Editorial

As We See It

We have of late been passing through one of those internecine military conflicts, in which the services and sometimes individuals are pitted against one another in sharp, almost bitter, debate about matters of basic importance to all of us. As is so often the case, there has been a regrettable tendency on the part of some individuals or groups to take the issues to "the people" by means of "leaks" and other familiar propaganda devices. Similar tactics in the past have rendered it impossible, politically speaking, to organize the armed forces in the most business-like way, and unless experience is no guide the current maneuvering, particularly in an election year, may do serious harm to the country.

As the President well said the other day, we are undergoing revolutionary transformations in an effort to keep our military establishment and our military strategy abreast of the radical changes that incredible scientific and technical advances have brought into being. And, as the President further observed, it is both natural and wholesome that differences of opinion should arise in such circumstances and equally good that in the proper places and in proper manner these opinions should find the most vigorous expression. But again as the President so well pointed out, it is essential that basic decisions be reached which in the very nature of the case can not possibly be pleasing to all who take part in current policy debates, and if we are to have a military establishment at all, these decisions must be accepted and loyally supported once they are properly reached. Of course, it is the old, old rivalry among the services which causes the real trouble.

Continued on page 24

How Good Is the Dollar?

By MELCHIOR PALYI

Internationally known Economist sees dollar stability undermined by: (1) extent of foreign-owned short-term dollar balances; (2) reversal of the economy drive; (3) 3% annual money volume growth and slipping gold reserve; (4) incredible growth of net public, corporate and private debts, and (5) existence of free gold market even in Canada. Dr. Palyi relates American short-term debt and foreign-owned sizable American securities to the run on pound sterling in 1931 when Britain was a creditor nation pursuing "forfeited $1.6 billion short-term debt." Advocates ending U. S. foreign aid used to cover dollar deficits and to build up foreign reserves.

The Canadian Government surprised the world by a sudden change in the gold policy it has pursued since the devaluation in September, 1931. Presently, the private ownership of the yellow metal has been freed of all shackles. To be sure, the Bank of Canada did not become the custodian of its notes into gold. But otherwise a free market in gold was established with full freedom to buy, sell, hoard and—most important—to export it in any shape or form.

There was no reason given for the puzzling, if only partial, reversal to normalcy. Just what was the motive behind it? To prepare for returning to the full-fledged gold standard? To demonstrate the strength of the Canadian dollar? To enhance the public's confidence in it. A few years back, when gold was commanding a substantial premium over the dollar, such liberalization would have been a bonanza to the gold miners. Now, the free market price is not appreciably higher than the official one at which the Bank of Canada buys gold. At that, the measure is taken at a time when the Dominion's monetary position is not at its best. Its deficit in foreign trade has reached last year an all-time high, while the influx of American capital seems to be heading downward. Canada's international balance has been weakening accordingly. This may have prompted the government's action, paradoxical as it may sound. The move may imply a subtle appeal

Continued on page 28

Inflation, Depression
And the Steel Industry

By BENJAMIN FAIRLEIS*

President, American Iron and Steel Institute

Appealing for liberalized, realistic depreciation laws, Mr. Fairless points out that the nation's steel industry in the next five years will be about $3 billion short in meeting replacement costs—assuming a stable construction and price level. Referring to past 15 years of "continuous cost inflation," and its compounded effect upon our life steel producing facilities, author discusses the two roots of inflation—industry-wide labor unions, and a national policy which demands the Federal Reserve Board to create a market order, a totally free market in financial capital expenditures and concludes prompt action is mandatory.

The past year has been notable for steel in many ways. It has been a year of new accomplishments, new records and continuing expansion. Historically, it has marked a milestone in the life of our industry. As we meet here today, we have just completed the first century of the steel age. We are at the 100th anniversary of the Remington Armory and the Kelly Process—the first having been patented in 1856 and the latter in 1857.

When William Kelly first proposed his theory, we are told, his father-in-law concluded he was crazy and wanted a doctor to treat him as a mental patient. We can be happy that his father-in-law failed, because we might otherwise be laboring under a very troublesome precedent. If, for example, every one in this industry who dreams in terms of new processes and better techniques were being united in a single body, it might sound.

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*An address by Mr. Fairless before the 50th General Meeting of American Iron and Steel Institute, New York City, May 26, 1956.

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International Harvester
In a general market which has shown highly divergent trends, some "quality" stocks with diversified earnings prospects have advanced to where they are selling at 20-30 times earnings and yield 5% to 5% or less. Contrarywise, where the company has been other than successful, shares which have been declative have lost selling pressure due to interim factors, and have tended to generate an adverse investment psychology toward the company and its products. While International Harvester is the dominant manufacturer of farm equipment, its over-all operations are well diversified. While net earnings for the year in the United States last year declined to $10.9 billion from $12.3 billion in 1954 (a steady decline from $6 billion in 1951), Harvester's sales in the 1953 fiscal year were $1,165,000,000 compared with $994,100,000 in 1952 (and not too under the all-time peak of $1.2 billion in 1950). Net earnings in the fiscal year ended October, 1953, rose to $3.60 per share from $3.15 in 1952.

Indicative of Harvester's diversification is the fact that total sales, farm equipment represented 33%, trucks and trailers 32%, and the balance in industrial equipment, steel and iron, twine, and military products.

Over-all truck production is running 20% higher for the year the industry should equal last year's output of about 1,200,000 units. Harvester's first quarter truck output was 26% over a year ago. Industrial power equipment sales (13% of total volume) should be appreciably higher than in 1953. On the other hand, the Harvester management expects gains in its other lines to offset the dip in farm equipment. Hence, 1954 sales are expected to be approximately $1.5 billion, with net earnings of about $55,000,000.

The company is fully integrated from the production of raw materials to the end product and distribution of its finished products. Harvester's products consist of its own coal mines, steel mills, coke ovens and other related products. The company has the most complete dealer organization, both at home and abroad, of any manufacturer.

Finances are characteristically strong. At the end of March, net assets of $572 million are 3.3 times total current liabilities of $174 million and each share of $103 million alone exceed the latter figure. The regular 2.00 dividend rate is amply covered by earnings and at 35 years a much better return than average rate of 5.75%.

This Week's Forum Participants and Their Selections

International Harvester Co.—August Huber, Manager Stock Department, Spencer & Trask & Co., New York City (Page 2)


of the greater capacity and more efficient operations.

Keystone experienced increased earnings and dividend rates, split of stock benefit was received from the increased capacity, more efficient operation until after the close of 1955. The expansion was done without dilution or additional financing.

Public ownership of the stock was considerably broadened in the early part of 1954 when the authorized common was changed from 136,434 shares to 547,356 $3 par shares and outstanding from an estate were offered to the public.

Keystone's capitalization is extremely conservative with no funded debt outstanding. In this, the spin-off of the expansion program costing in excess of $1,700,000.

As of Dec. 1, 1955, the capital and surplus figures were as follows:

Common Stock $1 Par Value
3,100,000 shares

Paid In Surplus 2,797,750
Total 6,905,250

Total surplus stock at $6,057,575 on Dec. 31, 1955, up $1,25,618 over Dec. 31, 1954, with $6,057,575 being the capital and surplus accounts.

The total of $4.15 in dividends paid in 1955 took the form of 20c quarterly plus 1c extra in December. The first quarter, paid in March, was increased to 3c. The dividend was paid out in the first five years has averaged about 59c.

According to the letter of Charles K. Shearer, president, included as an annual report of the additional quarry land was purchased with the sale land extended. This has added many more lives to the year's raw material, bringing it up to 120,000 tons of output. The following is quoted from the letter to members.

"All of our studies and surveys indicate another good construction year in 1956, with a few of the predictions—the Commerce Department's, for example—suggesting that total new construction in Washington jointly forecast that new construction may attain a record of 800,000 million dollars. If that figure is reached, even with an expected slackening of home building, the

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The Commercial and Financial Chronicle Thursday, May 31, 1956
A Commentary on Questions Confronting the Treasury

By HON. GEORGE M. HUMPHREY

Secretary of the Treasury

Treasury Secretary Humphrey is giving his views on the economy’s outlook, possibility of budgetary and tax cuts, recent Federal Reserve Policy, ogines: (1) it is going to be very difficult to continually reduce non-military expenditures; (2) real savings will be coming from reducing some nonemergency government functions but from reduced world tensions; (3) taxes are too high, and an adequate surplus will achieve a start in debt and tax reduction; (4) military security has not been weakened in balance (budget) and (5) no further credit tightening was needed. Anticipates small adjustments, stresses confidence in the outlook, and answers questions pertaining to suggestions of income tax and just when a tax reduction is justified.

Knowing the Press Club’s habit of thinking up the most embarrassing questions first, I ask myself some questions first, taking my own advice by asking myself that I would ask and perhaps by the time I got through answering them, you would either be too tired or I would be too late, the Chairman having adjourned the meeting and it would be all over.

With your permission, I will just ask a few questions. Then, if there is time left, I will do the formalities.

Budgetary Surplus

The first question I have here is this: How close can we come to the new estimate for a budget surplus of $1 billion, 600 million?

The answer to that is that we hope we will be pretty close. In try to come to your June close we can come, I just want you to have in mind a few things as to how difficult it is to make these estimates. A billion dollars is an awful lot of money, and do not know how much it is, and I do not believe there is anybody in this audience who knows how much it is. It is a terrific amount of money in the thing we do, and the way we think about the thing, we do. However, a billion dollars in current finances is a relatively small amount of money, when you are collecting and spending 65, 66, or 67 billion a year.

You would think that anybody who could not estimate within $1 billion that there was something the matter with him. But if you stop to think about it, just a moment, I spend $1 billion every five days. Just think of it, every five days.

In other words, we collect it, of course, and spend it. It is not literally true, but figuratively true, that if our mail is delayed from Tuesday to Thursday morning we go out a billion. If you say you can estimate $100 million, or $1 million, of $1 billion, it is going to be a given day, why it is a very difficult thing to do. About all we can hope for, is to be perfectly frank with you about it is that you can think you have estimated in the orders of magnitude that they will kind of cancel each other off.

Fairly large and it works about that way. With the efforts that we put out, I have reason to believe that we will come pretty close to the $1 billion, 600 million that we have estimated.

We have about three-quarters of it behind us in the income side, and about ten months of it on the defense side. But we will have the income for the last quarter of the fiscal year, which are the June tax payments to come in and we can very easily have $1 billion variation from our estimates.

On that basis, we have the expenditures coming in for the remainder of the year, and as you well know, there is a huge tendency toward the end of the year when there is money not spent to at least commit it so there is no tendency toward an appropriation lag. The last quarter of the year we know with certainty both the expense and the income side to estimate, but I still believe we will be fairly close to a budget surplus of $1 billion, 600 million. I am not going to delude you into thinking that you have the assurance, and to tell you that thing, I think you are positive assurance that we will have a budget surplus of $1 billion and 600 million.

Question of a Tax Cut

The next question: On the basis of this estimated surplus will you recommend a tax cut?

The answer to that one is no. I will not. For one thing, it is high time to start reducing our huge deficit now. Another reason is this: As I said a minute ago $1 billion, 800 million is a lot of money, but again it is a very small percentage of our total collections and total expenditures. We have nearly 80 million taxpayers in this country. We have over 50 million tax returns. Some of them are made for husbands and wives jointly, so we have more people.

Continued on page 26

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Testing Steel

By IRA U. COBLEIGH

Some topical notes about one of our most important industries, its position and prospects today, and the relative attractiveness of certain steel equities in the fluctuating markets of the moment.

Almost everybody and everything in this country today is thinking, talking, and writing about steel. Millions of young people in schools and colleges are getting the steel story as part of their tests and exams. The stock market on the Wall Street floor is thinking steel. The hydrogen bomb was just exploded offshore of the Pacific and the Army type guided missiles of a defense contractor and the oil trade. Once again the unifying force of the steel industry is being kicked around not only by economists, lawyers, and business leaders, but by investors in the board rooms. Steel is for a decade a dull and dour fixture of the markets and a five or six times around.

So with this off-beat sort of intro...
Common Stock Investment Policy

By WALTER MAYNARD

Well-known investment expert foresees general level of economic activity and of stock prices continuing to push slowly upward in the remainder of the year. He refers to the German half-century experience of steadily rising economic development. Looking out for the United States the similar capacity "to continue to enjoy rising business indices for a long time ahead." Mr. Maynard stresses that stockholders are entitled to a fair return on their popula-tion; "have not" raw material position; and definitional potency of tax reduction, and ability to exercise individual restraint and individual leadership capable of doing the expound thing of credit realignments of the given six areas, which appear "to offer good hunting ground for investment opportunities."

On two previous occasions, in 1951 and 1963, I found the task of defining an investment policy relatively easy, mainly because, by almost any statistical measure, stock prices in general were depressed. On those occasions, as now, the outlook appeared rather hopeful as directions were a plenty. But the dominant factor of a major concern in a statistical sense was the tendency to off-set a tremendously large part of the risks to stock prices that always exist in the economic environment. Today, we can see through the cloud the prices of stocks in many different areas, at the levels at which they are, probably for several years. Price-earnings ratios are high, yields are relatively low, and our present Administra-tion's and in the successful practical working out of the Administration's policies, it now seems logical to assume that the Republicans will be in power for another four years, and, as a consequence, we need to take a closer look into the risk of a return of either the atmosphere of eco-nomic unworld or the punitive Martxism, or make sure our political business that prevailed in gov-ernment until 1953.

Secondly: we think that there will be no general war in the Mideast, or that a third short war in the Middle East, a war of "trenches" which has been used twice in the last war, in 1946 and 1948. On each occasion tax reduction was undoubtedly the most important factor in reducing severe recession to minor propor-tions. A shortage of capital and the ability of this powerful stabilizing force provides a safety factor which in the future presents should clearly play an important role in the economic situation.

It seems that, in the absence of war speculation in the secu- rity market, there are powerful factors against the forgo ing factors combine to suggest that, in the future, the mutual forces of economic activity and of stock prices

ECONOMICS SPON-FED

Observations . . .

By A. WILFRED MAY

Here is a unique volume indeed: GETTING AND SPENDING: An Economic Analysis of the American Scene, by Burton Crane. 303 pp. (New York: Harcourt Brace & Co. $4.95.)

Away from the usual morass of books with such a title, here a racy romp along the road of the past, present and future in the world of economics, with a full digestion of the policies of the administrations of the American people, if one may believe a Brookings Institution report on the "inflationary" programs of the past twenty years. And, as the average investor concentrating on such a book in the last decade of the "worrying" of earnings/depre ciation, aren't the earlier period re garded with more favor. Here, the recent events that might otherwise be. Among these are the stock market and the Federal Reserve. But with the average in vestor concentrating so much on the "worth of" earnings/depreciation, aren't the earlier period re garded with more favor. Here, the recent events that might otherwise be.

That Difficult Stock Market

Interestingly, the topic of specu-lation, investment, and the stock market can be difficult to offer the author more, or at least con-structive, deductions, than the supposedly more complex other areas of his economic coverage.

The author has already operated to push stock market speculation. He has depicted in the author's opening paragraphs some of the many details of the American people, if one may believe a Brookings Institution report on the "inflationary" programs of the past twenty years. And, as the average investor concentrating on such a book in the last decade of the "worrying" of earnings/depreciation, aren't the earlier period re garded with more favor. Here, the recent events that might otherwise be. Among these are the stock market and the Federal Reserve. But with the average in vestor concentrating so much on the "worth of" earnings/depreciation, aren't the earlier period re garded with more favor. Here, the recent events that might otherwise be.

Mr. Sproul, is strongly confirmed.

Looking at the Taxation Problem

The bewildering problem of taxation our author an "economic" capsule to which: With full em ployment, a stable dollar, a steady wind, we cannot cut taxes. To do so would be taking a great risk. For tax cuts would increase purchas ing power without increasing the supply of goods to be bought. Up would go prices. Therefore it is a sound investment policy to keep taxes low. The long term problem for the government is to maintain a steady supply of goods and services so that taxes—and government revenue—will not be reduced and business suffers.

If so, "would you favor cutting the taxes when you paid your taxes last year?" You could use the excuse that it is good for the investor and that the econ omy needs new investments. Or would you favor cutting taxes of low-bracket taxpayers, because with less money you would immediately turn into purchasing power and thus bolster the eco nomy? If a slump must be ar ranged to make any tax reduction possible, it is not corned to slight dishonesty? All of which is resolved into the key question: Again on the political para doxical—or evolutionary—ap proach, this naive query: "Were the Republicans right to start the sewage (which you may re-define) as a "Bomber" and to pay taxes for the Tennessee Valley project?" Any one right now to call it Creeping-Socialism?"
Greater Availability of Funds Without Easing Interest Rates

By HENRY C. ALEXANDER

Chairman, J. P. Morgan & Co., Incorporated

In pointing out that total bank credit demand will continue pressing for some time to come, and in endorsing the rediscunt rate, Mr. Alexander recommends two-fold policy of greater monetary easing in order to accommodate, under good and prudent banking standards, credit-worthy forces of production, distribution and consumption. The Federal Reserve is operating under the fair rule that the demand for reserve funds must be kept at a level that will keep the credit lines open fully open; (2) use of open market operations; (3) reduction in member banks’ required reserves; and (4) over the long period, capital formation for economic growth must not be held back by money inflation.

Henry C. Alexander

How is business today? Here we can summarize quickly some of the indications of how it is likely to be during the months ahead, and what we should be doing. For, after all, is there another Federal Reserve? Mr. Kettering says, it is the foundation of industry, and we should consider it with great care, in the same manner that we are all of us doing for the present.

Henry C. Alexander

Business, in the main, is at a high level, down slightly from last March. The reason is that quarterly and current activity are divergent in the way that matters. If the current activity is represented by the Federal Reserve, which is on the right, and the quarterly activity is represented by the New York Stock Exchange, which is on the left, then the current activity is doing pretty well, and the quarterly activity is moving downward. The divergence is due to divergent forces of production, distribution, and consumption. The Federal Reserve is operating under the fair rule that the demand for reserve funds must be kept at a level that will keep the credit lines open fully open; (2) use of open market operations; (3) reduction in member banks’ required reserves; and (4) over the long period, capital formation for economic growth must not be held back by money inflation.

Strengths and Weaknesses

But it is worthwhile taking a look inside this aggregated picture. Within the overall growth are divergencies of movements. There is a divergence of trends in prices, and "soft spots." Strengths and weaknesses exist together. Between the selection of industries, and some other consumer products and services, and some other consumer products and services, and some other consumer products and services, and some other consumer products and services, and so on, there is some instance in which it is mainly in the last five months already, and some of these "soft spots" exist in our economy in general, and in the Federal Reserve system.

Forecasts for the future are made with great care, and some of the factors that are divergent are expected to come together in the near future. There is no indication that the divergencies in the current activity will continue to move downward. The divergencies in the quarterly activity will continue to move upward. The divergencies in the current activity are due to divergent forces of production, distribution, and consumption. The Federal Reserve is operating under the fair rule that the demand for reserve funds must be kept at a level that will keep the credit lines open fully open; (2) use of open market operations; (3) reduction in member banks’ required reserves; and (4) over the long period, capital formation for economic growth must not be held back by money inflation.

Money Situation

In trying to find answers to the above questions, we have to take the current activity as the basis for our conclusions. It is important to realize that the current activity is moving upward, and the quarterly activity is moving downward. The divergencies in the current activity are due to divergent forces of production, distribution, and consumption. The Federal Reserve is operating under the fair rule that the demand for reserve funds must be kept at a level that will keep the credit lines open fully open; (2) use of open market operations; (3) reduction in member banks’ required reserves; and (4) over the long period, capital formation for economic growth must not be held back by money inflation.

