarterly dividend of ninety cents (90¢) per share on the Capital Stock of the Company has been declared this day, payable on June 9, 1956, to stockholders of record at the close of business on May 4, 1956.

The dividend will not be paid on the additional shares to be issued because of the stock split, authorized this date.

The stock transfer books will remain open.

S. T. CROSSLAND
Vice President & Treasurer

April 24, 1956

DIVIDEND NOTICES

The Bowater Paper Corporation Limited

NOTICE OF FINAL DIVIDEND

The Board of Directors at a meeting held April 19, 1956 decided to recommend a final dividend for the year ended 31st December 1955 of 7½ per cent on the ordinary stock equivalent to 21 cents per £1 stock unit. If approved by the stockholders at the annual general meeting to be held on May 29, 1956, the dividend will be paid, less British income tax, on May 31, 1956 to stockholders of record at the close of business on May 1, 1956.

London, England. R. KNIGHT, *Secretary.*

The Bowater Organization

United States of America · Great Britain · Canada · Australia · South Africa · Republic of Ireland · Norway · Sweden

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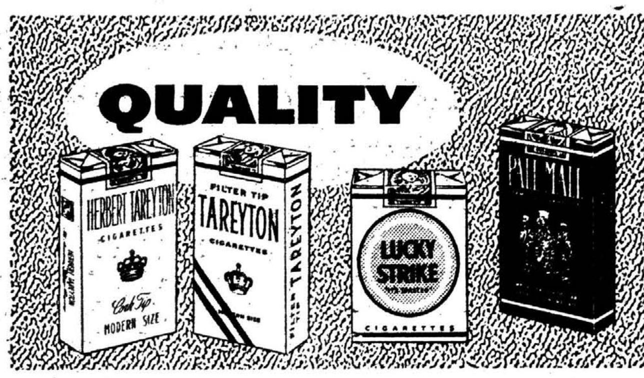

The American Tobacco Company

203RD COMMON DIVIDEND

A regular dividend of One Dollar ($1.00) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on June 1, 1956, to stockholders of record at the close of business May 10, 1956. Checks will be mailed.

April 24, 1956. HARRY L. HILYARD, *Treasurer*

THE SOUTHERN COMPANY
(INCORPORATED)

The Board of Directors has declared a quarterly dividend of 25 cents per share on the outstanding shares of common stock of the Company, payable on June 6, 1956 to holders of record at the close of business on May 7, 1956.

L. H. JAEGER,
Treasurer and Secretary

THE SOUTHERN COMPANY SYSTEM
Serving the Southeast through:
ALABAMA POWER COMPANY
GEORGIA POWER COMPANY
GULF POWER COMPANY
MISSISSIPPI POWER COMPANY
SOUTHERN SERVICES, INC.

RICHFIELD
dividend notice

The Board of Directors, at a meeting held April 19, 1956, declared a regular quarterly dividend of seventy-five cents per share on stock of this Corporation for the second quarter of the calendar year 1956, payable June 15, 1956, to stockholders of record at the close of business May 15, 1956.

Norman F. Simmonds, *Secretary*

RICHFIELD
Oil Corporation
Executive Offices: 555 South Flower Street, Los Angeles 17, California

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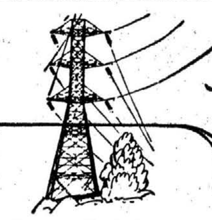

Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

CUMULATIVE PREFERRED STOCK, 4.08% SERIES
Dividend No. 25
25½ cents per share.

CUMULATIVE PREFERRED STOCK, 4.24% SERIES
Dividends Nos. 1 and 2
29.444 cents per share.
(Dividend No. 1 of 2.944¢ per share was declared February 14.)

CUMULATIVE PREFERRED STOCK, 4.88% SERIES
Dividend No. 34
30½ cents per share.

The above dividends are payable May 31, 1956, to stockholders of record May 5. *Checks will be mailed from the Company's office in Los Angeles, May 31.*

P. C. HALE, *Treasurer*

April 20, 1956

Edison

SAVE FOR YOUR INDEPENDENCE · BUY U.S. SAVINGS BONDS

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—One of the surprises of the month has been the remarkable absence of political yelps of pain over the Federal Reserve action April 12 of tightening credit to stem inflation.

Despite the fact that few in this capital seem to quarrel with the diagnosis that currently business is booming and the demand for credit is soaring, there are three segments of the economy which are "down," in a manner of speaking. They are automobile production, farm income, and to a moderate degree, housing construction.

These three happen to be among the most politically sensitive in the economy. The automobile workers have a very vocal spokesman in Walter Reuther, United Auto Workers head, who usually feels the country is going to hades in a basket if motor production is not hitting the ceiling. Then the farmers, who might be still be further "hurt" if farm loans become a little harder to get (and the Federal Intermediate Credit banks had to pay 3½% for nine-month debentures), have so many friends that both the Administration and the Democratic Congress are competing to turn over a large block of the Treasury to them. And the materialmen, contractors, and building trade labor have committed the Eisenhower Administration to the idea that a perpetual volume of 1.2 million housing units per year is necessary or the United States goes over the brink.

It would have been natural to expect the friends of the farmer to yell loudly that this would raise agriculture's costs still higher, to expect the laborites in the Senate who nominally belong to both parties to complain, and to have loud wails from the building industry. Only the latter's friends in Congress have done much complaining.

