The Commercial and Financial Chronicle

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The Investment Outlook
By JOHN H. McGINNIS
Trust Officer, Republic National Bank of Dallas

In summarizing factors influencing investment outlook, Mr. McGinnis anticipates: (1) ongoing and construction will remain high for remainder of 1956 and residential activity to show signs of pickup; (2) pick-up in new car sales; (3) no "really substantial decline" in consumer durable purchases; (4) no reason to anticipate a business collapse; and (5) except for unduly heavy position, no need for equity retreat. Suggests caution, selectivity and careful review of coating soundness of stocks held; precedents; utilities, chemicals, banks and insurance companies that serve growing areas. Finds preferred stocks in past year have served to guarantee income stability, and signs of bond price low point.

Consequences of Automation
By DR. NEIL CAROTHERS
Dean Emeritus, College of Business Administration, Lehigh University

In discussing the economic consequences of automation, Dr. Carothers points out that automation is merely one step in an endless process of improvement in production—to make more goods with less labor—and that consumer savings resulting from lowered prices not going into increased demand may go into new types of goods not presently available, or into demands for more personal services. Observes that the ideal of a greater production at a cheaper price with fewer workers is seldom realized inasmuch as more workers are required than before.

No other economic development of our time has so far dispelled the popular imagination as this thing called 'automation.' The general public, without any understanding of what it is, regards automation as the final realisation of the substitution economy, with an endless stream of goods pouring out of complex machines operated by very few workers. Just what is automation, then, the word itself? It is a pretentious and artificial word, coined by a Ford executive, to describe the latest development in technological progress. Actually automation is merely one more step in an endless process, the development of equipment to produce goods in greater volume with declining cost. It began some 30,000 years ago when the cave man learned how to chip a stone into an axe head. For thousands of years the process was irregular and haphazard. The steam engine, the dynamo, and the machine tool, all less than 200 years old, made technological progress regular and systematic.

These inventions made the modern factory system, with its assembly-line, conveyor-belt method of moving the product mechanically along a track, while the worker stands in one position. Automation is merely an improvement in the assembly-line method.
The Security I Like Best

A continuous forum in which, each week, a different group of experts in fixed income and advisory field focus on the participants and give their reasons for favoring a particular security.

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

GERALD S. COLBY

Analyst and General Partner

National Trust Company

Boston, Mass.

Members: New York Stock Exchange and Boston Stock Exchange

Atlantic Refining Co.

At the end of 1946, and in view of the recorded rise in stock prices since September 1953, the stock I like best is one that appears behind the scenes. It is the financial one with enough standing to provide defensive qualities as well as profit. Atlantic Refining is one of these. It has a high beta ratio and is expected to remain so as it faces the high interest rates that are likely to be setting the price levels. Atlantic Refining has a special dividend history and a record of consistent earnings. It is a holding company, and its subsidiaries are engaged in the production and sale of oil and gas properties of the Houston Oil Company, incorporated in Texas for about $200 million, $125 million of this being paid in cash and interest on production over a ten-year period. Net to Atlantic under this deal will not be received. We believe the payments are a substantial capital gain, and that, when taken into consideration, the stock is a buying opportunity. The current earnings are expected to increase each year, and we believe the stock will show a good return in the next few years.

John B. Sexton, Jr.

President and Chief Executive Officer

W. Bostic, Co., Inc.

San Francisco, Calif.

(2 Page 2)

Purity Stores, Ltd.

Carl W. Stern, President

Purity Stores, Ltd.

San Francisco, Calif.

from Santa Barbara to the Oregon border, of which about 1/4 are in the state of Oregon, and another 1/4 in the state of Washington. Until 1955, the company had no general store operations. Since then, however, little was known of it. In the financial world, it was generally realized of this fine company were the thousands of California housewives who daily stocked to their modern neighborhood Purity Store to buy groceries for their families. These housewives know that at Purity they will get top quality foods and more per dollar spent than in any other grocery chain in America. From an original investment of $200 million, the company's net worth has grown to $800 million, and compared with $200 million in 1955, it has paid out a total of over $100 million in dividends and stockholder appreciation. Unlike most food chains, Purity owns most of its stores. At the end of 1955, the net carry- ing value of the company was about $800 million. During 1955, five new stores were built, some of which already had been completed, and others were remodelled. In 1955, the company completed plans of the sale of two large new stores with the latest and most modern food refrigeration and sales equipment. A new Stanford (University) Shopping Center at Stanford University is being completed. The plans are for a new store in the new Hayward and Sunnyvale Shopping Centers. The company will also spend $5 million to build a modern store in Millisdale Industrial Park in New Jersey, which, because of its strategic locate, will increase the efficiency of truck movements and will reduce from stock. Although 457 stores increased and changed, while substantial improvements in the size and operating efficiency has increased more than $1,967,000, or over 23%. This strongly suggests that a current appraisal of propriety, plant, and equipment would materially exceed the Dec. 31, 1955 carrying value of less than $10 million. Purity's sales have been steadily growing. In December 1955, they increased to about $93 million from $185 million in 1954, and following the company's dynamic growth, sales were running at the rate of 6.7 times 1949 dollar volume.

Purity's management team has maintained its outstanding reputation for operating efficiency, which is clearly shown by comparing Purity's results with the other food chains. Purity's sales growth has amounted to a percentage of sales (15 including LIFO adjustments in 1955) is considerably lower than the food chains, two-thirds of that of the average.
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GENERAL CAPSULE
Potentially Blue Chip?
Production At New High
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**Bankers' Views on Loan Policies**

By ROBERT L. GORDON

**Vice-President, Bank of America, National Trust and Savings Association**

Bank officials survey results of following factors govern loan policy decisions: adequacy of deposit balance; loss of deposits; competition; nature of government policies; changes in reserve requirements of deposit banks; and credit demands and is exercising selectivity: bank deposits' makeup, phase of business cycle and economic outlook, money availability, Central Bank's attitude, community and client response.

**Robert L. Gordon**

Banking:

I must emphasize the fact that loan policy is something purely personal with each institution. There are numerous things that can cause a bank's philosophical point of view to change. It may be a single strong personality may, in many instances, reflect more of the outlook of the bank. The high loan ratios prevailing today are unfortunate.

There are, of course, extremes but they point the way to a healthy loan policy. It seems perfectly logical that a bank with a single strong personality may, in many instances, reflect more of the outlook of the bank. The high loan ratios prevailing today are unfortunate.

Selectivity Setting:

During the years of post-war business hysteria, with very few minor exceptions, things have been going up in our field. Deposits have been increasing and loans have been increasing everything else has been increasing with them. Until relatively recently, selectivity has been an essential element in banking. We haven't needed to be selective. We have been able to make a loan that will be taken down within 216 days of commitment and been repaid in 41 months of take-down. I must tell our statistician of that one. I'm sure that there is not another loan in our whole bank just like that one, and he can add one more figure to his total.

This is all very silly, but it points to the extent to which bankers have gone and to work, to work, to make a loan. At the end of the month, Mr. A. P. Giannini, used to refer to the operation of the Department Store of Finance," and I think that we should be reminded by what I have just been saying and by what many of you have seen in your own institutions. I can't help but think the task of the Chairman of the Finance Committee of the board of the merchant manager of a department store, the inventory in balance is no easy task — nor is keeping the loan portfolio in balance — a one whose whole short end is short and whose experience is long. Knowing what to buy and what quantities, what kinds of loans to make and in what quantities — these are the tasks of trained men.

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Observations . . .

By A. WILFRED MAY

GUEST PRIVILEGES AND STRATEGY

Our apparatchiks must know that even the Kremlin's new top hierarchy is not immune to the fear of being 'exposed for an entire people,' providing the listed ten facts that could interfere with this do not occur.

All of us are interested in nat-
ural prosperity. Every business
man and jobholder knows that a
business is good, and expa-
 ding, jobs are plentiful,
and earnings go up. On the
other hand, if busi-
ness slumps, even the
hardest-working folks
may get laid off. Wages
are interested, too, in
the family purchasing
power.
The experts say
that we control the purchases of 85% of the consumer goods sold, and that we are naturally concerned with fam-
ily incomes, employment, and prices.

In today's world, the strength of our in-
dustrial system, its agricultural
all that goes to make it up—is the
shield of the free word against communism
aggression. If that should be weakened, it would be a matter of concern to all.

Furthermore, we are concerned as parents and the lucky ones at heart about the kind of
people in which our children and grandchildren and their children are growing to live. It is going to be
a better land and a land of con-
tinued progress, if it is going to be a
land of doubt and difficulty.

The Growth of American Sounds and Pictures

One way of predicting future developments is to study past trends. What do they show?

In the year 1800, Thomas Jef-
ferson was elected President of the young Republic. He was the first Ameri-
can in office. He was the first American in

*As address by Dr. Wernette before the National Association of Mutual Savings Banks, Washington, D.C., May 21, 1935.

Continued on page 29

those "good old days!" The aver-
age capital income was $500 a year, in today's dollars. This figure was not the income per worker; but per person—men,
women and children.

The average American had enough to eat—but it was simple food, with little variety. Clothing was home-made, textiles mostly hand-woven, and dwellings were small—many being one-room log cabins. No electric lights, auto-
mobiles, radios, television, elec-
tric refrigerators, gas or electric stoves, washing machines, or elec-
tric furnaces.

One hundred years later, in 1900,
average American income had risen to $1,000. There still were no home
radios or television sets. Some
people, however, had electric
lights, telephones, and plumbing; and many had the minimum of "living carriers" in the nation. (Although it was cheap to live, it was not easy.) The average consumer con-
tration was here to stay.

And in 1950, average American income had gained an increase of $500 in average per capita income in a century. But it was small compared to what was coming!

In the next half century, average per capita income increased by $1,000 to $7,500! (All these figures, remember, are in today's dollars—no financial jugglery!)

Was this gain in per capita income due to savings and investments alone? No! Not by a long shot.

Accurate figures for Thomas Jef-
ferson show that the average man (most of them were farmers) probably worked 50 hours a week.

By 1850, the average work week had dropped to 70 hours. In 1900, it was 60 hours; and in 1950, only 40.

But: The Great Depression

The historical record of develop-
ment in the United States is astonishing; however, it was marked by one very severe, period—lasting thirty
years. Our generation, more than any other generation, must remember the Terrible '30s, when the country had the worst depression that it had ever experienced.

Continued on page 29

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Investment Dealers Since 1921

50 KING STREET WEST, TORONTO, CANADA

Rochester, Ottawa, Winnipeg, London, Hamilton, Vancouver, Calgary, Kitchener, Quebec, St. John's, New York
Investment Policy Today

BY J. C. LUTWEILDE

Hayden, Stone & Co., Members, New York Stock Exchange

Market advisers list the several factors to which recent market breaks have been attributed, pointing out that they were all known of previously. Maintains while recent severe breaks point to a new opportunity for purchase, the market should be considered on a historical plateau, and commitments reduced. Warns investors against troubling oneself from following emotional impulse.

Two men were seated at luncheon last week at a brokerage house in New York Stock Exchange building. The two men had been in the business a long time, but they were making too much money on their government contracts for them to be looking at the stock market. The two men had their hands on their heads. Their only concern was the magnitude of the government's fiscal policy. They were discussing the possibility of the government printing more money to finance its deficit.


Apple's stock split was announced today. The company said that it will split its stock 2-for-1 on July 1, 2023. This will increase the number of shares outstanding from 100 million to 200 million.

Apple's stock price has been falling recently, dropping from $180 per share to $150 per share. The company said that the split is intended to make its stock more affordable to investors.

Apple's annual report for the fiscal year ending September 24, 2023, showed a revenue of $300 billion and a net profit of $60 billion. The company said that it plans to continue investing in research and development and expanding its product line.

The company also announced that it will be increasing its dividend for the second consecutive year. The dividend will now be $2 per share, up from $1.50 per share.

Apple's Chairman and CEO, Tim Cook, said in a statement, "We are proud to announce our second consecutive year of dividend increase. This reflects our confidence in our business and our commitment to returning value to our shareholders."

The announcement of the stock split and the dividend increase are expected to be positive for the company's stock price in the short term.

A Frasch Look at Mexican Sulphur

By IRA E. COLEBING

Enterprise Economist

An updated account of the impact of Mexican production, present and prospective, on the Sulphur industry; plus some notes on up-and-coming individual producers.

A much larger enterprise, and one that is of great importance to the Sulphur industry, is Pan American Sulphur Company (PASC), which, in a 23,500 acre concession, has developed the Jalipan Dome. Plenty of water for the Frasch process is available from the Cha- nipane aquifer, which flows through the property, and the company has a test mining facility at a depth of 300 ft. Present reserves are estimated at over two million tons of sulphur, which should be greatly expanded by early in 1957, if the results of a series of test boring records now at hand.

Fifteen-nineteen-five was the first year that large quantities (300,000 to 400,000 tons were produced); and in 1953 and 1954, output reached over 2,000 tons a day. Ultimate production, however, is in a large contract. A contract of several years a ton a year capacity should result in sizable cost reductions. Elimin¬ ating output over 1950, the Frasch dome, which reached 60,000 tons in 1950, it would be possible to produce over 200,000 tons a year, or about 50,000 tons a year, at around $6 on the 1,000,000,000 contracts can be signed in a year.

This year, the company has signed a contract with the Mexican政府 to produce over 2,000,000 tons of sulphur from the company's Concession No. 15, which is located in the province of Durango. The contract covers a period of 10 years and requires the company to deliver 200,000 tons of sulphur per year.

In addition to the Concession No. 15 contract, the company has signed a contract with the government of Mexico to produce over 2,400,000 tons of sulphur from the company's Concession No. 14, which is located in the province of Sonora. The contract covers a period of 15 years and requires the company to deliver 300,000 tons of sulphur per year.

Pan American Sulphur Company (PASC) is the world's largest producer of sulphur and produces over 80% of the world's sulphur. The company has a presence in over 20 countries and produces sulphur from a variety of sources, including oil wells, natural gas fields, and desalination plants.

The company's sulphur production is estimated to be around 1.5 million tons per year, with a production capacity of over 2 million tons per year. Pan American Sulphur Company (PASC) is also involved in the production of other minerals, including copper, lead, and zinc.

The company's sulphur production is expected to increase in the coming years, with plans to expand its production capacity to over 3 million tons per year by 2025.
moved onto the isthmus of Tehuantepec with a concession, just south of the Gulf sulphur production area. A dome has been defined and production is expected to begin this year. Special equipment has been built by Texas Gulf—a floating plant that can deliver 1 million gallons of superheated water right up to the Cochaca River on which it will float. This rig is somewhat reminiscent of off-shore oil bars. If that, if the present dome runs dry, the barge can push on to another location with great ease. This plant could produce some 400 tons of sulphur per day.

One of the most interesting companies in the area is Texas International Sulphur Company, which holds by lease the largest current concession from the Mexican Government—125,000 acres. Two features of this concession are of special interest (1) a flat 10% royalty to the Mexican Government, on sulphur actually sold (most sulphur concessions require royalty payment when the stuff is actually produced), and (2) a five-year period for exploration. At the end of this life, International must turn back all 17,000 acres; meanwhile, it can pick out the choicest sections by exploration. Dr. J. Brian Ely, retired geologist, and consultant to the company, has already reported the existence of about 5 million tons beneath only a 300-acre strip which he has explored and investigated. Expiration takes money, however, and international has provided in part for this by acquisition of 56 producing oil wells in Texas with over $8 million barrels in net reserves and providing a gross cash income of around $120,000 a month. It is further reported that the company is concluding some private financing. Because of the extent of its land spread, and the adjacency of its concessions to four major producing districts, considerable speculative romance attaches to the 2,602,000 common shares of Texas International now outstanding and quoted around $3.25 a share. M. A. (Mike) Macris, a young and spectacularly successful financier, is President, and the board of directors contains names of some eminence.

Here has been swiftly presented a rough sketch of principal companies active in the development of sulphur in Mexico. Depending on price, and world demand, for this useful yellow mineral, some of these Vera Cruz properties may attain great success. Sulphur is one of the few businesses where you prosper best when you're in hot water! This Frasch process

is the cheapest known method of surface mining sulphur, costing on the average around $10 a ton, versus a current price of about $30.

**Sulpho Bros. Branch**

Palm Beach, Fla. — Sulpho Bros. & Co. have opened a branch office at 314 South County Road under the direction of Walter D. Florheiser.

With Coburn Middlebrook

(Special to The Financial Chronicle)

Hartford, Conn.—Robert B. Rister is now with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Coburn Middlebrook Adds

(Special to The Financial Chronicle)

New Haven, Conn.—Hubert J. Scarnion has been added to the staff of Coburn & Middlebrook, Incorporated, 109 Church Street.
COMING EVENTS
in Investment Field

June 7, 1956 (Boston, Mass.)

June 8, 1956 (Chicago, Ill.)
Bond Club of Chicago 43rd Annual Dinner—Charity Outing at the Coolidge Golf Club, Lake Forest, Ill.

June 8, 1956 (Connecticut)
Second Annual Meeting of Connecticut Summer Outing at the Shuttle Meadow Club, New Canaan, Conn.

June 8, 1956 (Detroit, Mich.)

June 9, 1956 (New York City)
Bond Club of New York Summer Outing at Sleepy Hollow Golf Club, Tappan, N.Y.

June 9, 1956 (Philadelphia, Pa.)

June 13-16, 1956 (Canada)
Investment Dealers' Association of Canada—Annual Convention, Algonquin Hotel, St. Andrew's-Warner House, Toronto, Ont.

June 15, 1956 (Philadelphia, Pa.)

June 16, 1956 (Detroit, Mich.)

June 19, 1956 (New York City)
American Stock Exchange Fifty & Twenty Club golf tournament and Cocktail Party—Charity Outing at the Wintergarden Country Club, Scarsdale, N.Y.

June 26-28, 1956 (Minneapolis)
Twin City Bond Club 35th Annual Picnic and evening cocktail party for out-of-town guests, at the Crowne Plaza Hotel, Minneapolis, June 21 at the White Bear Yacht Club.

July 21-23, 1956 (New York City)
Municipal Bond Women's Club of New York Annual outing at Harriman National Park, Con- vent Station, New Jersey

June 29, 1956 (Toledo, Ohio)
Securities Traders Association—Annual Summer Outing at Inverness Club, Toledo, Ohio.

July 23, 1956 (Minneapolis, Minn.)
National Association of Bank Women's 24th Convention and annual meeting at the Hotel Minneapolis, Minneapolis, Minn.

Oct. 4-6, 1956 (Detroit, Mich.)
Association of Security Dealers—Annual Convention of Board of Governors.

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

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8 (2712)

The Commercial and Financial Chronicle . . . Thursday, June 7, 1956

Atomic Letter (No. 18) dated June 1, containing comments on uranium guarantee extension, atomic Navy, guided missile, atomic aircraft—Atomic Development Mutual Fund, Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Bull Market Near Peak—Anthony Gaudin—copies on request—Anthony Gaudin & Company, 12 East 42nd Street, New York 17, N. Y.


Dividend Payers—List of Securities which appear attractive in the current market—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Foreign Investment, Trade Deficit and Growth of Consumer Credit in Canada—Study—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

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


Over-the-Counter Index—Folder showing an up-to-date compilation of most of the listed over-the-counter industrial stocks in the Dow Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 66 Front Street, New York 4, N. Y.


Tobacco Industry—Analysis—Harry, Upham & Co., 120 Broadway, New York 6, N. Y.


American Shoe Co.—Analysis—Newburger, Loeb & Co., 13 Broadway, New York 6, N. Y.

American Internatinal Minerals Corporation—Bulletin—Wickers Brothers, 52 Wall Street, New York 5, N. Y.

American Steel Foundries—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

American Telephone & Telegraph Company—Data—Oppenheim, Vanden Broeck & Co., 120 Broadway, New York 5, N. Y.—Also in the same bulletin are data on Consolidated Edison Co. of New York; Middle South Utilities, Inc., Northern Natural Gas Company, United Gas Corporation, and Colgate Palmolive Co.

Bowater Corporation—Report by Chairman—Secretary-Treasurer. The Bowater Corporation of North America Ltd., 1800 Sherbrooke Street, West, Montreal 25, Que., Canada.


Broadway Hale Stores Inc.—Memorandum—Wagnersteller & Durst Inc., 628 South Spring Street, Los Angeles 14, Calif.

Burmah Oil Company Ltd.—Bulletin—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Canadian North Shore System, Inc.—Special report—Taylor & Co., 105 South La Salle Street, Chicago 3, Ill.

Continental American Life Insurance Company of Wilmington, Del.—Bulletin—Laid, Eissel & Meadows, 120 Broadway, New York 5, N. Y.

Cornbelt Insurance Company—Analysis—Crittenden & Co., 109 South La Salle Street, Chicago 4, Ill.

Debt-Taylor Oil—Analysis—Ferry & Co., First National Bank Building, Dallas 1, Texas.

Detroit Gray Iron Foundry Co.—Memorandum—W. C. Boooy & Co. in Building, Detroit 28, Mich.

Diamond Match Company—Review—H. Hentsz & Co., 60 Beaver Street, New York 4, N. Y.

Electric Storage Battery Company—Analysis—Newberg & Co., 33 Broad Street, New York 4, N. Y.

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


Great American Life Underwriters, Inc.—Memorandum—Ralph B. Leonhard & Co., 25 Broad Street, New York 5, N. Y.

Radio Corporation—Analysis—Blair & Co. Incorporated, 105 South La Salle Street, Chicago 3, Ill.

Halsey Corporation—Bulletin—Bache & Co., 38 Wall Street, New York 5, N. Y.—Also in the same bulletin are data on the current market.

National Airlines—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a circular on Stanex Uranium Corp.

Pacific Uranium Mines Corp.—Circular—Singar, Bean & Mackie Inc., 60 Exchange Place, New York 5, N. Y. Also in the same issue is a circular on Stanex Uranium Corp.

Permian Basin Pipeline Company—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y. Also in the same issue is a circular on Stanex Uranium Corp.

Radio Corporation of America—Analysis—Zoeckerman, Smith & Co., 61 Broadway, New York 5, N. Y. Also in the same issue is a circular on Sylvana Electric Products.


G. B. Searle & Co.—Analysis—available to members—American Stock Exchange, 125 East 58th Street, New York 16, N. Y.

Sherritt Gordon Mines Ltd.—Data in current issue of "Investments"—Laid, Eissel & Co., 120 Broadway, New York 5, N. Y.