Money Situation

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A Real Look at Credit Policy and The Federal Reserve System

By ALLAN SPOREL
Former President, First National Bank of New York
Reprinted by N. Y. Federal Reserve Board for a broad
national Randall Commission-type of monetary and banking
inquiry, and defending Federal Reserve policy states: (1)
the present system is basically sound, (2) it has been
the beneficiary of legislative changes and (3) rejects as a "sort of cosmic jest" the recent claim that
Federal Reserve's policy contributed in part to the automobile
industry's difficulties. Discusses the barometers of
price, credit volume and money supply in a
Federal Reserve System context, and argues
that debt would be shaying away from that
responsibility in the future, as there was a sharp
upward thrust in March, which has since been
confirmed, and the perspective remains favorable.
That the Federal Reserve System has been
followed is true, but the change is only applicable
over long periods of time. There are inherent
difficulties in defining the "money supply," in
measuring it, and in allowing for its changing
distribution and for the changing intensity of its use.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
The offering is made only by the Prospectus.

$25,000,000
The Mountain States
Telephone and Telegraph Company
Thirty-Four Year 3½% Debentures

Dated June 1, 1956
Due June 1, 1990
Price 100.996% and accrued interest

HALSEY, ST uart & CO. Inc.
BEAR, STAIRNS & CO.
BLAIR & BLAIR.
LADENBURG, THALMANN & CO.
F. R. FISCHCHILD & CO.
SALOMON BROS. & HUTZLER
SCHOELKOPF, HUTTON & POMEROY, Inc.
SHIELDS & COMPANY
WERTHEIM & CO.
BAXTER, WILLIAMS & CO.
GREGORY & SONS
NEW YORK HANDICRAFT CORPORATION
SHEARSON, HAMILL & CO.
BALL, BURGE & KRAUS
IRA HAUPT & CO.
EM. W. POLLOCK & CO., INC.
FREEMAN & COMPANY
KEAN, TAYLOR & CO.
ARTHUR M. KRENSKY & CO., INC.
SWISS AMERICAN CORPORATION

The Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

The offering is made only by the Prospectus.

Volume 183 Number 5351 The Commercial and Financial Chronicle (2599) 7

Federal Reserve Bank of St. Louis
Digitized for FRASER

be lions to the clear clearly either to say we inbred errors which I sis.
24, their whole themselves economic we and some
realize their own in the whole range of economic forces to examine the level and trend of employment and production, there are these but three, factors which are close to the Federal Reserve System. It must are the monetary authorities are not economic dictators, for which we can only use the word "independent." The Government do their job well, and the Federal Reserve System has conducted themselves with some degree of economic intelligence and enlightened self-interest. The consumer exercises his sovereign right of supply and demand, we can hope to achieve susto nable economic growth. But the

It is hard to find evidence of too great restraint on business borrowing. The use of bank credit by business has been larger during the present year than in the past, mainly

been revised sideways except possibly in terms of inventory accumulation and reduced business liquidity. After a less than seasonal decline in business loans during the first two months of the year, there was a sharp upward thrust in March, which has since been confirmed, and the perspective remains favorable. That the Federal Reserve System has been followed is true, but the change is only applicable over long periods of time. There are inherent difficulties in defining the "money supply," in measuring it, and in allowing for its changing distribution and for the changing intensity of its use, which rob it of much of its short-term validity as a guide to credit policy. It cannot be disregarded as a component of our economic well being, but it is only one factor in the complex of monetary and credit phenomena which must be viewed together.

Big and Small Business Complaints

Quite apart from the differences which may arise in the present interpretation of economic factors, the meaning for credit policy, are the two wrongheaded views of credit policy from two widely different sources. On the one hand we have the so-called business story, which has been followed are the Federal Reserve System in government policy and the automobile industry have been somewhat decelerated by relaxation of payment terms, can accentuate swings in economic activity, as well as to employment. The rapidity of last year's increase in this easy approach to record sales volume has come home to roost. We must hope that the rest of the economy will maintain its vigor and strength to this error in calculations has been corrected. Fortunately the economy has the

Continued on page 53

This article is about credit policy and the Federal Reserve System. It argues that the current credit policy is sound and that the Federal Reserve System's role has been underestimated. The author discusses the factors affecting credit policy, including economic conditions and legislative changes. The article also touches on the relationship between credit policy and economic growth. It concludes by noting the importance of maintaining a strong economy while considering the effects of credit policy on various sectors, such as the automobile industry and employment. The author emphasizes the need for careful consideration of credit policy to promote economic stability and growth. The Federal Reserve System's role in monitoring and adjusting credit supply is highlighted as crucial for maintaining a healthy economy. The article is relevant for understanding how credit policy affects various industries and for appreciating the complexities involved in formulating effective monetary policy.
Dealers . . . we suggest that you and your clients can still profit in:

Automation Stocks

Where "thinking machines" figure to take many tool makers out of their "one-shot" business and give them variety and stability.

Spokesmen estimate there's enough tool replacement business to keep the whole industry operating at capacity for at least seven years. And competition being what it is, no company hereafter can afford to be caught with its automation down.

We Trade and Position:

- The Cross Company
- Fourth-Street Company
- Giddings & Lewis Mach.
- Kearney & Trecker Corp.
- Lake Tool & Die Co.
- Warner & Swasey Co.

TROSTER, SINGER & CO.

Members New York Security Dealers Association

Reading Equipment

Certificates Offered

Halsey, Stuart & Co., Inc., and successor on day of issue of
6,000 of Reading Co., series Y, 3% equipment trust certificates, maturing Oct. 1, 1934, at $1000 par, to yield at 4.375% from March 1, 1934.

Associates in the offering are:


Wall St. Anchor Club

Day of Recollection

The Wall Street Anchor Club's annual Day of Recollection will take place on Thursday, June 29 at Maryknoll Seminary, John Boyen of L. F. Rothchild & Co. is in charge of arrangements.

Wilkes Heads Ass'n

Of Financial Analysis

BOSTON, Mass. — Robert Wilkes, an associate of the firm of Stoddard, Collins & Clark, has been elected President of the National Federation of Financial Analysts Societies. He was chosen at a directors' meeting on the eve of the ninth annual convention.

DEPENDABLE MARKETS

MADISON AVENUE HEAD OFFICE: 245 PARK AVENUE, NEW YORK CITY 17, N. Y.

A. H. ROGERS & COMPANY

ROGERS & ALBERDETT, INC.

A. H. ROGERS & COMPANY LTD.

LEGAL & GENERAL INSURANCE COMPANY LIMITED

Firm of Bankers in the City of London

Head Office: 20 Bishopsgate, E.C. 2

West End Branch: 1-376-377-378 New Broad Street, E.C. 2

Further Branches:
1-376-377-378 London Wall, E.C. 2
1-376-377-378 1 Liberty Street, N.Y.
1-376-377-378 154 Fenchurch Street, London E.C. 3
1-376-377-378 68 Broadgate, London E.C. 2
1-376-377-378 3-4 Hanover Sqaure, London W. I

Authorized and Registered Capital £50,000,000

Reserved Capital £10,000,000

The Bank and its associates do not engage in the banking and exchange business. Trusteeships and Loan Agreements are also undertaken.

NATIONAL BANK OF INDIA, LIMITED

Banks to the Government in India.

HEAD OFFICE: 245 PARK AVENUE, NEW YORK CITY 17, N.Y.

WEST END (London) Branch:
7, JAMES STREET, LONDON W. I

WASHINGTON (D.C.) BRANCH:
818 FIFTH STREET NORTH, WASH. D.C.

MELBOURNE, AUSTRALIA

MADRAS, BOMBAY, CALCUTTA, WITH OTHER BRANCHES IN INDIA

LEIPZIG, BERLIN, HAMBURG, AMSTERDAM, and BRUSSELS.

Authorised Capital £50,000,000, Registered Capital £10,000,000

Deposits accepted and loans made at current London money rates.

June 1, 1954 (New York City)


June 4, 1954 (Chicago, Ill.)

Municipal Stock Exchange annual election.

June 7, 1954 (Bastian, Mass.)

Bastian Municipal Securities Association 37th annual summer outing at Lakepoint Country Club, Watertown, Mass.

June 8, 1954 (Chicago, Ill.)

Bastian Municipal Securities Association 3rd annual field day at Koolwood Club, Chicago, Ill.

June 8, 1954 (Connecticut)

Security Traders Association of Connecticut annual outing at the Shettle Meadow Club, New Britain, Conn.

June 8, 1954 (Detroit, Mich.)

Bond Club of Detroit annual summer outing at Lakepoint Country Club.

June 8, 1954 (New York City)

Bastian Municipal Securities Association summer outing at Sleepy Hollow Country Club, Scarborough, N.Y.

June 10, 1954 (New York City)

Investors' Club of New York City, Investment Traders Association of Philadelphia annual outing at the Arnot Club, New York City, Newtsoon Square, Pa.

June 15, 1954 (Detroit, Mich.)

Securities Traders Association of Detroit & Michigan 21st annual summer outing at the Flum Golf Club.

June 20-21, 1954 (Minneapolis, Minn.)

Twin City Bond Club 35th annual picnic and outing cocktail party at the St. Paul Hotel; outing at the White Bear Yacht Club.

June 22, 1954 (New York City)

New York Municipal Securities Association annual outing at the Ancient Order of United Workmen, Convention Station, New Jersey.

June 28, 1954 (Toledo, Ohio)

Ohio Municipal Securities Association outing at Inverness Club.

Sept. 1-2, 1954 (Minneapolis, Minn.)

National Association of Bank Stock Dealers annual meeting at the Hotel Radisson.

Oct. 4, 1954 (Detroit, Mich.)

Association of Stock Exchange Firms meeting of Board of Governors.

Oct. 24-27, 1954 (Palm Springs, Calif.)

National Security Traders Association Annual Convention at the Desert Sands Resort.

Nov. 4, 1954 (New York City)

Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 25-28, 1954 (Los Angeles, Calif.)

Investment Bankers Association of America 59th annual convention at the Hollywood Hotel.

April 21-23, 1957 (Dallas, Texas)

Texas Association of Investment Bankers Association annual meeting at the Statler Hilton Hotel.

Nov. 3-4, 1957 (Hot Springs, Va.)

National Security Traders Association Annual Convention.
The Flow of Funds to
"The Dynamic West"

By D. C. Sutherland

Vice-President, Bank of America, N.T.&A.

Bank of America official, referring to the West's substantially faster growth rate than that of the country, emphasizes the need to mone.

A native-born westerner, and perhaps a provincial one, I have always thought this or maybe a better word would be formation in the partly rural economy of the western United States extends a vital segment of the national economy which permit excess investments throughout the nation to flow and cites the growing importance of insurance company participation in the West's mortgage market as one of the factors involved.

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The Anti-Depression Value of Advertising

By ROGER W. BABSON

Massachusetts' analyst attributes to advertising the ability to prevent depressions. Hopes national advertisers will offer something new in their new style of campaigns: local newspapers initiate changed advertising copy; and national advertisers forego local newspaper advertising.

I am not saying that advertising is the cause of a business depression. Thiamin. The location and attitude of every local merchant and of his clerks are also factors. This is due to the fact that consumer buying really determines the future of business and employment.

If economic history had a true form, we would have had a business depression and unemployment after World War II. But the adventure in radio advertising saved the day. It provided the greatly needed "shot-in-the-arm" to the general welfare.

In the last part of the Truman Administration, color advertising was another "shot-in-the-arm" which was then greatly needed. Again, after Mr. Eisenhower became President, we were threatened with declining retail sales. This caused manufacturers to lay off employees. Increased unemployment followed declining sales as night follows day. This time it was television advertising which corrected the situation and kept a million readers of this column on their jobs.

What About Colored Sausages?

Unless the national advertisers have something new to offer, we are again likely to see declining sales, wherever may be elected President on Nov. 6 of this year. Clouds are already in the sky. Every television advertising executive who is on his toes and tends to business, whatever ticket he votes, every manufacturer, merchant, or wage-earner wants good business. Certainly, it will not come unless the ticket antagonistic to business.

The first principle of holding your job and being promoted is to stick by and uphold foundations already built. I hope the advertising agencies can pull some new rabbit out of their hats. For a really good times continue considerably longer. Consumers, however, become immune to the same old presentations in the same old way. If I were forced to guess as to the next incentive to business, I would pick new style or packaging. This is best illustrated in the supermarkets and in the "five-and-ten" variety stores now being put on a self-service basis. This is the most logical, one of the most effective forms of advertising during the next few years will be the attractiveness of the package. The mass merchandising of such a store is already being talked about. The sale of sausages, for example, is a great opportunity for young people with both imagination and artistic flair. Package selling in sufficiency can be a great help, upon which millions of dollars have already been spent, a new feature which will catch the eye.

Local Newspaper Advertising

I fear that most newspapers are not helping their merchants in the preparation of their advertisements. For a national advertisement on a local newspaper, the merchant is content to use the canned advertising sent to him, without adding a personal or local touch. This is due partly to laziness on the part of the merchant and partly to the fact that it costs the local newspaper to make a change in its advertising copy. Yet statistics will show that the local newspapers—especially those of smaller cities—are the real determining factors as to future business. The national advertisers are to spend more money. Of course, it is much less work for the national advertisers to get their income from expensive copy than the thousands of big circulation than to bother with a lot of little daily or weekly newspapers. Let me say, however, that this is a sign that the advertising agencies and also for the national advertisers when they present. Remember that the weekly newspaper not only is published in a large city but is also being read by someone every day.

Mannheimer-Egan—You Watch 'Em Grow

ST. PAUL, Minn. — Mannheimer-Egan, Inc. have announced the removal of their offices to new and larger quarters in the First National Bank Building. As a demonstration of their expansion the firm is distributing what looks like a small blottor but which when placed in water it grows—and grows and grows—into a good-sized (and quite serviceable) sponge.

DS, Knack Join Simpson, Emery Co.

PITTSBURGH, Pa.—Winthrop D. Davis, executive vice president of Simpson, Emery & Co., Plaza Building members of the Pittsburgh Stock Exchange, as Vice President. Mr. Davis was formerly President of W. N. Davis Corp. an excellent move.

Cyril W. Knack is also now associated with Simpson, Emery & Company in the trading department, which was with W. N. Davis Incorporated in a similar capacity.

Fred Bowerh and David Badgury also have joined Simpson, Emery & Co., in a sales capacity.

Opens Office in Ulits

UTICA, N. Y.—Gertrude W. Proctor is conducting an investment business from offices at 411 Kemble Street. She was formerly associated with Proctor & Company.

H. L. Howard Opens

BALTIMORE, Md.—Henry L. Howard has opened a business from offices at 411 East Pratt Street. He was formerly with W. A. Bennett & Co., Inc.

This announcement is not an offer to sell or a solicitation of an offer to buy key securities. The offering is made only by the Prospectus.

$7,500,000

Iowa Power and Light Company

First Mortgage Bonds, 3% Series due 1986

Dated June 1, 1956

Due June 1, 1986

Price 101.749% and accrued interest

The Prospectus may be obtained in any state in which this announcement is circulated from such state's undersigned or underwriters as may lawfully offer such securities in such state.

HALSEY, STUART & CO. INC.

DICK & MERLE-SMITH

L. F. ROTHSCILD & CO. WM. E. POLLOCK & CO., INC.

COURTS & CO.

AUCHINGLOSS, PARKER & REDPATH GREGORY & SONS

HELLER, BRUCE & CO.

MULEN, WELLS & COMPANY THOMAS & COMPANY

FIRST OF IOWA CORPORATION PATTERSON, COPELAND & KENDALL, INC.

May 28, 1956

From Washington Ahead of the News

By CARLISLE BARGER

President Eisenhower is again up against the problem of sticking to his guns or backtracking on a major policy. And as the President was turning to leave the White House yesterday it was revealed that he has the political resources to withstand him if he does. Moreover, it is being pressured within his own staff to do away with and end the aggression bill. In the matter of the farm bill he vetoed it in favor of price support in an effort by directing the Secretary of Agriculture to announce support prices for farm products. But now this is being done in high not only in the House of Representatives from which the Secretary is trying to get

This time it concerns the successor to Douglas McKay who resigned several weeks ago to run for the Senate from Oregon against Wayne Morse. Ordinarily the post would have gone to the Under-Secretary, Clinton A. Davis and, indeed, he was slated for it.

An outcry, however, has been raised in Congress from the so-called liberal public power crowd. Davis has been dubbed the "give-away" man of our natural resources a term which the Liberals have built up in the public mind as something scandalous and in the category of the Dixon-Yates "swindle. Davis isn't going to stop this demagoguery; it is a Democratic vote.

The question before Mr. Eisenhower is whether he should give in to it or whether he should hold his ground. Davis, of course, has done enough on this measure, who, in turn, was carrying out the policy of Eisenhower as repeatedly counseled in the White House.

The first effect of the passing over of Davis would be a regulation of McKay who entered the Senatorial race at the behest of the President.

You can imagine what Morse would make of it. Why the President of his own party admits he was wrong. Morse would chide. As it is, he has had to wait until the Oregon primary just about 15 days ago. His chief primary opponent has mounted a swift Morse story. There would have been no issue between him and Morse in November. However, Davis moved in but Morse was still to go on in November in claiming White House support if the policy he followed was as Secretary of the Interior in effect, repudiated. But at least Morse had won a point. The President could get Davis confirmed by the Senate. But at least he could make much hay on this. If he were to backtracking of his policy was involved. Some tidbits in some greens and in the Administration are urging against even appointing Davis because he may go on to the Senate and not make the红军 with their charges of "give-away." But they don't need such an opportunity. "Give-away" and "Dixon-Yates" are now even being shouted in practically every piece of campaign material the Democratic National Committee puts out and by their speakers out on the hustings.

Amazingly enough, serious consideration as McKay's successor is being made to that of Mr. Davis, who is the Governor of Nebraska. Peterson has the sheen of Civil Defense Administra- tive of his ability to say that he has had to little to do but go around making speeches and putting up posters. There will be closed in the event of enemy attack, and spending a good deal of money. "Give-away" in the event of open warfare, nothing to do unless we are all to go underground for the duration of the attack.

His only claim to the Interior Post is that he is from Nebraska and the job calls for a Western man. He wouldn't get into any controversy with the public power people. His state was leaning on the public power bottle of that daddy of the public power crusade, George W. Norris.

NY Municipal Bond Women to Hold Out

The Municipal Bond Women's Club of New York will hold its Sixth Annual Meeting on Friday, June 26, at the Municipal Golf Club in Convention Street, New York.

Most of the members will go by chartered bus, leaving New York at 8:00 a.m. It will, of course, be an all-day affair, and there will be the usual golf, tennis, swimming, putting or "just a stroll" and a sumptuous luncheon.

Members of the "Outing Committee"


Phil. Inv., Women Elect New Officers

PHILADELPHIA, Pa.—At the Annual Election Dinner of the In- vestment Women's Club of Philadelphia, following officers for the 1956-57 year were elected:


Committee Chairmen:


Frank Edenfield Adda

(Special to THE FINANCIAL CRONICLE)

MIAMI, Fla.—Newzil Nium- baum has been added to the staff of Frank L. Edenfield & Co., 8340 North Second Avenue.
Responsibility of Accountants
In a Balanced Economic Growth

By HARRY A. BULLIS
Chairman of the Board, General Mills, Inc.

Mr. Bullis emphasizes the importance of a balanced economy and the responsibility of cost accountants. Discusses the relation between cost accounting and effective management, and factors to be considered in preparing for future growth; and role of costs, prices, and income.

