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EDITORIAL

As We See It

More than one aspect of the controversy now raging over the amount we should spend on defense and how we should spend it are disquieting. The ordinary man with the good of his country at heart must, of course, wish that he had some way of knowing what our real needs are in the matter of manpower and military equipment. It may well be that some of those charged with the duty of directing our course harbor the same wish. It is certainly not easy to reach a decision, or decisions, and feel confident that the best course has been selected—and a good deal may hang on the outcome. It is inevitable that doctors disagree in a case of this sort, and it is hard to know who is best equipped to make the right decision.

The difficulty at best of finding proper solutions to such questions as these and the importance of reaching correct decisions render certain developments in Washington of late months inexcusable. First of all, there is the deep-seated jealousy among the services which warps judgments among those very elements to which the public should be able to look for sound advice. But this state of mind among the professional soldiers and sailors does more than that. It leads otherwise sensible and able men to all sorts of intrigue to get what they want out of Congress even when what they want is directly at variance with decisions reached by the professional groups to whom the task of shaping policy has been assigned. The techniques of "leaks" and of "priming" dissident members of Congress have perhaps never been more assiduously employed as during the past six months. The thoughtful man must

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Some More Viewpoints on Variable Annuities Issue

Provision was made in last week's issue for some of the statements submitted at the June 22 hearing of the Business Affairs Committee of the New Jersey Senate on bills previously passed by the Assembly under which insurance companies in the State would be permitted to sell so-called variable annuities to the public. The chief proponent of the common stock-backed annuities is the Prudential Insurance Company of America at whose behest the related bills were introduced in the New Jersey Legislature. Because of the importance of the issues involved, the "Chronicle" once again is pleased to present herewith some of the other statements now available. — EDITOR.

By CLAUDE L. BENNER

President, Continental American Life Insurance Co.,
Wilmington, Del.

I believe and believe strongly that it would be detrimental not only to the life insurance industry but to the general public if legislation is enacted legalizing the sale of variable annuities on an individual basis.

At a time like the present when the country has been experiencing a stock market boom for nearly a decade, when business is apparently again turning upward and when the Dow-Jones averages are almost daily making new highs, it is to be expected that the public will become increasingly aware of the attractiveness of investing in common stocks. Fears, which were rather common a few years ago, that the nation was about to slide into a severe business recession, appear now to have vanished. Moreover, the memory of the severe inflation brought about by World War II is still fresh in our minds, and in addition there is a latent fear that our government will pursue credit and fiscal policies of such a nature as to cause

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Claude L. Benner

Economic World to Come and Consequences for America

By HON. HERBERT V. PROCHNOW*

Deputy Under Secretary of State for Economic Affairs
Department of State

Consequences for America, according to State Department's Economist, based upon projections of unprecedented world economic growth-rate, include: (1) inevitable increased vast trade flow rendering small by comparison present international commerce; (2) added stimulus to our economic growth; (3) strategic shifts of power; and (4) faster underdeveloped countries' growth rate than that of the U. S., yet the absolute gap between us may widen, and, thus, present new problems. Mr. Prochnow also furnishes projections of \$600 billion American economy in twenty years.

All of us are interested in the shape of economic things to come. What tomorrow has in store for us is often a much more fascinating subject than yesterday's happenings. For obvious reasons, the businessman and the economist cannot escape this preoccupation with the economic shape of things to come. When a businessman plans his future purchases of raw materials, his inventory of finished goods, or his anticipated sales, he projects his thinking ahead. When he makes plans to construct new buildings and plant, or to modernize his present production facilities, he anticipates the probable course of his business for years to come.

In the national economy there are projections ahead covering Federal revenues and expenditures. There are estimates also of such items as Gross National Product, construction, employment, growth of the labor force and investment. Among some of the underdeveloped nations, especially, there are

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*An address by Mr. Prochnow before the University of Nebraska, June 25, 1956.



H. V. Prochnow

PICTURES IN THIS ISSUE—Candid shots taken at the Annual Outing of the Investment Association of New York at the Sleepy Hollow Country Club on June 29, appear in the 4-page Pictorial Section.

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(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.)