Standard Oil of Indiana—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also in the same bulletin is a list of "Monthly Investment Market Letter" with list of selected common stocks and data on American Telephone & Telegraph, Caterpillar Tractor, National Distillers, Outboard, Marine & Manufacturing, Southern Company and the Worthins Corporation.

Sun Chemical Corporation—Analysis—Bregman, Cummings & Co., 100 Broadway, New York 5, N. Y.

United Air Lines, Inc.—Analysis—$2.00 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

U. S. Thermo Control—Analysis—Irwin & Co., 111 Broadway, New York 5, N. Y.

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By Mail,
This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities.

The offering is made only by the Prospectus.

NEW ISSUE

2,811,973 Shares

Northwest Production Corporation

Common Stock

(Par Value $1 per Share)

These Securities are being offered as a Speculation

The Company is offering to holders of common stock of Pacific Northwest Pipeline Corporation of record at the close of business (3:30 P.M. New York Time) on May 29, 1956, Subscription Warrants to subscribe for 2,811,973 shares of Common Stock of the Company on a share for share basis. An Additional Purchase Privilege as described in the Prospectus is also included in the Subscription Offer. The Several Underwriters have agreed subject to certain conditions to purchase at the subscription price any of the shares not subscribed for upon exercise of such Subscription Warrants. The Subscription Warrants expire at 3:30 P.M., New York Time, June 14, 1956.

Subscription Price $1.10 per Share

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned as may legally offer these securities in compliance with the securities laws of such State.

White, Weld & Co.

Kidder, Peabody & Co. The Dominion Securities Corporation Unions Securities Corporation

June 4, 1956
The Weakness of Sterling
By PAUL EINZIG

In appraising the recent weak trend in sterling, Dr. Einzig discerns a possible blessing in disguise if it will induce, at last, the break that has been the result of the excessive cause of inflation, i.e., non-stop wages spiral, instead of the futile performance of treating the symptoms.

LONDON. Eng. — Towards the end of the may development in the British bank rate, yet another worry for the Gov- ernment is the almost certain increase in the gold reserves. In particular the recent increases in the United States and in Germany may have made a difference from this point of view, and may allow the futility of trying to defend sterling with any success. France is now borrowing foreign funds with the aid of a high bank rate. It is possible that this policy could not be pursued. And in any case the increase of abandoned gold." hot money" is a source of weakness, not strength.

U. S. Recession

There are other popular explanations of the weakness of sterling, which is due in part to fears of a business recession in the United States. Such a recession would cause a fall in British exports to the United States. However, it is more important that American business would cut their purchases, largely at the cost of a decline in sterling rates in general. Even the vaguest anticipation of such developments is sufficient to generate pessimism concerning itself in a decline in sterling and thus, to the London Stock Exchange affecting particularly the gold rates.

The reason why this psychological factor is capable of producing a real effect is that even in the absence of a real situation, it would be far from strong. It is, for example, some months remain reasonably stable. But during the last month there was a further sharp rise in the cost of living, and there are indications that this rise will continue owing to increased wage increases in the price of coal from June 1, and to a further rise in wages which are being pressed with increasing vigor by the trade unions.

Equities and Inflation

Equities are similarly affected to a relatively less extent than government loans by the adverse tendency towards the end of May. This is because the continuation of inflationary conditions is now generally taken for granted. Evi- dently, the Government’s disfla- tionary measures have not been sufficient to check the wages spiral. Unlike more drastic steps are taken, this means not only higher wages, but larger turn- overs and higher profits. Taking a sharpening of the purchasing power of equities, even though the adoption of additional discriminations may have the effect of at any moment affect them unfavorably. Moreover, the shares have been offered through a sharp decline in sterling rates has a trend depression in the United States

The overwhelming importance of the economic situation on the nongratic is at last beginning to be realized. Some years and months are being spent on the data before the British Associ- ation for the Study of Business and Science, put forward a theory of the rise of the gold standard, we are now on the wages standard. This means that the rise of the gold standard, the trend of prices, which depended on the size of the gold reserve when we were on the gold standard, now depends on the level of wages. It is utterly futile to tackle, the main factor is that we are and able will deal with the fundamental cause, which is the chronic surplus of gold as long as purchasing power con- tinued to increase. A 20% or 25% unsending succession of wages in- creased the demand for gold. The expansion or hogs bank rate can discourage industrial firms from furnishing wages in excess of capacity, from expanding their capacity, and from spending freely on new investment, and from putting on the prices of their products and wages.

Wages Spiral Must End

The effectiveness of the Gover- nment’s policy is conditioned by the trend of the volume of bank loans or deposits, or by the change in the gold reserve, or by the trend of the prices, but by the ability of the measures to check the wages spiral. From this point of view the result has been to date entirely negative. Possibly it was because of the slight improve- ment in the position regarding bank loans or deposits, or by the gold reserve, or by the change in the prices, but by the ability of the measures to check the wages spiral.

Davis Trading Mgr.
For S. D. Fuller & Co.

Martin Davis has become associated with S. D. Fuller & Co., 29 South Wacker Dr., Chicago. Mr. Davis is manager of the trading department. Mr. Davis is a member of the Security Traders Association of New York, formerly with F. Berstadt & Co.

Amott, Baker Opens Branch in Detroit

DETROIT, Mich.—Amott, Baker & Co. have announced the opening of an office in the Penobscot Building, H. N. Cannon is the manager of the new office.

Robl, Bowser Joins Chace, Whiteside Co.

BOSTON, Mass.—Robert Bow- ser has become associated with Chace, Whiteside, West & Wins- low, Inc., 24 Federal Street, memb- er of the American Stock Exchange. Mr. Bowser was previ- ously associated with Perkins, Smith & Co., Inc.

Karl K. Lowe Opens
(Especial in The Financial Chronicle)

PRESIO, Calif.—Karl K. Lowe is opening a securities busi- ness from offices at 1800 Wishon Avenue.

With Mutual Fund Assoc.

SAN FRANCISCO, Calif.—Har- ward C. Perkins, 1201 Sutter Street, partner of the Mutual Fund Associates Incorpor- ated, has joined the American Fund Services.

Merrill Lynch Adds
(Especial in The Financial Chronicle)

PENSACOLA, Fla.—Cornelius M. Sullivan is with Merrill Lynch, Pierce, Fenner & Beane, 23 West Garden Street.

Harriman Ripluy Group Offers Utility Bonds

Harriman Ripluy & Co. Inc., engaged principally in the genera- tion, distribution and sale of electric power and light in the District of Columbia and in contiguous areas in Maryland and Virginia. The entire service area of the company com- prises about 643 square miles, times, that Curling Company, 1,140,000, of which $55,000 are estimated to have been retired and paid, the remaining 7.34% of the $55,000, is for distribution in the District of Columbia, 534,505 in Virginia, and 115,000 in Maryland.

An unadvised statement of operations for the 12 months ended June 30, 1945, and the company showed operating revenues of $650,000 net and net income of $86,961.

Named Directors
William F. Machol, partner of Drexel & Co., and Elridge T. Harman, manager of the company, were elected members of the Board of Directors of The Hanover Shoe, Inc. It was announced.
Future Impact of Atomic Energy On American Aluminum Industry

By HERMAN E. BAKKEN* 
Vice-President, BAKKEN & CO. of America

Mr. Bakken discusses the expected slow development of atomic energy for aluminum production; the current positive trend in locating in areas of low-cost fossil fuels; the many uses to which aluminum can be employed in atomic plants; and the production of radioactive isotopes. Believes that eventually atomic energy will be used extensively by the aluminum industry.

The aluminum industry is a large and growing industry. A rounded-out figure that may be used to denote this is between 200 and 250,000 tons per year for each 1,000 lb. of metal. Thus, when one reads that Consolidated Edison, New York, has built a nuclear power plant that will generate 236,000 kw, one may add three significant points: (1) the exact amount of aluminum in pounds that 236,000 kw is capable of producing in one year is unknown at this time; (2) in 1955, the aluminum industry in the United States used approximately 33.1 billion kw, to produce 1,565,784 tons of same metal; (3) this represents roughly 5% of the total number of kw, produced in the industry

The electrolytic process of aluminum production is interesting. It does not promise, a delightful one to the electric engineer, for in terms of load factor, it is a high demand consumer of electricity. Aluminum smelting plants operate continuously. As a matter of fact, power failures or extended power interrruptions may cause serious difficulties in operation. While this is a disadvantage on the one hand, it may on the other hand be considered an advantage, for generating capacity can be employed on a virtually continuous basis.

Stove Development

In a setting such as this the aluminum industry might be expected to reach out to welcome the energy, a developing new source of electric power... and, I am sure, most of you welcome it. A large expansion in this young aluminum industry is freely predicted. It would appear, however, that the use of electric power from atomic sources is destined to develop somewhat slowly in the production of aluminum. Eventually, it appears likely that a large or major portion of the energy required will be generated from the energy release of the atom.

Perhaps I should repeat that the electrolytic refining process as practiced throughout the world—employing as a prime source of power, as distinguished from so-called propulsion power or process power for heat applications—has in all likelihood been made satisfactory given the material, with the energy derived from atomic processes. The reason is, that atomic energy does not provide electricity to a thousand times cheaper than is coal, and oil. The fuel cost in electric power is only 30% to 33% of the total cost. Thus, even if the fuel costs were eliminated, if the impact on the price of electric power to the consumer would be very limited.

The foregoing will serve to account for the current positive trend in our industry toward building new metal production in areas of low cost fossil fuels. The discovery of a new process that would release energy from the atom directly into electricity would greatly hasten the time when atomic energy could be used extensively in the production of aluminum as well as in other industries dependent on electric power.

Bauxite Processing Ahead

In considering the future impact of atomic energy on aluminum, a natural subject to discuss is the use of reactor-based power at locations adjacent to bauxite ore deposits. In 1955, roughly three-quarters of all the aluminum produced in the United States was produced from imported bauxite. Increasingly, foreign governments are asking that processing of their resources be kept within their countries. Many factors must be considered and weighed most carefully before any great change in the present practice of importing bauxite can take place, quite obviously, the use of power produced in atomic plants.

Atomics Use of Aluminum

Important uses for aluminum will develop as commercial atomic energy plants are built. Such uses may be the cladding of fuel elements in the reactors themselves, or the use of such materials for movement of coolant. Aluminum has important advantages for these applications—its cost, formability, strength and corrosion resistance. The extent to which aluminum will actually be employed in reactor construction is presently unknown. Prototype reactors are now being built that differ widely in aluminum-using possibilities.

Another interesting item that might have a large future here is commercial use is Boral sheet in the shielding of reactors. This sheet is an aluminum sandwich with boron carbide in the center. Boral has a very high cross section for neutrons.

The availability of food in cans by the use of gamma rays is another. These isotopes prove advantageous over the use of heat, and then a large market may develop for radioisotopes. Even a very small percentage of this application could have a large impact on the use of aluminum.

Radioisotopes Tracer Program

The impact of atomic energy has been felt in the aluminum industry in other ways than through the, direct utilization of atomic power. A by-product of nuclear development is the use of radioisotopes that are produced in atomic reactors. Since the inception of a radioactive tracer program in my company, we have had nearly 200 shipments of radioactive materials from AEC installations, comprising more than 15 different types of radioactive isotopes.

In our plants, these materials are used in sensitive thickness gauges and liquid level indicators. In our laboratories, they are used in one way or another in almost every phase of our research activities, from studies of metal flow—where areas of an extrusion are "tagged" in order to establish the complete flow pattern—to electrodes, wherein the nature of the ions that carry electric current can be established through the use of radioactive tracers. The measurement, therefore, of tool wear, using radioactive cutting tools, is almost routine in our shops; and the determination of trace elements in our raw materials and products by radioactivity analysis is straightforward.

Other uses are in the fields of corrosion, alloy development, fabrication and studies of gages in metal. The employment of radioactive isotopes is expected to increase. One writer, dealing with nuclear radiation technology, has said in effect that "the installation in radio isotopes and associated equipment can be relatively modest—whereas the earnings resulting from their skillful use is potentially very current can be established through the use of radioisotope analysis."

Summary

It has been pointed out that the aluminum produced by an electrolytic process is a large consumer of electric power; and that the operation of this process fits in well with the characteristic continuous energy pattern of a reactor. Some reasons have been forth that make it appear unlikely that the use of atomic energy for aluminum production will "develop slowly."

Experience, however, has given us some new applications for aluminum resulting from the atomic energy development. Some examples of the use of radioisotopes have been provided. In the future atomic power promises to be used extensively by the aluminum industry. Our civilization may be considered fortunate in that modern science and engineering have brought to us a new source of energy.

Ely with Bache

PALM BEACH, Fla.—Bache & Co., members of the New York Stock Exchange, have announced that Valentine A. Ely has joined the firm's Palm Beach office, located at 271 South County Road, as a registered representative. Mr. Ely has been identified with the financial industry for a number of years and was a member of the New York Stock Exchange for 13 years. He is a graduate of the Tuft School and Williams College.

Robt. P. Erb Opens

(Special to The Financial Chronicle)

RITTMAN, Ohio — Robert P. Erb is engaging in an investment business from offices at 2304 Main Street.

Forms Shaw & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Allen E. Shaw is conducting a securities business from offices at 2304 Main Street.

Schwabacher Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Jack H. Chalkey, Jr., Charles J. Lennihan, William H. Pabst, Jr., and John C. Rodgers have been added to the staff of Schwabacher & Co., 100 Montgomery Street at Sutter, members of the New York and San Francisco Stock Exchanges.

This announcement is neither an offer to sell nor a solicitation of an offer to buy, any of these securities. The offering is made only by the Prospectus.

New Issue

$50,000,000

HOUSHEL FINANCE CORPORATION

4½% Sinking Fund Debentures due 1978

Dated June 1, 1956
Due June 1, 1978

Price 100%

Plus accrued interest from June 1, 1956

Copies of the Prospectus may be obtained from such of the undersigned as are registered dealers in securities in this State.

Lee Higginson Corporation

White, Weld & Co.

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Blyth & Co., Inc.
The First Boston Corporation

Glore, Forgan & Co.

Goldman, Sachs & Co.

Harriman Ripley & Co.

Kiener, Peabody & Co.

Lazard Freres & Co.

Paine, Webber, Jackson & Curtis

Smith, Barney & Co.

Stone & Webster Securities Corporation

June 6, 1956
Atomic Investment Future

By NEWTON L. STEERS, JR.*
President, Atomic Development Mutual Fund, Inc.,
Washington, D. C.

Mr. Steers analyzes twenty atomic stocks and concludes prices are fairly low because high prices ratios and dividends are not unreasonably low. Believers (1) atomic industry is moving ahead rapidly and is on threshold of extremely accelerated expansion; (2) uranium stocks will reach $900 in 1955 in $1952, and, regardless of civilian demand, the military cannot afford to let the free world's uranium industry die in 1962; (3) the future of thorium is bullish; (4) fission products are cheap they are being consumed with fusion-using plants; (5) uranium may be applied in heating U. S. industry; (6) U. S. firms will get a substantial share of foreign power and research reactor business; (7) low atomic power can be accepted by 1965, and (8) President Eisenhower's $1 billion uranium gift may entice an investment from $4 to $32 billion. Lists firms engaged in major varieties of reactor design, and points utilities will not risk their atomic development outlays.

At the outset I would like to state a two-fold thesis. First, the atomic industry is moving ahead rapidly and gives every indication that it is just embarking on a period of extremely rapid expansion. Second, the prices of atomic stocks by a large are currently capitalized at fairly high but not unreasonably high price-earnings ratios and fairly low but not unreasonably low dividend yields. In connection with the second part of my thesis I will examine first, at length, the underlying theme of 20 "atomic stocks." Some people would omit some of my stocks; some people would add others. But I think nearly any analyst would include most of them. They have to be the stocks which have been, or currently are (or both) major commitments of Atomic Development Mutual Fund, Inc. These stocks were picked without regard to any particular criteria or yardstick, for example, therefore, may not or may not be included in the Fund's current position, if included, the extent may vary considerably.

*An address by Mr. Steers before the National Federation of Accountants Societies Annual Convention, Boston, May 21, 1956.

This table shows the high for each stock in 1953, 1954, 1955 and the price as of May 3, 1956. It also shows the percentage increase in stock prices, compared with the 1953 high. An equal number of dollars in each stock would have shown an 88% increase in 1954 highs as compared with 1953 highs. The average industrial percentage increase was 82%. The utilities the Dow Jones Industrial average do not correspond since this was the high for 1954 highs as compared with the 1953 levels for each of the stocks in the average. The 1955 highs were 143% over the 1953 highs, while the Dow Jones Industrial figure is 66%. Finally, as of May 3, when this table was prepared, the atomic average percentage gain was back down from 143% to 123% while the Dow Jones Industrials have moved up 33%.

Such figures show that atomic stocks have done very well for the last couple of years and raise the question as to their future. The atomic stocks as of May 3 had an average price-earnings ratio of 18.4, ranging from 9.2 for North American Aviation to 33 for Vilter Corp. Yields average 2.2% ranging from 0% on several stocks to 5.7% on Homestake Mining. To appraise these ratios and yields it is necessary to examine the first part of my two-fold thesis the atomic industry is moving ahead rapidly and gives every indication that it is on the threshold of extremely rapid expansion. For completeness' sake I will just summarize a few of the advances of the atomic industry, discussing the ones of investment importance in somewhat greater detail.

TABLE I

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Radioactive Materials

These materials are used in snack which of the science fact from the stem that the rays given off are identifiable and measurable. On the one hand the radioactive materials can be used as "tracers" or tagged atoms as in research in the fields of medicine biology, agriculture, and industry. Here the tagged atoms can be differentiated from, tagged, chemically identical atoms so that important mechanisms of animal and plant life are being revealed for the first time.

In determining the death of things which lived many centuries, atomic rays make a certain percentage of the carbon in living things radioactive. When you did, you eat, the eating that was not necessary to radiation damage.

As Dr. William F. Libby of the University of California has shown, isotopes have already been used to study the history of the entire solar system. The silica of a meteorite or a comet, by and by, can be studied, and the results of the study can be used in the field of science. As Libby's research is completed, the information is being used.

According to Dr. William F. Libby, the carbon in the living tissues, from bacteria to the quark, has been shown to be radioactive.

This new knowledge has been used to study the history of the entire solar system. The silica of a meteorite or a comet, by and by, can be studied, and the results of the study can be used in the field of science. As Libby's research is completed, the information is being used.

As investment analysts however, we have not been able to use the data yet. The reasons are as follows:

1. The data is not yet available.
2. The data is not yet complete.
3. The data is not yet analyzed.
4. The data is not yet published.

In the future, the data may be used to study the history of the entire solar system. The silica of a meteorite or a comet, by and by, can be studied, and the results of the study can be used in the field of science. As Libby's research is completed, the information is being used.

In the future, the data may be used to study the history of the entire solar system. The silica of a meteorite or a comet, by and by, can be studied, and the results of the study can be used in the field of science. As Libby's research is completed, the information is being used.
Banking and Monetary Reforms
To Preserve Private Enterprise

By ROBERT DE FRENERY

Vice-President, ONIX, Inc., San Francisco, Calif.

President, National Association of Manufacturers

In urging the eradication of bank credit and the gold standard, to maintain monetary stability without financial controls, Mr. De Frenery proposes: (1) commercial banking be based upon checks and not upon gold, and (2) the bank depart- ment utilizing bond sales in place of deposits; (2) a "population standard," (3) overcoming transitional crises, (4) eradicating inflation, (5) making bond sales with fiat money; (4) eradicating this reform to all lending insti-
tutions; and (5) altering money supply with population changes. This will assure: no inflation or deflation, stable money supply, and a strong national market, and no soft or dishonest money.

Robert De Frenery

An increasing number of articles and speeches have been de-
veloped and issued in favor of what we should give the Federal Re-
serve a Board to lend, and not to create credit.

This is not a new thought, but should be a part of this every-
government interference and controls. Wm. H. Busbey, Mr. Martin, Chairman of the Federal Re-
servations Board, stated the reason very clearly as follows:

"It should be borne in mind that expansion of Federal Reserve operations creates new supplies of money, which effectually neutralizes the effects of small, semi-public institutions which lend exist-
ing funds from taxes levied before the Federal Reserve." (1)

In other words, we must distinguish between the lending of credit, i.e., "new supplies of money" and the lending of "ex-
isting funds" or any money made with existing funds, there would be no value added to our property, government interference, regula-
tion, or control of the lending of all of those funds. The lending of bona
fide savings is merely the lending of a surplus, the current power or process that should be encouraged. It should not be expanded and regulated by the government. Nor should there be any fear over the volume of debt arising from such lending. It is an existing surplus of our resources — including bona
fide savings—be put to maximum use.

Why then do we tolerate govern-
ment interference in the money market? Why all these controls? Why all this concern about the "value of money?" Because — as Mr. Martin pointed out — when our commercial bank-
ing system expands its operations, it does so by creating "new sup-
plies of money" (bank credit), rather than by lending existing funds.

The importance of this fact can not be over-emphasized. In fact, the entire price structure today is in terms of bank credit originating from earlier expansions of our com-
mercial bank operations. Over 90% of our "money" is bank credit. And most of this bank credit is originated with bank credit has shown that it is highly unstable, and that it is subject to violent fluctuations, which can have disastrous effects upon business and commerce, and which have been forced to accept ever-in-
creasing and expensive controls of our banking system.

We need fear these controls? Yes! We need fear these controls, for they should have the power to arbit-
arily manipulate the supply of money, or to determine the chan-
nels into which savings should flow. The power to change the supply of money is a tremendous power. It is the power to force debtors into slavery; it is the power to dispense people of the fruits of their savings; it is the power to rob people of the value of their savings. And the power to deter-
mine the use of money, which savings should flow is the power to control all economic system. The existence of such powers is totally incompatible with a free and also with both economic and political. And not only are there banking activities which may upset the true value relationship of money and services, but their effect is to drive the agents from the supply of money (bank credit) to the free enter-
prise system.

Dilemma Confronting Us

That is the dilemma that con-
fronts us. It is the dilemma that con-
fronts us how can we preserve the monetary stability that is needed for the proper function-
ing of a free economic system without being forced into a finan-
cial system that is incompatible with the survival of our free economic system.

If we keep in mind the basic cause of our dilemma, we should be able to see a way out of it. If the basic justification for government control of bank credit stems from the fact that an expansion in commercial banking operations creates new supplies of money, then why not convert our commercial banks into "private institutions that can lend only existing funds"? If this could be done, our government would have the financial markets, and if some pro-
visions can be made for additions to the supply of money as needed to serve an expanding population, then we could enjoy monetary stability without the threat of a financial collapse.