Under our economic system, each element has a governing role. The accounting profession, respects the relation the two; it presents a set of policies that should be directly related to costs.

If we want prices to be stable, as they properly can be so, costs will have to be stable. The enterprise will gain in free competition, producers can see their goods in the market place. That means that prices must at least equal their costs of supply with the goods with the total amount of their own productive power. This is our old friend, the law of supply and demand, which is too set high, some goods will be left unsold because competitive forces will push the price of them all. If prices are set too low, the costs of production will be greater than production. That is why prices must be set in line with the costs and the law of supply and demand.

Costs and Income

When one considers the fact that our national income is probably three times that of any other country, we realize the importance of income. But all income to one "person" is not to another. That simple little word: "cost" is so extremely important because it embraces the entire process of generating income in America. On an operating statement, the aggregate of prices is measured on the left side of the page. It is, as it were, called "Sale." Beneath it are numerous details, all in proper order. Those costs, for all industry collectively, become the income of our society.

Manufacturing costs consist of purchased materials and labor costs. These are the direct incomes of the workers. If the raw material happens to be coal, as in a steam-electric generating plant, the coal is evidence that the minds earned wages, and the burning of the coal into electricity is the cost in the production of electricity.

Another cost is the general administrative cost. This includes salaries of officers who direct and manage our corporate staff. These personnel are administrative and managerial salaries, when distributed over the total product, becomes a relatively small item. Yet the sales staff of the executives are extraordinarily productive of increases in the general welfare.

Next, there are costs of distribution, selling, and more important. During the first years of the postwar period the government was a large customer. Today the government is a small customer. Today the pressure is on selling all we can produce. If the sales department is driving income become income to salesmen, to warehousemen, to truck drivers and railroad workers, etc.

Taxes, too, are costs. They run all through the budget. But these taxes weigh less when a larger proportion of consumers as income are used to pay for these taxes.

Interest on borrowed operat-

ional capital is another cost. But this interest cost to a business is income to the many individual creditors needed to enter a price-going enterprise.

All individuals are willing to risk their savings and invest in equities, they receive income, too. This income is a proportionately large share of the price of all costs are paid.

Economic Balance

The concept that production flow identifies with the cost of production is a basic truth. More than a hundred years ago, David Ricardo stated this economic theorem.

It means that the total consumption resulting from the total costs, which are incurred in the production of the total product. These costs become the income of the total income, which is the price of production. Today we recognize Say's law that "Pro-

duction and consumption are equal" and that it is vitally important.

I would like to stress right here that the economic sense of the statement is a basic truth. In the economic sense, a definite responsibility of every citizen of this country, every corporation, citizen—workers and executives alike—is the economic and political duty of every one of us to help keep our economy reasonably in balance.

If we permit our economy to become unbalanced, there is trouble in the land. Let's see what factors can cause an imbalance.

If we price our goods too high, we have an inflationary crime. Therefore, we have used up the balance. If we price our goods too low, we go through our total costs, income sufficiently large to buy all goods all industry wants selling. In other words, the total product schedules will have to be lowered to the amount we can sell. But in lowering production schedules we must create an unemployment.

I think we will all agree that a large share of that responsibility for keeping balance in the economy rests upon cost accounting. It is the cost accountants to think of efficiency—maximizing output for minimizing cost. "Maximized Output" is just the production man's words for "Improving general welfare." Minimizing cost means that we strive to avoid higher costs and to encourage the use of production factors which lower costs.

It works like this. When labor demands a higher wage, the higher wages inevitably raise costs. That provides an incentive to the management to use more of better machinery and equipment and that eventually increases the cost per unit of output. But as the cost increases, it expands the total productivity in every term. This increase in productivity is the source of the higher wage which enables the workers to buy and a standard of living.

It is axiomatic that good use income for someone. Large profits should not be hindered in the form of cash. That stops the flow of dollars which otherwise would generate income. All earnings should be put to work. That's why planned capital budgets are important. They allocate for plant investment all of the funds retained each year.

Looking Ahead

To keep the economy in balance, we must plan into the future. Industry must provide for the growing population and the changes which are continually taking place in our dynamic society. These changes will affect us always keep in mind and affect our relationships with other countries. Only a decade from now we can expect a population of about 190 million. That means 25 million more consumers who demand houses, food, clothing, automobiles and the other necessities and luxuries which go with our American standards of living. That is why industry is speculating and will continue to spend huge amounts of capital to enlarge and modernize its plants and equipment. In June this year we will spend nearly $25 billion for new capital this year—about 20% more than in 1955. These huge expenditures can industry to our political and economic responsibility. It must supply the products of the increasing population will demand, and it is also our responsibility to add jobs and incomes which will be necessary to purchase those products.

It is probably safe to assume that, if technological improvements continue so that output per man hour increases only 2 1/2%, per year, our output of goods and services will exceed 10% of our current output per decade. That will be so even allowing for five days vacation in three years in the work week. This means that wages will continue to rise and new economic status of the average family will rise. That will be so because as productivity and total output increases, cost will be more product to be shared. Even when the expected higher population, our standard of living will continue to improve. The expansion of industry and the improvements in technology will put many more demands on supervisory and management skills. I am sure that the veteran accountants and statisticians will be supplied many times. It could not be otherwise, because now new standards for return on capital will have to fit the changing times. New practices of calculating unearned and depreciation will develop. New methods of measuring market potentials, new yardsticks for evaluating advertising and promotion, and new ways to reduce distribution costs will be sought for and will be needed. Accounting will be a large factor in these developments.

As a result there will be great incentive for the alert accountant and statistician to explore the executive uses of accounting and statistical records. Top management will need information which can be supplied through simple reports, and will welcome constructive thinking in the field of advanced policy.

John Finch Opens

LATHAM, N.Y.—John H. Finch is engaging in a securities business from offices on Saratoga Road, under the firm name of John H. Finch & Co.

Slayton Adds To Staff

OM A.A.A., Inc., Los Angeles, C. C. Sway has joined the staff of Smith, Polian & Co., Omaha National Bank Building.

With Smith, Polian

(Described in The Financial Column)

ST. LOUIS, Mo.—Clarence Bach has been added to the staff of Slayton & Company, Inc., 408 Olive Street.

To make $220,000 semi-annually November 15, 1956 to May 15, 1971, inclusive. To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Reading Company.

MATURITIES AND YIELDS

(Accrued interest to be added)

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Interest and all of these Certificates are subject to authorization by the Interstate Commerce Commission, and are obtained on an investment basis. Payment is circumscribed from only each of the underwritten and other dealers as may benefit from those securities in such stock.
What Steel Means to the South And the South Means to Steel

By ROBERT S. LYNCH

President, Lynch Steel Company, Atlanta, Ga.

In depicting the growth market for locally produced steel, Mr. Lynch states Southern steel capacity increased 70% in past decade, twice the national average, and two smaller firms increased capacity by about 200% in same period. Does the change reflect fundamental expansion or just grabbing at the spare capacity of the big plants? Mr. Lynch points out "our workers get exactly the same rates as in the North."

Any witness of events over the last 25 years would be bold in doubt that the South has been the real economic enigma of the great renaissance of the South. This was the period of de-industrialization, and the impact of unexpected prosperity that the South has experienced.

One of the most basic facts of the South is that it has been the real economic enigma of the great renaissance of the South. This was the period of de-industrialization, and the impact of unexpected prosperity that the South has experienced. 

However, small a company may be, in comparison with great companies elsewhere, it still is a big story in the eyes of its own community. It works, furthermore, is visible from every angle. Every employee is familiar with making labor relations, working for management, progression. The community has a close relationship to the company—effect for—or worse—or even on the company. And that fact was this: while we found the company in Atlanta we were immediately impressed by the unique and striking fact that the company in Atlanta was a steel industry. We just happened to, that the people in Georgia and throughout, their own local company was the steel industry.

How small a company may be, in comparison with great companies elsewhere, it still is a big story in the eyes of its own community. It works, furthermore, is visible from every angle. Every employee is familiar with making labor relations, working for management, progression. The community has a close relationship to the company—effect for—or worse—or even on the company. And that fact was this: while we found the company in Atlanta we were immediately impressed by the unique and striking fact that the company in Atlanta was a steel industry. We just happened to, that the people in Georgia and throughout, their own local company was the steel industry.

The Steel Industry's Economic Growth

We have been looking at Atlanta before looking at a very simple fact. It would come up time and again in our discussions, of the competition between labor, or wages, or prices, or management, and competition between the South. And that fact was this: while we found the company in Atlanta we were immediately impressed by the unique and striking fact that the company in Atlanta was a steel industry. We just happened to, that the people in Georgia and throughout, their own local company was the steel industry.

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The Joint Responsibility of
Labor and Management

BY JOSEPH L. BLOCK*
President, Inland Steel Company

To prevent annual crisis of a dubious choice between national-
wide strike or an inflationary dose, Mr. Block urges industry to
consider the joint responsibility of labor and management
of years and still be equitable to both parties. Asserts labor
and steel have a "true identity" in their objectives and hopes
the growing stream of production benefits of increased productivity without contributing to infla-
tion through wage increases not justified by production. Asks
industry to accept extra costs of technological unemployment,
fully conscious of the dire results of both strikes and inflation, and seriously try to avoid these twin
devils. The amazing truth is that the real objectives of labor
but actually identical. Strikes and inflation are not harmful merely
to one side or the other, but to both and to many others besides.
These thoughts are not unique. Indeed, they have been stated, and
it is the duty of the labor leader as Mr. George M. Griggs, Pres-
ident of United Steelworkers of America, I shall, later on, quote
their words.

But, let us consider strikes particularly industry-wide strikes in
heavy steel. Does anyone really want them? Does anyone really profit from them?
Yet, in years gone by, I have been of the opinion that the management, say, "Let us have a strike! It's the only way to settle
disputes in the steel industry." But, a strike damages the steel
industry, it destroys its finished products, it damages its market,
and it reduces the price of steel to the consumer. In a period of
full employment, this is a hard blow. It makes it impossible to
sell steel, it destroys the good name of the industry, it reduces
the price of steel to the consumer, and it destroys the good
name of the industry. In a period of deficits, this is even worse.

In the area of industrial relations, the steel industry has been
in a hectic period for the steel industry. This has been a very
stable period, and the retail plant capacity to industry-wide
strikes. In the past three years we have been rela-
tively free from industrial strife and low prices. In the period
there were four major labor disturbances in the period, lasting
the past three days to 30 days. In these disturbances, the per-
iod, lasting the total of several days.

In addition we have had an
annual strike. Because we are a
unionized industry, our unions, of
years, have been up for

This has been a very
disturbing factor in the industry
and with our customers. These
cries have had a serious impact on
stockholders, steel manage-
ners, including small business
buyers, including many mil-
tions of citizens of the United States
and abroad, of the steel industry.
With our industry, we should be
able to negotiate contracts for
the years, and still be equitable to
both parties. Such an arrange-
ment would add strength and sta-

bility to our economic system.

Other industries have done this.
Surely, steel can do likewise.

Even though we pled innocent
of these crimes, and of some justifi-
cation—we are blame for wage
and price advances in other in-
dustries whenever there are in-
creases in our own. And if we are
so blamed, we are usually berated
by governors, and our citizens, and
many other "good friends", who
point out the threat to the econ-
omy of the country.

Dubious Choice

So we seem to be faced annually
to some extent, with a choice of a na-
tion-wide strike or a dose of in-
flation. Neither alternative can possibly
aid the industry, its workers, and
their families.

There must be a better answer.
Evidence of the facts is found in
both labor and management are

*An address by Mr. Block before the 78th Annual Meeting of the
Iron and Steel Institute, New York City, May 24, 1956.

peace and in war—you have been
government intervenes in labor

disputes. In one form or an-
other, the Federal authorities
stepped in—in steel, in coal, in
railroads, and elsewhere. This
so happened that most of these
actions took place under Demo-
cratic administrations. I do be-
lieve it would also be true under
Republican administrations. This
timing might be different, but in
the end, the result would be the
same. It is the government's

role to give the industry a chance
to make its own choices, should
government take action. The collat-
oral effects of actions on both the
basic industry are simply too
deepest and discernible to allow
for government to ignore.

Keep Government Out

There is no need to discuss these
affairs and the hue and cry
would go on for a permanent
method of settling industrial rela-
tions problems by compulsory ar-
bbitrations and possible govern-
ment control of wages and related
matters. This is the prime cause
of our inflation. I have often
wished to the nation to follow
a new and better course, to allow
the steel industry to make the
economic decisions. Of late, we
have heard a lot of talk about
this. I am afraid that this is not
likely to happen in a short time.

Cost of a Strike

All too seldom in the heat of a
strike, or any other conflict, do
people consider the cost to the
worker. But, in fact, a nation-
wide stoppage costs the average
worker and private bargaining
perhaps more than it thrills his
heart. And here is what Mr. Donald
M. Fields, chairman of the Steel
Management Association in New
York, has to say about the cost of
strikes.
Capitalism Redefined

BY JOHN HAY WHITNEY

Senior Partner, J. H. Whitney & Company

Proud to be a capitalist, Mr. Whitney clarifies misconceptions of American enlightened capitalism by reviewing the essence of our American business; the basic job performed in producing goods and fostering a mass market based on high quality and low prices; and business as an enterprise, with risk and reward to the heart of our future security and prosperity, Mr. Whitney urges business to aid education and to stop "taking the most of the best scientists out of universities of fancy.

In a world in which economic theory is like atomic bombs, the kind of research conducted by the National Industrial Conference Board is an essential element in our national policy. It is comparatively easy to get excellent research on limited and misdirected misadventures; it is far harder to appreciate the need more research on limitations. In our operation of our free economic system and to spread knowledge of our future, and perhaps in the new Soviet Union makes it possible to redefine the role of the capitalist. We can well afford to reexamine and discuss the issue of what exactly this system is and what should not.

Misconception

Unfortunately, there is no area in which we overcome more easily our misconceptions. I use one unique and somewhat painful personal experience in this regard which I believe has had the same impact as the much broader issue of how the United States is perceived in the international community. Now for the story. I had suffered from "desert fatigue" in the desert war. All through their business is venture capital investment, but I have found the Williamsburg Bank to be very active and to roll out for ourselves and for the world exactly what this system is.

Successes of Prosperity

Our prosperity is a product of the interplay of all the forces that have a say in the economy. Prosperity (or its converse, depression) flourishes in an atmosphere of uncertainty. The more that individuals have in the control of their individual initiative and personal decision are suffocated by artificial controls, the more the periods are those in which Government can act to reinvigorate or to restrictive attitude toward any force or idea, which establishes a climate hospitable to all.

A capitalist economy needs growth to be healthy. It thrives on abundance, not scarcity. That is the message the American business men understand, yet it is something that critics of our economy and our Capitalism are so often not able to see. Because we are growing and often better pay service to the American consumer and liquidly foster scarcity in order to keep prices up. This may happen under the condition that the growth is not too fast.

Industrial Has Changed

Most of capitalism's critics contend that the industry has grown in size in terms of slogans that gained popularity in the depression years of the 1930's. They do not accept the fact that industry today has grown in health and strength stem from and grow with that of the whole community.

And that is why the history of modern capitalism shows a steady growth in concern on the part of business men with ways to strengthen the whole economy, which is, in most direct terms, simply means a concern with what is good for everybody. And that, it seems to me is the thrill of our dynamic brand of capitalism and why it is that the most successful of the great industrial figures who have a concern for the need of freeing our research scientists that they may develop the potential in the swift application of the knowledge they acquires.

Professional Skills

But no feats of ingenuity in management can overcome the defect of professional skills of the kind that now come to light. It is true that business is not a new, but the evidence is that, while our business is now in the hands of the best scientists out of universities and research centers that are reducing their effectiveness in prominent training of a high order to another day and another time.

We must be prepared to take the best talent now, destroys the spirit of the people of our country. This is the irony of our country. And, if we continue to meet this challenge.

The more European businessmen have been trained in the belief that continued profit depends on keeping the direct-sement of the living standards of the employee. In other words, businessmen know that the product and industry is the indispensable linked with the consumer, nearer the quality of the industry cannot prosper if the consumer is paying for the goods they produce.

I wish we could in conscience propose an investment as an accurate one because it would be no more pernicious than the business has been hitherto since President Eisenhower took office. I think we admit that no group—business, labor, farmers or even government—can claim as its own the actions and decisions that our present high state of economic well-being.

W. G. Paul Woods

W. G. Paul, Los Angeles Stock Exchange President, and Ora Cray Pearson were married in San Marino, Calif., on June 24.

The bride, the daughter of 70,000 employed by Paul A. Pearson—Los Angeles Office of the Commerce, to his previous. Dick Parker of Neary, Purcell & Co., by a very close mouth.

With Intergovernmental Seccor

(See also The Times Press Companies)

MIAMI BEACH, Fla. — Samuel W. Seabury has been added to the staff of Fitch & Company, First National Bank Building.

Shainman & Co. Add Two

DENVER, Colo. — Harvey S. Friedland has been added to the staff of Fitch & Company, First National Bank Building.

Fitch had added to the staff of Fitch & Company, First National Bank Building.

With Johnston's Add.

BRADENTON, Fla. — Charles W. Getty is now with Fitch & Company, 811 Manhattan Avenue West.

Fitch had added to the staff of Fitch & Company, 1750 East Sunrise Boulevard.
Essentiality of Foreign Trade
And Greater Market Research
By S. J. Rundell and Associates
A picture of accelerated dependence upon exports and imports, and the growing importance of commercial intelligence has been presented in the accompanying chart. The rapidly growing threat of the world's population consumes 20% of the world's raw materials and output, and, in order to maintain our growth, exports and imports will now have to rise by two decades to pay for our increasing imports. Outlines the market research sources for foreign market research and analysis and in order to achieve this expert gain.

In the years immediately following World War II, our goods and aid were sorely needed by others, and the United States was ready to supply them. But, as the President of the World Bank, the Secretary-General of the United Nations, and the President of the United States have said, the world's population consumes 20% of the world's raw material output, and, in order to maintain our growth, exports and imports will now have to rise by two decades to pay for our increasing imports. Outlines the market research sources for foreign market research and analysis and in order to achieve this expert gain.

Foreign Marketing Research
"Foreign Marketing Research" is a state of the art that consumes three-quarters of the world's total raw materials and output, and, in order to maintain our growth, exports and imports will now have to rise by two decades to pay for our increasing imports. Outlines the market research sources for foreign market research and analysis and in order to achieve this expert gain.

Notice of Sale of Bonds
ASHLAND, KENTUCKY
UTILITIES REVENUE BONDS
Bids will be received and considered by the Board of Commissioners of the Ashland Utilities Board at 2:00 o'clock p.m., at its meeting to be held in the Commissioners' Chambers in the Municipal Building, this 17th day of May, 1956, for the purchase of $2,000,000 principal amount of Utilities Revenue Bonds of the more matured and provided by Ordinance No. 21, series of 1956, finally adopted by the Board of Commissioners of the Ashland Utilities Board, to be dated April 1, 1956, will be numbered consecutively. No bonds, if accepted for public subscription, will bear interest payable semi-annually, and will mature on April 1, 1961, in the respective years, the annual amounts due in the following years:

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SOURCES OF INFORMATION
To gain insight into the basic goings-on and the fundamental progressions that are taking place in this city, are blessed by a unique news source, "the New York Times." As the list of suggestions for speakers before the Board of Commissioners that has participated in the preparation of our hearing, our own experiences, and our own conclusions, and their survey, including an in-depth evaluation and better exploitation, cross-section, "the New York Times," and "the Tribune," often contain items and often are our specialty on foreign markets to be found over the world. Such periodicals as the "United States News and World Report," "Export Trade & Shipping," and "The American Exporter," contain the many specialized trade, technical, and scientific developments, for home or overseas consumption, furnish excellent material when thoroughly and expertly digested.