CALVIN P. GADDIS
 Edward L. Burton & Company
 Salt Lake City

Mountain Fuel Supply

Mountain Fuel Supply is a company that is producing and selling an economic necessity at a very low price in a growing, protected market. As a fully integrated natural gas utility the company combines the operations of development and production of natural gas with its transmission and distribution to the ultimate user. The degree of integration and self sufficiency makes the company comparatively unique in the industry. Integration gives to the Mountain Fuel stockholder the stability and assurance of reasonable income inherent in utility operation, plus the potential profit from additional discoveries of oil and gas by the exploration division.

The utility serves one of the most rapidly growing areas in the nation. Gas customers increased in a 10-year period from 50,752 to 126,081, or 148%. Though the company has approximately doubled its physical volume of gas sales in the past 10 years and approximately tripled its proven gas reserves, it has not been able to fully satisfy all of the demand for gas in its service area, and restrictions in certain classes of industrial gas are still being imposed. Even so, the company anticipates about as many new customers in 1956 as the 10,778 connections made in 1955, and this growth is expected to continue.

A new 20-year contract between the company and Pacific Northwest Pipeline Corporation will supply Mountain Fuel with 50 million cubic feet of gas per day from Pacific's new line from the San Juan Basin. Despite Mountain Fuel's fine discovery record, demand for gas has grown faster than reserves. This new supply not only relieves some of the pressure on the distribution department from those needing more gas, but also gives a new flexibility to the exploration division, enabling the company to extend its area of operation beyond the point of economic transportation distance of the marketing area. It is here that the company takes on the "special situation" look.

Mountain Fuel controls large leaseholdings of about 700,000 acres spread over southwestern Wyoming, northwestern Colorado and in Utah selected on the basis of geological merit. This area is the "home park" to Mountain Fuel's fully staffed exploration department and now represents one of the hottest spots for oil and gas search in the country. Major discoveries of gas and oil have already been made along the pipeline route by Shell, Gulf, Phillips, Sinclair and several independents. With Mountain Fuel's large, strategically located leaseholdings, the drilling activity of their own department and the increasing search by others, the play on the stock appears to be bigger than that of many straight oil and gas production companies of larger size. The company expects to drill several important wildcat tests in 1956 in addition to normal develop-

ment wells in existing fields. Development in 1955 when 19 wells were drilled by the company, resulted in nine gas wells, two gas and oil wells and eight dry holes. The company produces over 55% of its natural gas requirements from 138 gas and oil wells in 11 fields located in Wyoming, Colorado and Utah and buys another 18% from other owners in these same fields and the remainder from the Utah Natural Gas Company. Despite restrictions and the unfilled demand, the success of the company's exploration program is attested by the fact that the company now owns or controls about 1,400 billion cubic feet, equivalent to more than 20 years' supply at the present rate of consumption.

The continuous rapid expansion of the company's service area and the demands for new facilities and larger reserves to service the expansion finds the company in sound financial position with a capital ratio of 40% debt and 60% equity. This conservative ratio should enable the company to complete its current expansion plans for increasing transmission facilities, a stepped up exploration and development program and also finance the possible expansion into new markets in the company's territory without selling additional stock.

The company has historically sold on a relatively high price-earnings ratio and low yield. The 1955 high was 31½ on a \$1 dividend. Current levels near 26 with a \$1.20 dividend may reflect some unpopularity of natural gas stocks, but represents a long-term bargain for the realization of utility growth and one of the safest ways to participate in oil and gas exploration in a very promising area. Current price levels seem to reflect only utility value and give little effect to the company's substantial reserves and little, if any, value to its aggressive exploration department and its large leaseholdings. The stock is listed on the Pittsburgh Stock Exchange but is primarily traded in the Over-the-Counter Market.

IRVING J. RICE

Irving J. Rice & Co., Inc.
 St. Paul, Minn.

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Napco Industries

The security I like best at this stage of the economic cycle must be one that is distinctly undervalued, that has been passed by the parade of fast movers, and yet has unusual growth characteristics. If such a security exists, it must be because of obscurity, because of a new name, or for some other reason that the avid investor, constantly looking for bargains, has missed it. Once found, a searching scrutiny must be made of all characteristics of this particular stock, to be certain that it does not possess offsetting features to its desirable ones.