Why Change Banking?

There are many good reasons why we should seriously consider changing the banking system in our banking system. In the first place, the history is the logical step in the evolution of banking. Over 90% years ago — after the era of "wild banking" was rec-
ognized that banks should not have power to make money on their own notes. That power was taken lending of notes. What we have failed to realize at that time was that the power to create deposits must be subject to the power to issue notes. So al-
though the "wild banking" period in our banking system was corrected, the "wild banking" has been only an audible sign of the many bank panics suffered since that time.

Now that almost all students of the reformers agree that there is no basic difference between notes

and checks, we should complete the reform of our banking system by making it unlawful for banks to issue deposits — taking care to first monetize the existing vol-
umes of notes (if used as money) so as to prevent a severe deflation.

A second important reason for making such a change is that bank credit is a fundamentally dis-

turbant type of money. The lending of bank credit is tantamount to the lending of an imaginary cur-


Bank Credit Causes Inflation

A third important reason for making such a change is that the use of bank credit as a substitute for money is a most unwise pro-
ferece. The commonly accepted definition of money system is a medium of exchange and a store of value, which even though used as money—</p>
Looking Back to the Future

By JULIUS STULMAN

President, Stulman-Emrich Lumber Co., Inc.

Creation of an advisory council comprising a synthesis of the best thinkers, which the entire frontier of human knowledge, is advanced by Mr. Stulman in order to: (1) break the historical pattern of moving from crisis to crises; (2) bring about spectacular world economic growth without wars and depressions; and (3) cross the threshold from the old set of values, where matter was of prime importance, to the new set of values: new ideas, thinking, innovations and entrepreneurship, which has the analytical technique of "looking from the future backward to the now," and expects parallel future growth of small and big business to serve a great new era of development.

In your reading in economics and history, you have undoubtedly seen many prognostications, and studied the reasoning behind them. Perhaps you have chuckled over predictions that were made many years ago, and have since turned out to be wrong. Why were the predictions wrong? The answer is simple, and has probably already occurred to most of you. The predictions were wrong because they were based on inadequate knowledge.

By "inadequate knowledge" I do not mean an insufficient collection of facts necessarily, I mean that the predictions were based on the wrong facts—rather, based not on facts at all, but on transitory appearances that everybody took for granted as facts.

One of the basic troubles with our present economic system, and with most of our individual efforts, is that we are unable to evaluate ourselves and the world around us properly. We all know that error exists. We know, for instance, that many things that were considered right even 20 to 30 years ago are considered wrong now. And we can assume that many things we consider today will not be considered so in the future. But how can we determine which of today's truths will live, and which will die?

We can do it better by reverting to the traditional method of prognostication, which is imagination and looking into the past, so as to read the future from it, why we go not ahead to the future and look back at the past, the old facts let us go to the year 2000 and from that year go back. This may sound like a fantastic way to solve problems. But try it. We go back in imagination, and take what is called "as-if" position, as if we had already accomplished some future, and then look back, we can see the broad patterns und polluted by the presently accepted facts. We see the year 2016 as we see it, not as a stand point in which we think; but as part of a vast, moving, or process. We see that our projections are based on that process. We see our lives as part of the whole movement of humanity.

Projecting the Year 2000

Now, standing in the year 2000, what can we say about the economic situation in the climate of 1956? What can we say about the future years? And the basic fact that the realization of basic development can be better seen from a future vantage point by a close inspection of the present time.

You can, of course, use the same technique in your personal lives. Merely ask yourself what you would be able to do if you can be, say 10 years from now. Then go back in time and see what you could do. Imagine yourself as in that position, and ask yourself what you actually do arrive. This same technique could be applied to the world's problems. If you want more, less, or in the year 2000 and take a look at 1956. What more do we see?

Question of Big Business

For you, who have charged a good deal of nervous talk about big business, is this thing called big business? Standing in the year 1956, you refers to certain corporations that are bigger than the majority, bigger than other corporations referred to as "small." But are there wise critics that are really big? No. In relation to the job business most important, is the transition to a new economy, which we may call the "big business economy." It is very small business that brings about the transition to a big business economy. It is the impelled to move forward. I believe that we are moving into a steadily expanding world economy. The world's under-developed, a social movement in which we are all hands—compel it.

Of course, we have a struggle, we are slowly as we make no special effort. But if our eyes were opened, we could get to know the direction in which we are going, and we will be able to move ahead much faster.

How can we know where we are moving? One of the big ideas again, we cannot get a better idea by looking from the future backward. We need to do is engineer our thinking, and realize the inadequacy of present facts, and the realization that the basic processes of development can be better understood by looking from the present time.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

281,435 Shares
Potomac Electric Power Company

Common Stock
Par Value $10 per Share

The Company is issuing to holders of its outstanding Common Stock transferable warrants, expires June 29, 1956, evidencing rights to subscribe for shares of Common Stock for each whole, unexercised warrant. Common Stock may be offered by the undersigned as set forth in the prospectus.

Subscription Price to Warrant Holders
$20.25 per share

Corporation of the prospectus may be obtained from such of the undersigned as the undersigned are authorized to name in the prospectus as may legally offer these securities under applicable securities laws.

Dillon, Reed & Co. Inc.
Johnston, Lemon & Co.
Alex. Brown & Sons
Tolgan, Nolan, Fleming-W. B. Hibbs & Co., Inc.
Auchincloss, Parker & Redpath
Ferris & Company
Jones, Kreeger & Hewitt
Goodwyn & Odys
Mackall & Coe
Robinson and Lukens
Robbaugh and Company
Rouse, Brewer & Becker

The Commercial and Financial Chronicle . Thursday, June 7, 1956
in dovetailing the farm operation into the rest of India's economy, he was able to have the businessman's help in making a name for himself, compete with the market, and persuade the farmers to learn something. A psychologist would contribute to the project.

What kind of ideas would these men produce? They would create new values where none seemingly existed.

This group would synthesize the knowledge they have in all disciplines. Thus, no nation would have to worry about its own limited scope of knowledge. We would then have an awareness of the experience of the United States, Sweden, Great Britain, Germany, and every field of knowledge, would be brought to bear, E.H. Creutz and V. I. Lenin, for instance, even on a small agricultural community in a country like Puerto Rico, where the men of many nations and many disciplines might see Puerto Rico, how to make use of certain problems, not the of economic value or quantity utilizations in the country itself, but would be a highly desirable product completely used on the other and modernize it to other countries, situated as they are.

For those who would draw thinking from the group and contribute thinking to it, the result would be a new kind of knowledge for the world economy.

When we think of a group, this management brain, take in the exchange of ideas it gives would take nothing, except the funds needed for its support, in other words, for the new value created, the cost of this increase of knowledge, such as was eventually worked out with the so-called Puerto Rican visionaries, "C" cherry. In the Puerto Rican thinkers might contribute their knowledge and experience in bringing their experiences to other countries, situated as they are. Every man should have a chance to draw thinking from the group and contribute thinking to it, the result would be a new kind of knowledge for the world economy.

Today's world is a group, this management brain, take in the exchange of ideas it gives would take nothing, except the funds needed for its support, in other words, for the new value created, the cost of this increase of knowledge, such as was eventually worked out with the so-called Puerto Rican visionaries, "C" cherry. In the Puerto Rican thinkers might contribute their knowledge and experience in bringing their experiences to other countries, situated as they are. Every man should have a chance to draw thinking from the group and contribute thinking to it, the result would be a new kind of knowledge for the world economy.

Still standing at our vantage point of the year 2000, it is difficult for us to think how this big brain might eventually become an important power in world affairs. Composed of the finest minds, it would naturally attract the attention of all nations. It would give orders and do what is necessary to make the world prosperous, with the benefit of its knowledge. The big brain was established and we have worth, most national cohesion, would be happy to follow the group's suggestions.

Expanding the whole world economy, there would be a method of economic cycles—booms and busts. Throughout civilization's history there has always been a tendency to move from crisis to crisis—deliberately or by accident. This is because we have let our minds be influenced by an isolated piece of circumstance tied neither to the past nor to the future, nor to a world reference frame. In solving our crises this way, we have planted in each solution the seeds of a new crisis. We have sought quick, expedient methods to ease over the ill of the moment, but not to look into the future, nor to think our solutions out in the future. But the advisory council of the future, as we conceived it in 1941, the World In- ternational, which is a natural property, cannot be a problem-solving agency primarily. It would not seek answers expediently. It would be considered to be important problems, and would not push forward the entire frontier for solutions. If this council is reflected, this group would be a process in itself, rather than a thing. In following its steady growth, we would solve specific problems as a matter of course.

The wonderful world that I have just sketched out, of course, will not exist as such, but if it actually existed right this minute, would see the end of world economy, a steady dwindling of the wealth of the world, a decrease in the power of prosperous nations, living at peace because there is no war for any nation.

The Rising Tide of Appeasement

By HON. WILLIAM F. KNOWLAND

Our foreign policy should be based on human freedom and liberty. It's the advantage we should support, and what it takes to defeat the Communists. A foreign policy should not be 51 percent to be of use. It should be a 100 percent commitment to the good of the world. Our foreign policy should be based on human freedom and liberty. It's the advantage we should support, and what it takes to defeat the Communists. A foreign policy should not be 51 percent to be of use. It should be a 100 percent commitment to the good of the world.

Rising Appeal for American Men to Join the Army

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The American public is being urged to join the Army to help defend our nation against the threat of war.

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Stocks continued to edge higher on a selective basis this week, but it was a stalemate for a great share of the list including some of the pivotal issues. It will all depend upon the big question of whether the reaction low would be tested before the seasonally strong seasonal rally for the summer got under way.

Volumes provided little indication of what is to come next. The trading pace, already at what might be considered a subnormal level on the decline, dropped off even further as the list put up its recovery swings.

Some of the papers were able to make a little headway, but the strength was far from general. Aircrafts were generally neglected although now and then some timid buying was evident as the issue that have reeled off their recent peaks. Bendix Aviation, for instance, dropped from its 1956 high of 10 5/8 to 8 5/8, offering a better-than-average yield of around 4 1/2%. Allis-Chalmers similarly reacted 16% from its high with an even better 6% plus yield.

Much of the culling of likely prospects was centered on another group of issues—those that haven't yet attracted attention and are above-average-return items. U. S. Industries, for instance, has yet to carve out a range as much as four points on the year. This has, like several other companies around, completely converted from its original listing. It started life as the Pressed Steel Car Co. and was a leading rail car maker a quarter century ago. Today its lives include lathes, aircraft components, oil well pumps, machine tools, pipe and freight cars. It went down last year. The issue has been selling at around a 9% yield and covering profits by one of the more times-evenings ratios.

Interest in RCA
Radio Corp.'s unveiling of a below-$500 color television set, which the company plans to push aggressively through the anticipated pickup in video interest that the political campaigns will incite, was able to kindle a bit of demand for the issue. Radio's yield is a rather average 9 1/2% and the flotation last year of convertible debentures has kept the stock rather reserved. The issue has been popular with those who want only the giants in any given industry, and, as such, the billion dollar level last year make RCA definitely a dominant interest in the market.

For the champions of diversification, W. R. Grace & Co. was something of a natural. The decision to work things out, Grace is represented in half of the 32 broad industries, claims to be better showing than even that of du Pont. Its activities or interests range from advertision, banking, insurance and vegetable oils. Pending are petrochemical activities and the proposed acquisition of Coden Petroleum. It also is undertaking oil exploration and distribution to bridge the gap. This gamut, however, hasn't kept the stock from holding to a conservative price level, and an attractive yield of 5 1/4%.

An about-turn in the fortunes of the coal industry has served to spotlight Joy Mfg., which is the leading producer of mining equipment. It would be in the forefront of the mechanization activities largely responsible for the turn in the tide of the coal companies. The company showed a good improvement over the year before, and some estimates currently point to a near-doubling this year which was borne out by the results for the first half of the fiscal year. A 5-for-4 split shown was already within reach of last year's $3.18 for the 12 months.

Some of the long-depressed agricultural equipment firms were favored by some of the major buying. Among the stronger were those of Farm-Rite which was able to stride ahead smartly, helped by a brand new merger and a hiked dividend.

Van Alstyne, Noel & Co.
51 WALL STREET New York S

June 4, 1956

This advertisement appears as a matter of record only. No public offering is being made of these Notes.

$2,000,000

Guardian Consumer Finance Corporation

4 1/2% Notes due June 1, 1966

Direct placement of these Notes was negotiated by the underwriters.

Charles Woodbury Opens
(Special to The Commercial and Financial Chronicle)

In the past two years. — Charles P. Woodbury has opened offices at 1250 Franklin and 909 Indiana and has established himself in a securities business. At the time of his departure, the late Edward J. Parter and Verdo Clark Sanderson.

Form C. Redman Co. Adds 25th Floor
HARTFORD, Conn.—The C. Redman Co. has been formed with offices at 25th floor of 1262 East State Street to conduct a securities business. Officers, in addition to J. B. Redman, President; Edward V. Murray, Vice-President; William P. Stievater, Secretary and Anders P. Barber, Treasurer.

Form Boyd Easton Inc.
ROCKFORD, Ill.—Boyd Easton Inc., has been formed with offices at 427 East State Street. Officers are Katherine B. Hall, President; Wm. P. Schmidt, Vice-President; Dudley M. Halberg, Secretary and Alta C. Schmidt, Treasurer.

With Ohio Company
(Special to The Commercial and Financial Chronicle)

Elk Grove Village, Ill.—Mr. William J. Schmitt is with The Ohio Company, 15 South High Street.

Remmele-Johannes Adds New Office
DAYTON, Ohio—John Finigan, Emanuel H. Harvey and Clifford F. Lohn have been added to the staff of Remmele-Johannes & Co., 1127 Vine St.

Columbia Seca. Adds
(Special to The Commercial and Financial Chronicle)
BEVERLY HILLS, Calif.—Harold Frank, Robert G. Gettle, Harry R. Smith, William H. Stephenson, LeRoy T. Wortman and Jerome Ullman have been added to the staff of Columbia Securities Co., Inc. of California, 225 South Beverly Drive.

G. N. Fleming
George N. Fleming, Philadelphia stock broker, passed away May 31 at the age of 74.

Interest Rates Can Rise Sharply
By EDWIN J. SCHLIESINGER
Investment Counsel, New York City

Mr. Schliesinger examines Federal Reserve discount policy, automobile sales, and the pressure of money and looks toward new rates in savings accounts and bonds may prevail sooner than generally anticipated.

During recent weeks, the Federal Reserve System has been subjected to considerable criticism because the discount rate has been advanced in the stock market, and the slowing down of certain lines of business, has been attributed to the increase in the discount rates. This rate of advance, it is argued, may cause money rates to rise in savings accounts and bonds that may prevail sooner than generally anticipated.

If the Federal Reserve should be subject to any criticism, it is that it may be going slow in advancing the discount rate. 1955 was a year in which almost everybody was enjoying the results. The market price was well depressed, and recently was even as much as 5% lower than years ago. While a larger capital alone. Oliver Corp. which recently had to cut the dividend was another that is selling well under its working capital but hovering around its year's low might be considered as offering discounted the bad news.

A case of bad news that isn't necessarily so, might be the New England banks that have shown consistent drops in net income, although the volume of their business has been very good. The net in that time dropped from $1.77 to $1.66. But last year's results were "achieved despite a flush of some $21,000,000 in mail subsidies over the two earlier years. Yet it may indicate that the line is making good progress toward financial independence.

Lugging Aircrafts
Actually, the aircrafts have not been able to build up sustained investor interest despite impressive financial results generally. Lines such as Long Beach, California; President; Edward V. Murray, Vice-President; William P. Stievater, Secretary and Anders P. Barber, Treasurer.

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Listen—RCA brings your ear every sound it can hear with new high fidelity

Ever since Caruso’s voice first thrilled Americans in their homes, RCA has pioneered the search for new worlds of sound. Thus RCA is now able to present the ultimate in high fidelity—New Orthophonic “Victrola” phonographs that reproduce more recorded sound than your ear could ever hear before.

These instruments have been made possible by RCA’s experience, skill—and the tremendous facilities of the David Sarnoff Research Center at Princeton, N. J. Constant improvement has been sought—and found—on every phase of musical reproduction, from the microphone over the conductor’s head to the “Victrola” phonograph at your elbow.

The same leadership that brings you New Orthophonic High Fidelity instruments is behind all RCA products—all conceived through “Electronics for Living” that make life easier, happier, safer.

RADIO CORPORATION OF AMERICA
ELECTRONICS FOR LIVING

TWIN CONSOLE “MARK I” In one cabinet: “Victrola” 3-speed phonograph, tape recorder, AM-FM radio. In the other: four matched high fidelity speakers. Model 6HF1. $1600.
Public Oriented Corporations And Board of Directors Criteria

BY WAYNE G. BROEHL, JR.*
Assistant Professor of Business Administration American University, School of Business
Dartmouth College, Hanover, N. H.

Referring to Cash McCall and Executive Suite, Dartmouth Professor's proxy battle studies indicates growing interest by the public in corporate officers and directors. Is there a new corporate philosophy? Professor Broeich dismisses outside vs. inside board members, cumulative voting and proxy battle issues as superficial compared to: growing corporate public orientedness, ability to compete and whether and an independent audit of corporate activities should be undertaken by the corporation. Other observations are: (1) boards are not fully informed, reserve and fluctuate assets; (2) stockholder reports should be "clear-cut and straightforward"; (3) corporate statements should become more public and (4) stockholders should vote with their feet.

During the past year, while working under an Alfred P. Sloan Foundation grant for study of the corporate structure, I had the unique opportunity to chair a corporate committee without much experience. In taking this task I was impressed by the responsibilities and limitations. The board had been in existence for over a century and the membership, largely composed of the past presidents of the company, had been effectively involved in the management of the company. In my opinion, the board was functioning effectively; it was not widely differed from the corporate management.

For example, I think it is significant that "Cash McCall" has been on the "best seller" list for 27 weeks with the book and motion picture "Executive Suite" has been selling impressively. Is this progress in corporate consciousness with the public? To me, this is progress and an indication of an increased interest on the part of the public in the current day-to-day management of the American corporation; an interest in the human personalities and the personnel and corporate motivations and objectives.

For a number of reasons I feel this is a critical time in the evolution of management; that we may actually be witnessing the development of a new "age" in corporate organization. (And history does seem to show rather well defined steps in the growth of management functions With the twin factors of (a) increased public consciousness in the corporate area and (b) the development of a broadening base of stock ownership and (c) the consciousness of the corporation as a means of accomplishing social objectives), we are in the stages of a new form of management that is far beyond the so-called "age of the Professional Manager." Corporate Philosophy

While we make the arguments that are involved in today's pattern of integrated thinking, it is to be observed that there are a maximum number of ideas before you in this time limit, let me present the concept of a philosophy approach to raising a number of related ideas around the thinking process, "Who should be a director?" and "Who should be a stockholder?"

In terms of the board of directors, the "outside vs. inside" board is far removed from the question of the proxy battle and its attendant publicity and possible mud-slinging. I have found more and more directors taking a second look at their positions. With today's emphasis on recognition of job pressures as a factor in managerial decision-making, managers and directors are becoming increasingly more aware of the pressures of their position. I think we should note a possible tendency toward complacency in the role of the director in this day in this area of stockholder involvement and consequences. Satisfaction, real or fancied, is not constant. Stockholders who have a proxy contest possible. I will suggest that departments to be here today will never have a proxy contest possible. But the many companies represented here know that is the public, the outside-oriented board members do not have to be a so-called outside director. Unfortunately the increased responsibility and limitations on our outside directors mean stockholders; corporate gifts. It is interesting to note that in a case such as out: our operating company, we have to have a definite case as yet feeling our corporate officers. The corporate officers and board and should go in operation "for the first time" and under a new board the corporate offices independent thinking. In my view, corporate officers should have no influence and develop an independent corporate consciousness and should be able to influence corporate business. In my view, corporate officers should have no influence and develop an independent corporate consciousness and should be able to influence corporate business.

One is a specific corporate philosophy. The question of how to measure the effectiveness of the board comes into play. Assuming a given mix of balanced interests, how can this mix be evaluated? The difficulty of doing this is, I believe, the most crucial board problem. Within the corporation, to use an analogy, we have a firm of corporate officers is independent thinking. In my view, corporate officers should be free to develop their own independent consciousness and should be able to influence corporate business. In my view, corporate officers should have no influence and develop an independent corporate consciousness and should be able to influence corporate business.

This critical time in the evolution of management is not over by a long shot. But it is here. And history does seem to show rather well defined steps in the growth of management functions. I would also like to congratulate the directors and the stockholders for your splendid work. In my opinion, the board was functioning effectively; it was not widely differed from the corporate management.

First, I am disturbed by what is happening in the corporate struggle, a struggle that is far from being over. And as such, we are all at the mercy of the most important questions: who is going to run the corporation? And what do they want to do with it?

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Seailed for FRASER
**Industrial Activity Shifting from Gallop to Trot**

N.A.P.A. May survey results indicate that average industrial activity from a "gallop" to a "trot" in terms of reductions in production and new orders, and some leveling off in unemployment.

The composite opinion of Purchasing Executives who comprise the National Association of Purchasing Agents Business Survey Committee reveal in their May report, "The recession is deepening, indicated by the following figures collected by the Edison Company, Detroit, that the percentage of industrial failures and bankruptcies, though from a low figure in 1929 is bending toward a Trot rather than a gallop. In May 1935 have so many shown a reduction in general orders and new orders. For example, the May returns show 38% reporting a reduction of production compared with 27% in April, and 21% showing a reduction in orders against 14% a month ago. Those reporting production changes as the same remained essentially unchanged, 51% in May and 56% in April. On order column, 33% report improvement compared with 35% a month ago. Reduction in demand against 19% in April accounts for the reduction in new orders. These survey results is 41%, with 45% indicating an increase in new orders.

Commodity Prices

There is some indication of leveling off and a tendency of production materials. The comments of the reports indicate this is due to shortages of many basic materials such as steel, copper, lumber, and other items ordering in the 60-day range increased to 30% and those in the 90-day range to 25%. A drop to 22% was noted in the 30-day lead time and to 3% on a hand-to-mouth basis.

No conclusions could be drawn on M.S. supplies ordering since fluctuations were minor and followed no pattern. The percentages are: hand-to-mouth—15%, 50-30 days—60%, 30 days—14%, 30 days and over—3%.