Under no circumstances let us make light of the services rendered by the press. At least the more outstanding newspapers have on their overseas staffs keen and mature observers and excellent interpreters of foreign events, output in developments, and communications speed of the press can rarely be beaten. In fact, in the eternal struggle between speed and accuracy, the press achieves a role as exceptionally high standard in both.
The market... and you

By WALLACE STREETER

Stocks bumped bottom at least temporarily this week and it was the year's low that provided the support rather than the high, which touched the 90 level in the industrial average that only made the decline pause briefly on the way down. Once the industrial average approached its year's low, 462, which was posted in January, and the issues that were able to show some recovery moved in and the list had one of its best rallies staged so far this year.

The decline, underway for about a month, had dropped the average from 522 to 463, or better than 58 points. This comprises a correction of about 11 1/4% which, considering the high level of the index, is still a major decline.

By comparison, when the President's heart attack jolted the market last September, the average lost 54 points, or 433, in a loss of 54 points. But it was far more hectic and the drop was accomplished in a dozen sessions against the three dozen sessions this time during which the market has been steady or rising. The big difference now is that there are several rather obvious soft spots in the economy. It all suggests that it will take some time before the next market pattern unfolds but in the rally so far in going up, there is a better appearance for awhile.

Ominous Technical Factors

Some of the technical factors are not in line, one of them is the volume. For one, the 200-day moving average, which has rather widespread popularity, was able to block effectively the decline last fall. In fact, it hasn't been violated since October of 1935. However, the decline that started off this week plunged through the line rather decisively with little or no support taken lightly in the Street.

Street sentiment turned rather diverse because of this technical fact. Some schools held flatly that the advance had ended. There were others who held that had a consolidation, such as that from 1951 to 1953 at a relatively high level, was in progress for an indeterminate period.

That there were few speculative exheses calling for dramatic declines is favorable of conditions. There was little in the way of margin calls to put that much more pressure on the market. That there were investors around willing to buy when the individual stocks reached various levels on the decline was also pretty well established. In fact, that the turn around the "market" had done to constructive sentiment was to heighten interest in individual operations and the issues that were able to show some contrary action despite the immediate course of the stock averages.

Oils Preferred

Oils were still something of a preferred group when the going was good, largely because their operations this year have been showing good gains over last year and partly anticipating higher prices that have been struggling along. Against a demand expected to increase around 4% this year, some of the companies, like Monanto, have been able to far report gains of around 20% in earnings.

Chemicals haven't been overly popular, principally the top outfitters in the field that have receded rather sharply. From a low point of late, the numbers that have been regained. Some of the neglected outfits, like Monsanto, however, have been able to spark a bit of a following since they haven't out run the market to the extent that the top companies had. Monsanto is one of the more diversified of the chemicals, largely due to its merger with Lion Oil last fall. It now ranks about sixth in the industry with sales running over the half billion line. The obvious fact that has been realized, from the Lion merger were important supplies for both the petrochemical and amine industries of Monanto.

Monsanto wasn't in much favor when its Chemstrand Corp., owned jointly with American Viscose, turned in a dour record from its formation in 1949. In fact, it wasn't until last year that Chemstrand, producer of synthetic fibers, was able to turn to the black ink side of the ledger. The benefit to Monanto of its participation in Chemstrand obviously hasn't yet had much of a chance to show.

North Western, conversely, wasn't in much favor since important earnings would appear to be postponed by the New management's determination to rehabilitate the road. In addition there was heavy speculation in the day that carried the stock to levels not warranted by basic considerations.

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

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert E. Morton has become associated with William R. Staats & Co., 111 Sutter Street. Mr. Morton was formerly with Davidon & Co. and prior thereto was a partner in Bailey & Davidson.

TENNESSEE

Earnings and sales last year for the company that helped prompt a boost in the dividend earlier this year.

A Budding "Chemical"

Cities Service could also be regarded as something of a budding chemical entity, the company jointly with Continental Oil owns Petroleum Chemicals, Inc., which has been enlarging its interest in synthetic rubber and ammonia plants, and looking forward to ever larger participation in the petrochemical lines. Cities Service is no infant in the oil business and still, ranking among the top dozen oil companies in the nation. In the views of market watchers, Cities Service hasn't yet had the chance to show how well it can do in the oil business since it was virtually out of the market by its choice of divesting its utility companies. This dis tinct task has now been completed and important conditions to reserves are increasing as it now concentrates on growth of the firm. Mr. Morgan said that Wellington now has total assets in excess of $500,000,000, with most of 145,000 share holders in every state of the union and 38 foreign countries.

The new two-story, air-conditioned building of Wellington's colonial design was constructed on the former Worth Estate on Philadelphia Pike, about six miles north of Wilmington. Wellington Fund is one of a number of nationally-known business firms that have located or are expected to locate their Delaware headquarters in Claymont.

The Wellington Company, sponsors and distributors of Wellington Fund, continues to maintain its headquarters at 1630 Locust Street in Philadelphia, Pa.

Governor Dedicates New Wellington Fund Building at Claymont, Delaware

CLAYMONT, Del.—Governor J. Caleb Boggs of Delaware on May 20, officially dedicated the new general office building of Wellington Fund. The dedication was attended by vital state officials, and by officers and directors of Wellington and by the personnel of the new Claymont office.

Walter L. Morgan, President of Wellington Fund, who presided at the dedication ceremonies, stated that the former office space which had been maintained for a number of years at Claymont had become inadequate by reason of the continued rapid growth of the Fund. Mr. Morgan said that Wellington now has total assets in excess of $500,000,000, with most of 145,000 shareholders in every state of the union and in 38 foreign countries.

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How our world would look from 5000 miles

This immense globe shows the troubled planet on which we live about as it would appear to a traveler in space who saw it from a distance of 5000 miles. The globe stands in a neat, walled courtyard on the campus of Babson Institute of Business Administration at Wellesley, Mass.

There, right before him, the visitor can see continents, oceans, mountain ranges, all set forth in vivid colors. One inch on the globe equals a distance of twenty-four miles on the whirling earth itself.

More than merely depicting the world, the Babson globe also shows its two kinds of motion. It can revolve to simulate the daily rotation of the earth on its axis, and it moves on a carriage around a circular track to simulate the earth's movement around the sun. Bethlehem Steel engineers assisted in developing the intricate machinery to move and revolve the globe, and Bethlehem supplied the mounting and carriage on which the globe turns, together with the forged shaft of tough molybdenum steel which holds it in position. The angle at which the globe tilts, 23 degrees 27 minutes from the vertical, represents the actual angle of the world in space.

Nothing of the kind comparable to the Babson globe has ever existed before. It lets the onlooker step back and see the earth from a remote vantage point. It helps him to visualize it as one world, and to acquire a fresh perspective on geography and a more immediate grasp of such matters as world economics and problems of global defense.

BETHLEHEM STEEL
Respect and Foreign Aid

By HON. SPRULLE BRADEN

Former Ambassador and Assistant Secretary of State

Distinguished diplomats maintain that respect, which is indispensable for world trade and prosperity, cannot be bought; and that it cannot be paid for by gifts and irritation, with castigation from all sides. Cities to examples to show that "almost anywhere we look, our foreign aid programs have been extravagant, wasteful and ineffective." Declares it is dangerous to sell the United States as the "domestic" in Moscow's tune. Concludes that in the end our continuing role to other countries will put them in the alms-house along.

I hope to engage your attention with a broad subject which affects all our foreign business, and our domestic welfare as well—our business and wine. This vital subject is that we must both merit and demand respect from the world, and that we must see to it that these United States are respected by others, in respect much, respect none, or at the best, scant benefits will accrue to any of our foreign policies. In my own respect, I believe that we might decline for all of us.

A distinguished and experienced diplomat who preceded me by some years suggested something very much more important that he reported on.

"I agree with him completely. While respect, according to the circumstances, may sometimes have a connotation of fear, it far outdoes amity and friendship. As also, as respect engenders friendship, so it will not be well, in the end, with respect and friendship.

Before going any further, I should make my meaning clear by quoting John Webster's definition of respect:

"The conqueror worthy of esteem, to show respect is to bear its due influence, or the like; value value; esteem; revere; admire; honor; hold in veneration, or upon interfering with, as to respect devotions.

So we see that respect may range from the less important amenities or courtesy with which we salute and treat with honor a person of high rank, to much more important aspects of respect which is the esteem or value which is due Character, virtue and natural greatness.

I do undertake the importance of a proper deference. For instance, as an example in Japan, and whether I am seated above or below the salt, but when, by the way, I represented the United States and, therefore, democracy as well as according to protocol.

Respect Cannot Be Bought

One can respect a country no respect can be bought. This attempt to do so can only be done by an international economic boycott and that is precisely what we have been doing to no avail.

Against the 275 to 280 billion dollar Federal deficit, excluded 1.25 trillion of contingent or governmentally guaranteed debt, and it has been estimated that since 1939

"A speech by Ambassador Braden before theae Export-Import Bank, Inc., Denver, Colo."
even some of the higher echelons in Washington. Nearly all of them would have us believe that we are dedicated to the destruction of individual liberty and the establishment of worldwide nationalities in their cultural and economic aspects.

"Unless such aid is forthcoming, it will be impossible to bring the various world economic powers into a single world economic system and that is the final triumph of socialism."

Since 1941, through ignorance of the non-socialist part of the basic Soviet Plan, and by failure on the part of the U.S. government, not only through United Nations foreign aid, but also by the still subsidizing the U.S.S.R.'s BBC, the "Front"

A second reason is that U.S. taxpayers are getting pretty well fed up with paying billions upon billions of dollars to bail out the socialists by politicians to distribute all over the earth for purposes we are neither consulted nor permitted to have any control over.

The Soviet, aware of this development, and knowing that we may discontinue underwriting their deficits, are not prepared to take over any such huge charitable undertaking as they have steadfastly, and in the face of our "foreign aid" themselves. The American public has made so far a colossal mistake in steel mills to India and Pakistan, and friends of "charity" (a huge part in the form of coal and crude oil) are looking across the oceans. This U.S.S.R. maneuver has had the desired "come-on" effect. We have, and are being, put to shame by the leaders of our country, scientifically, have declared, in the face of facts, that they believe in war when it comes to productivity, that we can do it better and cheaper, that neutrals already are playing a major role, and that no promises offered by the Soviets are reliable.

The extremes to which advocates of the "give-aways" will go was illustrated on March 23rd, when one of our leading statesmen distorted the meaning of the words "Washington's declaration" so that the country, once again, is left in the position of the one just as they always had been when we had our house full of them. This present-day statesman did not know the facts and the more permanent "foreign aid" legislation now before Congress cannot be compared to Washington's prescription in the Farewell Address.

The Father of our Country never dreamed of such a program or of the meaning of the words "Economy is a great revenue."

"(1) "Frugality embraces all the productive powers of the community and the greatest of these is the community itself."

"(2) To be supported by the charity of friends or a government is to go into the almshouse."

"(3) "He who gets something for nothing is probably doing nothing for himself."

"(4) "If we err, it is better to err for the other.'"

The time has come to repeat George Washington's "We are just now turned toward the smashing of capitalism."

The Frankenstein of International Socialism

What respect can anyone have for us if we accept as true the ridiculous heritage of free private enterprise. Is it not the same as accepting the ideas of the 19th century, and we must resort to oppressive measures. When the more timid Socialists shriveling up from fighting the battle, out of fear of the consequences, and usually comes in the form of Communism, in which case, they usually do those times when the Socialists and Communists work together in the dark and are successfully directed toward the smashing of capitalism.
The Functions and Performance of Financial Public Relations

BY WESTON SMITH*

Financial Public Relations Consultant, New York City.

Growing need for financial public relations and description of activities performed requiring such public relations specialization is reviewed by Mr. Smith for benefit of small, medium-sized and large firms. Indicates how a specialist can be effective with financial interest in the firm.

Nowhere in the entire realm of "Public Relations" has proper, large scale expansion of past definite and productive than in the specialized field of financial public relations.

It is now recognized by a growing number of firms that financial public relations is one of the vital ingredients of an effective marketing program for business. This recognition is evidenced by the fact that there are public relations experts in the insurance, oil, transportation, commodity exchanges, community relations, customer service, dealer relations, government relations, etc.

Included among these specialties should be another, "stockholder relations" and recently this important segment of public relations has expanded to include visibility and public relations in many segments of the financial community.

In the years since World War II, the practice of financial public relations has been greatly augmented by the efforts of large and small companies to increase their investment in principles of good financial and social standing. As labor and management workers have acquired an increasing share of the nation's wealth, the number of small stockholders has increased. The number of shares owned by an individual has been multiplied.

The need for financial public relations and the more logical management and handling of the public relations problems of financial corporations has become more urgent.

Important to the public relations program, as well as to the management of the financial corporation, is the need for an understanding and appreciation of the newcomer to the field of financial public relations.

Specializations

Somewhat like the medical, legal, engineering and accounting professions, the financial public relations field has developed into specializations. These specializations gradually have been built into a complex of services, each of which has its special purpose.

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Financial public relations has expanded to include visibility and public relations in many segments of the financial community.

Stockholder Relations

Stockholder relations have been defined as the art of influencing the opinions of registered shareholders, the investing public in general, and the management of the corporation.

The stockholder relations program should be an essential part of the overall public relations program. It is designed to provide the corporation with an opportunity to maintain close contact with its shareholders, to encourage greater understanding and confidence among them, and to influence their opinions and their purchases.

The success of a corporation's stockholder relations program depends upon the effectiveness and sincerity of the company's management in carrying out its program. The program must be designed to meet the needs of the company and its shareholders.*

There has been a growing demand for outside counsel in the field of financial public relations. Financial public relations is divided into two major areas: corporate and financial. The corporate area is concerned with the relationship between the corporation and its shareholders. The financial area is concerned with the relationship between the corporation and the financial community.

In general, the financial public relations program is designed to maintain close contact with the shareholders of the corporation. The program should be designed to meet the needs of the company and its shareholders.*

Financial Opinion Leaders

It is estimated that there are about 20,000 investment opinion leaders, including small town bankers and lawyers, who furnish information to individual investors. These opinion leaders are important to the investor. The public relations program of a corporation should be planned to meet the needs of these opinion leaders.

For the most part, the public relations program of a corporation should be designed to meet the needs of the company and its shareholders.*

Counsel Required

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Three Areas

Three Basic Areas

Because the average corporate officer and director in the field of financial public relations is not familiar with the financial aspects of the corporation, it is necessary to have an understanding of the financial aspects of the corporation. This understanding is achieved by attending seminars or seminars conducted by the corporation.

1. Present registered shareholders;

2. The investing public, including those with shares held in brokerage houses, banks, mutual funds, insurance companies, and others who influence public opinion;

3. The all-important financial opinion leaders, including brokers, investment advisors, trusts, public relations firms, mutual funds, insurance companies, and others who influence public opinion.

It is the new group of specialists in the financial public relations field who have assumed the responsibility of communicating financial public relations with the public. Many companies utilize other outside advisors, who provide frequent impact: reprints of the latest issue of the company, copies of the annual report, or other financial data. These advisors are often called financial consultants.

The trend in financial public relations is toward a more active role for the company in the management of its public relations. Many companies are using the services of public relations firms to develop and maintain close contact with the financial community. These firms are often called financial public relations firms.

Three Requirements

Three Primary Requirements

Three primary requirements are needed in order to be successful in the field of financial public relations:

1. Maintain loyalty and independence of present registered stockholders;

2. Inspire interest in active investors to become registered stockholders, thus increasing the number of stockholders, and widening their geographical distribution;

3. Enhance the investment acceptance of the corporation's securities by securing favorable comment from security analysts and the financial press.

A company must have a realistic market appraisal for the company's securities in order to determine the market valuation of the corporation.

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1. Present registered shareholders;
programming must be weighed with care, because the stock exchanges and the SEC are ever watchful.

A few of the financial public relations firms go beyond these normal relationships to counsel and guidance on dividend policy, staff training, mergers and other technical phases of corporate finance.

Conclusions

Thus, it can be readily seen why a board chairman, president, financial officer, or controller of a medium-size or small company should welcome the assistance of an experienced specialist in financial public relations. It is important that the services of a lawyer, an independent accountant, or a competent advertising agency or product designer or an advertising agency be secured.

Perhaps this discussion of financial public relations has made it obvious why a number of corporations are finding it more effective, more economical and even profitable to retain financial public relations counselors regularly to do a half-handled job themselves.

Halsey, Stuart Group
Omits Telephone Bds.

Halsey, Stuer & Co., Inc. and associates has for the first time put $200,000 of Mountain States Telephone & Telegraph Co.'s 3½% debentures, due June 1, 1980, on the open market and the offer price of $100 has yielded 3.45%. The underwriters won favor of the issue at competitive at the opening price on February 22.

Net proceeds from the sale of the bonds will be applied by the company to the repayment of advances from the Federal Reserve Bank, American Telephone & Telegraph Co., and the purchase of additional issues of American Telephone & Telegraph Co. is engaged in the business of furnishing communication services, including the sale and installation of telephone service in Arizona, Colorado, Montana, Nebraska, New Mexico, and Wyoming, in Idaho south of the Salmon River and in El Paso County, Texas. On December 31, 1965, the company had 1,060,671 telephones in service, of which 773,050 were in Western states, which furnishes such service in Malheur County, Oregon, and the telephone bureau is the largest telephone service in service. Services of the company also include telephone, television, radio and cable television service for use, the transmission of radio and television signals for other purposes and for other reasons.

For the year 1953, the company had net income of $185,525,525,233, which is net income of $252,525,233.

With Kellner & Kellner

In the city, the streets of the area were busy with activity as the merchants prepared for the beginning of the new year. The streets were crowded with people, some of whom were carrying packages or wearing backpacks.

With Kellner & Kellner

The company is involved in the development and sale of real estate, as well as the management and operation of commercial and residential properties.

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Bank and Insurance Stocks

Unlisted Securities

Bank and Insurance Stocks

UNLISTED SECURITIES

Christian Securities Common and Preferred

Bank Stocks for Yield: Guaranty, Irving, United States Trust, New York Trust

Laird, Bissell & Meeds

New York and American Stock Exchanges

120 BROADWAY, NEW YORK S. Y.

BEVERLY HILLS, Calif.—John H. Arnold and Ben F. Evans, Jr., have bought the Grosser stock brokerage firm, 228 East Olive Avenue.

With Franklin Secs.

(Exclusive of the Franklin Co.)

ATLANTA, Ga.—J. Fred Bell, Jr., formerly a director of National Security Co., 57 Forsythe Street

Changes Firm Name

With the name of the firm now changed to Franklin, Mr. Bell, a former member of the American Bar Association, has been named as managing director of the firm.

Mr. Bell has been with the firm since its inception in 1928 and has served as a director of the firm for the past 10 years.

Mr. Bell has previously served as a director of the American Bar Association and has been an active member of the firm since its inception.

Bank and Insurance Stocks

Unlisted Securities

Bank Stock for Yield: Guaranty, Irving, United States Trust, New York Trust

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Mr. Bell has been with the firm since its inception in 1928 and has served as a director of the firm for the past 10 years.