The issue I am about to describe fits these specifications. Its name is Napco Industries, Inc.—certainly an unknown name in the securities field, yet the



Irving J. Rice

**This Week's
 Forum Participants and
 Their Selections**

Mountain Fuel Supply Company
 —Calvin P. Gaddis, of Edward L. Burton & Co., Salt Lake City, Utah. (Page 2)

Napco Industries—Irving J. Rice, President, Irving J. Rice & Co., Inc., St. Paul, Minn. (Page 2)

components of this company have a long and successful history. It is listed on the Midwest Stock Exchange.

Five corporations merged to form this interesting company, and with the subsequent acquisition of products from other well-known corporations now forms a most sizable and interesting operation. The name "Napco" was adopted on March 31, 1955, as a result of the merger of Northwestern Auto Parts Co. of Minneapolis (the initials of which form the present name Napco), Federal Motor Truck Co. (Detroit), Napco-Detroit, Inc., R. W. M. Investment Co. (Detroit real estate holding company), and Berghoff Brewing Corporation. Berghoff had long since disposed of its brewing business, and its assets at the time of the merger consisted of buildings leased to the Falstaff Brewing Corporation on a 10-year lease with option to buy, a substantial cash position, and an accumulated tax loss of a million and a half.

Shortly thereafter the company acquired the business and manufacturing assets of the Transo-Loader division of Westinghouse Airbrake, and in June of 1955 acquired all of the assets, inventory and business of Highway Safety Appliances, Inc., manufacturers of the Elston sanders for trucks and buses. In addition to the companies previously mentioned, all of which have been integrated into the one firm, the company holds 40% of the capital stock of a Turkish corporation, Federal Turk Kamyonlari, A. S., which has a capitalization of 20 million Turkish lire (approximately \$7 million), and which stands on Napco's books at a nominal amount. This company will assemble and distribute Federal trucks in Turkey and the surrounding European area.

The Northwestern Parts division claims to be the world's leading supplier of military spare parts, and does a substantial foreign business in parts for trucks no longer in production, principally Army equipment that has been sold or loaned to foreign countries. The Napco Products division produces a four-wheel drive for trucks known as Power-Pak, and recently announced a \$3 million order from General Motors for this product. The Federal Motor Truck (established 1910) division is in the business of manufacturing heavy-duty trucks.

While the potential earning power of this combination is tremendous, the balance of 1955 and the first quarter of 1956 was largely spent in moving the various industries from Detroit, Mich., St. Paul, and other cities, to Minneapolis, so that management and supervision could be in one location, thus avoiding the mistake made by many companies of spreading management too thin. Net shipments of goods, therefore, for the ten months of 1955 amounted to \$4,700,000, rentals and other income an additional \$240,000, and net profit for that period came to \$272,627. Shipments for the first quarter of 1956 amounted to a million and a half, the next full month (April) \$814,000, and production schedules for

Continued on page 10

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after remaining at practically stationary levels for three years now appear to be stirring due to improved Japanese economy.

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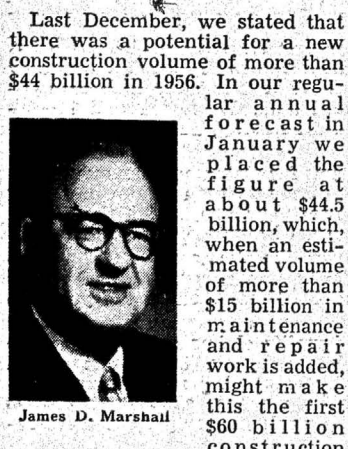
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Mid-Year Construction Outlook

By JAMES P. MARSHALL*

Executive Director, Associated General Constructors of America

Mid-year recapitulation still supports January forecast of "the first \$60 billion construction year in history" — the eleventh consecutive rise, and finds, however, non-residential construction should increase 10% more than earlier estimate, offsetting a lower decline in homebuilding than previously anticipated. Present growth rate indicates an annual \$75 billion construction total in 1955, providing steel and cement suppliers schedule larger expansion programs to increase supplies during next several years. Data are supplied for the breakdown of private and public construction, including the proposed Federal long-range highway program.