Contrasts With 1953

The current calmness over the highest discount rates in years contrasts sharply with 1953. At that time, too, the Federal Reserve was acting to slow down the forward pace of the boom. Beginning on Feb. 1, 1953, when the Joint Economic Committee opened hearings on the entire economic situation, the Democratic pack led by Senator Paul Douglas (D., Ill.) was crying "ruin." Under Mr. Douglas' leadership the Democrats began pitching their line that credit restraint was going to precipitate a sharp business downturn.

Of course this did not turn out, and it is possible that the lesson has been learned by the complainers from 1953 events. The point is that the wailing has been restrained over the current tight money moves, and the Administration and Federal Reserve tight credit policy is prevailing with comparative political ease.

This fact will not be negated even if there is a later howl or two. As a matter of fact, one would expect some of the important gentlemen of the Left to make a statement once apiece, but not repeated, just for record, but without winding up a party wolf howl of "ruin." One or two squawks might have the effect of being for the record, just in case monetary control doesn't happen to work out so well this time.

Farm Bill Politics

One of the developments in this town which fascinates long-time observers in the remarkable acceptance outside of Washington of the Eisenhower Administration's loudly proclaimed premise that its position is in favor of lower "flexible" supports of farm prices.

(President Eisenhower's devastating criticism of the mandatory supports, both in his radio-TV talk and his veto message, is rated by non-partisans as one of the best-phrased indictments of the economic foolishness of high supports. It, however, has received far more advertising than the *factual* position of the Administration, which naturally the President was reluctant to spell out.)

The original Eisenhower-Benson program on "flexible" supports was that these should run between 75% and 90% of parity. However, the Administration itself suggested, that large globs of commodities on hand two years ago, virtually all of them, should be "set aside," and not be computed in reaching parity.

The essence of flexible supports is that the greater the supply of commodities on hand, the lower the support levels, or vice versa. Since the Administration proposed, and the Congress accepted the idea, that there should be a legal Aladdin's lamp to make seem to disappear the bulk of surpluses on hand two years ago, the computations inevitably were high.

Thus, under the holy "flexible" price support plan of the Administration, the following support levels were put in effect on 1955 crops, the first year of operation: Tobacco, 91%; rice, 86%; peanuts, 90%; cotton, 90%; corn, 87%, and wheat, 82½%.

Thus, of the "basic" commodities, only wheat was dropped in support level appreciably. Something like a weighted average of supports would be not less than 86%, and possibly 87%. It was this magnificent average cut of some 3 points about which the Administration has been crowing loudly and proclaiming its proud accomplishment in saving the United States Treasury.

Meanwhile the number of commodities acquired or put under loan has zoomed up from something like $2.5 to $3 billion in June, 1954, to nearly $9 billion at present. (And for various technical reasons, this $9-billion figure actually is short of the actual burden, being a net after charge-offs.)

Benson Compromises

Prior to the Kefauver's win in Minnesota, Secretary Benson consented to various compromises including a big boost in the allowable corn acreage and an unofficial promise of 87% support for cotton, for the sake of rolling up what (at the time) looked like a big win in the Senate for "flexible" supports.

The probable effect of these and other compromises accepted at the time by the great Mr. Benson (and which would have become law but for later developments) would have resulted in an actual and practical support level "in the high 80's," as it was estimated privately for this correspondent by one of the leading advocates of the 90% mandatories.

Until the Kefauver vote in Minnesota, the Benson compromises were set to be accepted. Advocates of the mandatories were satisfied for they had achieved in substance the maintenance of high supports with the express blessing of Mr. Benson, just a little under their own holy grail of 90%. And the Administration was satisfied because, although substantively the bill would do the Treasury or the taxpayer little appreciable good, it had the shell of a victory for its pose that it was for "flexibles."

Kefauver Changed Things

Then after Kefauver's win in Minnesota, and to a lesser extent in Wisconsin, the Democrats thought they had something. That something was Farm Discontent. An issue at last!!

So the Democrats kicked the whole thing over. They deliberately sought the veto on the then premise that the way to win the election was to force the President to veto the bill.

This was purely a political maneuver, as the farm bill appears to have been on both sides from the beginning. The current heart-breaking problem of the Democrats is to determine whether it is better politics to avoid passing another bill and blame Eisenhower, or whether maybe Eisenhower has got something and can tag the Democrats with blame for not providing that extra $1.2 billion annual subsidy which will run from now on into perpetuity, in the form of the "soil bank" along with a level of supports that will be high, however, the Administration brands them to the contrary.

Copies Truman

In going all the way to condemn the morals of the high-supporters whilst proclaiming through the powerful and vast means of communications with the masses the White House has at its command, the purity of his own motives, the President has copied another of the techniques of his predecessor, Harry Truman.

That technique is to step all over his own party following in Congress for the greater political benefit of the man in the White House.

While a very large GOP membership loyally backed the President, the President's Congressional lieutenants responsible for trying to get re-elected members of the House and Senate from farm states, urged the President to accept the Democratic bill. The President turned them down in favor of the greater glory of his personal re-election campaign.

In turning down the farm bill as in vetoing the Gas bill after members of Congress voted for it on the word of their leaders that the President wanted it, the President was playing not Republican, but White House politics.

Such pre-occupation with White House politics may not have any immediate adverse effects upon Mr. Eisenhower. In the end, it can be a fatal mistake. For instance, although a Republican first aired some of the Internal Revenue scandals, it was the cooperation of any number of Truman-hating Democrats which made possible full-dress public airing of this situation, and which gave Mr. Truman an apparent sense of inferiority which he is trying to counter by writing memoirs in justification of himself. So it can be with Eisenhower a year, two years, or three years from now, too, if he should stub his toe.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"It might interest you to know I just found your 'Monthly Investment Plan'!"