Mr. Bell has previously served as a director of the American Bar Association and has been an active member of the firm since its inception.
Taxes in Britain and Russia
An Impact Upon Expansion

By PAUL EINZIG

Dr. Einzig draws a comparison between Labor Party's policy allowing a diminution to advocacy of rigorous equalitarian distribution of income and wealth, and its parallel impact on Socialism, for the sake of economic expansion. Wars that British colonial losses make increased productivity imperative have decreased the need for direct taxation in Russia. A rate of 55% for direct taxation in Soviet Russia is striking. While the maximum rate of Income Tax in Surfax is over 90%, in the U.S.S.R. it is only 60% on recipients of unearned incomes and for professional people, only 55% for professional people, and only 15% for wage-earners and salary earners, even though incomes and wages are very high. The bulk of the Soviet Government's revenue comes from the sales tax levied on bread and other necessities—most regressive tax.

Paradoxical as it may sound, there is more equalitarianism in the democratic countries than in the Communist countries. The latter seem to use financial incentives less. Yet the profit motive is—or is supposed to be—the principal characteristic of a capitalist system. However, while the absence of a profit motive among the members is one of totalitarian capitalism, that of Britain is one of democratic capitalism. While the profit motive is almost nothing near to it.

Yet that the excessive degree of equalitarianism has not resulted in a stifled initiative in Britain has not resulted. The system is workable under inflation. However, there appears to be a good possibility of earning bigger and bigger profits during a period of inflationary business. This provides an incentive for expansion, even if most of the profits are taken away in taxation. The saving of what remains is reduced by the non-existent capital gains, earning the fewest of the wealthy to see what would happen during a prolonged period of stagnation.

Effect of Heavy Taxation.

There can be no doubt that excessive taxation tends to hold up British industrial expansion even during periods of depression. If the volume of savings has been very unproductive, for reasons of small incomes have not yet been into the habit of saving, even though the increase in their earnings would enable them to save. This means that there is not enough saving capital available. It also means that the volume of capital expenditure by the public and the necessary of the economy is in excess of the volume of savings, and this necessarily means inflation.

Britain's future depends on the possibility of increasing the productive capacity of industry. This is the case, because the whole of Britain is gradually losing her colonial empire. It is necessary to prevent the Government from creating Britain to maintain the standard of living for the future generations. The loss of the colonies. But the equalitarian trend and gravity handicaps the increase of productivity, through its effect upon saving and investment. Owing to a conflict of saving, the inflationary trend stimulates the excesses of investment over saving calls for deflationary measures. And this trend adds to the already extensive trend to hold up investment.

The Communists in Moscow have hardly realized that it is well worth their while to re-consider equalitarianism for the sake of economic expansion. But the British Labor leaders want to come across as more socialistic than the Communists of the Kremlin. They disregard the advice of their chief economic expert, Professor Arthur Lewis, who is in favor of accepting higher profits and unequal distribution of incomes as the price that must be paid for progress. It remains to be seen whether the British electorate will respond to the "new look" in Socialist policy.

Trebilcock Pres.

Of Toronto Exch.

TORONTO, ONT. Canada—Arthur J. Trebilcock, Q.C., has been appointed the President of the Toronto Stock Exchange. Preparations for this departure from the 104-year-old procedure of having an elected member or seat holder serve in the capacity as unpaid President, were made a short time ago when the elected member's title as head of the Exchange, was changed from President to Chairman of the Board of Governors.

The recommendation to adopt the system of the New York Stock Exchanges in having a paid President came from the Board of Governors, who made an exhaustive study of the matter. Mindful of the fact that the Exchange is doing a gross annual business which ranged to over $2 billion, the Board set up certain requirements for the office of President of the Exchange. After considering a number of possibilities in the fields of business and finance, and the professions, the Board came to the decision that Mr. Trebilcock has acted as Executive President of the Exchange for many years and was a most eminently suited to the position.

At the same time, William E. Somerville, Jr., who was previously Assistant General Manager, was appointed Executive Vice-President.

Arthur J. Trebilcock, Q.C., the President of the Toronto Stock Exchange, was previously its chief executive and member with the title of Executive Manager. As such, for 22 years he directed the operations of Canada's greatest financial trading centre and guided the world's most highly mechanized and most efficient stock exchange system. In that time, he has been the medium by which a continuity of policy has been maintained through the exchange's system of yearly rotating Managing Committee.

Recognized as one of Canada's leading authorities on stock brokerage and corporation law, Mr. Trebilcock has striven to sink his identity into the Exchange itself. He can look back on three decades of close association with Canada's record growth, as a young lawyer specializing in corporation law, as legal counsel and now Chief Executive of the Exchange itself.

He is a native of Bowmanville, graduating in 1921 from the University of Toronto. He has been interested in corporation law and company organization and in the stock brokerage business since his keen interest which took him to the Red Lake mining camp in 1925 with the late Hon. J. Earl Lawrenson. He was a weather-beaten ten on the fringe of Ontario's future. That found that lawyers were needed to the financial heart of the country and on the needs of resource development, and returned to Ontario where he specialized in mining and corporation law. This brought him to the position of counsel for the Standard Stock and Mining Exchange in 1927, and after the amalgamation with the York Exchange in 1934, as Executive Manager of the merged exchange.

One of his first tasks was President's to plan for the operation of the new Exchange Building. To this he can bring a wealth of experience, since he played a prominent part in the 1927 planning and erection of the present Stock Exchange Building, which, while still being the most efficient of its kind in the world, has seen its facilities for trading outgrown.

Joins Eastman, Dillon

(Special to The Commercial, Toronto)

SOUTHERN PINES, N. C.—Con¬
stancé M. Mathews has joined the
staff of Eastman, Dillon & Co.,
105 East Pennsylvania Avenue.

With First California

(Special to The Commercial, San Francisco)

SAN FRANCISCO, Calif.—Joseph
S. Wootton has become as¬
sociated with First California
Company, 300 Montgomery St.
H. L. Jamieson Adds

(Special to The Commercial, San Francisco)

SAN FRANCISCO, Calif.—
Walter E. Hutchins is now with
H. L. Jamieson Co., Inc., Russ
Building.

Reynolds Adds to Staff

(Special to The Commercial, San Francisco, Calif.)

Verner F. Hanson is now with
Reynolds & Co., 425 Montgomery
Street.

I CAN'T WAIT
TILL JUNE 8
TO READ
THE BAWL STREET
JOURNAL

What's News—
In This Year's Issue

INSIDE FORD
For the First Time, the Bawl Street
Journal Lets You Look Under the Hood

BROKERS TO PETITION
CONGRESS FOR STOCK PARITY

RAILROADS TAKE ON LIGHTWEIGHTS:
Equipment as well as Executives

CHASE BANK TO FREE ASSETS
That's Why Downtown "Rockefeller
Center" Will Have Swimming Pool
And Skating Rink
The Flow of Funds to 'The Dynamic West'

By JOHN T. CHIPPENDALE, JR.

With the business pattern less certain, the money market is getting greater opportunities for portfolios to shift from fixed income bearing obligations for the piecing of investible funds. Also, the sharp decline in prices of common stocks that is taking place in the current market, the rapid growth of Government securities are concerned. The "spotty" economic picture of 1965 has changed in recent months, as many of the monetary authorities under a considerable amount of fire, with the increase in the discount rate being a defense of the Federal Reserve, that may be the growing feeling in the financial community that changes in monetary policy will not be long in coming.

The most distant Government bonds are finding their way into institutional portfolios in increasing amounts. It is now clear that the bond market is like the latter. The intermediate terms are also becoming more attractive to investors.

Less Pressure on Treasury Bonds

The pressure which has been so heavy on the Government market appears to be easing a bit, even though the change which has taken place so far has been largely psychological. However, the program, from certain long-term corporate bonds, is that the older, lower coupon ones, into intermediate term Government issues with set maturities. The reason given for these swaps is that some market prices are that the bond market is less than in the corporate obligations. At the same time, tax losses are being taken large losses.

Buying by Public Pension Funds

Pension funds of the public variety have been buyers of the most distant 1/4 and the 3s, with the latter issue reportedly taking quite a few to the tune of $100,000,000. Funds that have sold out of common stocks are also being put to work in the Government 3s, will be a minor change from what has been going on, since the bond market had been going into short Treasuries or tax-free obligations.

Municipals Continue in Demand

The demand for tax sheltered obligations continues to expand, and with more institutional buyers being attracted to these securities. Even though these offerings have picked up in volume, they have been taking, with reports that money which would ordinarily be used for the purchase of equities is now being invested in state and municipal bonds.

Changes in Monetary Policy Debated

Although there is considerable discussion about the changes that will be made by the monetary authorities in light of the doubtful trend of the economy, a number of observers are of the opinion that a decrease in reserve requirements is the most important development to be expected in the not too distant future. As business slowed in the early part of the year, the money market was welcome, but might be more largely psychological. A more tangible feature of 1965 will be the increase in the number of the deposit institutions tied up at the Central Banks.

The Commercial and Financial Chronicle...Thursday, May 31, 1956
Miss Helen M. DeLaurie, Public Relations assistant of the East River Savings Bank, was elected the first woman President of the bank's Quarter Century Club at the recent Club Meeting and dinner on May 24 at the Memorial Hall, 100 East Forty-Sixth Street. Miss DeLaurie is also Head Service Director of the bank and recently attended the New York Toastmasters Club. She was recommended for the position by a committee of the club consisting of Misses E. A. Reigle, M. T. M. Stagg and F. L. C. Reynolds, all well known members of the club.

The Lynbrook National Bank of Lynbrook, L.I., N.Y., has increased its capital, effective May 22 from $225,000 to $500,000 as a result of the sale of $250,000 of new stock.

A merger of the State Bank of Ellensburg, Ellensburg, Wash., and the National Commercial Bank & Trust Co., of Paterson, N.J., was announced May 15. The stockholders of the State Bank of Ellensburg, having approved the merger, voted to issue 12,000 shares of new stock to the shareholders of the National Commercial Bank & Trust Co., a capital stock bank, of Paterson, N.J., having a par value of $100 per share, and the National Commercial Bank & Trust Co. agreed to issue $2,480,000 of 4%, 15-year, non-participating, non-cumulative, convertible preferred stock, having a par value of $25 per share, to the shareholders of the State Bank of Ellensburg, having a market value of approximately $630,000. The conversion privilege of the preferred stock has been registered with the Securities and Exchange Commission under the provisions of the Securities Act of 1933.

The New York State Banking Department announced that on May 17 that approval had been given to the Johnstown Bank of Johnstown, N.Y., to a certificate of decrease of capital stock from $270,000, consisting of 1,750 shares of $250 par value, to $150,000, consisting of 750 shares of $200 par value, and the par value of $40 per share, and 2,000 shares of common stock of the par value of $100 per share, to $250,000, consisting of 2,500 shares of $100 par value, and the par value of $100 per share.

At a special meeting on May 21, the shareholders of the Liners & Residences, Inc., of Palm Springs, Calif., approved the sale of the assets of that bank to the First National Bank of Palm Springs, Calif., which will assume the deposits and assets of the Liners & Residences, Inc., and the shares of stock of the Liners & Residences, Inc., in exchange for the shares of the First National Bank of Palm Springs, Calif., the shares of which are already registered with the Securities and Exchange Commission.

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A Commentary on Questions Confronting the Treasury

The Commercial and Financial Chronicle . . . Thursday, May 31, 1906

Federal Reserve Bank of St. Louis
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http://fraser.stlouisfed.org/
Railroad Securities

Passenger Service Losses in 1955

The Bureau of Transport Economics and Statistics of the Interstate Commerce Commission has recently released prelimi-
nary computations of railroad passenger service results for 1955. As usual, staggering losses are indicated on the basis of the Commission's compara-
tions between passenger and freight services. Some comfort may be found in the fact that the trend of losses has been downward in recent years. The average annual loss of $240,567,000 exhibited in 1953 and 1954 was cut to $216,780,000 in 1954. Despite the reduction last year's indicated loss absorbed more than 5% of net railroad operating revenue. This is not a good sign for the railroad industry, for it is a substantial burden to carry. It is signifi-
cant that the Eastern district of the country was the only area in which the loss from passenger and allied services was higher in
1954 than in 1953.

The accompanying tabulation shows a number of individ-
ual railroads the 1955 net railway operating income from
freight service and net railway operating loss from passenger
and allied services. The table shows the percent of freight profits absorbed by the loss from passenger services in various districts, where the passenger losses absorbed more than 60% of the freight
profits, with New York, New Haven & Hartford and Chicago & Nor-
thern Illinois as the largest losers. These two companies had a total of $24,554,000 in passenger losses in 1955, whereas they earned a total of $11,536,000 in freight profits. The table also shows that the per-
cent of freight profits absorbed by the passenger losses varied from 0% in the Western district to 46% in the Eastern district.

Large Railroads, Year 1955

<table>
<thead>
<tr>
<th>Road</th>
<th>Freight Income</th>
<th>Passenger and Allied Services</th>
<th>Percent of Freight Profit Absorbed</th>
</tr>
</thead>
<tbody>
<tr>
<td>EASTERN DISTRICT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore</td>
<td>$71,534</td>
<td>$12,650</td>
<td>18%</td>
</tr>
<tr>
<td>Boston &amp; Maine</td>
<td>19,146</td>
<td>3,280</td>
<td>17%</td>
</tr>
<tr>
<td>Central Air Line</td>
<td>11,695</td>
<td>2,080</td>
<td>18%</td>
</tr>
<tr>
<td>Del, Lacka &amp; St. Paul</td>
<td>7,451</td>
<td>1,380</td>
<td>20%</td>
</tr>
<tr>
<td>Erie</td>
<td>24,560</td>
<td>4,280</td>
<td>18%</td>
</tr>
<tr>
<td>New York Central</td>
<td>11,382</td>
<td>2,080</td>
<td>18%</td>
</tr>
<tr>
<td>N. Y., N. E. &amp; N.</td>
<td>19,988</td>
<td>3,580</td>
<td>18%</td>
</tr>
<tr>
<td>Pennsylvania Railroad</td>
<td>21,921</td>
<td>4,650</td>
<td>21%</td>
</tr>
</tbody>
</table>
| }

PECOS (AGANCION)        

Caspian & Ohio—80,691 11,062 14.8 1955.

Nordic & St. Louis— 48,806 10,053 21.2

SOUTHERN REGION         

Atlantic Coast Line— 23,615 12,712 49.6

Gulf, Mobile & Ohio— 12,250 4,660 38.2

Illinois Central— 46,441 12,212 26.0

Louisville & Nashville—43,045 12,752 29.6

Seaboard Air Line— 34,241 9,787 28.8

Southern— 66,060 15,265 23.4

WESTERN DISTRICT        

A. T. & S. F. affiliated companies— 114,031 40,058 36.0

Chicago & North Western— 23,996 18,231 70.3

Chicago, B. & Q.— 46,181 21,895 47.1

C. P. S. R. P. & N.— 50,340 24,950 49.6

C., S. & I. Pacific— 79,126 18,285 44.7

Denver & R. G. W.— 19,461 4,649 23.6

Great Northern— 54,069 10,402 19.3

M-K-T Lines— 12,976 6,515 50.6

Missouri Pacific— 31,348 12,900 41.1

Northern Pacific— 48,214 13,338 44.3

St. L. & San Francisco— 25,138 8,336 33.3

Southern Pacific System— 107,525 21,588 42.9

Texas & Pacific— 70,407 20,361 29.0

Union Pacific & leased lines—90,334 46,223 51.2

The格尔·铁路服务损失在1955年

运输经济和统计的国家间交通委员会最近发布了初步的
铁路服务结果1955年。如常，惊人的损失被表示在基
于委员会的比较的乘客和货运服务。一些安慰可以被
找到在损失的趋势在最近几年是下降的。1953年和1954年的平均年损失$240,567,000被削减到$216,780,000
在1954年。尽管减少去年的指示损失吸收超过5％的净铁路经营收入。这不是一个好信号对铁路行
业，因为它是一个重大的负担来携带。它是一个显著
的值得注意的是东部地区为的国家是唯一区域的在
中这从乘客和联盟服务的损失是在1954年比在1953年
高。

附录的表格显示一个数量的单独铁路的1955年净铁路经营收入从货运服务和净铁路经营损失
从乘客和联盟服务。表格显示的百分比的货运利润被吸收的乘客损失在各种区域，乘客的损失
吸收了超过60％的货运利润，与New York, New Haven & Hartford和Chicago & Northern Illinois为最大
的失败者。这些两个公司在1955年的乘客损失总和为
$24,554,000，而他们赚取了$11,536,000的货运利润。
的表格也显示了货运利润被吸收的乘客损失的百分比
从0％在西方区域到46％在东部区域。
How Good Is the Dollar?

The Exchange of Good

Many people have been denominator of this currency. It is a dollar, and one that has been circulating in the world for over one hundred years. It is a currency that is widely accepted and used around the world. It is a currency that has been subject to many changes and fluctuations over the years. It is a currency that has been subject to many different factors, both positive and negative, that have affected its value.

The dollar is a currency that is used in many countries around the world. It is a currency that is widely accepted and used in many transactions. It is a currency that is widely used in international trade. It is a currency that is widely used in financial transactions. It is a currency that is widely used in investment.

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Continued from page 15

Essentiality of Foreign Trade
And Greater Market Research

reserves on the working level seems to be justified. It would be helpful in ferreting out con-
misleading advertising.

Such organizations as the Com-
merce and Industry Association, the Federal Reserve Bank of St. Louis, the Chamber of Commerce, and similar bodies can help to supply a wealth of relevant data. The National Foreign Trade Council has developed a special section furnishing exemplary analytic-

That a great deal can be found in books, but American libraries go without saying.

And let us by no means forget our friends in Hongkong, who have released to the public the Bank of Comm.

But all this is not enough. Whether material is gathered, must be studied and evaluated, and complete credit to sign appropriate to us.

The point is, as long as we can interpret the data, to which the data was a surprise to me.

Above all, and beyond the need for foreign trade, the economic future of the country depends on the future of our foreign trade. It is a source of great anxiety to me that the data suggest that our foreign trade is now declining. But the data also suggest that there are ways in which we can improve our foreign trade and thereby improve our economic situation.

Evaluation and Analysis

And still, all this is not enough. There are many sources that we have yet to explore. It is not always possible to come to a conclusion about the future of our foreign trade on the basis of the data that we have available. But by using the data that we do have, we can begin to understand the economic future of our country.

Please do not think that there is anything unusual or miraculous in what I have written. Our data are not perfect, but they are sufficient to make a preliminary analysis of the future of our foreign trade. And, if we are willing to invest the necessary time and effort, we can improve our data and make a more detailed analysis of the future of our foreign trade.

Importance of Friends

To this end, there is one element which I have not yet mentioned. This is the importance of friends. If we are to succeed, we must have friends in high places. And we must have friends who are willing to help us.

But we must be careful not to assume that our friends will always be there. We must always be prepared to work hard and to be persistent in our efforts.

The top executive who plans for future exports expansion and the importers, as well as brokers and salesmen, have come to depend upon the skill of their foreign trade managers.

We have the cooperation and summaries of our foreign ministers, other official agencies, informa-
tion from our trade missions, and analysis of our foreign trade, to guide us in our work.

There are the comprehensive and summaries of foreign ministries, other official agencies, informa-
tion from our trade missions, and analysis of our foreign trade, to guide us in our work.

Others and by the international financial specialists in the world markets, as our own foreign trade.

If we are to succeed, we must have friends in high places. And we must have friends who are willing to help us.

We have the cooperation and summaries of our foreign missions, other official agencies, informa-
tion from our trade missions, and analysis of our foreign trade, to guide us in our work.

If we are to succeed, we must have friends in high places. And we must have friends who are willing to help us.

We have the cooperation and summaries of our foreign missions, other official agencies, informa-
tion from our trade missions, and analysis of our foreign trade, to guide us in our work.
Inflation, Depreciation and The Steel Industry

held under observation today, this meeting would have neither an audience nor a speaker.