James D. Marshall

Last December, we stated that there was a potential for a new construction volume of more than \$44 billion in 1955. In our regular annual forecast in January we placed the figure at about \$44.5 billion, which, when an estimated volume of more than \$15 billion in maintenance and repair work is added, might make this the first \$60 billion construction year in history. We are happy to say that that potential still exists at this midyear point, with the prospect that total construction volume again will smash all previous records for the eleventh consecutive year, with an increase of perhaps 4% over 1954. There are, however, important changes within the various categories of construction noted in the estimates of work put in place during the first five months.

Nonresidential Construction Expanding

It is readily apparent from the actual construction figures for the first five months that the potential we set forth in nonresidential construction is being realized, while a lagging volume in the homebuilding field is the only major sector of decline. While the A. G. C. leaves the details on housing to the experts in this field, we would like to point out that our January forecast was perhaps the least optimistic regarding residential construction, stating that it would "fall slightly as the result of a general tightening in money supply and steps taken by the government to curb credit."

In December, the A. G. C. stated its estimate that nonresidential construction, both private and public, should approach \$28 billion in 1955.

Today, it appears probable that ascending nonresidential activity will hit \$29 billion, a healthy 10% increase over the new volume total for these categories in 1954, and more than offsetting the de-

cline in residential work which currently is about 7% behind the 1954 pace.

Business investment in plants and commercial enterprises in the private categories, and highways and other types of state and local public works are emerging as the giants of nonresidential construction in 1955.

Private Construction

It is expected that private non-residential building construction, placed by surges in commercial and industrial activity, will total \$9.4 billion this year, an increase of 24% over the 1954 total.

Industrial construction, now proceeding at a rate 25% ahead of last year, should pass the \$3 billion mark—more than even the most optimistic forecast for this category which was made by the A. G. C.

Commercial construction, at a current rate of 23% ahead of 1954, may step up its increase during the summer months, and the A. G. C. sticks by its prediction of a possible \$3.8 billion total in these categories.

Private public utility construction, which totaled \$4.6 billion in 1954 according to the latest revised statistics of the government, is showing an unexpected increase, and should reach \$4.7 billion this year.

Slight increases are in sight for church, social, recreational and miscellaneous construction, while the other minor categories of private educational and institutional activity are experiencing slight declines.

Farm construction, which has been revised upward to \$1.6 billion for 1955 on the basis of new estimates, is expected to decline only slightly to about \$1.5 billion.

Public Construction

All new public construction in 1955 may reach \$13.3 billion, a 7% increase over last year's \$12.4 billion, despite a drastic reduction in the Federal Government's atomic energy program, a smaller than expected increase in military construction, and a disappointing volume of conservation and resource development work.

Pushed by a tremendous demand by a growing population, state and local public works of all kinds are on the increase, more than offsetting the declines in Federal construction which is determined by government policy.

Highway construction, which

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Eastbound Canadian Gas

By IRA U. COBLEIGH
Enterprise Economist

Some reflections upon Canada's forthcoming Trans-Canada Pipeline. Who will supply the gas, who will distribute it, and where does the investor fit in?

After one of the hottest legislative hassles in history, the Dominion government at Ottawa finally approved the Trans-Canada pipe



Ira U. Cobleigh

line project, and agreed to loan the company \$80 million to hasten construction. It wasn't easy. First of all, Canadians didn't like the idea that so vital an economic project was controlled by Americans, and many took a dim view of the government making a loan to "outlanders." The thing was thrashed out to a fare-thee-well, and, finally, because of a number of provisions slanting the project more towards Canadians, the show got on the road.

Among these provisions were that (1) the \$80 million loan be paid back by April 2, 1957 or Trans-Canada would lose the whole works; (2) the company was to have a majority of its directors Canadian citizens; and (3) 51% of the common stock must be offered in Canada and to Canadians.

So now this long-heralded and much disputed line gets under way — an imaginative transport

facility which, in due course, will propel gas some 2,240 miles from the fields of Alberta to Montreal. The first leg—574 miles of 34 inch conduit from the Alberta-Saskatchewan border to Winnipeg—will be started this month; and, if all goes well, finished by the end of the year. The City of Winnipeg will get the first deliveries (estimated at almost 15 million C. F. daily).