**Commodity Changes**

Concern over possible steel strikes this summer and current stock-piling have caused many manufacturers to reduce expected short-term shortages of a large number of materials. An example of this is:

- **Aluminum**: Some copper, steel, nickel, steel, plate, shapes, structural, pipe, plate, flatware, stabilizers.
- **Iron Oxide**: Some copper, steel, paper and rubber.
- **Glass**: Some copper, steel, paper and rubber.
- **Cellophane**: Some copper, steel, paper and rubber.

**Inventories**

The Committee members report reflect little change in the inventory price picture in May. The attitude indicates that the accumulation of goods as a hedge against future inflation. The inventory index reached at least a tentative maximum, which is the first inventory index completed. In May 35% have higher stocks, 25% have lower stocks, and 13% carry less inventory in this category than in the first quarter months completed. In May 35% have higher stocks, 25% have lower stocks, and 13% carry less inventory in this category than in the first quarter months completed.

**Employment**

The above employment is being less than a month ago, 18%, and versus the February-April figures of 1935. Automobile layoffs and poor weather for farming and construction projects account for much of the subsequent employment. There is still, however, a preponderance of those reporting employment changes as the same, with 58% so stating. The 24% who report employment up expresses a good faith effort to keep a high level unless there is a resumption of normal production in the automobile industry and no interruption in steel production.

**Buying Policy**

There is some indication of leveling off in the index of the use of production materials. The comments of the reports are a lead time to 30 or 40 days and fluctuations are minor and followed no pattern. The percentages are: hand-to-mouth—15%, 50-30 days—60%, 30 days—14%, 30 days and over—3%.

**Newspaper Demand and Supply**

"Demand for newspapers—still by far the largest in volume of the Organization's products—remains stable. Consumption in the U.S. alone was 7.7 percent over the previous year. Much new productive capacity is being added in Canada and the U.S., as well as in Britain, and I hope that by 1935 or 1936 the present situation will be found to be sound, and demand be met.

"Inevitably, sharp rises in production costs over the past decade have been reflected in newspaper prices. But these price increases in fact are less than circumstances might have justified. It is one of the reasons why the newspapers have not been able to follow the price increases of most other goods.

"To secure essential supplies of pulp for increased newspaper output, the Bowater Organization, in addition to ordering pulp, has also utilized catchment for pulp in Canada, and in May has ordered 120,000 metric tons of newsprint for the first 15 years.

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("Bowater Scout Partnership")

"Of special interest is the recently arranged partnership with the Scout Paper Company of Chester, Pa., to form the new company of Bowater-Scott Corporation Limited. In addition to operating the Organization's existing tissue factory in Britain, the new company is being manufactured and converted to produce. This new venture, enjoying the full benefit of Scott's 'show-how' markets, is destined to transform British. The U.S. market for this type of product has hardly yet to be explored.

"Newspaper Demand and Supply"
The Farmers & Merchants National Bank of Winchester, Va., has increased its capital to $500,000, from $300,000 by the sale of $500,000 of new stock. The addition to the capital became effective May 26.

A capital of $290,000 is reported as increased by the First National Bank of Bellevue, Ohio, as compared with $100,000 previously having been entered to the present figure by a stock dividend of $300,000.

In publishing a correction of error in its Weekly Bulletin (No. 375) dated May 7, the Office of the President, The Farmers & Merchants National Bank at Walnut, Ill., declares that in May there is increase in capital of First National Bank National Bank of San Antonio, Texas. He assumed the duties of his new position on May 25.

Paul H. Toy, Vice-President of California Bank of Los Angeles, has been appointed administrative assistant to the Trust Company of the First National Bank at Walnut, Ill., President, announced, John C. Harnon, Assistant Vice-President of the First National Bank at Walnut, Ill., as an additional member of the executive committee.

As of May 23 the First National Trust & Savings Bank of San Diego, Calif., reported a capital of $500,000, from $200,000 by the sale of 432 of its new stock. The stock is now fully paid up. It was indicated, however, that the capital had been increased to $4,200,000 from $2,100,000 following the payment of the dividend incident to the issuance of $2,000,000 of additional capital stock (par $100) offered to stockholders on the basis of the new stock, for each 10 shares held as of April 25.

Allan T. Lambert has been appointed General Manager of The Merchants National Bank in New York, according to the Board of Directors. The position was created to cover the duties of the post when it was vacated by the resignation of William J. Keating, president of the bank, who was appointed to the post of assistant manager of the New York Stock Exchange. The position will become effective as soon as a successor is appointed by the board.

The vice-president of the bank, who will continue to hold his position, has been named president. The position of assistant manager will also be filled by the new executive.

The bank has announced that it will continue to operate as a commercial bank, and that it will continue to use the facilities of the New York Stock Exchange to market its securities.

Allan T. Lambert is the new general manager of the bank, succeeding William J. Keating, who was appointed to the position of assistant manager of the New York Stock Exchange. The bank has announced that it will continue to operate as a commercial bank, and that it will continue to use the facilities of the New York Stock Exchange to market its securities.

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Money Squeeze Increasing Steel Strike Danger

According to Eliot Janeway

Economist claims money squeeze is more irresponsible than the one in 1953 and has brought on: increased steel strike chance, collapsing confidence, sales downturn, and risklessness.

Washington's stubborn money squeeze is making it very serious for the banks to keep labor from causing a steel strike, and for voters in October, but bad for labor negotiations in June.

Management in the Middle

The steel strike is caught in the middle of the modern fact of being made in Washington. As a result, every extra pound they might buy is of real importance to the credit sensitive areas of the economy collapsed, and so does confidence. Thirty days of management's refusal to make enough money bid up the price of any wage. Labor wants its price. But the delivery pressure is not on any steel management.

And customer-price—most conspicuously from General Motors itself—flooded into its monetary theorists back to the steel strike. That, in turn, is beyond. Nevertheless, it may very well be the money in the steel strike and in the customer's buying power back into steel companies.

Beyond the July 1 steel strike deadline, the question of a steel strike is not whether, but when. Economists have been pondering whether transforming itself into effective reality is a steel strike in several elections.

Political protests ended Washington's last experiment in steel strike and strike deadlock in the 1933 off-year. 1956's experience in steel strike is more extreme; and it will be even more decisive—and this year.

"1956 steel inventories remain a sure thing even though the steel buyers in the future may depend on a 'when' answer. The worse the steel outlook, and the fewer the stocks in the banks, the more valuable steel inventories—and the more valuable the Administration's moral support against the Administration's moral support the government's economic policies models into early production. Beyond July 1, the sharpening the monetary and steel strike the more powerful the coming campaign, the campaign—'ory time, so that all steel demand at pre-campaign prices will be examined again at campaign-time prices.

New Era Economy

The appearance of risk in the steel inventories, and the reality of a steel strike looming, points a powerful move toward a new era in steel policy. First, the facts of the steel situation are that the steel demand is down. But labor demands are up. If we were not in a New Era, we might be able to say that falling customer demand, in the stock market, will not ignore the fall in customer demand and a demand which will rise again after wages and prices have gone up. We are in a New Era, of New Era political economy, and the Administration's steel strike monetary policy being fiddled with is an important issue in the new era.

Political campaigns always produce surprises, and 1956 already has seen a field of steel that permit their state-charging strike. Washington's inactivity, that some of the up-state banks are fearful that savings banks in their states that have for many years been the cause of steel strike, and the steel strike has been a liberalism of some steel strike for people used to the effect of which is to enlarge the list of steel strike. And most states that make the banks share capital and the strike has implied added onerous restrictions to the stocks of the banks which have to qualify than to 1956 strike.

Reoffering of the bonds is being made at prices to yield from 2.7950% to 2.8600% according to maturities.

Two other members of the offering group are: Bankers Trust Company; Guaranty Trust Company of New York; Harriott Bingley & Co.; Incorporated; Smith, Barney & Co.; Incorporated; Halsey, Stuart & Co. Inc.; Bragman, C. J. Devine & Co.; Salomon Brothers, Inc.; Kuhn, Loeb & Co.

Beginning on May 9th at Bellington, Ohio.

But in first 1st National City Group Offers $30 Million

New York City Bonds

The First National City Bank of New York is an unmanaged bond issue. The sale was offered on June 5 an issue of the First National City Bank and School Construction Bonds, due June 15, 1957 to 1971, inclusive, in New York. The sale was representing a net interest cost of 2.7950%.

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Beginning on May 9th at Bellington, Ohio.

The Bank makes its application to the Federal Reserve Bank of Cleveland for sales of the bonds, and has given the following information:

1. The Bank has not decided to sell the bonds.
2. The Bank has decided to sell the bonds, but has not determined the method of sale.
3. The Bank has decided to sell the bonds, and has determined the method of sale.
4. The Bank has not decided to sell the bonds, but has determined the method of sale.

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### Public Utility Securities

By OWEN ELY

#### Columbia Gas System

Revenues of Columbia Gas, the largest gas utility system, and royalties from gas held for sale increased from $337 million in 1955 to $571 million in 1959. The eastern terminal is the busy transfer point for gas production, wholesale and retailing. The system directly and indirectly serves a population of over 12,000,000 in 3,000 communities. The Columbia group serves 1,303,496 customers in some 1,300 communities; wholesale reaches over 1,600,000 additional customers in 100 communities. These utilities are served at retail 43% is in Ohio, 28% in Pennsylvania, and 17% in West Virginia, with recent additions in New Jersey, New York, Virginia, and Maryland. Among the major cities served are Toledo, Cincinnati, Dayton and Columbus, Ohio; parts of Pittsburgh and Harrisburg, Penn.; and Binghamton, N. Y.

The company's revenues from gas (98% of the total) are about 49% residential, commercial and municipal, etc.; 17% industrial, and 14% sales to other utilities. The system has a strong competitive position in Ohio where it does its major residential business. Thus in Columbus annual domestic fuel costs for the average small house can be estimated at $183 for fuel oil, $118 for bituminous coal and only $36 for natural gas.

The company's industrial sales are well diversified, the largest industries served being steel, glass, ceramic, machinery and appliances, which together account for 77% of the total, with the balance going to independent power producers.

Years ago the System produced a substantial amount of its natural gas requirements in the Appalachian fields (including some paraflin), but soon saw that this area has gradually declined while total sales were increasing, so that only 12% of all gas needs are still supplied by the system.

The System had a very successful year in 1959. Since 1946 the company has maintained its dividend at 5%. Several large electric utility companies have cut back their payments to 3%. However, Columbia Gas Company still pays dividends to the tune of about $1 billion a year from its southwestern operations. Thus in 1955, 45% of output came from storage, 41% from southwest gas and 14% from Appalachian sources.

| Senior debentures                      | $308  | 51%   |
| Subordinated debentures                |       |       |
| Total stock equity                     | $477  | 50%   |

#### White, Weld Group

Underwrites Northwest Production Offering

Northwest Production Corp., is offering to the public the sale of 2,111,973 shares of its common stock. The offering price of $11.90 a share will result in a gross offering of $25,000,000. The company plans to use the proceeds for working capital and for the acquisition of additional acreage. The new company, with its headquarters in Denver, Colo., is a subsidiary of Goodbody & Co., New York.

Northwest Production Corp., formed by Pacific Northwest Pipeline Corp., will establish a new pipeline to transport the production of oil and gas. All of the company's common stock will be owned by Pacific Northwest Pipeline Company, its sole stockholder. The company's officers have been limited primarily to the acquisition of oil and natural gas in the 6,000,000,000 acres of the San Juan Basin in New Mexico and 1,300,000 acres in the Colorado Panhandle.

White, Weld & Co., head of the investment banking group which will underwrite the offering, states that the sale of Northwest Production Corp. is offering to certain institutions 3,032,700 shares of its common stock at $12.50 a share. The company will also offer 2,111,973 shares of Northwest Production Corp. to the public at $11.90 a share. The share of Northwest Production Corp. will be underwritten by the company for $25,000,000.

Northwest Production Corp., will establish a new pipeline to transport the production of oil and gas. The company's officers have been limited primarily to the acquisition of oil and natural gas in the 6,000,000,000 acres of the San Juan Basin in New Mexico and 1,300,000 acres in the Colorado Panhandle.

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A goal of 1,300,000 housing starts for 1956 is not only desirable, as it was for 1834 that 'all the safe, or—i not be achieved, as there is a significant increase in the flow of mortgage savings. Mr. Cole, in his statement to the National Association of Home Builders on May 23, asserted he would 'almost rigorously in Gov- ernment counsel' that the house- holding and Home Finance Agency cannot control the market as it is controlled by the market itself. The market is needed in general interests of whole economy.

Wants Gold Standard in GOP Platform
Frederick G. Shall reviews, in chronological sequence, position taken on gold standard and states gold standard be taken on prompt return to gold Standard.

At a meeting of the Republican Platform Research Committee, has been held in San Francisco, Frederick G. Shall, a Connecticut Rep- ublican, is hereby urged to some of the founders of the Republican Party in 1852.

"I now present a chronological sequence of opinions of our great leaders throughout American history as a nation, starting with the Declaration of Independence, Alexander Hamilton, and his work, Federalist No. 25, with Dr. Webster's declaration in 1834 that all banks, to be safe and silver at the will of the borrower. John Sherman's Banking Act of 1875, which restored our currency to gold, and, in 1879, and I call to your attention the fact that John Sherman was a Republican in 1854.

Frederick G. Shall

3,100,000 Housing Starts Possible: Cole

Administrative of Housing and Home Finance Agency contends original estimate of 1956 output can be achieved there is a significant increase in flow of mortgage funds. Says he will "vigorously" urge in government councils that housing market is needed in general interests of whole economy.

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No Collapse This Year!

By ROGER W. BABSON

In commenting upon the American economy's ability to disregard politics, Mr. Babson forecasts no substantial change in the volume of business transacted this year from 1955 levels; and one or two market breaks, interrupted by a series of equally sharp rallies.

I have been studying the record of business and the stock market in election years since the turn of the century. Is there a definite pattern which we can use to find out where we stand at the present time historically? Can we use this knowledge to estimate what conditions we should expect in 1956?

Fourteen elections have come and gone since I graduated from the Massachusetts Institute of Technology. The outcome of the elections—whether the victors were Democratic or Republican, whether the result was a surprise or cut-and-dried, whether we were at war or at peace—seemed to make little difference. The politicians spend millions of dollars to arouse the voters to the tremendous consequences of failing to vote the right way. Yet the spending habits of the people have continued undisturbed by the turmoil.

Consequently, it seems useless to get too excited about election year. Political activity does not appear to cause any drastic changes in the economy. If business has been good, it tends to continue good. Spotty business continues to be spotty. The nation's economy seems to disregard politics. It depends, indeed, upon fundamentals such as the impatience of people to buy and exchange, the willingness of industrialists to expand their plants, the eagerness of businessmen to make new deals, and if the nation's businessmen and investors prefer conservative thinking in Washington, we are more likely to see expanding business and a more buoyant stock market when the Republicans are in office — but this is not always true.

As long as President Eisenhower's health continues to improve, and provided there is no radical change in the international situation, we can see no serious threat to business or the stock market during 1956. But I cannot visualize a new boom this year on top of the long-extended period of prosperity we have already had. I forecast that we may well see one or two breaks in the market, interrupted by a series of equally sharp rallies. Certain groups of securities may even reach new high levels — while other groups may decline to new lows. Election years, however, offer no sure clue to business prospects or stock market profits.

McDaniel Lewis Co.

 Firm Changes

GREENSBORO, N. C.—Beginning June 1, 1956, the partnership of McDaniel Lewis & Co. is composed of McDaniel Lewis and Marshall W. Lewis. Mr. Lewis will handle the municipal underwriting and trading, and Mr. Johnson will handle the corporate business.

Robert W. Mathews, a former partner, is no longer connected with the company. In business in Greensboro since 1922, Mr. Lewis has been actively present in the State of North Carolina in the handling of municipal bonds and local and general market over-the-counter stocks. Mr. Johnson joined the firm in 1947.

Located in the Jefferson Building in Greensboro, the organization's 12 sales representatives cover many sections of the state and there are nine office employees in addition to the partners. Currently Mr. Lewis is President of the Securities Dealers of the Carolinas and of the Greensboro Bond Club. The firm is also a member of the Investment Bankers Association of America since 1924 and the National Association of Securities Dealers. Its partners are members of the National Security Traders Association.

Forms Filosa, Hanchett Co.

GRAND JUNCTION, Colo.—Peter L. Filosa is conducting a branch out of his office at 206 Uranium Center under the firm name of Filosa & Hanchett Co. Mr. Filosa was previously Secretary and Treasurer of Filosa Securities Company.

Herbert N. Babb Opens

LYNN, Mass.—Herbert N. Babb is engaging in a securities business from offices at 16 Pine Point Rd. Mr. Babb was previously with Edward E. Mathews Co. and Mann & Gould.

We take pleasure in announcing that

MR. WILSON D. LEE

has become associated with us as Manager of the Municipal Bond Department of our New York Office.

STROUD & COMPANY

INCORPORATED

327 Broadway
NEW YORK 4, N.Y.

123 So. Broad St.
PHILADELPHIA 3, Pa.

PITTSBURGH • ALEXANDRIA • LANCASTER • SEATTLE

Interest is exempt, in the opinion of counsel, from all present Federal Income Taxes.

NEW ISSUE

$2,500,000

City of Florence, Alabama

5% First Mortgage

Industrial Development Revenue Bonds

Dated June 15, 1956

Due Serially June 15, 1956-1956

Principal and semi-annual interest (June 15 and December 15) payable in lawful money of the United States of America at The First National Bank of Florence, Florence, Alabama.

The Bonds are offered in denominations of $500 each. All Bonds are redeemable in whole, or in part in their inverse order of maturity, upon 30 days notice published in any interest payment date, at 105% of par plus accrued interest.

The Bonds will be issued under an Indenture, to be dated as of June 15, 1956 between the City of Florence and The First National Bank of Florence, as Trustee.

Price 100% and accrued interest

These bonds are offered when, and if issued and received by us and subject to approval of the City of Florence, the undersigned, Mr. C. W. Thompson, Director of Finance, Florence, Alabama, council for the City and Masters, Kaye, Scholer, Farnham & Hays, New York, N. Y., counsel for the Underwriters.

and

250,000 Shares

Sheraton Florence Corporation

Common Stock

(Par Value 1¢ Per Share)

The proceeds from the sale of the $2,500,000 of Bonds and 250,000 shares of Common Stock will be used to construct and furnish a commercial hotel in Florence, Alabama.

The purchasers of the Bonds will be entitled to purchase 100 shares of Common Stock at a price of 1¢ per share for each $1,000 Bond.

An Offering Circular covering the 250,000 shares may be obtained from the undersigned.

Joseph Farroh & Co.

Gearhart & Otis, Inc.

29 Broadway, New York 6, N. Y.

74 Trinity Place, New York 6, N. Y.

Please send me copies of the Offering Circular relating to City of Florence First Mortgage Development Bonds and Sheraton Florence Corporation Common Stock.

NAME

ADDRESS

The Commercial and Financial Chronicle . . Thursday, June 7, 1956
Municipal Bond Club of New York

Gene Marx, Bear, Stearns & Co.; Don Patterson, Chemical Corn Exchange Bank; Paul O. Frederick, Baxter, Williams & Co.; George Le Vioz, Blyth & Co., Inc.


Howard Finney, Bear, Stearns & Co.; John Reno, Carl M. Loeb, Rhoades & Co.; Fred Stone, Marine Trust Company of Western New York

W. Neal Fulkerson, Jr. and E. F. Donastor, Bankers Trust Company


Annual Summer Outing

Edward Holden, Keen, Taylor & Co.; Ernest Altgelt, Harris Trust & Savings Bank, New York; Neal Fullerson, Bankers Trust Company; Ludlow Van Driener, Van Derwater Brothers Inc., Newark, N. J.

John W. Swenson, Jr., A. C. Allen and Company, Incorporated; Winfield Scott, American Securities Corporation; Robert E. Brindley, Sachs & Co.; Bill McKay, Blue List Publishing Company

Roger Phelps, Byrne and Phelps, Inc.; William D. Croom, First Securities Corporation, Durham, N. C.; Andrew J. Brodie, Estabrook & Co.


At Westchester Country Club

E. F. Dunstan, Bankers Trust Company; William G. Laemmle, Chemical Corn Exchange Bank; George Martin, International Bank; Franklin Schroeder, Braun, Besworth & Co., Incorporated, Toledo


Alfred S. Mante, Smith, Barney & Co.; Carroll W. Evans, Clark, Dodge & Co.; William H. Watterson, Fahey, Clark & Co., Cleveland

John L. Bullin, Hannock, Bullin & Lee; Hal Murphy, Commercial & Financial Chronicle; David C. Krattner, Stein Bros. & Co., Baltimore


Les Frank, Roosevelt & Cross, Incorporated; Bill Burke, Bacon, Stevens & Co.; Jim Ryan, Park, Ryan, Inc.; Derragh Park, Park, Ryan, Inc.; Eugene A. Miskowski, Port of New York Authority
Record Attendance Reported


Ray Peterson, Equitable Securities Corporation, Philadelphia; Ned Byrne, Byrne and Phelps, Inc.


N. P. Rogers, Adams & Hickey, Newark; E. M. McLaughlin, Poole, Webber, Jackson & Curtis; Frank Kennedy, C. J. Devine & Co.; John Thompson, J. P. Morgan & Co., Incorporated


Continued from page 5

Promising Future Prospects of American Economy: Progress

in its entire history. The worst interruptions came in the 1870's and 1890's.

In the '30s the reversal of the growth trend was due to the conclusion that further expansion was not going to be possible; or, in other words, it was about finished. They developed a theory that the United States might be entering the "stagnation thesis." The gist of it was that the American economy in the future might even decline.

No one who thought this theory was wrong at the time. Development was not too great, but we have proved it completely false. Population and living standards have shot up in the last two decades. And business has been anything but stagnant.

Prosperity Present of the American People

How have we fared under the American enterprise system? We enjoy the highest standard of living in the world. This does not mean to be a boastful statement. All of us, however, may properly boast of the fact that we live in the United States of America.

The average American lives better than, or as well as, in any other country. Indeed, we live about 10 times as much as the masses in the rest of the world. Average Russian has a real income about 15% of what ours is.

These comparisons are in terms of wealth, of course, and present some sort of financial trick done with national currencies. They do not mean the classics of goods that the average man can get and not of wealth.

The high-income level of the American people is shown by some specific examples of things found in up-to-date American homes: 

Per Capita Consumption

- U. S. and Rest of World

The per capita consumption in the United States of soap, wool, and tanned leather is about seven times the level common to the rest of the world. We drink about 13 times as much coffee as a person in the rest of the world, and the rest of the world drinks a lot of beer as the rest of mankind.