Inflation in 1955, this country in 1899 forged steel at a rate of 100 million tons, the world’s leading steel producer and today American steelmen ship out of the country 8,000,000 times as much steel as it did just a century ago.

War records notwithstanding, the steel industry is a country. The steel industry has been in times of peace and in wartime. And as just war battens on the well-being of the people, so does the steel industry of our country. It is the life of 25 years, it is 20 years.

It is one of those problems that I want to discuss with you now, and to help clarify it we will project some slides on the screen.

Every one here realizes that the steel industry has had to develop itself. That means it has to maintain its existing capacity in good shape even because it thinks about expanding it to keep up with the growth of its demands. The job of replacing the equipment and buildings, the plant, the raw materials, the machinery, does not become expensive. That does not look very big, but you assure it in the investment it takes. If you stop to think that all the expansion job that has been done in the steel industry in the last 10 years, amounts to just a little less than 30 billion dollars.

So what the Red Queen said to Alice is pure in our industries every year. We are running you can do to keep in the same place. It is important to keep somewhere else brake you must run twice as fast.

Inadequate Depreciation Allowance

As we look ahead it is becoming apparent that there are going to be a lot of problems equipment, and the method of valuing the question of the price. These problems ought not to exist, but the simple fact is that they do. You often look around us owed under the tax laws ought, of course, to be written off or at least reduced for these same even-requirements. But the truth is that they are not. The proper time of depreciation is to recover over the lives of facilities the raw materials that are in the equipment. The dollars when recovered are presumed to be sufficient to buy the equipment to keep even with the wearing out of the production equipment.

And they would be, if there were stabilities, the buying power of the dollar. But the simple fact is that the buying power of the dollar has not been stable. We have had 15 years of fluctuation in the cost of living, and facilities for the steel industry. You know, as the price of materials is more than they used to. There is no official index measuring the price increases for steel facilities and the steel industry buys. But the index of construction is used, and it is in the Engineering News Record which gives us a very little faith.

An index (see Chart 1) shows that the prices which were $2.73 in 1900, was 105 in 1940, with the year 1940 taken as 100, reveals that it took the index price of steel for 100 dollars to be bought for $100 in 1940. But the list prices in 1940 are not allowed for a facility built in 1940 is based on the $100 spent in 1940. They are possibly the same today it now takes to replace it. The difference is regarded as profit and is taxed as such.

You will notice that there was no year in which the cost failed to rise, and that since 1940 they have been very rapid. Over the 15 years that have passed, the average annual increase was approximately 7% per annum compound.

You have already shown you the inadequacy of the present depreciation allowances in the construction industry built in 1940. By using this index, we get an indication of the over-all inadequacy of depreciation on this normally high, and have been equal to each other, and which have been better in equal physical amounts each year. Each year, of course, the cost of equipment rises by 7% over its original cost, in the 10 years, and hence — as each year goes by — the depreciation on facility built in an earlier year becomes less and less adequate. If we add it up for all the facilities, over all the years, it comes out that for each $10 of steel there is actually about 2.15 in order just to stay in equal, in short, to recover purchasing power under these assumptions, our regular depreciation allowance need be multiplied by 2.15.

There are two reasons why 2.15 is so shockingly large. First, there is the high 7% Compound Second, the long life of facilities in the steel industry, which gives the high rates long time to compound. If the average life of facilities were 10 years, the multiplier of 2.15 would drop to 1.42 as you see in the index chart 1. If the life averaged 20 years, the multiplier would drop to 1.22.(see Chart 2).

Now while this multiple of 2.15 has been worked out on a theoretical basis, it closely approximates the situation in the steel industry today. Thus it is estimated that at 1955 prices the industry must spend somewhere between a billion and 1.2 billion dollars a year for facilities to stay in equal. To do this, does not include any factor for major expansion, and the corresponding estimate was $400 to $500 million. Call it $450 million. These, of course, estimates are, however, based on what I know and what I have heard; and I think that they are accurate enough to illustrate the matter.

Part of the reason for the bit increase that has occurred in the stay-even cost over the past 10 years is that capacity was expanded. There is more plant to keep up. Taking this increase into account the rise in the stay-even cost has been in the range of about 3 to 7% a year. These are rates of increase approaching those given by the index of construction costs. I think also that each one of you can find correspondences in those given by your own companies. If you figure what your depreciation would currently be if there never had been an inflation, I think you will find that such depreciation would prove to be only one-half or less of what you engineers tell you has been spent if you are to stay at equal.

The multiple of 2.15 which applies to big steel plants is undoubtedly larger than that which would be necessary in many other industries that are not so heavily invested in long-life facilities. But this only means that inflation and avoiding serious unemployment is something of which we should all be imbedded.

Both of these roots are deeply imbedded in the law, and in public attitudes of the times. Swift changes with respect to them are not prudently to be anticipated; and we have got to learn how to live with them. With this background of continuing cost inflation in mind, I now want to look ahead briefly to the next five years. I have already estimated that the industry will need to spend from a billion to 1.2 billion dollars — call it 1.1 billion — in 1.1 billion — in the 3 years, it is to be expected, that will not find itself with new facilities as fast as existing facilities are worn out or becoming obsolescent. This is the average amount per year for the next five years; and it assumes that there will be no further-inflation whatever in the cost of constructing such facilities.

But, as I have already shown, we cannot safely assume that the underlying cost inflation will be halted. Should construction costs continue to rise at the average 7% per annum rate, then we are talking about bigger figures later on. That means that at $1.1 billion, which is the present estimate of the amount the industry will need for new construction, the cost will be at least $1.6 billion dollars five years hence.

In Chart 4 the top line of the area shows the step-up, year by year, of the estimated new expenditures. In the lower part of the chart, the shaded area shows the estimated amounts which the industry will recover, through depreciation, with interest and amortization of its facilities. These amounts are also adjusted upwards to recognize the inflated costs of new facilities added during the period. The area between the black line and the shaded area shows the dramatic deficiency in new plant and equipment that is to be encountered. The chart tells us that in 1956 the industry will need nearly twice as much as it gets out of wear and exhaustion just to stay even. The aggregate deficiency for five years is about $3 billion.

Rapid Amortization

Today, of course, we have amortization under certificates of necessity. This amortization on new facilities helps to fill the present.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>100</td>
</tr>
<tr>
<td>1945</td>
<td>118</td>
</tr>
<tr>
<td>1950</td>
<td>129</td>
</tr>
</tbody>
</table>

**CHART II**

EXTENT TO WHICH DEPRECIATION ON HISTORICAL DOLLAR MUST BE MULTIPLIED TO RECOVER CONSTANT PURCHASING POWER

<table>
<thead>
<tr>
<th>RATE OF INFLATION</th>
<th>FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>1.00</td>
</tr>
<tr>
<td>10%</td>
<td>1.19</td>
</tr>
<tr>
<td>15%</td>
<td>1.36</td>
</tr>
<tr>
<td>20%</td>
<td>1.55</td>
</tr>
</tbody>
</table>

**CHART III**

STEEL INDUSTRY COSTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment Costs</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>1,300,000</td>
<td>2,300,000</td>
</tr>
<tr>
<td>1945</td>
<td>1,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>1950</td>
<td>1,100,000</td>
<td>2,100,000</td>
</tr>
</tbody>
</table>

The steel industry is a country. It is the life of 25 years, it is 20 years.

The Commercial and Financial Chronicle . . . Thursday, May 31, 1966
When it is added to regular depreciation it gives, to the borrower, a truer total of wear and exhaustion than the so-called Rolla or Kelly Rolling power. But when the loans are fully amortized they disappear in 1958-59, the inadequacy of wear and exhaustion values becomes negligible.

Chart 5 shows the prospective decline in the value of existing steel facilities, and on this same chart is shown the estimated decline for all corporate facilities in the United States.

The dropping out of amounts for steel company facilities indicates the inadequacy of wear and exhaustion values in the steel industry at the very time when it should be increasing to be realistic; and in the absence of adequate wear and exhaustion theUrls for steel company facilities must be increased so that the depreciation charge will be adjusted to the actual decline in the value of the usefulness of the facilities.

In the absence of adequate wear and exhaustion the other standard internal rate of profit Company operating even inc income reinvested, and the normal return on the borrowing money and selling new assets.

To the extent that reinvested income is used for this purpose, such income becomes available for providing needed working capital, for paying off existing long-term debt, and for expanding capacity. And, in any event, $2 billion is required to do the job of $1 of wear and exhaustion.

I do not propose to borrow as a means of financing capital expenditures. Allowing borrowing for profitable expansions, the same as sometimes be justified, borrowing to cover the difference of the present situation is, as far as possible, the best way I know of "short-term" financing. The reasons are confronted by the simple fact that steel companies just do not have the capital on their own accounts to take care of the problem in this kind of a situation. A third failure in borrowing to stay even is that although interest paid is deductible for tax purposes, it is only $1 on the profit taxes that debt can be paid off. Moreover, there is a general belief that the yield at the very time when it is hardest to find the cash with which to pay them. Indebtedness is not good for business in the "up-and-down" good industries.

On this matter of borrowing there are a few other sobering facts. We know that a brand new integrated steel mill would cost at least $300 per ton of ingot capacity, or roughly $600 per ton of finished steel capacity. The average steel company's earning rate of approximately 8% of sales would cover something like $10 a ton of finished steel. This is equivalent to a $28% on the $400 a ton investment. To turn that much, assumes, moreover, that the new mill would be operated at full capacity all the time. It also happens to be the case that one can get more than a $28% yield today. In large-scale, fully-tax exempt, municipal bonds.

New Stock Financing
So I come, finally, to financing through the sale of new stock. This is the traditional American way, and is a completely appropriate means, of accumulating funds for financing new facilities or expanding old ones. It would be reserved for such purposes; for if money is secured through stock sales merely to cover the erosion of existing plant facilities, it only serves to reduce the dilution of the stockholders' equity.

From this presentation of the facts and prospects, I think it is apparent that the problem of financing the necessary improvements in the steel industry, at least that of finding funds for expansion, is a most serious one. The problem is greatly aggravated by difficulties in the steel industry which must be heavily invested in long-term facilities, by the heavy taxation of which is more depreciable, and which leaves the tax law is costly and non-

We are not, of course, the only ones aware of this perplexing problem. The Congress has from time to time provided certain depreciation expenditures. Thus, during World War II and the Korean conflict, there was legislation to provide "accelerated amortization" on part of the cost of new defense facilities. This permitted the taxpayer to take greater depreciation in the early years of a major project. With 60% of a 25-year facility subject to amortization, and with the balance subject to regular depreciation, a 4% rate per year, the recovery of the purchase price expenditure amounted to 28% in the first five years (see Chart 6).

This has helped temporarily to give a truer total of depreciation on all facilities based on current tax returns. But it automatically guarantees something of a future crisis. Thus when the amortization runs out the situation will be even worse than it was before the amortization provisions were enacted, because the remaining depreciation to be taken in the future is, of course, much less than it would otherwise have been.

In an attempt to stave off this crisis the Revenue Act of 1954 provided two alternative methods of determining depreciable tax purposes: the sum-of-the-digits method and the declining balance method. I do not wish to comment on the recognition of the fact that these methods of job can prove helpful, but the simple truth is that on 25-year facilities they do only about half the job that accelerated amortization does and at the very time when a lot of a new industry is required. No one should believe himself in this matter. Accelerated amortization is very helpful in a temporary sense, but it does not do a whole job. And even if we finally get to the point where every property item was being written off in five years, we would still be short of de-

The recovery would still have to be multiplied by 1.22 to give us the equivalent of buying power under a 1% per annum cost inflation rate.

Other Countries
Other countries have done a better legislative job of recognizing the realities of depreciation during cost inflation. France, for example, recognized the depreciation problem in 1934 and later in 1935, for example, for different periods for or for other equipment acquired for modernization of certain of the cost may be written off on delivery.

In Great Britain the reducing or declining-balance method is considered the normal depreciation method. An Act, the straight-line method has been adopted. Both methods are based on original cost. The annual rate for coke oven facilities is 6% of the remaining balance; and for steel manufacturing facilities it is 8%. In addition, there is an initial allowance of 10% on industrial building and 30% for plant and machinery. These are taken in the first year. The reduction is established for the recovery of fixed assets. Thus, in Britain, the depreciation allowed in the first year on coke facilities is 35%, and on iron and steel facilities 24%. In the second and succeeding years the depreciation allowed on coke facilities is 16% of the remaining

Continued on page 22.

Source: Company Annual Reports.
Inflation, Depreciation And the Steel Industry

The Joint Responsibility of Labor and Management

The current issue of this magazine is a joint effort between Labor and Management. It is proposed that the joint efforts of both labor and management will result in a better understanding of the problems facing the steel industry. The magazine will publish articles from both labor and management perspectives, and will encourage open dialogue and collaboration between the two parties. The goal is to work together to find solutions to the challenges facing the industry.

Legislative Depreciation Solutions

The legislative environment is critical to the steel industry. It is important for labor and management to work together to advocate for policies that support the industry's growth and competitiveness. This includes legislation that addresses issues such as tax policy, trade, and infrastructure. The joint initiative will focus on advocacy efforts to ensure that the industry's interests are represented in the legislative process.

Technological Depreciation

The steel industry is undergoing rapid technological change. It is important for labor and management to work together to ensure that the industry is not left behind in this technological race. The joint initiative will focus on education and training programs to help workers adapt to new technologies, and on collaboration with researchers and innovators to develop new products and processes.

The Joint Responsibility of Labor and Management

The joint initiative is a collaborative effort that brings together the voices of labor and management. It is committed to finding solutions to the challenges facing the steel industry, and to working together to ensure a bright future for this vital sector of the economy.
control of industrial relations or any other move toward a free economy.

In fact, it is the only type of labor for industry to continue to moderate and expand. This is the most important improvement that the new labor relations methods have. They are fundamentally aiming at the better achievement of productivity on which wage advance depends. These methods are ultimately based on the new facilities being offered to the workers by industry and new jobs. And this, too, is recognized by the labor leaders. Speaking before his union, the American Federationist Mr. McDonald said: "Carnegie's famous working force must see to it that the new labor methods are operated successfully, because if they do not work, they mean the end of jobs. If there is not a new movement of wage rates and labor pressures, the situation will be very serious.

Thus, as we review the area involved in the relationship between labor and management, the similarity of their real objectives appears with ever increasing reality. Both gain from avoiding strikes and from reducing inflation. Both gain from increasing the number of consumers and the power of the workers. Both gain from increasing the profitability of the companies.

Beyond all this, one every day of life is dependent on the accomplishment of these same objectives. The increased production, decreased unemployment, lower living standards, increased standards of production, and all these imperil our freedoms, our "People's Capitalism"—that excellent inheritance. The question of the distinctive American economy, with its necessary and natural division of labor and management, is in this regard is indeed great. It transcends all political barriers and capacities for earning the livelihood of working men and women represent. Surely if our free government and free economy can be preserved, all is lost.

And, as we all know, this system is the best fitted of any in the world in comparison with the socialistic and nationalistic patterns of other nations. It is not an exaggeration in this manner in which America's advantage is so important and the country's free management conduct their mutual business. Defense can play a vital part in the outcome of this very important aspect of the "competition."

Mr. Meany recognized all this when he said to the N. A. M.: "We have an opportunity now to keep this country free so that we can continue to benefit from the development of our life labor and management jointly are responsible for." Mr. Meany has repeatedly used the term "mutual trust and confidence," in referring to the parts played by the leaders of labor and management. And I am sure he means a mutual responsibility, not solely on behalf of the two sides, but in all the economic activity and also—and of greater importance—for the equable development of American freedom and democracy.

I am not naive enough to believe that the programs of leaders or business leaders—least of all any words of mine—will solve the problems of the modern economy. The outlook is lethargic, the progress slow, the harmonious interrelations distant. Deeds, and not words, will tell the story of the industrial relations. We must recognize the true identity of their objectives and the importance of their decisions, statesmanship, socialistic, the whole philosophy of our economy will prevail. The gainers will be not only our employees and stockholders, but all of us. The responsibility is great. It is jointly held. And it cannot be avoided, We measure up or we fall.
As We See It

Continued from page first page

As We See It

The young people. Of course, the trend of thought in Europe has been in that direction for a good many years, and one of the most persuasive of the people (downhearted in the midst of a severe depression) to forsake the teachings of their own experience.

But over and beyond such facts as these is the circumstance that people have a certain amount of desire to, and that the great deal of this sort of thinking has, comparatively speaking, been uniform throughout the whole of men, all the military and all the supporting castes. There is no other way of proceeding.

As We See It

Continued from page 5

Common Stock Investment Policy

in this country will continue to push slowly and irregularly forward, although, now that the economy is functioning virtually at capacity, and confidence is at a high level, progress seems likely to be at a slower rate, at least in some respects. It is clear that we have witnessed in recent years when general skepticism was prevalent that the time has come to be more reasonable and general confidence.

For a large number of investors in cyclical theories of economic forecasting, that alternations of boom and depression are inevitable and economic necessity, it is no longer necessary to turn to 100 years of history to print out that history projects a long period of economic depression. A fairly large number of a modern industrial country in the last century, and a study of the record of Germany, for example, for 50 years. I refer to Germany in the years from 1869 to 1897. It is a period that repeated during this period in which economic depression has occurred. Also, one might ask what has happened below that of the preceding year to the extent that as much as 5% (1877), and between 1889 and 1892 only the world has a profit, and in fact, at the time, the real profit of economic development in Germany, a country that is not in a position to be a large producer of goods just below that of the preceding year to as much as 5% (1877), and between 1889 and 1892 only this back in a continuous advance was a period of depression. The Federal Reserve Board, for example, has a succession of advances and plateaus, underlying economic forces being so strongly tilted upward that recurring downward phases in other countries expressed themselves in the German index of prices. There is some evidence of a similar type in the United States.

Now, it appears that one might be able to see the reason why in the United States, we have seen a profit, and in fact, at the time, the real profit of economic development in Germany, a country that is not in a position to be a large producer of goods just below that of the preceding year to as much as 5% (1877), and between 1889 and 1892 only this back in a continuous advance was a period of depression. The Federal Reserve Board, for example, has a succession of advances and plateaus, underlying economic forces being so strongly tilted upward that recurring downward phases in other countries expressed themselves in the German indices of prices. There is some evidence of a similar type in the United States.

Yet it now appears to be the popular supposition that a great deal more than that is required, and that popular notion so sedulously cultivated by the New Deal and the Federal Reserve Bank, has resulted in almost innumerable public programs and legislative enactments to supply directly or indirectly one of these goods which are believed to be easy to obtain, which often satisfy the desire for special favors among the politically powerful. It is often said by the modern political philosopher-socialist that we are today in the midst of an economic and social upheaval equal in importance to any other.

Against this background there are, therefore, for the alert securi-

Continued from page 1

ty analyst a number of areas which appear to offer good hunting

Continued from page 5

Continued from page 2

It's the House who is capa-
bale of reaching intelligent decisions and courageous and forceful enough to make them stick—although the most serious danger is usually to be found at the other end of Pennsylvania Avenue. The answer to this question is not easy to be found, it is the fact that the persuasiveness of Franklin Roosevelt and the rather shallow-minded reformers he gathered about him has made a remarkable impression upon the thinking of the people of this nation, particularly, perhaps, our rising population with increasing tonnages of steel by cre-

Continued from page 1

The central idea of these programs and policies is centralized control and direction of the economy by government. It is, so it seems to us, too much to say that the full-blown advocates of such systems in the past would have wanted the government decide what and what consumers should buy, when they are being reckless and should restrain themselves, when business should be in a very vigorous and not when it is “speculating,” when credit should be abundant and cheap, and so forth almost indefinitely.