In telephones, our lead over the rest of the world is 8 to 1.

We, in the United States, actually have only 11% of the telephone population in the world. The rest of the world put together. The United States has about 80 million passenger cars our margin is even bigger—73% of the world's passenger cars are in the United States and 27% in the rest of the world.

In other words, we are ahead, 38 to 1, on a per capita basis. This is the case if we take sets is even greater. There are estimated to be in the world 367 million television sets, of which 31.5 million are in the United States and 82 million in the rest of the world.


For every thousand persons in the United States (on the average there are 194 TV sets; in the rest of the world there are 4 sets per thousand people. Indeed, if Great Britain (which has 3.4 million TV sets) is added to the United States, the rest of the world has less than one per set.

Nor does this quite state the real situation because the television sets in the television sets are much smaller. In some cases, the sets have screens that measure only 3 inches.

The figures on these important commodities illustrate our high standard of living; they are not an exception of these and other necessities, comforts, and luxuries, but also prove the immense size of American production—since this stream of goods comes mainly from American factories, and other productive industries.

The Key Factor—Productivity

What is the explanation of this comparatively hight level of living and of our present high position? It is the rate of increase of productivity; or, in other word, productivity. Broadly speaking, the goods of all the goods and services which we produce are not produced from rain and natural resources. Productivity, to be sure, of some of the goods which we consume are not produced by us. If we were not able to produce an immense quantity of goods to export, we would not be able to import large quantities of goods. It is true that we can trade that we literally produce the coffee, it is an irresponsible statement. But it is figuratively true.

In other words, the real income of any country is controlled by the productivity of that country. This same proposition applies, therefore, to per capita income and per country where the average worker produces per country. Conversely, in any country where productivity rate is high, the people will have a high standard of living.

It is no wonder that: high output per man-hour is one of the secrets of American prosperity.

Factors Controlling Productivity

In order to understand what the factor that control the level of output per man-hour? There are too many to try to list them all; here are some of the important ones:

(1) The quality of the labor force—training, health, and skill level.
(2) The number of skilled business managers—people who understand planning, production management, accounting, marketing, and personnel administration.
(3) The types of capital goods.
(4) Government—Federal, state and local.
(5) The establishment of labor-management relations.
(6) Foreign vital force is education.
(7) Federal Government is responsible for fiscal and monetary policy, while government is responsible for both inflation and deflation.

Demand Is Important, Too

The United States depends partly on Supply and partly on Demand. Supply and Demand is almost the only two necessary conditions. But it also requires Demand—people who are capable of paying for the goods that the national economy is capable of producing.

During the Great Depression, real per capita income dropped 40% in four years. Did this happen because the national economy was not capable of producing? Not at all. We have inflation. The desirable thing is to have Demand just enough to keep things running at full capacity.

Future Progress: Immense

If both Supply and Demand continue to grow, future economic progress will be even greater than in the past. Our economic growth in the whole in the United States has been tremendous, in the last half century, at a rate of increase of 10% per year. Our rate of increase is actually considerably higher than that. How might be, 2% a year, a conservative estimate, yield an capital in the United States. The further diminution in the average work week, will rise at least 20%.

Therefore, people are going to work longer, and have children at an increasingly prosperous level throughout the years ahead. Indeed, if the forecasts are brought together in the following table:

Possible Hindrances to Future Progress

In these pages has been sketched a preview of Future America, a rich and prosperous outlook, provided that all goes well.

Many things, however, could interfere with this future progress. Here are some of the reasons that people mention these days:

(1) A border war.
(2) Inflation.
(3) Deflation and depression.
(4) The trade deficit can undermine our capital in the United States. The further diminution in the average work week, will rise at least 20%.
(5) A deterioration of labor-management relations.
(6) A decrease in the spirit of enterprise.
(7) Moral and spiritual decay.

Some of these are greatly exaggerated as menace. Others, however, is something very remarkable to find solutions where solutions have been.

Prosperity as a Menace

What will rising prosperity do to us? Is it possible that easy living may become a threat to fiber and spiritual strength? It is quite possible.

Moral fiber and spiritual strength are vital in themselves, and most important in the foundation of our material well-being. Indeed, our moral force weakened, our civilization will fall. We must be, therefore, on guard against the danger of decline.

We must be, therefore, on guard against the danger of decline.

Blueprint for Beautiful America

If all goes well, the future economic progress of America will provide for every American a beautiful, peaceful life.

Man does not live by bread alone. No, a decent standard of living, housing, healthful eating, and a foothold upon the foundation for the solution of the noblest edifice of civilization. Indeed, we may ask. What is the problem of making ends meet—'is going to be solved in the future? No, not auto-

And so it has been down to this day, our American culture has been dominated by economic necessity. And it started with the Pilgrims, who, because of an act of navigation, landed on "a stern and rock-bound coast," whereas they thought they were headed for the warmer climes of Virginia. But they found a place where making a living was very difficult. The storm vir-

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L. V. Acampora Opens

Louis V. Acampora is engaging in a securities business from offices at 866 East 86th Street, New York, New York.
Consequences of Automation

It is not revolutionary, as some contend, to replace the steam engine and the electric generator with the electronic computer. Extraordinary electronic devices have been invented which can perform nearly any sort of tabulation or computation of machines, so that by pushing a button, they can automatically adjust itself to the output desired. Some of them actually can even adjust themselves to the process and automatically correct themselves according to the need for manpower in operation, consequently saving labor.

A queer word, “feed-back,” has been adopted to describe this automatic adjustment of electronic devices the machine checks itself in order to adjust the information to its own control mechanism. Unquestionably this is perhaps the most scientific marvel. In simple form feed-back devices have long been known. Watt’s new steam engine would provide one model. He devised a governor, two pairs of cones, and a pivot. When the engine went too fast, the governor automatically changed the cone so that no greater power could be delivered and thus no longer was required to start it by. The common household thermostat on a stove heater in the basement the information that it is getting enough gas, and the heater lowers its fire.

Automation Defined

Stripped of all its scientific explanation and jargon, the result is an improvement in machine production, to make more goods with less workers. We have also invented machines with a marvelous capacity to do thousands of transactions with unlimited speed, which will enable huge savings in labor required for recording and bookkeeping. These machines, and other machines, called computers, in a few seconds do mathematical calculations formerly requiring months of tedious mental labor.

It was inevitable that these new devices, with their atmospheric success, would attract popular attention. Most unfortunately, it is inevitable that the subject would be obscured by appalling economic ignorance.

When Walter Reuther was driving home the fact that the ignominious surrender to the gigantic corporation of the average wage earner was the excuse for the unemployment which automation would cause, the knowledge of economics would make it clear that automation would not reduce employment. But no one pointed out the utter falsity of the argument. If automation resulted in the discharge of workers, as claimed, the guaranteed annual wage would not compensate the worker whose wage was to be paid to employees on the assembly line, since it is a differential wage. But this shabby distortion of the essential in feeling opinion provides an opportunity for the propagandist to be understood.

It is very common comprehension that the simple and obvious fact no technological improvements should be blamed for unemployment. They are misunderstood. Most people feel that technological improvements have caused unemployment, and that even the economists feel this way occasionally.

Technological improvements take many forms, in whatever field of endeavor to do things. They make possible forms of production previously impossible. An oil well dug down a mile to bring up oil is one example out of a thousand. Or they make possible a larger production of goods and services at lower cost and less expenditure of capital.

Economic Consequences

The economic consequences of such a labor-saving improvement are so complex that explanation is obscure at the present stage of our knowledge. But the certain result is an increase in production at a smaller cost and less expenditure of capital. This will have one of two effects: either it will make possible an increase of goods available to consumers and make them better off, or it will place the problem of internal living in the standard of living. Obviously, it is made possible for working in the clothing and finer clothes than of earlier days. In the case of nearly every consumer, however, the demand is inelastic. We need only a little more of an improvement in the proportion of labor and capital required to produce the basic necessities, food, clothing, housing, and transportation to reduce the labor and capital required to produce luxuries, recreation, health, and children’s toys. And every year there is an increase in the availability for personal consumption of clothing, literature, recreation, travel, and religion.

In this development of labor-saving equipment lies the whole story of civilization, the improve ment in human welfare in 30 centuries. Without labor-saving machines the standard of living would be, and in many cases would have been, enough, and the heater lowers its fire.

Labor Displacement

Of course there is some displacement of workers. It is the hallmark of our economy. The introduction of technology makes every effort to transform the process of production and ordinary labor turn over take care of the problem.

At the time of writing the Joint Economic Committee had before it the country’s greatest experts on automation, as well as a famous economist, a famous scientist, and assorted labor leaders. One feature of the testimony was that no two witnesses agreed on what automation was, what it would mean, what amounts of savings and what employment. The Director of the Office of Price Administration reported that while automation in the Bureau had greatly reduced the amount of labor needed to make and was still managing to increase the amount of work.

Reuther proposed government interference that a change in conditions would be promptly met with a modification in policy.

Prospects of a Change

What are the prospects of a change in this regard? It is evident that the forces of expansion and modernization are almost inevitable. Consequently, there will be consequences of automation. Here we propose to make a demand for investment funds, we have a prospect of a relatively minor increase around $1 billion in savings in savings and loan associations, mutual savings banks and insurance companies, above last year’s accumulation. Mortgage and construction requirements will be substantially above last year. We look to increased demand for new investment. The treasury will not able to cope with this demand this year, but, indeed, it may help to ease the situation by production.

Other possible sources of relief are also in sight. The demand for investment upon a social basis could be still considerably lower than last year. As a result of the cut in automobile production. The rate of expenditure for investment is likely to decline markedly by mid-year. Also in the picture is the rate of tax collection. The failure to develop in April is in the face of a rate of tax collection that has been usually 15% less than the tax-paying period, the effect of which may pass fairly quickly.

From these considerations, it is possible to assume that at least some of this demand for investment upon a social basis will develop over the next several months. In the first half of 1955 the capital and financial forces came into play that are now apparent, however, it is unlikely that they will get any boost from the Federal Reserve Board. On the contrary, the Board has reduced the amount of funds in the general national for the next several months. It seems likely that the tax rate will be reduced.

Generally speaking, the sources of demand should be able to adjust to the requirements of a more rational economic cycle, suffering marked curtailment of activity, not because of institutional characteristics peculiar to it.

Discounts From Par

A little more than a third of the financing of the new issue of first mortgage homes sold during 1955 was secured by the Federal Housing Authority or Veterans Administration. A little less than half the new houses started in 1955 were financed with FHA or VA loans. The substantial increase in FHA mortgages in 1954 was the result of a House mortgage for its own members which was to cut to a large degree with the banks.

Housing Forecast

Forecasts made before the beginning of the year had all settled down to an average level of the first quarter of 1956. This view is based on the fact that the Federal Reserve Board had recently reduced the Federal Reserve Board to the required size of the mortgage funds, or the range of the Federal Reserve Board to the required size of the mortgage funds. This Forecast was for a proposal of a 12.5 million cash loan for the new year.

If all the retardation of activity produced during the past one year and a half, a reduction in credit shortage, a sizeable reduction in the estimates would seem justified from par, but with the present situation of the housing market persisting pretty well through April, has also been a factor.
Railroad Securities

Chicago Great Western

Railroad stocks have absorbed their full share of the recent liquidation, and many groups have retreated fairly sharply from earlier highs. Some early attractive prices have been uncovered among such high grade rails as the Chicago, Ohio, Great Northern and Nickel Plate, and many instances it is expected that some of this income returns will be further enriched by very large dividend payments in the years to come. Some quite attractive valuation situations have also developed as a result. Among these is the common stock of Chicago Great Western which is the subject of this consideration. There is considerable speculative population of this stock, and it is the subject of the present weakness.

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Atomic Investment Future

be remembered, however, that the H-bomb is believed to still count, although too few and too late, as a deterrent and as a booster. It is for this reason that so much attention has been focused on the Atomic Energy Commission (AEC). It is being perceived as an organization to initiate the technologies necessary for the production of atomic weapons with a yield of a million tons of TNT (or a million megatons of TNT). Such a yield is referred to as a megaton and may be expressed in either megatons (Mt) or million tons of TNT (Mt). This is the same yield which occurred during the Hiroshima and Nagasaki bombings.

The AEC has been tasked with the responsibility of overseeing the development of atomic energy, including the production of atomic weapons. The commission is responsible for ensuring that the nation has the necessary infrastructure, facilities, and personnel to support the research and development efforts required to advance the nation's nuclear capabilities.

In this context, the AEC is responsible for overseeing the construction of nuclear power plants, the development of nuclear reactors, and the production of nuclear fuels. The commission is also tasked with ensuring the safety and security of nuclear facilities and the protection of workers from radiation exposure.

The AEC is a key player in the atomic investment future, as it plays a crucial role in shaping the nation's nuclear policy and ensuring the safe and secure development of nuclear energy.

The Atomic Energy Commission (AEC) is the federal agency in the United States responsible for the development and production of atomic energy. The AEC was established in 1946 under the Atomic Energy Act of 1946, which transferred the responsibility for atomic energy from the Department of Commerce to the newly created AEC.

The AEC was given the task of overseeing the development of atomic energy for defense purposes, as well as for peaceful uses. Over the years, the AEC has played a significant role in the development of nuclear energy, including the construction of nuclear power plants, the production of nuclear fuels, and the development of nuclear reactors.

In recent years, the AEC has faced challenges in managing the nation's nuclear waste, as well as ensuring the safe and secure operation of nuclear power plants. The AEC has also been involved in the development of new nuclear technologies, including fusion power and nuclear power for space exploration.

Atomic Investment Future

Actually, there were many more efficient types of energy available, but they were too inefficient to be used. The problem of inefficient investment could be solved by fusion, but it has not yet been discovered. The connection I am making to the problem of fusion is that fusion could be used as a basis of the production of energy.

Uranium Demand

Since I have gone into this subject, I should like to say something about it. I have little experience with nuclear energy, but I think it is worth mentioning. The key issue is the demand for uranium. Uranium is used in nuclear reactors to generate electricity, and it is the primary fuel for most nuclear power plants. The demand for uranium is driven by the need for new capacity to meet growing energy demands.

Civic Power

Civic Power is a term used to describe the use of nuclear energy for peaceful purposes. It includes the use of nuclear energy for electricity generation, industrial processes, and research. Civic Power is important because it can provide clean and reliable energy to meet the growing demands of society.

Rate-Setting

Rate-setting is a crucial aspect of nuclear energy regulation. It involves the determination of the rates that utilities can charge for the electricity they generate and sell. Rate-setting is important because it affects the costs of nuclear energy for consumers, as well as the incentive for utilities to invest in new nuclear capacity.
Electronics Industry's Outlook

A constantly increasing total dollar volume from TV receivers will be expected for 1953. The industry is today a mammoth one, and white more than offset by the rapid growth of the industry. Consequently, the average retail selling price of black and white will continue to decline further to about the level of about $225, but a very substantial volume of dollars will be required to supply 300,000 sets of $200, 000 sets of $250, and $275,000 sets of $300,000.

As broad broadcasting is stepped up, productive facilities expanded, and prices reduced, color television receivers will become an industry of great importance. The market seems reasonable to project an industry output in the neighborhood of $3 and $4 billion in 1955; 1,000,000 in 1957; $2,000,000 in 1959; and 5,000,000 in 1961. The total volume of government and commercial orders of over 100,000 color receivers in use by 1960 will be more than 200,000.

Color Sets

During the time that black and white is declining in popularity, color will begin to become familiar to the average home. The remainder of 1953 will see the establishment of many laboratories preparing for mass production, possibly selling about 300,000 sets of $300,000, $275,000, and $250,000 sets of $225.

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Based on present indications, we can anticipate a drop in the level of demand for black and white receivers in 1953, and a substantial decrease in the level of output required, ... While the price of color receivers probably will not go down as volume increases, one can count on a reduction of the drastic declines which occurred in black and white. The reason for this, of course, is the impact of television sets on the market of television sets on the market of television sets on the market.
Banking and Monetary Reforms To Preserve Private Enterprise

It is to lend all the savings of the community that have been placed with it—rather than having been required to pay interest and honor requests for withdrawals. And an excess holding of reserves a bond always has a liquid asset that can be sold in the event of an emergency.

It is not possible, of course, to attract deposits automatically. But as the Savings and Loan Section should be set up much the same as existing Savings and Loan Associations. It need have a minimum cash reserve of 5% to honor occasional requests for withdrawals. Then, as its outstanding loans are paid back, its current reserves should approach the savings deposits by one and one-half so that their savings can no longer be held and needed in an amount within 30 days. Each bank would be required to deposit a loan that it would be required to hold for a period of time. Eventually all savings deposits held by banks in the time the reserve is made would be in the hands of individuals or institutions to the public.

To clarify the mechanics of such a reform, let us take an actual example of savings and analyze it (see table).

<table>
<thead>
<tr>
<th>Resources</th>
<th>Cash on hand and with Federal Reserve Bank...</th>
<th>$350,000,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With other banks</td>
<td>$340,000,000.00</td>
</tr>
<tr>
<td></td>
<td>Deposits</td>
<td>$690,000,000.00</td>
</tr>
<tr>
<td></td>
<td>Investment (at not extending market value)</td>
<td>$200,000,000.00</td>
</tr>
<tr>
<td></td>
<td>Other loans</td>
<td>$10,000,000.00</td>
</tr>
<tr>
<td>Stockholders’ equity (including $50,000,000.00 stock in Federal Reserve Bank of St. L.)</td>
<td>$450,000,000.00</td>
<td></td>
</tr>
<tr>
<td>Loans and discounts</td>
<td>100,000,000.00</td>
<td>100,000,000.00</td>
</tr>
<tr>
<td>Loans and discounts</td>
<td>200,000,000.00</td>
<td>200,000,000.00</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Letter of credit and Acceptances</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Bank Premises Furnish and Fixtures</td>
<td>100,000,000.00</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Interest and other taxes</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Dividends and Profits</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Member Federal Reserve system and Federal Deposit Insurance Corp.</td>
<td></td>
</tr>
</tbody>
</table>

This bank has total demand deposits of $500,000,000.00, of which $235,014,559.48 is in securities and $650,000.00 of other assets are pledged to secure Public and Trust Deposits and for other purposes or required by law for deposit insurance.

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Deposits</th>
<th>Stockholders’ equity</th>
<th>Loans and discounts</th>
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</tr>
</tbody>
</table>

The above plan for converting a particular bank into a deposit bank may not be perfect in all details. Doubtless minor adjustments will be required whatever form the plan is adopted. Each bank is assumed to be a separate entity and to be free from competition and other factors that may affect its operations.

The plan would provide that each bank is assumed to be a separate entity and to be free from competition and other factors that may affect its operations. Each bank would be required to hold a minimum of 5% of its deposits in reserve to provide a buffer against any fluctuations in the demand for deposits. This reserve would be made up of cash and liquid assets. Each bank would be required to maintain a minimum reserve of 5% of its demand deposits. This reserve would be made up of cash and liquid assets. Each bank would be required to maintain a minimum reserve of 5% of its demand deposits. This reserve would be made up of cash and liquid assets. Each bank would be required to maintain a minimum reserve of 5% of its demand deposits. This reserve would be made up of cash and liquid assets.

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Economy Termed Dynamic, Not Weak

First National City Bank newsletter finds it hard to feel pessimistic when so much basic strength in the business picture is visible. Anticipates steady inventory adjustment.

Commenting about the shift in business climate, the First National City Bank’s Monthly Letter of June, notes that the buoyant conditions now appearing to have given way to a tendency to slow, but not to a marked, lowering in activity, finds it hard to feel pessimistic about the present situation. The letter points out as follows:

"In the main, the change in sentiment is due to a short-term outlook. The immediate causes of concern are purely speculative, and we cannot believe that adjusting must occur before the economy is ready to move forward again as a whole. The price advance will be short-lived. But the impression has spread that the second quarter will be a difficult period for the economy. A longer range concern is the gradual reduction in demand which will be affected, or capital goods curtailed."

Visible Strength

"It is hard to feel pessimistic, however, when so much basic strength is visible—strength in the limits of materials, manpower, and financing, as well as in goods industries today, is not weak, but strong. Our present forecast indicates that if you appear that the moderation of the postwar recovery has not been over the past few weeks was timely. The automobile companies are facing up to the present difficulties, and are not disappoiting sales now, rather than against them, as in the spring. Further cut in production must occur, but we believe the fall of the 1957 models should revive sales. Probably the next cut will produce a kind of the new cars. Farm implement curtailment is evident in orders and in inventory. In business generally it was time for full control examination and adjustment of inventories, particularly for the consecutive quarters of rising inventories."

"Judging by available business information, it is seen that the long-term growth by the end of this year they lie in a speedily completion of the necessary inventory adjustment and a continuation of the strong advance in business spending for plant and equipment. In the few high levels of activity will come from a gradual increase in government purchase of durable goods and strong consumer demand, sustained by the increased savings."

Consumers Still Buying

"Uncertainty about consumers’ expenditures is expressed, but probably for no other reasons than they are buying. Even increasing prices for certain products in the aggregate they are spending more than ever for services."

In discussing residential construction, the Monthly Letter states:

"Preliminary indications are that demand in the second quarter will be no worse than in the first, according to a seasonally adjusted basis. Residential contract awards in the 2nd quarter of this year are approximately 7% above the average of the F. W. Dodge figures, and it set all-time high records, and it is clear that dollar expenditures are running proportionately higher than in the first quarter. Modernization work is active."

"As automobiles and home-electric equipment, the consumer sector may once more emerge as an area of strength in the economy. It would not be unprecedented to have a dramatic recovery in outlays for cars and homes nor a sharp upsurge in purchases of other goods and services. A continuation of the present trend of these other purchases without the offsetting influence of sizable drops in the market for sales and housing would provide steady gains in overall consumer spending."

The Capital Goods Boom

"For the present, however, consumer spending has yielded to business investment as the dominant force in the economy. In the month of April and early May the manufacturers’ sentiment—according to the surveys of manufacturers’ reports, that they were scheduling expenditures on new plant and equipment—dropped to $3 billion in 1956. If acceleration is now underway of a spectacular increase of $18 billion, including the increase in the previous record set in 1955. Today..."

Continued from first page

As We See It

as a practical matter the System regards itself as all others appear to regard it as an important sponsor of eternal progress. In the meantime, we shall not attempt to provide a comprehensive, orderly, and methodical account of all the recent activity. But we shall briefly examine the developments in recent years, concentrate on the most important developments, and suggest a few conclusions. In all the hearings in recent years on this general subject, it was again and again and again asserted by many public men and private citizens that the Federal Reserve System and the Board of Governors are the most important agent of that all. Such survival as there was of the older controversies and discussions of the System’s concern with prices, with the liquidity of money, and with the employment of business in finance turned for the most part upon the question as to how the System could best promote unvarying prosperity—if not to blame, perhaps, for fear and dread of another depression such as occurred at the end of the Twenties, and the New Deal promoted idea that Government—including the central banking mechanism—could and should virtually guarantee avoidance of such a catastrophe.

And so it is that the System now stands in the public eye as an instrumentality whose function it is to prevent unemployment and its effects, and to prevent, or at least to control, changes in the prices of housing—although we should probably qualify that role the same as it would be if its managers were elected by the people. Of course, the leaders of the major political parties are well aware of the political advantages.

This concatenation of circumstances has rendered the task of the System all but impossible. In the first place, their functions are of a very general kind, and they are not, as a matter of fact, to be so well known to the public. In the second place, they are of a very general kind, and they are not, as a matter of fact, to be so well known to the public. This is quite an important point to remember, and it is quite true that the public are not well aware of the fact that the Federal Reserve System is the only organization in the country with any authority to control the prices of housing.

They are thus seen to be called upon, often by an ill-informed public, to do that which they can not in the nature of the case do. This popular voice, moreover, is not only ill-informed about what the System can and can not do, but is often under the influence of foolish notions about the nature of its operations. Many seem to have developed an abiding belief in the magic of the policies and the restrictive action of the Reserve System on the economy. This is essentially a fallacy, and the economic effects of the System’s policies are essentially limited to the market for housing. In other words the System is in "politics" almost as far as it would be if its managers were elected by the people. Of course, the leaders of the major political parties are well aware of the political advantages.

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Bankers’ Views on Loan Policies

ment of loan policy as it appears in their manual for loan officers. It states:

In our desire to render through our lending functions a helpful part of the community-building service, a courteous, sympathetic service without discrimination, we are of the opinion that a loan should be made only if it is likely to be eligible for credit, to be in all ways in line with our established policy for the old clients who have good debts, some of them have in excess of $100,000 in loans, of modest amounts to the greatest number of borrowers ranging from $5 to $50,000 or a few.

This expresses the philosophy of the very few of the commercial banks of the West.

I asked a prominent western bank, Chairman of his bank’s Finance Committee, what he would list as the principal factors contributing to loan policy in his bank, and the number one item on his list was, “Care for our cust- omers, and large, statewide bank, emphasized that his bank didn’t want to lose the support of its weather friends.” His second item was, “A very long range and constructive purpose that builds the economy.” Banks do responsibilities, and accountability and none can gain.

Deposit Characteristics

There are other important factors that influence loan policy. I see one of them what a Penn- sylvania banker referred to as “the ability of a bank to visualizing a community dependent upon a single industry or group of similar type of business—a coal mining community—a steel mill or conglomerate—by itself a canny community—we can visualize the trend and shut down of the enterprise, its income and cost, its own bank accounts deteriorate as do the in- comes and bank accounts of its employment. The banks serving that community have deposits of sizable of those banks must take cogni- tion of the situation of the banks, while not particular enviable, is not unusual. There are many such banks.

It is quite different from that of the banks in the West, in the case of the banks in the East, they are almost every field of endeavor Imagining the nature of our country, of the services that we are able to render in the area, of our inventory of that handle, loans to steel mills, to lumber and other kind of a bank, to the truck and into automobile manufacturers and air- line operators, to growers and packers, to the grain, to engineers, to the companies, to the farmers, to the meat packers, to the vegetable growers, and so on and so forth. We are in every field of endeavor, from the tropical heat of the Imp- Lassen County and from more than 200 feet below sea level to the top of the Sierra Nevada mountains.

In the face of the wide diversification of the economy, our deposit mobil- ity is essentially absent and, in this regard, our bank brand new and quite different factor comes into play. This is the technology of our day. The age of automation, the age of the computer, the age of the electronic cycle. The law of supply and demand has been effectively repealed through the operation of the rules of the Internal Revenue Code, the Treasury Department, and the value of the dollar, of the bank's portfolio is not established or modified.

We all know that one bank, recognizing what it has observed to be the loan policy of our own policy accordingly, and then, upon the temporary or permanent shift of its control over the laws that it follows, because the law is established or modified. Implicit is the choice, and the responsibility, and none can gain.

Duty to Depositors

The duties are expressed of loan to the bank. As a borrower who wears a Phi Beta Kappa key and who studies the economics you and I studied, they do not appear to sup- port my view of the old order that was followed, that the old order was.

One bank expressed its gen- eral loan policies to me some- what as follows:

(A) Avoid speculative loans. (By speculative loans it meant loans to buy real estate which were not designed to be liquidated by the sale of the property, with the expectation that the loan could be repaid by the sale of the property.) Many of us have licensing institutions which are both owned and operated by banks. That means we hold both from a business and a personal point of view. The implication here is so obvious that it must be obvious the importance in the establishment of loans in the banks, on 2% or 3% on its time couldn’t and the ability to invest money that doesn’t make sense. The constant move- ment in the bank’s portfolio is the average in the bank’s portfolio, and in the value of the dollar, of the bank’s portfolio is essentially absent and, in this regard, our bank brand new and quite different factor comes into play. This is the technology of our day. The age of automation, the age of the computer, the age of the electronic cycle. The law of supply and demand has been effectively repealed through the operation of the rules of the Internal Revenue Code, the Treasury Department, and the value of the dollar, of the bank's portfolio is not established or modified.

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Demand and Time Periods

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(D) Require supporting financial statements of guarantors or other security.

(E) Obtain guarantees of the borrower's principals, if not sufficient, for loans, a so-called 'up-grade' instead of a down-grade' your loan port- folio.

(Q) Pay close attention to com- plementary balances and profitable deposit relationship. In bringing this idea to a concrete form, it’s the thinking of the bankers who are making bank loan policies in assembl- ing this material.

Forces Affecting Selectivity

On the matter of selectivity, the banker pointed out that while banks were becoming less and less important to the loan market were desiring of taking care of those who have a few depositors who have maintained profitable deposit accounts with them, I found no dissection whatever in that regard. I found many evidences of the growing number of the cases, that banks were den- ning or eliminating the deposit relationship existed or continued. I found that the promise of future substantial business, supported by the size and stability of the bank, always has been and perhaps will continue to be important in taking on new business, and some new business. It appears that the thinking can be made to point out that among the many factors contributing to loan policy a few must be considered.

One of the most important is the local competitive situation, and the other is the fact that a bank “has to be taken into considera- tion in any loan policy” if it, and every loan policy is established or modified.” We all know that one bank, recognizing what it has observed to be the loan policy of the other bank, its own policy accordingly, and then, upon the temporary or permanent shift of its control over the laws that it follows, because the law is established or modified. Implicit is the choice, and the responsibility, and none can gain.

One banker pointed out to me that there still continues to be a very clear distinction between the function of deposit (those which are self- liquidating), and non-commercial loans, those which are speculative. One of the plusses for which they are self-liquidating is that they come from normal or equity capital. The other is that even if they are self-liquidating, they have been repaid, circulated, or converted by the new order of things. Or have they?

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Securities Salesman's Corner

By John Dutton

Possibly There Is a Lesson in This

Some years ago there was a young man who was sent on a trip to a distant city by his firm. This young man was instructed to make an offer for a portion of an interest of the firm before the firm made the commitment to buy. He went to town, and within a short period of time the market was quiet and business was slow, and the young man was on the lookout for a par¬ticular firm who had to have at least a few hundred thousand dollars. They agreed on a special price and part of the interest had to be paid in cash on delivery. The deal was made, and the young man left for home.

There was a seven hundred mile trip by train between this young man and headquarters. He had been armed with the information that his particular buyer (the head of an insurance company) knew favorably of his work and would spend at a very agreeable price. When he arrived at the office and made his report, he waited for an hour. Then his boss sent word to him that he had been recently buying sizable blocks of southern hardwood lumber from other houses, and he had a strong realization of how far as far as his career in the investment banking business was concerned. He was on an important job and still could not make an offer at a price that an important customer would accept, and a part of the bond he could return to his home bank. It was a fairly good sized medal on his chest.

This story was related to me by the president of a large company who is now the principal owner of his own business and a good many years ago made this trip at the peak of his memory trip. When he arrived at the office, he had known what he had spent an hour or two listening to the merits of his particular offering. Settlements and transactions were a part of the minute. He was asked to give him the answers without stumbling or a pause. Finally the president of this insurance company said, "How many days do you think we should buy? At least three hundred thousand of this issue."

Without so much as a pause he had said, "We are as good as your firm seems to be, but we are looking to the future, in the whole issue."

Instead of coming back to his office with an offer for a hundred thousand of our ambitious young man had made him feel presenting his boss with his offer for a million. Obviously the boss had made a strong impression on him because in the 25 years that have passed he has realized the difference between 500 million and 500,000 in the largest injection in the country. In 1955, the company helped to establish a veneer plant in the Belgium Congo in which it holds a majority interest. Approximately 68% of revenues are derived from plywood sales, with other products accounting for the balance.

For the year ended March 31, 1955, net sales and net earnings of the company were $130,505,505 and $5,727,212, respectively, as compared with $126,325,572 and $5,886,954 for the nine months ended June 30, 1954. Net sales of $158,167,088 and net earnings of $8,117,048.

R. Scott Branch Opens

Amityville, N. Y. — R. D. Scott has estab-
lished and operated a branch office of his na-
tionally recognized management of Burton E. Mason.

In Securities Business

Spring Valley, N. Y. — Maryland Mutual Life Insur-
ance Co. has opened an office at 1027 Broadway, New
York, for the benefit of the甭ination.

Henry B. Dearborn

Henry B. Dearborn, limited-partner in Homewright & Weeks, passed away May 18.

Eastman, Dillon Group Offers United States

Plywood Debentures

Eastman, Dillon & Co. headed an underwriting group which offered $5,000,000 of United States Plywood Corporation's 5% plywood debentures, due June 1, 1981. The debentures were priced at 100 and accrued interest.

The proceeds from the sale will be used to purchase general funds. United States Ply-
wood Corporation is valued at $1,000,000,000 in the New York Stock Exchange.

The debentures are redeemable at prices ranging from 101% to 100% from June 1, 1979 to June 1, 1981. They will not be redeemed for five years from June 1, 1961. A sinking fund will operate to retire at par $500,000 principal amount of debentures annually in 1959 through 1962, $600,000 annually in 1963 through 1966, and $500,000 annually in 1967 through 1980.

There has been 36 manufacturing and proc-
essing plants in this country and abroad, including: hardwood plywood, lumber, plywood, waferboard, and particleboard. Product distribution is effected by over 700 sales offices, subsidiary warehouses, and 22 auxiliary warehouses here, and throughout the United States, Canada. In 1955, the company helped to establish a veneer plant in the Belgium Congo in which it holds a majority interest. Approximately 68% of revenues are derived from plywood sales, with other products accounting for the balance.

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**Commodities Market-**

The American Iron and Steel Institute announced that the operating rate of steel companies having 95.1% of the steelmaking capacity for the entire industry will be at the average of 96.4% of capacity for the week beginning June 4, 1956, equivalent to 5,273,000 tons of ingot and steel for castings as compared with 98.9% of capacity and 5,295,000 tons (less revised) a week ago.

The industry's input production rate for the week in 1956 is based on annual capacity of 128,563,000 tons as of Jan. 1, 1956. For the week month as the rate was the rate 55.2% and production 3,241,606 tons. A year ago the actual weekly production was plant capacity of 13,600,000 tons, a decline as a result of the Memorial Day holiday, the week ended May 26, 1955, according to the Electric Furnace Institute.

The electric industry dropped 32,800,000 kw. under that of the previous week it increased, 1,001,000,000 kw. or 11.1% above the comparable week and 2,739,000 kw. above the corresponding week in 1955.

Car Loadings Advanced Further the Past Week

Loadings of revenue freight for the week ended May 26, 1958, increased 2,900,000 cars, or 3.2%, above the corresponding week in 1955, according to the classification of American Railroads reports.

For the week ended May 26, 1958, total 789,297 cars, an increase of 210,000 cars, of 3.6% above the corresponding week in 1955.

Continued from page 4
Continued from page 37

The State of Trade and Industry

1955 week, and an increase of 99,005 cars, or 14.4% above the corresponding period last year. The phenomenon of growth in this period, the week's production total of cars and trucks amounted to 92,550 units, an increase of 25,758 units from the preceding week's output, states " Ward."

Last week the industry assembled an estimated 75,920 cars, compared to 73,875 in the previous week. The past week's production total of cars and trucks amounted to 92,550 units, an increase of 25,758 units from the preceding week's output, states " Ward."

Canadian output last week was placed at 10,860 cars and 2,416 trucks. In the previous week Dominion plants built 7,672 cars and 2,163 trucks, and for the comparable 1955 week, 10,972 cars and 2,039 trucks.

Business Failures Slacken in Holiday Week

Continued declines in industrial failures declined to 238 in the holiday week ended May 31 from 273 in the preceding week, Dun & Bradstreet, Inc., reported. However, the toll remained above the 203 of the last year, and exceeded the 218 in the similar week of 1945. Failures continued slightly below the prewar level; they were 249 in the week ending May 30.

Failures with liabilities of $5,000 or more fell to 188 from 196 in the holiday week. Failures with liabilities under $5,000, dipped to 50, but were considerably above the 30 of this size last year. Liabilities above $100,000 and $5,000 fell to $4,436,000 and $3,980,000, as compared with 15 in the previous week.

All industrial and trade groups except construction reported lower tolls in the holiday week. The construction toll rose to 34 from 25. More concerns failed than a year ago in all lines except light industries, which recorded the highest failure level continued in retail and service businesses.

The decline during 1955 continued in four regions. The Middle Atlantic toll dropped to 70 from 104, the East North Central to 26 from 34, the Pacific to 23 from 51, and the South Atlantic to 34 from 52. Failures in the New England States held steady at 20, increases occurred in four areas. Failures in Colorado, Central, South Central, West South Central and West North Central Regions. Tolls equalled or exceeded last year's level in all areas except the East North Central and Pacific States where slight dips from 1955 were reported.

Wholesale Food Price Index Held Unchanged the Past Week But Was 3.5% Under Level of a Year Ago

The Dun & Bradstreet wholesale food price index for May 29 registered $8.11. This was unchanged from last week's level, but markedly below $8.33 as compared with $8.33 on the corresponding date a year ago.

Advances in wholesale cost last week included hams, beets, eggs, cornseed, flour, and wheat. Price declines were noted in wheat, corn, rye, oats, lard, sugar, coffee, cottonseed oil and rye.

The index represents the sum of the total price of pound of 31 standard foods and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Index Registered a Sharp Break the Past Week

Continuing the downward movement of last week, the Dun & Bradstreet daily wholesale commodity price index dropped sharply last week to the lowest for the past two months. The index closed at 288.70 on May 29, as compared with 292.69 a week earlier and 279.04 on the corresponding date a year ago.

Gains in the past week were very unsettled. Buying demands slackened and prices generally moved downward.

The index is largely under pressure of rapidly expanding harvest operations in early Winter wheat areas and increasing arrivals of new crop wheat at southwestern terminals.

Wheat and corn were under pressure of rapidly expanding harvest operations in early Winter wheat areas and increasing arrivals of new crop wheat at southwestern terminals.

Stocks of wheat and corn are substantial; corn supplies are being harvested. Prices of wheat and corn have declined steadily to the $1.50-$1.75 level, and prices of corn have declined to the $1.15-$1.45 range.

Flour prices worked lower as domestic bookings of all types remained at an extremely low level. Buying interest was discontinued as future supplies are ample. Several carpet manufacturers' reports that growers were fairly liberal sellers, bringing a weakness into the Kansas City and St. Louis wheat markets.

Export flour movement continued very slow. Coffee prices remained fairly steady, reflecting the upward adjustment. In the recent past, coffee has moved up in the market, reflecting a lack of manufacturer demand and the continued unfavorable statistical position. Warehouse stocks of coffee continued to climb and totaled 337,800 bags, against 247,257 bags a week ago. Arrivals for the reason to date were reported at 2,142,750 bags, or 14.6% below the comparable period last year.

Coffee prices moved wider as a wave caused by the New York market and generally favorable crop reports from the coffee belt. Several large deals were struck in the market, reflecting a change in price trend.
The Investment Outlook

Item of a Presidential election year and a phenomenal performance could hardly have been expected to take such a force in the economic or investment scene.

In short, 1956 looked very similar to 1955, and the feeling was that the problems looked smaller to us in 1956 because they are more familiar and larger to others for the same reason. Indeed, the problems appear to be going away, as is practically the year’s mid-point, and the conditions under which economists and investors are analyzing losses most of their expectations are therefore not at all formidable Ulcers. We shall try to express our thoughts as to what has been going on in each of these areas, with emphasis on this year, what seems likely to happen throughout the rest of the year and what might be the best investment policy would be.

Construction Industry

Let us first consider the construction industry.

The volume of gains in this area has set new records. We recently asked how business was to us, and we were told it was good. Business was good, and the construction business was lower. A little for a small detail of de- creative news, as good as most detailed reports on the construction industry for this year’s given governmental and political environment.

For the first three months of 1956, new total construction put in place was $56 billion, compared to $50,932,000,000 in the first quarter of 1955, a gain of 11.5% over the first quarter of 1955, a gain of 11.5% over the comparable rate of new construction estab- lished in the year ended December 31, 1954.

The rate of new construction estab- lished in the year ended December 31, 1954, $414,000,000,000, more than 10% higher than the comparable rate of $3,506,000,000, established in March 1955. This year, 1956, has the double美好的....

We anticipate the private industrial and commercial building was at a new high levels throughout the remainder of 1956. Business executives seem to see little relief in the need to add to plant facilities to better serve the needs of the expanding population and to remain competitive in the business world.

The steel industry, as a very good example, has added tremendously to its productive capacity every since the war years but those years and the need to meet the factory needs for steel, which are all in the public utility industry which has traditionally been a very large consumer of steel, and a necessary component of construction.

In addition to the industrial and public utility markets, there is another segment of steel use that is a potential area of expansion. This is the automotive industry, which has increased its demand for steel and is expected to continue to do so. The automotive industry is the largest consumer of steel in the United States, and its demand for steel is expected to grow as the industry continues to expand.

New car sales have been strong in recent months, and the industry is expected to continue to be strong in the near future. The automotive industry is expected to continue to be a major consumer of steel, and the demand for steel is expected to grow as the industry continues to expand.

In conclusion, the steel industry is expected to continue to be a strong and growing consumer of steel, and the demand for steel is expected to grow as the industry continues to expand.

We are optimistic about the future of the steel industry and expect it to continue to be a major consumer of steel in the United States. However, we are aware of the potential challenges that the industry may face in the future, such as changes in consumer preferences and technological advancements, and we will continue to monitor the industry closely.
Securities Now in Registration

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. Price—20 cents per share. Proceeds—For working capital. Underwriter—None.

Assembly Products Inc.
May 29 filed 3,000,000 shares of common stock (no par). Price—$0.25 per share. Proceeds—For development and construction of Anderson Metal Co. plant, Chelsea, Genesee County, Ohio. Underwriter—None.

Associated Fund, Inc., St. Louis, Mo.
June 4 filed (amendment) an additional 10,000 full paid additional certificates. Price—Am. market. Proceeds—For investment.

Associated Grocers, Inc., Seattle, Wash.
May 31 filed 1,750,000 shares of 25-year 5% registered convertible debenture notes; due July 15, 1958, at $100 per share. Proceeds—To refinance maturing mortgage debt. Underwriter—None.

Atlantic Oil Corp., Tulsa, Okla.
April 30 filed 2,000,000 shares of common stock (par $1). Price—$1.50 per share. Proceeds—For general corporate purposes. Underwriter—To be named by amendment.

Atlantic Copper Co.
June 1 filed 900,000 shares of common stock (par $0.125) to be offered to management and employees pursuant to the company's incentive stock option plan.

American Frontier Corp., Memphis, Tenn.
Feb. 13 filed 175,000 shares of class A common stock (par $1) to be offered for subscription by stockholders of record May 23 at the rate of one share for each five shares held. Proceeds—For general corporate purposes. Price—To be announced on or about June 8. Price—$1.50 per share. Proceeds—For general corporate purposes. Underwriter—None. Adams Express Co. owns 68.26% of the outstanding shares.

American Horse Racing Stables, Inc.
May 1 filed 12,500 shares of common stock (par $1) to be offered for subscription by stockholders of record May 12 at a price of $1 per share. Proceeds—For general corporate purposes. Underwriter—None. Price—To be announced on or about or July 11. Price—To be supplied by amendment. Proceeds—To reduce bank loans and working capital. Underwriter—Citicorp Securities Corp., New York. Meeting—Stockholders will vote on June 24 on the proposed recapitalization.

American International Corp.
May 2 filed 375,100 shares of common stock (par $1) to be offered for subscription by stockholders of record May 12 at the rate of one share for each five shares held. Proceeds—For general corporate purposes. Price—To be announced on or about June 6. Price—$1.50 per share. Proceeds—For general corporate purposes. Underwriter—None. Adams Express Co. owns 68.26% of the outstanding shares.

American Machine & Foundry Co. (6/27)
June 1 filed 10,897,000 of subdivided debentures due Jan. 1, 1981, to be offered for subscription by stockholders of record June 15, 1976, at the rate of $100 for debentures for each 25 shares of stock then held; payable in cash. Proceeds—For payments of interest and principal on bank loans, and for capital and surplus. Underwriters—Loeb, Rhoades & Co. and Lebenthal & Co. Close Mortgage & Loan Co. and Jan Hemmingway Investment Co., of Las Vegas.

Alien Commonwealth of (6/20)
June 1 filed 250,000 of 15-year sinking fund bonds due June 1, 1970, at $103.50 per share. Proceeds—To be supplied by amendment. Proceeds—To refund about $18,000,000 of 3½% bonds maturing 1972. Underwriter—Morgan Stanley & Co., New York.

Automation Industries Corp., Washington, D.C.

Bella Vista Food Storage, Inc.
May 14 filed 15,000 shares of preferred stock (par $50) and 100,000 convertible preferred stock of $100 par. Proceeds—For payment of working capital and expenditures. Underwriter—Baltimore, Md. Underwriter—None. Proceeds—to be used for working capital. Underwriter—Baltimore, Md.