Now this type of policy or program carried to its logical

Continued from page 2

Federal Reserve Bank of St. Louis
Digitized for FRASER
[Image 0x0 to 715x1007]
Continued from page 7

A Real Look at Credit Policy and The Federal Reserve System

The so-called "credit squeeze" that has been under way for the past few weeks, which may be referred to popularly as the "credit crunch," has been the subject of a great deal of debate among economists, politicians, and the public. The credit squeeze is often blamed for the slowdown in the economy, and it is argued that it is a necessary step to control inflation.

However, the credit squeeze is a complex issue, and it is not always easy to determine its cause. In this article, we will attempt to explain the credit squeeze and its effects on the economy.

The credit squeeze occurs when the supply of credit is restricted, which can lead to higher interest rates and a decrease in the amount of credit available to businesses and consumers. This can result in a slowdown in economic activity, as businesses and consumers are less able to borrow money to finance their operations.

On the other hand, the credit squeeze is often seen as a necessary step to control inflation, as higher interest rates can help to reduce spending and increase the value of the dollar. However, this can also lead to a decrease in consumer spending and investment, which can further slow down the economy.

In conclusion, the credit squeeze is a complex issue that requires careful consideration. It is important to balance the need to control inflation with the need to support economic growth.

New York Society of Security Analysts Elects New Officers

The election of W. Sturgis Macomber as President of the New York Society of Security Analysts, Inc., has been announced by The New York Society of Security Analysts, Inc. Macomber, who was elected President of the Society, succeeds Stephen J. Gehl, who has served as President for the past two years.

Macomber is a well-known security analyst and has served as a member of the Society's Board of Directors for several years. He is also a member of the Advisory Board of the Society and has been actively involved in the Society's activities.

The election of Macomber as President is a significant event for the Society, as it marks the beginning of a new era for the organization. The Society is committed to promoting the highest standards of professionalism and integrity in the field of security analysis, and it is confident that Macomber will be an effective and dedicated leader for the organization.

In addition to Macomber, the Society has also elected a number of new officers, including Richard M. Perelis as Vice President, and Barry M. Cohen as Treasurer. The Society is grateful to these officers for their dedication and commitment to the Society's mission.

The Society's officers are enthusiastic about the future of the organization and are committed to building on the achievements of the past year. They look forward to working with all members of the Society to promote the highest standards of professionalism and integrity in the field of security analysis.
Securities in Registration


Adams Express Co. May 2 filed 528,792 shares of common stock (par $1) being offered for subscription by common stockholders of record May 23, 1966 on the basis of one new share for each five shares held; rights to expire on June 6, 1966. Price—$23.25 per share. Proceeds—For investments and general corporate purposes. Underwriters—Hollerman & Co., New York, and Underwriter—C. R. Lewis, Boston, Mass.

Agger Corp. May 5 filed notice of registration; 36,894,549 (15,527 shares of class A stock (par $1) and 73,998,089 of debentures in units of 50 shares of stock and $624 of debentures. Price—$2 per share. Proceeds—Financing of diner installations, etc. Offer—270 Park Ave., New York, N. Y.


Alumine Corp. of Utah (6/4) May 17 filed notice of registration of 1,000,000 shares of common stock (par $1). Price—$1.50 per share. Proceeds—For manufacture and sale of magnesium and aluminum supplies. Offer—2973 W. 18th St., Salt Lake City, Utah, Underwriter—Giaxys, Larson, Glaser, Emery, Inc., Salt Lake City, Utah.

American Frontier Corp., Memphis, Tenn. Feb. 22 filed 7,000,000 shares of a new 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. Offer—None.


American Union Corp. May 2 filed 370,000 shares of common stock (par $1) being offered for subscription by stockholders of record May 23, 1966 at a rate of one new share for each five shares held (with an oversubscription privilege); rights to expire on or after April 15, 1966. Proceeds—For investments and other corporate purposes. Underwriters—American Union Corp. owns 69.36% of the outstanding shares.

Anderson Electric Corp., Indianapolis, Ind. May 4 filed notice of registration; 25,500 shares of convertible preferred stock (par $8.50), 20,500 shares of common stock (par $1) offered by the company and 6,640 shares of class B common stock, par $10, for the account of certain selling stockholders. Price—To be announced. Proceeds—For general corporate purposes, bank facilities, and for working capital. Underwriters—Cromwell & Co., Chicago, Ill.

Apostoloucous Universal Helicopter Co., Inc. May 23 (letter of notification) 75,000 shares of common stock (par $1). Price—$3 per share. Proceeds—For working capital and general corporate purposes. Offer—25 West 42nd St., New York, N. Y. Underwriter—None.

Arizona Public Finance Co., Phoenix, Ariz. April 20 filed 5,700,000 shares of common stock: $2,000,000 par value for short term debt service note; 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 & Great Western Ry., Tulsa, Okla. Apr. 30 filed 2,000,000 shares of common stock (par $1). Price—$1.50 per share. Proceeds—For working capital and other corporate purposes. Underwriter—To be named by amendment.

Atlantic Great Western Ry., Charlotte, N. C. Feb. 28 filed 8,900,405 shares of common stock (par $1) to be issued pursuant to an agreement of merger with 11 class B common stocks held by the Commonwealth & Southern Corp., and R. & L. Glaser, Emery & Co., Louisville, Ky., and Underwriter—Columbia Securities Co., both of New York.

Aragon Corp. Apr. 20 filed notice of registration of 250,000 shares of common stock. Price—At par ($25 per share). Proceeds—Together with bank loans, to be used to construct and operate a fer¬tizer plant.


Columbia General Investment Corp. March 29 filed 190,000 shares of common stock (par $1) shareholders of record will have first right of purchase. Price —A maximum of $4.50 per share. Proceeds—To make a $250,000 investment in the stock of Columbia General Life Insurance Co. Offer—Houston, Tex.

Combustion Engineering, Inc. May 9 filed 25,000,000 of convertible debentures due 1971 at a price of $22.50 per $100 of principal amount. Proceeds—To retire bank loans and for working capital. Underwriter—The First Boston Corp., New York.

Commonwealth & Southern Corp., Richmond, Va. May 4 filed notice of registration of 600,000 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). Underwriter—Equitable Bldg., 421 S. W. 6th Ave., Portland, Ore.

Commonwealth Life Insurance Co., Tulsa, Okla. March 7 filed 70,000 shares of common stock. Price—To be named by amendment. Proceeds—For working capital, etc. Underwriter—To be named.

Commonwealth National Life Insurance Co., Cleveland, Oh. Apr. 2 filed notice of registration of 120,000 shares of common stock. Price—To be named by amendment. Proceeds—For working capital. Offer—Equitable Bldg., 243 W. 5th St., Cleveland, Ohio.

Connecticut Power Co. May 13 filed 11,000,000 shares of common stock (par $1) to be offered for subscription by certain holders of 5% bonds. Price—$13.50 per share. Proceeds—For working capital; and for general corporate purposes.

Columbia Gas & Electric Co. (6/3) Apr. 7 filed 11,000,000 shares of common stock. Price—To be named by amendment. Proceeds—together with bank loans, to be used to construct and operate a fertilizer plant.

Columbia Life Insurance Co., Buffalo, N. Y. Apr. 27 filed 20,000,000 shares of common stock. Price—To be named by amendment. Proceeds—together with bank loans, to be used to construct and operate a fertilizer plant.


Continental American Fund, Inc. March 30 filed 300,000 shares of common stock (par $1). Price—To be named by amendment. Proceeds—to be used for 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 $10) at $35 per share, and 500 shares of class B common stock (par $25). Price—of class A stock, $32.50 per share, and of class B stock, 50 cents per share. Proceeds—to be used for working capital. Underwriter—None.

Crafter Lake Mining & Milling Co., Inc.

Crestmark, Cruisers, Inc.
April 25 (letter of notification) 50,000 shares of common stock (par one cent). Price—19 cents per share. Proceeds—For general corporate purposes. Underwriter—None.

Cullen Minerals Corp. (Tex. 11)

Dalmark Oil & Uranium, Inc., Grand Junction, Colo.
April 26 (letter of notification) 1,075,000 shares of common stock (par one cent). Price—9 cents per share. Proceeds—For mining equipment. Underwriter—Pace & De Smet, Jr., Babyson, L. I., N. Y. Underwriter—Loew Securities Corp., New York, has withdrawn as underwriter.

Duluth, L. & I. Railroad Co. (Minn.)
March 14, 1902 (letter of notification) 50,000 shares of common stock (par $1). Price—$2 per share. Proceeds—to pay bond issues, to be used for working capital. Underwriter—None.

Eastern Stainless Steel Corp.
March 2, filed $2,577,500 of convertible subordinate debentures due 1971 being offered for subscription by certain stockholders of record May 22. Price—$100 for debentures (par $100); at par on stock held; rights to expire on June 6. Price—Par (flat).

Now Available
Millard's
Weekly National Advertiser
March 28, 1902

Richmond, Va.

Mr. Editor:

I have the honor to submit for your insertion the official weekly prices of various classes of securities, which have been carefully calculated by the American Guaranty Company, of New York, and most thoroughly tested and approved.

I am, Sir, yours very truly,

[Signature]

[Name]

[Address]
Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of common stock (per $5) to be offered first to stockholders; then for public sale on April 1, 1957. Underwriter—None.

Guaranty Mining & Development Co.

Haliburton Oil Well Cementing Co. (6/20)
Apr. 10 (letter of notification) 1,250 shares of common stock (per $5). Price—To be held in suspense.

Hamlin Exploration & Mining Co.
Apr. 11 (letter of notification) 4,000 shares of common stock (per $1). Proceeds—For working capital. Underwriter—Smith, Bank 

Henderson Development Co.
April 15 (letter of notification) 100,000 shares of common stock (per $1). Proceeds—For working capital and for advertising. Underwriter—Kamen 

Hoffman Mining Co., Winterhaven, Calif.
April 15 (letter of notification) $1,000,000 of common stock (per $1). Proceeds—For expansion and for working capital. Underwriter—Arthur B. Hoffman, Hollywood, Calif.

Homertrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (per $1). Proceeds—$3 per share. Underwriter—Fenner Corp. (Fenner-Freeman
gt, and Dean, New York, N. Y.

Hoboken-Atlantic Co., New Jersey.
Mar. 5 filed 130,000 shares of common stock (per $1). Proceeds—$1 per share. Underwriter—Klein, Garber & Co., New York, N. Y.

Idaho-Itala Metals Corp.
March 7 (letter of notification) 120,000 shares of common stock (per $10). Proceeds—$1.50 per share. Underwriter—International Harvester Co., Chicago, Ill.

Indiana Power & Light Co. (6/7)
May 16 filed 200,000 shares of common stock (par $1). Proceeds—For equipment, machinery, etc., to be held in suspense. Underwriter—P. B. Berger, New York, N. Y.

Industrial Affiliates Corp., Magick, Calif.
May 28 filed 400,000 shares of common stock (per $1) to be offered to the stockholders of the company and firms who are engaged in or closely allied to the growing and shipping of citrus fruits. Proceeds—$3 per share. Proceeds—For working capital, general expenditures and other corporate purposes. Underwriter—None.

Industrial Enterprises Corp., Wilmington, Del.
April 3 (letter of notification) 150,000 shares of common stock (per $5). Proceeds—For working capital. Underwriter—World Wide Investors Corp., Hoboken, N. J.

Industrial Development Corp.
May 17, 1956 filed 1,200,000 shares of common stock. Price—Five cents per share. Proceeds—For development and working capital. Underwriter—Moss, St. Louis.

International Business Corp.

Insulated Containers, Inc., Belleville, N. J.
May 27 (letter of notification) 50 shares of preferred stock (cumulative if and when declared). Proceeds—At par (per share). Proceeds—For general corporate purposes. Underwriter—R. H. Lane, 633 West 12th St., West New York, N. Y.

Ironwood Gasoline Co. (6/4)
May 23 filed 240,000 shares of common stock. Price—50 cents per share. Proceeds—For general corporate purposes. Reserved for issuance to the stockholders of record March 1, 1956. Upon payment of par value, the unissued portion, up to 7,000 shares to be retired, is to be offered to the stockholders. Proceeds—For general corporate purposes. Underwriter—Church Ave., Cleveland, Ohio. Underwriter—None.

Kearney & Trecker Corp., Milwaukee, N. J.
May 12 (letter of notification) 3,500 shares of common stock (per $1). Proceeds—For general corporate purposes. Underwriter—None.

Klamath Consolidated Mining Co. (5/20)
May 10 (letter of notification) 150,000 shares of common stock (per $10). Proceeds—To be applied toward the expansion of the company's operations. Proceeds—For general corporate purposes. Underwriter—Kamen & Co., New York, N. Y.
To be supplied by Underwriter—Charles E. Peckham, Under¬
ner—George E. Page, Birmingham, Ala.


* Tropical Gas Co., Inc., Miami, Fla. April 16 (letter of notification) 150,000 shares of preferred stock (par $100) and 131,230 shares of common stock (par $1). Price—$26 per share. Proceeds—To be supplied by amendment. Proceeds to stockholders at rate of one preferred share for each 15 shares of common stock held and one new common share for each preferred share. Stated price for preferred stock, $104 per share; and for common, $1 per share. Proceeds for purchase of 100% of 2-LP Gas companies in Bakersfield, Calif.; and for the acquisition of all of the stock of 2-LP Gas companies in Bakersfield, Calif.; and for the repurchase of all 2-LP Gas company; the remainder will be used for general corporate purposes. Underwriter—Scott, Hornor & Ma¬


* U.S. Fiberglass Industrial Plastics, Inc. March 19 (letter of notification) 150,000 shares of common stock (par $1). Price—$12.50 per share. Proceeds—Proceeds for underwriting of 11,000,000 shares of preferred stock sold to stockholders of 11,000,000 shares of common stock first to stockholders. Price to stockholders, $9 per share; and to public, $8 per share. Proceeds for general corporate purposes. Office—Norwood, N. J. Underwriter—None.


* United Utilities, Inc. (6/6). May 24 (letter of notification) 4,000,000 shares of common stock (par $10) to be offered for subscription by common stockholders of 4,000,000 shares of common stock first to stockholders. Price to stockholders, $10 per share; and to public, $9 per share. Proceeds for the acquisition of the stock of the subsidiary company to defray a portion of the cost of new construction. Office—Peabody, N. J. Underwriter—None.

* Universal Fuel & Chemical Corp. (6/1). May 24 (letter of notification) 300,000 shares of preferred stock (par $1). Price—To be supplied by amendment. Proceeds—Proceeds toward the acquisition of additional wells, potential acquisition of interests in additional oil and gas leases and exploration for oil and gas. Underwriter—Hayden, Stone & Co., New York. Offering Statement has been withdrawn.


California Electric Power Co.
March 18 it was announced that the company plans an offering of first mortgage bonds late in 1956, if market and underwriting conditions appear favorable, for an underwriting program. Underwriter—To be determined by competitive bidding. Probable bankers: Harriman, Ripley & Co. (jointly); Stanley & Stewart Co. (jointly); Peabody, Beard & Beane and Kidder, Peabody & Co. (jointly); Bryan, Ratcliff & Co. (jointly); and Allen & Co. (jointly).

Carpenter Paper Co.
March 10 it was reported company plans are under way for an issue of $15,000,000 of first mortgage bonds due 1986.

Central Illinois Light Co.
March 15 the company plans to issue and sell $10,000,000 of first mortgage bonds in 1957. Proceeds—For expansion, construction and development, and for new construction. Underwriter—May be Union Securities Co., New York.

Commercial Credit Corp.
March 13 it was reported company plans early registration of $25,000,000 of common stock. Underwriters—Kidder, Peabody & Co. and The First Boston Corp.

Commonwealth Telephone Co. of Pennsylvania
March 21 it was reported company plans to issue and sell approximately $20,000,000 of common stock. Proceeds—For expansion, etc. Underwriter—Harriman, Ripley & Co., Harris, Todd & Co., and Morgan Stanley & Co. (jointly).

Coastal Transmission Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for construction of a 2657 mile pipeline to cost $68,500,000. Underwriters—May be Lehmans Brothers and Allen & Co., both of New York.

Consolidated Natural Gas Co. (7/25)
March 15 it was announced company plans to issue and sell $20,000,000 of debentures due 1981. Underwriter—To be determined by competitive bidding. Probable bankers: Harriman, Ripley & Co. (jointly); Stanley & Stewart Co. (jointly); Peabody, Beard & Beane and Kidder, Peabody & Co. (jointly); Bryan, Ratcliff & Co. (jointly); and Allen & Co. (jointly). Bids—Expected to be received on July 25.

Consolidated Water Co.
March 17 it was announced President, announced that the company sometime between now and the summer of 1956, will probably do an underwriting. Underwriters—The Milwaukee Co.; Harley Hayden Co., Inc.; and Independent Bond Co. (jointly). Bids—Expected to be received in May.

Consumers Power Co.
March 14 it was announced 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 bankers: Harriman, Ripley & Co. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly). Offering—Expected to be received on July 25.

Copeland Refrigeration Corp.
May 10 it was reported company plans to issue and sell $150,000 of common stock. Proceeds—For expansion program. Underwriter—Baker, Simmons & Co., Detroit, Mich.

Continued on page 42
Halsey, 1. Expected $200,000 to City.


Inland Steel Co. April 21. Block, disclosed company will seek additional financing through sale of equity stock (the size of which has not yet been determined). Proceeds—For expansion program.


Kanawha & Light Co. April 21. Approved an increase in the authorized common stock (at $1) from 1,700,000 shares to 50,000,000. 

The Commercial and Financial Chronicle... Thursday, May 31, 1926

Kansas City Power & Light Co. April 24 stockholders approved a proposal increasing the authorized common stock to 1,000,000 shares. Proceeds—For general corporate purposes.


Kensington Co. May 21 it is announced that the company is arranging to borrow $100,000,000 from institutional investors to finance the formation of a new common stock company, which will be capitalized for approximately $133,000,000. 


— To be by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly), Lehman Brothers and Salomon Bros. & Hutzler (jointly); White, Weld & Co. and Shields & Co. (jointly); Patterson, Stedman & Co. (jointly); and Kidder, Peabody & Co. Incorporated.


Alexander joins Nall Secs. & Research

NEW ORLEANS, La. — James R. Alexander has joined National Securities Corp. as executive vice president in charge of research for that company's 74 branches throughout the nation. Mr. Alexander, who will report to David J. D'Oench Jr., president of National Securities, has headed research for Robert W. Baird & Co. since 1979.

Mr. Alexander will make his headquarters in his home town of New Orleans.

Coffi With Gordon Graves

MIAMI, Fla. — Vincent Coffi has been appointed as general manager of the Miami office of Coffi With Gordon Graves Co., Inc., Pan American World Airways. Coffi was formerly an officer of Pan American Airways in New York City.

With McElwain & Co.

MIAMI, Fla. — L. J. Martin, chairman, has announced the promotion of Charles F. Courtney to the position of manager of McElwain & Co.'s office in Miami. Courtney has been associated with McElwain & Co., Inc., Huntington Medical Building, Mr. Martin is a graduate of American University and has been a member of the firm's board of directors since 1932.

With Francis I. du Pont

MIAMI, Fla. — Albert Marzur has been appointed director, Eastern division, by Francis I. du Pont. Marzur is a native of New York City and has been a member of the firm's board of directors since 1932.