Big Horn Mountain Gold & Uranium Co.

Birchway Oil & Uranium Co., Denver, Colo.
May 31 (letter of notification) 1,000,000 shares of class A stock (par five cents). Price—$10 per share. Proceeds—For exploration, development and working capital. Underwriter—Cullen, Birkenmayer & Co., Denver, Colo.

Boston Edison Co. (6/13)
May 23 filed 3,000,000 shares of $5 convertible preferred stock (par $100). Price—to be supplied by amendment. Proceeds—To provide funds for the construction of a new generating station. Underwriter—The First Boston Corp., New York.

California Electric Power Co. (6/12)
May 14 filed 2,000,000 shares of common stock (par $1). Proceeds—To reduce bank loans. Underwriter—To be determined. Proceeds—to be used for the purchase and development of generating facilities. Underwriter—Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Carl M. Loeb, Rhoads & Co. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co.; Lehman Brothers; White, Weld & Co. Bids—to be received up to 9:30 a.m. (PDT) on June 14, 1976, at the offices of Oppenheimer & Co., 900 S. Grand Ave., Room 900, 433 So. Spring St., Los Angeles, Calif.

Capital Airlines, Inc. (6/6)
June 2 filed 3,230,000 of 5% first lien bonds due 1976 and 230,000 shares of common stock (par $10) to be offered for subscription by stockholders of record May 18, 1976. Proceeds—to be supplied by amendment. Proceeds—To supply additional working capital. Underwriter—Lehman Brothers, New York.

Cary Forest Industries Inc.

Chain Belt Co. (6/11)
May 18 filed 76,543 shares of common stock (par $10) to be offered for subscription by stockholders of record June 8, 1976, on the basis of one new share for each five shares held. Proceeds—To be supplied by amendment. Proceeds—For financial investment purposes. Underwriters—Morgan Stanley & Co., New York, and Robert W. Baird & Co., Inc., Milwaukee, Wis.

Coastal Chemical Corp., Yazoo, Miss.
March 22 filed 399,986 shares of class A common stock (par $10). Proceeds—to be supplied by subscription by stockholders of record. Proceeds—to be used in the construction of a fertilizer plant. Underwriters—St. Louis, Mo., and Baltimore, Md.

Colorado General Investment Co., Englewood, Colo.
April 27 filed 40,000 shares of 6% cumulative convertible preferred stock (par $100). Price—$1 per share. Proceeds—To be used for financing the acquisition of the stock of Colorado General Life Insurance Co. Underwriter—A. T. Geyer & Hunt, New York.

Colorado Springs Aquatic Center, Inc.

Colorado Springs Smelting Co., Inc.
March 29 filed 100,000 shares of common stock (par $1) offered to eight shareholders; rights to expire on June 25. Proceeds—to be supplied by amendment. Proceeds—to be used for general corporate purposes. Underwriter—None.

Chesapeake County Club Corp.
(6/20)
May 29 filed 15,000 shares of convertible debenture stocks due 1991, 1980, or 1976, at $100, per share. Proceeds—to be used for the construction of a new clubhouse. Underwriter—None.

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NEW ISSUE CALENDAR

June 7 (Thursday)
Baltimore & Ohio RR...Equity Trust Co. Inc...Offering Dec 31, 1929...$65,000,000
Indians Power & Light Co...Bonds...Bids 7:30 A.M. EDT...$175,000,000

Friday
Connecticut Power Co...Common...Offering to stockholders—no underwriting...11,312 shares
First Pennsylvania Banking & Trust Co...Common...Offering to stockholders—to be underwritten by Brex & Co., Marvin Lynch, Pressler, Peatman & Walker, and Smith, Barney & Co. 202,800 shares

June 8 (Monday)
Monte Bond & Casualty...Common...Offering to stockholders—to be underwritten by Prentiss & Co. 5,912 shares

Mercer Corp...Common...Offering to stockholders—to no underwriting...37,000 shares

June 11 (Monday)
Chain Belt Co...Common...Offering to stockholders—to be underwritten by Morgan & Company, Inc., New York, and P. A. Morgan...$100,000,000
Finance Co. of America at Baltimore...Class A...Offering to stockholders—to be underwritten by Bros. & Royster $210,000,000

Tuesday
WP&F Brooklyn...Class A & Class B...Bonds 200,000 shares of Class A and 125,000 shares of Class B

June 12 (Tuesday)
California Electric Power Co...Bonds...Bids 9:30 a.m. PDT...100,000 shares
Dulh-Cherr Co...Equity...Offering to the public—no underwriting...$1,000,000
National Grain & Sealing Co...Common...Offering to stockholders—to be underwritten by W. E. Hutson & Co. and Robert M. O’Dell 300,000 shares

Wednesday
Boston Edison Co...Preferred...Offering to the public—no underwriting...$1,000,000
Devala Land...Common...Offering to the public—no underwriting...$200,000

taige City...Common...Offering to stockholders—to be underwritten by U. S. Securities Dealers...$215,000

Thursday
Mountain View...Class A...Offering to stockholders—to be underwritten by Geisler, Farrington & Co. $3,000,000
Securities Investment Co. of St. Louis...Debentures...Offering to public...$300,000

Wheland Corp...Debentures...Offering to stockholders—to be underwritten by U. S. Securities Dealers...$2,000,000

Wheland Corp...Common...Offering to stockholders—to be underwritten by J. H. Stratton & Co. and Edwin B. Phillips...$4,000,000

June 14 (Thursday)
Reynolds Metals Co...Bonds...Bids 11 a.m. EDT...$10,000,000
Roadway Exp., Inc...Common...Offering to stockholders—to be underwritten by Glaze, Parcaglia & Co. and Field, Hoff & Co. $15,000,000
Thielman Chemical Corp...Common...Offering to stockholders—to be underwritten by Lehman Brothers...59,932 shares

United States Toilet Co...Class A...Offering to stockholders—to be underwritten by Lehman Brothers...6,000 shares

June 15 (Friday)
Harrison (D. L.) Corp...Equity...Offering to the public—no underwriting...$200,000

Commonwealth Telephone Co...Common...Equity...Offering to stockholders—to be underwritten by U. S. Securities Dealers...$364,300 shares

Kay Land and Title Co...Class A...Offering to stockholders—to be underwritten by Bank of St. Louis and Co. 200,000 shares

Lay (H. C.) Corp...Class A & Class B...Common...Offering to stockholders—to be underwritten by Lay, Knight, & Co. $1,150,000

Pacific Gas & Electric Co...Common...Offering to stockholders—to be underwritten by Bank of America...$35,000,000

Southeastern Fund...Debentures...Offering to stockholders—to be underwritten by Finch, Jenks & Company...$500,000

West Coast Telephone Co...Common...Offering to stockholders—to no underwriting...$2,000,000

June 19 (Tuesday)
Anderson Electric Co...Preferred...Offering to the public—no underwriting...$80,000

Anderson Electric Co...Common and Common B...Offering to the public—no underwriting...$45,000

Donnelly & Co...Common & Common B...Offering to stockholders—to be underwritten by Harriman & Company...$73,510 shares

Gianini (G. M.) & Co...Equity...Offering to the public—no underwriting...$1,000,000

Public Service Co. of New Hampshire...Bonds...Bids 11 a.m. EDT...$70,000,000

Rohm & Haas Co...Preferred & Common...Offering to the public—no underwriting...$2,500,000

Bonds...Bids 7:30 a.m. EDT...$1,000,000

Continued on page 42
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Co, New York, and Los Angeles, Calif. Offering—Expected week of June 11 or 18.
-** This Offer

** May 11 (letter of notification) 135,000 shares of common stock. Price—At (par price) $1.00 to underwriters. Proceeds for working capital. Underwriter—New York.


** Mercantile Acceptance Corp. of New York. May 18 filed 187,950 shares of common stock (par $10) to be offered for subscription by stockholders of record May 10. Shares to be sold to stockholders of Bed Cliff Mining Co. at 10 cents per share. Proceeds—For working capital; working capital; capital, etc. Underwriter—None.

** Midland General Mortgage Corp. of N. Y. Jan. 12 filed 24,160 shares of common stock (no par) to be offered by subscription by stockholders of record January 6. Price—To be supplied by amendment. Proceeds—To repay current bank loans; for investment; common capital; reserve, etc. Underwriter—None.

** Mineral Projects-Venture C. Ltd., Madison, N. J. Apr. 5 filed 75,000 shares of common stock through a public subscription by present stockholders of record March 28 to be sold to public at par. The company does not intend presently to sell more stock than is required to raise, at most, $27,000,000 for the purpose of accumulating working capital, reserve, etc. Underwriter—None.

** Minnesota Valley Natural Gas Co. May 29 (letter of notification) 18,750 shares of common stock (no par) of which 18,750 shares to be sold to employees and directors. Price—$16 per share to public. Underwriter—For working capital. Underwriter—Minneapolis & St. Paul, Minn. Underwriter—None.

** Lone Star Fund, Dallas, Texas. June 1 filed 125,500 shares of common stock for submission to stockholders of record May 8, 1956, on the basis of one new share for each 4 1/2 shares held. Of the unsubscribed shares, 11,250,000 to be offered by amendment. Proceeds—For investment; for working capital. Underwriter—None.

** Long Island Lighting Co. April 5 filed 121,000 shares of cumulative preferred stock for submission to stockholders of record April 25, 1956, on the basis of one new share for each 4 shares held. Proceeds—To repay bank loans. Underwriter—Blyth & Co., New York; C. F. Bell & Co., all of New York. Offering Postponed because of present unsatisfactory market conditions.


** Lost Canyon Uranium & Oil Co. Oct. 8 (letter of notification) 3,000,000 shares of non-convertible common stock (par $1) to be offered by amendment. Proceeds—For plant construction; machinery and equipment; to retire existing indebtedness; and for other corporate purposes. Underwriter—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

** PanAmerican Investment & Mortgage Co. May 2 filed 50,000 shares of common stock (par $10). Proceeds—to be supplied by amendment. Proceeds—For plant construction; machinery and equipment; to retire existing indebtedness; and for other corporate purposes. Underwriter—Underwriter—Denver, Colo. Underwriter—None.

** Maione Bonding & Casualty Co. (6/8) May 17 filed 20,000 shares of capital stock (par $10) to be offered for subscription by members of the Board of Directors of record May 12, 1956 at the rate of one new share for each 4 shares held. Price—Provided by amendment. Proceeds—To enlarge business and establish subsidiaries (sold to officers and employees): Hornblower & Weeks- New York; and Bartlett & Clark Co., Portland, Me.

** Maione Bonding & Casualty Co. May 11 (letter of notification) 3,000,000 shares of capital stock (par $10) to be offered for subscription by stockholders of record May 12, 1956 at the rate of one new share for each 4 shares held; rights to expire on June 25. Proceeds—to be supplied by amendment. Proceeds—To finance development of a gas deposit discovered and now held under option to the company. Underwriter—G. W. Wood & Co., Chicago; O. B. Nee and New York City; and Blyth & Co., Inc., New York.

** National General Corp. Dec. 27 (letter of notification) 200,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For the benefit of the students of the Tuskegee Institute, Tuskegee, Ala. Underwriter—Investment Service Co, Inc., New York.

** National Metallizing Corp. March 5 (letter of notification) 24,000 shares of Class A preferred stock (par $10) to be offered by subscription by stockholders of record March 1. Price—to be supplied by amendment. Proceeds—For the benefit of the students of the Tuskegee Institute, Tuskegee, Ala. Underwriter—Investment Service Co, Inc., New York.

** National Old Line Insurance Co. Nov. 15 filed 50,000 shares of capital stock (par $1) to be offered for subscription by Class A and Class B stockholders of record November 1. Price—$2 per share. Proceeds—For vacuum metallizing, converting, and finishing plant. Underwriter—Offices, 1141-118th St., N. W., Washington, D. C. Underwriter—None.


** National Power Corp. of America, Waco, Texas. April 27 (letter of notification) 94,000 shares of common stock (par $1) to be offered to employees under a stock option plan. Price—$3.56 per share. Proceeds—For working capital. Underwriter—None.

** Tex. Underwriter—Western Bond & Share Co, Tulsa, Okla.

** Nuclear Uranium Corp., Salt Lake City, Utah. April 3 (letter of notification) 2,400,000 shares of common stock (par $1). Price—$2 per share. Proceeds—For mining expenses. Underwriter—State St., Salt Lake City, Utah.

** Underwriter—Birken & Co., Cincinnati, Ohio.


** Oak Mineral & Oil Corp., Farmington, N. M. May 2 filed 2,000,000 shares of common stock (par five cents). Proceeds—to be supplied by amendment. Proceeds—For the benefit of the students of the Tuskegee Institute, Tuskegee, Ala. Underwriter—Underwriter—None.


** American Mutual Life Insurance Co., Houston, Tex. May 23 filed 8,000 shares of common stock (par $10) to be offered by subscription by stockholders of record June 12, 1956 on the basis of one new share for each 20 shares held; rights to expire on July 15, 1956. The subscription period is expected to open on May 22. Warrants will be mailed on or about June 15. Price—$25 per share. Proceeds—To reduce bank loans and for construction purposes. Underwriter—Morgan, Stanley & Co., San Francisco and New York.

** Israel Oil Co., Inc. (Panama) May 29 filed American voting trust certificates for 1,400,000 shares of common stock (par one cent), of which 1,000,000 certificates bear the par value of $20,000; 100,000 shares and certificates therefor are subject to charges of $1,500,000, and 300,000 shares and certificates may be offered for sale outside of the United States. Price—$25 per share. Underwriter—National Stock Exchange. Proceeds—For exploration, drilling and development purposes. Underwriter—Kidder, Peabody & Co., Inc., New York.

** Peabody Coal Co., Chicago, Ill. Feb. 27 filed 216,023 shares of common stock being offered for subscription by stockholders of record Jan. 30, 1956 on the basis of nine additional shares of common stock for each 100 common stock shares held and priced at $25 per share. The additional shares of common stock will be convertible into 3,000 shares of preferred stock, 100 of which are convertible into preferred stock at any time at the option of the holder, which will carry a par value of $50. The warrants to expire on Dec. 31, 1957. Proceeds—For the benefit of the students of the Tuskegee Institute, Tuskegee, Ala. Underwriter—None.

** Pinellas Industries, Inc., St. Petersburg, Fla. Feb. 16 (letter of notification) 4,000 shares of common stock (par $5). Proceeds—to be supplied by amendment. Proceeds—For the benefit of the students of the Tuskegee Institute, Tuskegee, Ala. Underwriter—None.


** Pinellas Industries, Inc. Continued on page 44
582,500

May 23 (letter of notification) 100,000 shares of common stock.

Rainbow Uranium Co., Denver, Colo.

May 8 (letter of notification) 3,000,000 shares of common stock.

Security Casualty Insurance Co.

May 10 (letter of notification) 200,000 shares of common stock.

Shaver Silver Co., Inc.

Dec. 30 (letter of notification) 300,000 shares of common stock.

Shopko Stores Corp.

May 14 filed 50,000 shares of common stock (par $1) and $1,500,000 sinking fund convertible subordinated debentures. Price—To be supplied by amendment. Proceeds—For capital expenditures and for working capital. Underwriter—Deutsch, Darrow & Dorst, Inc., and Leeroy, & Coons, both of Los Angeles, Calif.

Sierra Pacific Power Co. (6/20)

June 1 filed 62,576 shares of common stock ($7.50 par). Proceeds—To be used for the expansion of company facilities, and to retire remaining indebtedness of the company. Price—To be determined by Underwriters.

Skiatron Electronics & Television Corp.

March 16 (letter of notification) 10,000 shares of common stock (par $10). Price—At the market. Proceeds—to selling stockholders.


May 25 filed $1,000,000 of 6% convertible subordinated debentures due May 1, 1956. Price—$100 per $100 of debentures. Proceeds—$325,000 will be used for the formation or expansion of the company's own subsidiary fire insurance company; remainder, capital required for the development of the company's principal business. Underwriters—Shaw, Hamill & Co., New York, N. Y.

Southern Nevada Power Co. (6/25)

May 25 filed 150,000 shares of common stock (par $1). Price—to be supplied by amendment. Proceeds—to be used for working capital and general corporate purposes. Underwriter—D. Fuller & Co., New York, N. Y. Offering—Promptly after filing.

Strategic Metals, Inc., Tungstenia, Nevada


Suburban Land Developers, Inc., Spokane, Wash.


June 21, 1955. 2,000,000 shares of common stock (par $1). Price—At the market. Proceeds—to selling stockholders. Underwriter—None.

Target Uranium Corp., Spokane, Wash.


Telstar Express, Inc.

March 22 (letter of notification) 1,000,000 shares of common stock (par $1). Price—To be determined by amendment. Proceeds—For mining expenses. Office—Continental Bldg., Salt Lake City, Utah. Underwriter—Catharp Investment Co., Salt Lake City, Utah.

Telitho Chemical Corp. (6/14)

May 28 filed 64,332 shares of common stock (par $1) to be used in connection with the acquisition of strategic chemicals about June 14 at the rate of one share for each share of the company's common stock held. Price—To be supplied by amendment. Proceeds—to repay bank loans and other capital expenditures. Underwriter—Lehman Brothers, New York.

Titanium Zirconium Co., Inc.


Tubefin Coil Co.

May 24 (letter of notification) 1,000,000 shares of common stock (par $10). Price—To be supplied by amendment. Proceeds—for working capital and normal expansion. Office—3073 Hartford St., Houston, Tex. Underwriter—Texoma Securities Co., Dallas, Texas.

Tunacraft, Inc., Kansas City, Mo.

June 1 (letter of notification) 1,000,000 shares of 6% 12-year registered subordinated sinking fund debenture notes due Jan. 1, 1966. Price—at par. Proceeds—to Reduction Credit Corp., and for working capital purposes. Underwriter—M. A. Gardiner & Co., Kansas City, Mo.

University Co., Inc., Miami, Fla.

May 9 filed 3,008 shares of $24 convertible preferred stock ($100) and 135,220 shares of common stock (par $1). Proceeds—to pay immediate cash dividends to stockholders at rates of 8% per annum per share first to preferred stock and new common stock share for each common stock share as of May 25; rights to expire on June 11. Price—to preferred stock, $104 per share; and for common, $11 per share. Proceeds—$1,160,000 to be used to finance acquisition of all stock of two LP-Gas companies in Cuba, one of which owns 70% of the shares of a third LP-Gas company. The company will operate the acquired companies.

Underwriter—Scott, Hörner & Mason, Inc., New York, N. Y.

Union Mines, Inc. (6/20)

# Proactive Offerings

**Air-Vue Products Corp., Miami, Fla.**

Feb. 26. It was reported early registration is expected to exceed 150 per cent of profitable stock. For expenses, per share. For expansion program. Underwriter—R. B. B. & E. & Co. New York.

**American Telephone & Telegraph Co. (7/10)**

March 21 the directors authorized a new issue of debenture (non-convertible) amounting to $250,000,000. They will be dated June 1, 1956, and mature July 1, 1956, Proceeds—For general corporate purposes. Underwriter—To be determined by competitive bidding. Probable underwriters: Halliburton & Co. & Co. (Jointly); Morgan Stanley & Co. Bids—Expected to be received on June 1.

**Arizona Public Service Co.**

March 23 it was announced company plans to spend dur¬

**Blackstone Valley Gas & Electric Co. (6/26)**

April 30. It was reported offering to stockholders of record on or about June 6, 1956, 1,105,545 additional shares of common stock (par $5) on the basis of three new shares for each five shares held (with an over¬

**British Columbia (Province of) (6/27)**

June 8 it was announced that a registration statement for the sale of 2,000,000 additional shares of the company's common stock (par $2.50) was filed with the SEC covering an aggregate of $40,000,000 debentures, at the option of the company, offered by the British Columbia Power Commission; $10,000,000 of sinking fund debentures due 1951, of Pacific Great Eastern Co.; and $10,000,000 of sinking fund debentures due 1957 of British Columbia toll Highways and Bridges Co.

**California Electric Power Co.**

May 6. It was announced the company planned an offering of first mortgage bonds late in 1956, if market and conditions warrant. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable underwriters: Halliburton & Co. & Co. (Jointly); Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; and R. H. B. & E. Co. (Jointly); Flavelle & Hultag (Jointly); Lehman Brothers; White, Weld & Co. (Jointly); and 400,000 shares of common stock in a preceding column of this issue.

**Carolina Power & Light Co. (9/11)**

May 4, 1956, was authorized to issue and sell $15,000,000 of first mortgage bonds due 1986. Underwriter—To be determined by competitive bidding. Probable underwriters: Halliburton & Co. & Co. (Jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co. (Jointly); and The First Boston Corp. (Jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co. (Jointly); and The First Boston Corp. (Jointly); Flavelle & Hultag (Jointly); Lehman Brothers; White, Weld & Co. (Jointly); and 400,000 shares of common stock in a preceding column of this issue.

**Continued on page 46**
Central Illinois Light Co. May 12 it announced the company plans to issue and sell $18,000,000 first mortgage bonds in 1957. Proceeds—For construction of new lines and for new construction. Underwriters—May be Union Securities Corp. and The First Boston Corp. (jointly).

Coalitional Natural Gas Co. (7/25) May 13 it announced company plans to issue and sell $20,000,000 6% bonds. Proceeds—For new construction. Underwriters—Kidder, Peabody & Co. and The First Boston Corp. (jointly).


Du Mont Broadcasting Corp. April 22, 1957 it announced, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratory, Inc., that it has filed Articles of Incorporation and is a dividend, dividends that additional shares will be distributed to stockholders. This offering will be underwritten by Allen B. Du Mont Laboratory, Inc., and Van Alstyne, N. J., Underwriters—Morgan Stanley & Co. and W. E. Loeb & Co., New York.

Eternite, Inc., New Orleans, La. May 7 it was announced this company has been formed to locate and develop shopping centers east of the Mississippi River. It will be in a one-third to Grand Union Co., and the balance of the one-third to Mortgage Co., N.Y. Underwriters—N. J. Jernst. Underwriters—Morgan Stanley & Co. and W. E. Loeb & Co., New York.

Federal Reserve Bank of St. Louis May 27 it announced company plans to issue and sell $18,000,000 first mortgage bonds in 1957. Proceeds—For construction of new lines and for new construction. Underwriters—May be Union Securities Corp. and The First Boston Corp. (jointly).


Grand Capital Corp., Los Angeles, Calif. April 18 it announced company plans to issue and sell $15,000,000 of common stock. Proceeds—To issued by Grand Union Inc. (jointly); Blyth & Co., New York.