Gerbout John Adda

MIAMI, Fla. — Gerard John Adda has been appointed as research director of the Eastern division of Gerboud John Adda, Inc. Adda is a native of New York City and has been a member of the firm's board of directors since 1932.

With Nichols & Co., Inc.

MIAMI, Fla. — Richard P. Martin has been appointed as research director of Nichols & Co., Inc., a division of R. P. Martin & Co., Inc. Martin is a native of New York City and has been a member of the firm's board of directors since 1932.

With W. C. Morton

MIAMI, Fla. — Walter C. Morton has been appointed as research director of W. C. Morton, Inc. Morton is a native of New York City and has been a member of the firm's board of directors since 1932.

With H. L. Jamieson

MIAMI, Fla. — Albert Marzur has been appointed director, Eastern division, by H. L. Jamieson, Inc. Marzur is a native of New York City and has been a member of the firm's board of directors since 1932.

With S. B. Franklin

MIAMI, Fla. — Samuel B. Franklin has been appointed as research director of S. B. Franklin, Inc. Franklin is a native of New York City and has been a member of the firm's board of directors since 1932.

With B. C. Morton

MIAMI, Fla. — Walter C. Morton has been appointed as research director of B. C. Morton, Inc. Morton is a native of New York City and has been a member of the firm's board of directors since 1932.

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MIAMI, Fla. — Walter C. Morton has been appointed as research director of B. C. Morton, Inc. Morton is a native of New York City and has been a member of the firm's board of directors since 1932.
Investors Stock Fund Assets At New High

Assets of American Mutual Stock Fund, Inc. reached an all-time high of $56,226,176 on April 30, 1956, ending the fiscal year, according to annual report of President Jonathan J. Love-}

lce. New highs were also set in week-end gains, six weeks, and number of shareholders.

Net assets increased by $29,041,555 from $27,181,663 total at October 31, 1955, representing a gain of 109.1%.

in net assets reflected the acquisition, through merger, on Feb., 1956 of Pacific-American Investors Inc., the wholly-owned subsidiary of old mutual and new shareholders, and the total market value of securities owned.

Net total asset of $56,226,176 at April 30, 1956, were equal to $8,948 for each of the 5,928,16 per share of capital stock outstanding. This compares with total net assets at April 30, 1955, of $22,319,358, equal to $4,260.96 per share of capital stock outstanding at that date.

This gain is computed on the basis of gains on sales of securities, in the six months ended April 30, 1956, representing 12.8 a share on 4,674,604 average number of shares outstanding for the period.

This compares with net income similarly computed of $308,787 in the six months ended April 30, 1955, equal to approximately 12.1 a share on the 2,551,232 average number of shares outstanding for that period, after adjustment for the two-for-one stock split effective July 1, 1955.

The merger of American Mutual and Pacific-American was effected through the issue of 2,385,444 shares of American Mutual capital stock. The number of shareholders of American Mutual was 44,795 on April 30, 1956, compared with 60,326 at Oct. 31, 1955.

Simmonor Foresees High Business Level

The National Securities Series of mutual funds, sponsored and managed by National Securities & Research Corp., continued their growth in both the number of shareholder accounts and capitalization. As reported in the sixteenth annual report, released for publication today.

Combined net assets of the seven mutual funds aggregated $26,781,782 to bring Mr. Simonson's figure. As of April 30, 1956, while the number of shareholders increased to 12,718 from 9,518 at year-end 1955, of the market value of the common stock fund.

OPEN-END COMPANY STATISTICS-MONTH OF APRIL 1956

(16th) Consecutive Quarterly Dividend

$1 is a share from net investment income, payable June 29, 1956 to shareholders of record June 15, 1956. In the first dividend since the recent 2 for 1 stock split.

WASHINGTON 7, 0.

1033 THIRTIETH STREET, N. W.

NATIONAL SECURITIES & RESEARCH CORPORATION

In the past, the investment income has been divided into dividends and annuities, but now the rate of return is increased for a guaranteed period, in the opinion, over-the-all outlook is favorable.

Each of the National Securities Series of mutual funds paid during the last fiscal year, four quarterly distributions of net investment income to shareholders, as well as distributions of accumulations from capital, in cash, and in kind. By comparison, net capital gains of the seven mutual funds aggregated $12,786,914 and $20,082,022, respectively. The latter, added to $11,335,163 and $3,001,446 in the previous fiscal year.

An increasing number of shareholders continue to accept securities in lieu of cash, and if the increase in the number of shares outstanding is no longer an issue of cash, Mr. Simonson reported. More than 73% of the shareholders have elected to accept securities in place of cash, report the 16th annual report of the company.

The number of shareholders who have established open accounts providing for future periodic investments or who have directed the reinvestment of quarterly distributions in shares, continued to increase. The number of shareholders who had an open account as of April 30, last, 27,000 shareholders had established such accounts, he said.
Public Utility Securities

By OWEN ELY

Brooklyn Union Gas Company

Brooklyn Union Gas has a long record as one of the largest independent utility companies in the country. It has been incorporated in New York in 1861 and its shares of stock have been outstanding since then. The dividend rate has changed little since 1909 when it was 2 1/2%, small deficit, followed by omission in 1968 when, however, was resumed in the following year.

Since that date the company has had better selling. Natural gas was obtained locally and earnings moved up to $1.69 in 1902 (the highest to date). The per share of dividends expanded to 400,000 in 1969 when, however, was resumed in February 1968.

About 15% of the 12 months' gains was due to the nationalization of the company's tax rate. However, the company was able to avoid the full impact of the higher taxes by building up its housing units to 4,843 last year, largely due to the 10% cut in the tax rate effective in the last quarter of the year. This rate cut resulted in an additional $1.5 million in the form of 1965 and 1966 dividends—75,000 in 1965 or about 1:6% of sales, but more than recouped.

Gas sales for heating purposes are up by 10% over the prior year in both the commercial field; commercial sales last year were up by 15%, 15% on the pattern of recent years and are expected for this year. As a result, the current standings are expected to increase, among the factors contributing to the expansion of the sales. Gas utilities were also expected to be responsible for a substantial growth in industrial space heating.

Gas utilities are heating a small home per annum in Brooklyn estimated as follows: Coal..............$216
Oil..................150
Gas.........................80

The company is currently in the process of building some 9,000 units a year, but with a slowing in the rate of new housing starts and a fall in the number of single family homes is still only about 20% down from the peak. The trend in the new construction of the units added is units in new homes, and in old homes when primarily dictated by the requirements of the Service Commission.

The company considers the possible projects for new construction are most favorable, considering the costs of the new plant and the future price of natural gas and the availability of the oil and gas in the territory served and the satisfactory gas supply situation that now exists. Since 1966, when the supply was critical, the company has been using its full capacity. Construction of new lines during 1968 to 1969 has reduced the bottlenecks in the supply and in February 1969, the Commission granted an application for permission for the resumption of the restrictions on the new construction.

The company's cost of gas has been rising gradually last year, the company's cost was increased by the cost of the gas, prices increased by 30c in the previous year (including the small amount of the gas tax). The increase in the cost of natural gas has been partially offset by the lower cost of other operating expenses. Since 1961, the company has been able to increase its rate of return to natural gas has been reduced to 0.74% in 1965, and the total of operating expenses.

In 1965, the company's cost was $70 million in a day of $5.35 in 1965 in addition to the cost of natural gas obtained from Tennessee Natural Gas Co. This will include 80 c per million BTU of installed 9 and 23 million c per 142 million BTU of installed cost, carrying a large winter supply from stor- age, supplied mainly by Trans- continental. Transcontinental is a subsidiary of the company. The company's cost of gas has been rising gradually last year, the company's cost was increased by the cost of the gas, prices increased by 30c in the previous year (including the small amount of the gas tax). The increase in the cost of natural gas has been partially offset by the lower cost of other operating expenses. Since 1961, the company has been able to increase its rate of return to natural gas has been reduced to 0.74% in 1965, and the total of operating expenses.

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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 month or week ended on that date, or, in cases of quotations, are as of that date:

### Indications of Current Business Activity

**AMERICAN IRON AND STEEL INSTITUTE:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Last Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,150,800</td>
<td>3,150,800</td>
<td>3,150,800</td>
<td>3,150,800</td>
</tr>
<tr>
<td>Equivalent to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good liquors and carriages (net tons)</td>
<td>3,275,000</td>
<td>3,275,000</td>
<td>3,275,000</td>
<td>3,275,000</td>
</tr>
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</table>

**AMERICAN PETROLEUM INSTITUTE:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Last Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas sales</td>
<td>771,300</td>
<td>771,300</td>
<td>771,300</td>
<td>771,300</td>
</tr>
<tr>
<td>Gasoline sales</td>
<td>2,855,400</td>
<td>2,855,400</td>
<td>2,855,400</td>
<td>2,855,400</td>
</tr>
<tr>
<td>Kerosene sales</td>
<td>175,000</td>
<td>175,000</td>
<td>175,000</td>
<td>175,000</td>
</tr>
<tr>
<td>Finished fuel oil</td>
<td>8,220,000</td>
<td>8,220,000</td>
<td>8,220,000</td>
<td>8,220,000</td>
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**ASSOCIATION OF AMERICAN RAILROADS:**

<table>
<thead>
<tr>
<th>Group</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation</td>
<td>10,750,000</td>
<td>10,750,000</td>
<td>10,750,000</td>
<td>10,750,000</td>
</tr>
<tr>
<td>Railroads, total</td>
<td>13,425,000</td>
<td>13,425,000</td>
<td>13,425,000</td>
<td>13,425,000</td>
</tr>
<tr>
<td>Residual</td>
<td>21,630,000</td>
<td>21,630,000</td>
<td>21,630,000</td>
<td>21,630,000</td>
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**CIVIL ENGINEERING CONSTRUCTION—ENGINEERING:**

<table>
<thead>
<tr>
<th>Department</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total G.O. construction</td>
<td>10,750,000</td>
<td>10,750,000</td>
<td>10,750,000</td>
<td>10,750,000</td>
</tr>
<tr>
<td>Public construction</td>
<td>13,425,000</td>
<td>13,425,000</td>
<td>13,425,000</td>
<td>13,425,000</td>
</tr>
<tr>
<td>State and municipal</td>
<td>21,630,000</td>
<td>21,630,000</td>
<td>21,630,000</td>
<td>21,630,000</td>
</tr>
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**COAL (BUREAU OF MINES):**

<table>
<thead>
<tr>
<th>Type</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bituminous coal (in tons)</td>
<td>9,300,000</td>
<td>9,300,000</td>
<td>9,300,000</td>
<td>9,300,000</td>
</tr>
<tr>
<td>Lignite and lignite (in tons)</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

**DEPARTMENT STORE SALES INDEX (FEDERAL RESERVE):**

<table>
<thead>
<tr>
<th>Group</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>10,750,000</td>
<td>10,750,000</td>
<td>10,750,000</td>
<td>10,750,000</td>
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**EDISON ELECTRIC INSTITUTE:**

<table>
<thead>
<tr>
<th>Service</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>273</td>
<td>279</td>
<td>286</td>
<td>294</td>
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**FUEL COMMODITY PRICES:**

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<thead>
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<th>Fuel</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
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<tbody>
<tr>
<td>Finished</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coke</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bituminous coal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lignite and lignite</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

**ELECTRICITY (4 6 9 4 9 QUOTATIONS):**

<table>
<thead>
<tr>
<th>Type</th>
<th>May 29</th>
<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
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<tbody>
<tr>
<td>Corporate stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average price per share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ENERGY: COMMODITIES INDEX:**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average-1939</td>
<td>109.08</td>
<td>109.08</td>
</tr>
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</table>

**GASOLINE OUTPUT (U.S. SYSTEM—1947-49):**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bituminous gasolene output to consumers</td>
<td>84,200</td>
<td>84,200</td>
</tr>
<tr>
<td>Distillate gasoline output</td>
<td>10,720</td>
<td>10,720</td>
</tr>
<tr>
<td>Liquefied petroleum gas output</td>
<td>3,500</td>
<td>3,500</td>
</tr>
</tbody>
</table>

**INDUSTRIAL STOCK INDEX—SIC (1957):**

<table>
<thead>
<tr>
<th>Group</th>
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<th>May 30</th>
<th>May 31</th>
<th>June 1</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>93,300</td>
<td>93,300</td>
<td>93,300</td>
<td>93,300</td>
</tr>
</tbody>
</table>

**METALS (NATIONAL PAPERBOARD ASSOCIATION):**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Orders filled</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Orders in hand</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

**OIL AND PAINT REPORTER PRICE INDEX:**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

**STOCK TRANSACTIONS FOR GOD-ACCOUNT OF GOD-DOCTORS, SPECIALISTS ON N.Y. V. NEW YORK EXCHANGE—SECURITIES EXCHANGE COMMISSION:**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
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</table>

**SUNDAY (1947-49 INDEX):**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>109.08</td>
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**WAGE INCREASES (1950):**

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<thead>
<tr>
<th>Month</th>
<th>May</th>
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<tbody>
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DIVIDEND NOTICES

CONTINENTAL BAKING COMPANY
Preferred Dividend No. 70
May 24, 1956
The Board of Directors has declared this day a quarterly dividend of $1.375 per share on the outstanding $105 Preferred Stock, payable July 1, 1956, to stockholders of record at the close of business June 15, 1956.

Common Dividend No. 45
May 24, 1956
The Board of Directors has declared this day a regular quarterly dividend, for the second quarter of the year 1956, of 97c per share on the outstanding Common Stock, payable July 1, 1956, to holders of record of such stock at the close of business June 15, 1956.
The stock transfer books will not be closed.

WILLIAM FISHER
May 29, 1956

DIVIDEND NOTICES

AMERICAN MACHINE AND METALS, INC.
50th Dividend
A QUARTERLY DIVIDEND OF FIFTY CENTS per share has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable on July 31, 1956, to stockholders of record at the close of business June 15, 1956. The stock transfer books will not close. Checks will be mailed July 31, 1956, to C. J. Kees, Treasurer.

May 24, 1956
WASHINGTON, D. C.—Take a look at the Federal Farm Credit Corp., which is just about to get an annual transfer of $2 billion to help it grow. It is the principal but not the only single bank into which the nation’s financial resources are being steered in support of farm products which are acquired and then are given away to foreign countries, to the domest¬
cate poor, or are barred for foreign uses. It is estimated that the farm loans are supported at a cost of about $1 million a day.

Congress has credited both buy and farm products at artificially high prices, thereby supporting both, and makes loans on farm commodities to farmers. The loans are “without recourse.” That means if the value of the commodities is less than the loan on them, farmers can turn them over to the government and have their “loans” canceled. If the commodities rise above loan value, farmers will repay the loan, pocket¬
ing the difference.

In other words, it is a deal whereby capital comes down the hands, the farmers win; if it comes down tails, the govern¬ment loses.

Commodity Credit is not the only source of dissolution of the national financial resources. There are several others, such as the payment of esoteric customs receipts are earmarked for the payment of surplus crops and giving them away. Congress additionally appropriates directly, for the school lunch program. Under “Puitle Law 460” of the 83rd Congress, the “Foreign Trade and Develop¬ment” (“Act,” additional provisions are made for the giving, selling abroad below cost, and bartering of surplus crops, over and above similar commodities previously vi¬
ously vested in CCC to do these same services.

Launched in 1930’s

Commodity Credit Corp., was launched in the 1930’s with a mandate from Congress to trans¬
form from that former great second¬ary effort to the government of the United States without benefit of clergy, so to speak, the Reconstruction Finance Corp. The government has always pretended that CCC was an asset, making loans and storing commodities, so instead of allocating it funds for its purposes, gave it what was called “its power.” Here is how the “loans power” the CCC has grown, by years:

1935 to $600 billion.
1940 to $1.4 billion.
1945 to $2.6 billion.
1949 to $5.7 billion.
1954 to $9.7 billion.
1958 to $12 billion.
1959 to $13.5 billion. (August
1954)
1960 to $12 billion.
1955 to $14 billion. (In process of enactment)
1961 to $17 billion. (more will be asked)

Under present inflation of loans, $1 billion is added the $2 billion annually. As of June 30, 1957, CCC will have a debt of $113.5 billion compared to the Treasury of $15.3 billion. In other words, the Treasury’s capital investment in CCC will be that 13.5 bil¬

Loss Is Greater

It seems like it is the farmer, who is least to see that all this particular sinclique has has lost a modest $13.5 billion in commodities, which, in anything, is ultimately realized to the Treasury of the CCC, a display of commodities and loans.

This is not the case however. Over the years, CCC has turned its commodities over to the Treasury, “loaned” to unload a load of lend¬

it, and UNRRA, and other. It has turned over but a few commodities for textile, various foods for school lunch programs, and so on. In almost every case, Congress has given CCC all or most of its investment in these commodities.

Furthermore, Congress now appropriates annually, the year annual or other in¬
fusions of borrow power, sums direct to CCC. This re¬
financing is as complex as well as as the financial juggling of an expert crook, the actions of the CCC, and the very esoteric “pattern” of CCC fi¬
ancial make-up.

Thus the latest annual loan computed at $2.7 billion is based on $2.97 million of outright current approxima¬
tion outfit as part a by infusions of funds under a crisis-quot of other laws. However, the fundamental fact of the CCC life is that in spite of these refinancements for losses, CCC’s funds continue to be drained by its, in no reason as ap¬

The President’s almost care¬
exact view of Congress of his offerings of po¬

cile merchandize does not pre¬

cide a possibility that later, before the end of the session, Mr. Eisenhower will act like he really means it.

Meanwhile, sentiment on the Hill is that Eisenhower has learned what Truman learned, that it is wise to do as the CCC is about as effective in the politi¬
cal context as it is in the actual enactment by Congress.

[This column is intended to re¬

tect a current interpretation from the nation’s Capital and may or may not coincide with the “Chronicle’s” own views.]

Business Men’s Bookshelf

Automation—What’s Ahead?—12 page brochure summarizing re¬
sults of a recent survey by the American Society of Tool En¬
gineers and Society of Tool Engineers, 10700 Puritan, Detroit, Mich. (25¢) single copy sent on request to execu¬
tive officer of a company, when requested. Cost to companies, $1 each.


Contribution to Life Insurance of the United States—Reprint from Inter¬

national Labor Review—Institute of Life Insurance, 48 Madison Avenue, New York 22, N. Y. (25 cents)

Educational and Training Opportu¬

nities for the Life Underwriter—Advisory Council of Life Underwriter Education and Training, 853 Asylum Avenue, Hartford 5, Conn. (paper) 25 cents.

Life Insurance Facts for Business

Women—Institute of Life In¬

surance, 48 Madison Avenue, New York 22, N. Y. (paper) on request.

The Worthwhile Life Insur¬

ance Book—Institute of Life Insurance, 48 Madison Avenue, New York 22, N. Y. (paper) on request.

Memorandum to Small Businessmen—Group Life Insurance for Em¬

ployees, Insure Your Shop, House for Employees; Group Accident and Sickness Insurance for Employees—Institute of Life Insurance, 48 Madison Avenue, New York 22, N. Y. (free to libraries).

Yearbook of Railroad Informa¬

tion—1958 Edition—Easter Railroad Presidents Confer¬
ence, 30 Rockefeller Plaza, New York 6, N. Y. (paper) on re¬
quest.

Trading Markets

Botany Hills
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Fancy Pants

Indian Head Mills

Geo. E. Keith Co.

Morgan Engineering

Riverside Cement

Sightmaster Corp.

Lerner & Co.

Investment Securities

10 Past Office Square, Boston 9, Mass.

(250) HUNs 2-9900

BUSINESS Buzz

Oh!—so that’s what a stock pool is!