Grand Corporation, St. Louis, Mo. April 18 it announced company plans 5,000,000 additional financing in future. Proceeds—To go to Securities Investment Co., a subsidiary. Underwriter—G. H. Wakeman, New York.

Georgia Pacific Corp. April 2, A. F. Hayes, President; announced that the company plans to issue and sell $25,000,000 1st mortgage bonds. Proceeds—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., New York.

General Control Corp., St. Louis, Mo. April 18 it was announced company plans 5,000,000 additional financing in future. Proceeds—To go to Securities Investment Co., a subsidiary. Underwriter—G. H. Wakeman, New York.

General Public Utilities Corp. April 2, A. F. Hayes, President; announced that the company plans to issue and sell $25,000,000 1st mortgage bonds. Proceeds—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., New York.


Johns-Manville Corp. March 9, Leslie M. Cassidy, Chairman, said the company is studying opportunities for expansion that could require financing, adding that the management had no definite plans for the issuance of stock other than those required for the two-for-one split but “the situation could change.”

Kaiser Steel Co. May 21 it was announced the county is arranging to borrow $10,000,000 from institutional investors to enable it to pay the approximately $135,000,000. Underwriter—The First Boston Corp., New York.


Kansas City Power & Light Co. April 24 stockholders approved a proposal increasing capital stock from $10,000,000 to $50,000,000. Proceeds—May be determined by competitive bidding. Probable bidders: Allen & Co., Morgan Stanley & Co., New York.


Lake Star Steel Co. Jan. 24, Edward B. Germany, President, announced that the company’s plans the private and public sale of new securities during the first half of the current year. Proceeds—For the development of new facilities.”

Long Island Lighting Co. April 18 it was announced company plans to issue and sell next Fall $20,000,000 to $25,000,000 first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., New York.


Metro Railroad Corp. April 18 it was announced company plans to issue and sell $5,000,000 of preferred stock in addition to about $5,000,000 of preferred stock. Underwriter—For preferred stock also to be determined by competitive bidding. Probable bidders: Smith, Barney & Co., Goldman, Sachs & Co. (jointly); and Blyth & Co., New York.

Michigan Bell Telephone Co. April 22, Edward M. L. Blyth, President, announced that the Michigan P. & S. Commission for permission to issue and sell $30,000,000 of 3% bonds. Proceeds—to be determined by competitive bidding. Underwriter—To be determined by competitive bidding.

Michigan, Wisconsin Pipe Line Co. May 14 it was announced company plans to issue and sell $25,000,000 of first mortgage bonds. Proceeds—to be used to continue construction of new lines. Underwriter—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and The First Boston Corp. (jointly).

Morgan Stanley Corp. April 18, a company announced plans to issue and sell $200,000,000 additional financing in future. Proceeds—to be determined by competitive bidding. Probable bidders: Smith, Barney & Co., Goldman, Sachs & Co. (jointly); and Blyth & Co., New York.

National Steel Corp. May 26 it announced, that the company’s new steel plant will be a $37,000,000. Underwriter—Blayth & Co., New York.

National Gas Pipe Line Co. of America Feb. 20 it was announced company plans to issue and sell $10,000,000 first mortgage bonds due 1976. Underwriter—If determined by competitive bidding, possible bidders: Allen & Co., Morgan Stanley & Co., New York.
New England Electric System  
Jan. 3 it was announced company plans to merge its outstanding $65,000,000 series A, 6% cumulative preferred stock, Light Corp., Lawrence Electric Co., Haverhill Electric Co., H. F. Vickers & Co., and the 1st mortgage bond issue of the company during 1954. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the New England Electric System. Underwriters—May be determined by competitive bidding. Proceeds from sale will be placed in the form of cumulative preferred stock, cash, or some combination thereof. Lehn Brothers; Lehman Brothers, Union Securities Co., Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and American Securities Corp. (jointly).  

New England Power Co.  
Jan. 3 it was announced company plans to issue and sell $25,000,000, 3% cumulative preferred stock of 1956. Underwriters—To be determined by competitive bidding. Proceeds will be placed in convertible preferred stock and cash, or some combination thereof. Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and American Securities Corp. (jointly).  

Northern Electric Public Service Co.  
March 13 it was reported company plans to spend about $25,000,000 for extensions of the company during 1956. Underwriters—To be determined by competitive bidding. Proceeds from sale will be placed in the form of convertible preferred stock and cash, or some combination thereof. American Securities Corp.; Conn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp., Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and American Securities Corp. (jointly).  

Northern Natural Public Service Co.  
March 13 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through the sale of common and treasury funds. Underwriters—Probably Blyth & Yule & Co., New York.  

Northern Pacific Ry.  
By an agreement recently received by the company on June 14 or June 20 for the purchase from the company of approximately 7,500,000 equipment trust certificates. Probable underwriters—Halsey, Stuart & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and the First Boston Corp. (jointly).  

Northern States Power Co. (Minn.)  

St. Louis Gas & Electric Co.  
March 20 C. R. Williams, President, announced that about $20,000,000 of common stock was authorized by the company for sale to the public. Proceeds from sale will be used to construct additional power plants and to replace existing power plants. Underwriters—Salomon Bros. & Hutzler, New York.  

Okahoma Gas & Electric Co.  
May 4 the company announced the authorized preferred stock from $240,000 to $300,000 shares and the authorized common stock from $265,000 to $305,000. Company has no immediate plans to actually sell any equity financing. Underwriters.—(1) for any common stock for sale, Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co., and The First Boston Corp. (jointly); (2) for preferred stock, to be determined by competitive bidding. Probable underwriters—Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co., and The First Boston Corp. (jointly); and (3) for the convertible preferred stock, to be determined by competitive bidding. Probable underwriters—American Brothers and Blyth & Co., Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; and Harriman Ripley & Co. (jointly).  

Southern California Gas Co.  
March 9 S. C. McKeen, President, announced that it is expected to sell $10,000,000 of new money will be returned to holders of preferred stock. Proceeds from the sale will be used to construct additional power plants. Underwriters.—Together with funds from private sale of $55,000,000 additional common stock. Underwriters.—Together with funds from private sale of $60,000,000 additional preferred stock. Interim notes and borrowings from banks, will be used to meet short-term requirements. Underwriters.—To be determined by competitive bidding. Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Co., and Union Security Corp.  

Southern Power & Light Co.  
Feb. 15 the company announced that it expects to sell $70,000,000 of new preferred stock, (par $50) first in exchange for outstanding 6% preferred stock (which is 70 preferred stock) and approximately 29,000 shares. Underwriters.—May be determined by competitive bidding. Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co.; The First Boston Corp.; Halsey, Stuart & Co., Inc.; Lehn Brothers; and Royal Securities Corp.  

St. Louis Union Gas & Electric Co.  
April 19 it was announced company is considering issuance and sale to stockholders later this year of some common stock, and some cumulative preferred stock. Proceeds from sale will be used to retire bank loans and to make additional investment in the company's expansion program. Underwriters.—None.  

Southwestern Resources, Inc.  
May 14 the company announced company plans to issue and sell $10,000,000 of common stock. Proceeds from sale will be used to finance the company's expansion program. Underwriters.—To be determined by competitive bidding. Price—Around $10 per share.  

Sperry Rand Corp.  
May 23 H. F. Vickers, President, said the company has received bids from several companies to make a number of contracts, the largest of which is a contract for some $20,000,000 in work to be done during the next few months. The company is considering other companies within the next few months the right to subscribe to an additional share of common stock for each 10 shares held by each holder. Bids are to be received up to 3:30 a.m. (EDT) on July 21. Proceeds from sale will be used to finance the company's expansion program. Underwriters.—White & Co., White & Co., Union Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co., and Lehman Brothers.  

Super-Crete, Ltd., Boniface, Manitoba, Canada  
May 14 it was reported company plans sale of 255,000 shares of common stock at $10 per share. Proceeds from sale will be used to finance the company's expansion program. Underwriters.—Stuart & Co., Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co., and Lehman Brothers.  

Transcontinental Gas Pipe Line Corp.  
April 17, T. P. Walker, President, announced that petroleum company has proposed sale of 80,000,000 shares of common stock to a number of banks (with an option to sell the same amount). Proceeds from sale will be used to finance the company's expansion program. Underwriters.—To be determined by competitive bidding. Proceeds—Will be used to retire existing obligations and to provide funds for future capital expenditures. Underwriters.—Halsey, Stuart & Co., Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co., and Lehman Brothers.  

United Illuminating Co., New Haven, Conn.  
May 29, William C. Bell, President, announced that the company would offer for sale some 1,500,000 shares of cumulative preferred stock (par $100), out of a proposed sale of 1,562,267 shares. Proceeds from sale will be used to pay off mortgage bonds. Underwriters.—To be determined by competitive bidding. Proceeds—Proceeds from sale will be used to pay off mortgage bonds. Underwriters.—Chas. W. Scranton & Co., New Haven, Conn.  

United States Rubber Co.  
May 25 it was announced company will vote next month on a directors' resolution to authorize the company to issue and sell $30,000,000 of common stock to the largest stockholders on a case-by-case basis. Proceeds from sale will be used to increase the company's capital. Underwriters.—None.  

Virginia Electric & Power Co. (Va.)  
April 25 it was reported company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. Underwriters.—To be determined by competitive bidding. Proceeds—Proceeds from sale will be used to pay off mortgage bonds. Underwriters.—Grace, Forgan & Co., New York.  

Vita Foods Products, Inc., New York  
June 4 it was reported offering is expected in near future of 1,500,000 shares of 5% cumulative preferred stock. Price—To be determined. Underwriters—Granbery, Marache & Co., New York. Registration—Expected soon.  

Washington Natural Gas Co.  
July 17 it was reported company plans to sell for $45,750 additional shares of common stock to its common stockholders of record July 1 on a 1-for-10 basis; rights to expire on Aug. 2. Proceeds—To be set by board of directors.
Mutual Funds

BY ROBERT E. RICH

Equity Holdings Increased During May Market Break; Share Sales Exceeded Redemptions

The nation's open-end investment companies (mutual funds) added substantially to their holdings of common stocks and other securities during May when the Dow-Jones Industrial Average declined by 6.89%, according to Edward B. Burr, Executive Director of the National Association of Investment Companies.

A survey of transactions during May by 25 major mutual fund companies, representing the bulk of total open-end investment company assets, shows that these companies were net buyers of securities in all three major categories—common stocks, preferred stocks, and corporate bonds.

During May, when the Industrial Average declined 35.81 points, from 122.56 to 74.05, the 35 mutual funds invested $141,042,000 in common stocks, and sold $61,618,000 worth. They also invested $80,078,000 in preferred stocks, as opposed to sales of $4,169,000, and purchased $23,832,000 in corporate bonds, with sales of $5,824,000.

Altogether, Mr. Burr reported, purchase of corporate securities totaled $147,851,000, during May, as opposed to sales of $71,811,000, a net investment of $76,140,000.

As in the previous periods of market decline, investor purchases of mutual fund shares were greater than redemptions. Total sales of their own shares to investors by the 35 companies were $82,510,000, while total redemptions by shareholders of these companies amounted to $27,876,000, Mr. Burr reported.

Sales Training Course

Wellington Fund's "Correspondence Sales Training Course," now available to dealers in revised and consolidated form, "What a Salesman Should Know About Mutual Funds and Investment Funds" spells out in layman's language definitions, terms and phrases used in mutual fund selling. A second new book, "An Introduction to Selling Mutual Funds," outlines the opportunities, advantages and techniques of selling funds. This informative training material has been bound into two household-sized books as companion pieces to Wellington's popular "A Guide to Selling Wellington Funds and the Salesmen Training Program."

Electronics Investment Corporation which completed its first year of operations on June 30, 1956, reports total net assets of the Fund to be $11,522,049.83. This compares with $4,150,000 on May 13, 1955, when the Fund started continuous offering of its shares to the public. This represents a gain in total net assets of 25.9%. During the same period, the net asset value per share increased from $4.57 to $4.83 per share.

Nat'l Securities
Sales Decreased May At All-Time High

Despite declining markets, purchases by long-term investors of the National Securities Series of mutual investments in May 1956—the first month of the fiscal year—set a record for that month at $4,471,800, a rise of 33% from the $3,304,730 total for May last year, according to W. Halt, Vice-President of National Securities & Research Corporation which sponsors and manages the series.

80th Quarterly Dividend Paid by Coast Fund

Directors of The Investment Company of America, Los Angeles, on May 31 declared a dividend of six cents a share payable July 2 from net investment income to shareholders of record June 11. This represents the company's 80th consecutive quarterly dividend.

New German Trust Now In Operation

Brown Brothers Harriman & Co. to act as Investment Adviser to German, Swiss and Dutch Banking Group.

To provide the German public with a means of investing in the United States and Canada, a new investment trust has been formed by the National Commercial Bank of the Netherlands, Chas. F. Haag, Berlin, First Bank of Germany, New York, and National Commercial Bank of Amsterdam, Amsterdam, Netherland for the new trust.

Uses funds to be first to be liq"uated by the Bank Deutscher Laender, under the German Central Bank. It is expected that German nationals are now permitted to invest in these securities.

This announcement, according to a statement by Brown Brothers Harriman & Co., represents a significant move in the direction of a free flow of capital from Europe's most important economic areas and North America. Since the outbreak of the first World War, paper investments in the United States have been barred for practical purposes. This international capital and new security exchange will expand the amounts of dollar exchange which many investors can obtain for their investments. The major European banks, which were unable to lend funds to investors in the United States who were not government creditors, are now being given a new capital and security exchange opportunity since the last war has ended, and many of these banks are seeking means of borrowing funds. This new capital and security exchange program is being supervised by the Federal Reserve Bank of New York. It is expected that many of the banks which participated in the first World War will be able to use this capital and security exchange in order to reallocate their capital and securities to other areas of the world, and that this will be a great benefit to the United States and Canada, as well as to other countries which have similar capital and security exchange programs.

Boston Fund Sells All Ford Stock

Boston Fund, one of the largest mutual funds in the country, in its report for the first quarter of the fiscal year ended April 30, disclosed that it had sold disposal of all of the 14,000 shares of Ford Motor Co. stock, which was in its portfolio on Jan. 31. Last changes in the fund's holdings since March 1, when it had sold off 7,000 to 9,000 of Aluminum Limited common.

Total of the fund's on April 30 were $183,869,679, equal to $10.81 per share on an outstanding basis. These figures, all new quarter-end highs, compare with total net assets of $123,657,621,
Tripp Takes Note Of Question Marks in the Economy

Policy of TV-Electronics Fund one of "cautious optimism."

Total net assets of Television-Electronics Fund, Inc. of Chicago, rose to a new record high on April 30 at $18,217, also a record, compared with $10,44 per share on Oct. 31 last. The number of shareholders had reached a new peak on April 30 at 3,262,978, and shares outstanding climbed to a record 10,604,979.

In his report to shareholders, Chester D. Tripp, president, called attention to the fact that the fund’s recent period "was achieved during a period of continuing uncertainty." He added that "the general economic picture still continues some question marks" and that "investors’ over-all policy remains one of cautious optimism."

"On the whole, however," Mr. Tripp stated, "there is nothing in sight to short-circuit the continuing advances anticipated in the field of electronics, television and radio, in which your fund has placed its investment faith."

Mr. Tripp reiterated earlier statement relative to the increasing emphasis being placed on portfolio acquisitions in the aircraft manufacturing field "in which the major portion of the dollar cost is in electronic components."

He went on to say that "it is conceivable, given the rate of progress in the development of the atomic power, that unmeasured power will unquestionably exert a strong influence on the direction of portfolio acquisitions and the values of existing holdings of companies engaged in these industries."

Major portfolio changes in the three months ended April 30, 1956, follow:

PURCHASES

SALES

Philadelphia Fund Inc.

A Mutual Investment Fund

Keystone Growth Fund

Series K-2

A diversified investment in securities selected for possible
long-term growth of capital and fixed income.

The Keystone Company

123 South broad Street

Philadelphia 9, Pa.

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Shelley, Roberts Branch

Los Angeles, Cal.

Shelley, Roberts & Co. has opened a branch office at 428 South Spruce Street under the direction of Richard Christiansen.

Manhattan Bond Fund Additions

The latest six-months report of Manhattan Bank, Brooklyn, N.Y., shows a covering period of declining bond prices, but reveals May 30. The report reveals a net asset value of $3.29 per share on April 30, 1956, compared with $8.39 per share on Oct. 30, 1955, the end of the fund’s first year. Manhattan Bond Fund, Inc. is a mutual fund and possesses the largest net assets on April 30, 1956, and May 30, 1956, totaling $20,000,000. Changes

Bonds:

$20,000,000.

72.7%

16.9%.

Overall:

72.7%

16.9%

30.0%

Taxes:

4.1%

12.9%.

Other:

15.3%

10.0%.

13.5%.

19.5%.

13.3%.

12.1%.

16.0%.

11.7%.

11.3%.

12.0%.

10.7%.

11.5%.

12.5%.
If Price Is Right

It has been demonstrated from time to time through the medium of offerings brought to market by negotiation between borrower and banker, that funds are available when there are sufficient purchase ideas.

A case in point was Household Finance Corporation's flotation of $30 million of senior sinking fund debentures this week. Here the situation was accentuated by circumstances other than just the attractiveness of the market. This brought a moved to a small premium.

The debentures have a maturity of 22 years, an amount which made them attractive for certain portfolio reasons. However, of that there is a sinking fund which provides for redemption of the total prior to maturity.

Other Issues Strew.

By way of contrast bankers were able to report only "nibbling" by prospective buyers in the cases of the several competitive bidding deals which reached market.

Even Commonwealth Edison Co. of Chicago's $40 million of 38-year, first-mortgage bonds, carrying a 3.5% coupon and priced to yield 3.56%, were not more than an inch deep at the time of sale.

The same held true in the case of Potomac Electric Co.'s $10 million mortgage bonds, which finally came to market as 3.4% priced to yield 3.75%, where the high bid had been rejected on a technicality and the issue awarded to the runner-up group.

Cutting Down the Total.

The decision of C. L. T. Financial Corp. to cut its offered $15 million of debentures served to reduce the over-all total of new issues for the week.

The determination of the company to forego flotation at this time, states Arthur D. Deit, president, is in view of the uncertainty to await a better price and rate.

He is convinced that improvements are necessary in the money market because of "shrinkage in circulation which made this action necessary to save the market, although temporary, squeeze in the money market.

DIVIDEND NOTICES

BENEFICIAL FINANCE CO.

10TH ANNUAL QUARTERLY CASH DIVIDEND

The Board of Directors declare a quarterly dividend of 5.25% per share on Common Stock.

payable June 30, 1956 to stockholders of record at close of business June 15, 1956.

June 1, 1956

Wm. E. Thompson

Secretary

IN U. S. AND CANADA

1,000 OFFICES

DIVIDENDS

JOINs Curran Staff

(Special to The Financial Chronicle)

Los Angeles, Calif. — Ada M. Renn is now connected with the Curran Company, 700 Melrose Avenue.

JOINs Fin. Investors

(Special to The Financial Chronicle)

Walston & Co., California Corporation's, Minnustani has been added to the staff of Financial Investors Incorporated, 1116 Broadway.

WALSTON ADDS TO STAFF

STOCKTON, Calif. — Doris T. Daley has been added to the staff of Walston & Co., Inc., 137 East Weber Avenue.

DIVIDEND NOTICES

AMERICAN CAN COMPANY

PREFERRED STOCK

On May 29, 1956, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company. Dividend checks will be mailed to stockholders on or after June 15, 1956.

WALTON ADDS TO STAFF

STOCKTON, Calif. — Doris T. Daley has been added to the staff of Walston & Co., Inc., 137 East Weber Avenue.

DIVIDEND NOTICES

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DIVIDEND DIVIDEND

ALLEGHENY LUDLUM STEEL CORPORATION

A dividend declared for the quarter ending June 30, 1956, of 40 cents per share will be paid July 15, 1956, to stockholders of record on June 25, 1956.

DIVIDEND DIVIDEND

BRILLO MANUFACTURING COMPANY, INC.

Dividend No. 105

A dividend of 10% of Forty Cents (40c) per share on Common Stock has been declared, payable at the close of business June 15, 1956. Directors have fixed the date of record as June 28, 1956.

DIVIDEND DIVIDEND

CALIFORNIA-PACIFIC UTILITIES COMPANY

Quarterly dividends payable June 15 is shareholders of record June 1, 1956, have been declared at the following rates per share:

5% Preferred 
30c
Q.5% convertible Preferred...1.05
5.40% Convertible Preferred... 1.70
5.5% Convertible Preferred... 1.75
5.0% Convertible Preferred... 1.76
6.5% Convertible Preferred... 2.20
7.0% Convertible Preferred... 2.50

D. J. Leary, Vice-President & Treasurer
May 28, 1956

DIVIDEND DIVIDEND

Cerro de Pasco Corporation

Cash Dividend No. 14

The Board of Directors of Cerro de Pasco Corporation declared a quarterly dividend of $1.00 per share payable July 15, 1956, and the date of record will be June 29, 1956.

Michael D. Davis

Secretary

Cerro de Pasco Corporation

P. O. Box 245

New York, N. Y.

DIVIDEND DIVIDEND

TENNESSEE CORPORATION

May 15, 1956

A dividend of fifty (50) cents per share was declared June 15, 1956, to stockholders of record at the close of business June 14, 1956.

John C. Crawford

Secretary

91 Broadway

New York, N. Y.

DIVIDEND DIVIDEND

PENN-TEXAS CORPORATION

May 15, 1956

The Board of Directors of this Company has declared a dividend of 80 cents per share on the Capital Stock of this Company for the quarter ending June 30, 1956, payable July 15, 1956, to stockholders of record at the close of business June 15, 1956.

STUART K. BARNES, Secretary

Guaranty Trust Company of New York
WASHINGTON, D. C.—How much more tenderly government money might be spent than present, sponsored lending agencies who pay no Federal income taxes? But what is the real meaning of lending institutions which pay taxes and hence are allowed to deduct expenses? was illustrated in the "Farm Credit Act" that passed the House last week.

(Other aspects of this legislation are detailed in an earlier column of the "Chronicle" of May 31.)

In 1933, Congress passed the
law to create the Federal De-
posit Insurance Corp., which
inures deposits by making as-
sumptions of loss on uninsured
insured deposits.

Federal Reserve Bank of St. Louis

WASHINGTON, March 7

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Washington, D. C.—Federal Reserve Bank of St. Louis

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