From Winnipeg the line narrows down to 30 inches, and the next 600 miles across thinly populated Ontario, will be built by the government, and the Province of Ontario, at a cost of \$120 million; and leased (with an option to buy) to Trans-Canada Pipe Lines, Ltd. for 20 years. From the improbably named town of Kapuskasing, Ontario, the line will run on East to Montreal. It will involve a total investment of \$360 million and be able to transport 625 million C. F. of natural gas daily.

Quite a project, this, and powerful new factor in Canadian expansion. Many large industries such as paper, nickel, chemicals, and steel plants will snap up this volatile fuel, and home heating, now done mainly by coal or oil, presents a terrific prospective market. In particular, Ontario, lying along the path of the pipe, should benefit enormously.

Up to now Trans-Canada Pipe Lines, Ltd. has been brought along

by the outlay of some \$15 million by five partners—Canadian, Delhi Oil Co. 24½%, Western Pipelines, 24½%, Hudson's Bay Oil and Gas 17%, Canadian Gulf Oil 17%, and Tennessee Gas Transmission 17%. New financing in the offing will probably include \$140 in mortgage bonds, \$65 million in convertible bonds, and \$45 million in common.

On the supply side the biggest gas deliveries will be Canadian Gulf, Standard Oil of California, Home Oil and a lot of smaller ones. They'll start off with a base selling price of 10 cents per 1,000 C. F. at the well head. While investors can share in these gas delivery profits through shareholding in the above companies (Canadian Gulf, through Gulf Oil), some of the smaller producing units also have stockholder appeal. We'll mention a few.

Canadian Delhi Petroleum Ltd.

was listed as an original partner in the pipe line. It is also a big gas and oil producer in its own right. Its reserves are presently estimated at around \$40 million; and a contract for gas delivery to Trans-Canada of about 20 billion cubic feet over the next 25 years, which should produce, after development and expenses, about \$40 million in cash. With the start of pipe line sales, a more aggressive exploration program may be expected here. Fact is, if you were to pick just one security for across-the-board representation in the Trans-Canada picture, it would no doubt be Canadian Delhi common. There are 3,492,928 shares outstanding selling at around 6½.

Another, smaller but quite interesting supplier is Canso Natural Gas Ltd., with 3,139,790 common shares listed on American Stock Exchange and Toronto Stock Exchange, and now selling around 1½. A feature of Canso is its reported position as the largest individual holder of proved and developed gas reserves in Saskatchewan. It has a long term contract with Saskatchewan Power Corporation; and a contract with Trans-Canada for sale of gas from developed reserves in the Sibbold field; and large reserves lying near the first 300 miles of the line.

Another favored gas developer appears to be Provo Gas Producers Limited, listed in Toronto and selling around \$2.20. With recent exercise of options about four million common shares are now outstanding. Including purchase of certain gas holdings from Imperial Oil in the Dorothy field, Provo now has over 300 billion C. F. in recoverable gas reserves. Provo has around \$900,000 in cash and it, too, has a supply contract with Trans-Canada. Management is in hands of men with considerable reputation for successful petroleum development in West Canada.

Other enterprises with a definite place in the gas supply program, and which it might pay you to investigate in some detail are, Canadian Export Gas Ltd., with shares selling around 6½, Bailey Selbrun Oil & Gas Ltd. whose common sells at 13½, Home Oil with common at 13½ (and an attractive new issue of convertible debentures, recently offered by prospectus) and Dome Western Exploration, whose common is quoted at 8½, in Toronto and New York.

Altogether West Canada gas reserves are now placed at above 19 trillion C. F. This represents a pretty fancy stock pile from which Trans-Canada can draw; and when the pipe actually gets to pushing the gas through, new fields are certain to be brought in and older ones expanded. This Canadian "Big Inch" is just what the prairie drillers have been praying for.

If enlarged vistas for gas pro-
Continued on page 27

The State of Trade and Industry

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

Mild expansion was noted in total industrial output for the country-at-large in the period ended on Wednesday of last week, with production moderately above that of the like week a year ago.

Output increases took place in the steel, automobile and lumber industries. In the steel industry, however, even though the mills hoped for a peaceful settlement of the wage issue before the June 30 deadline, they began at mid-week an orderly shutdown of their facilities.

During the week the employment situation registered a 6% decline in initial claims for unemployment insurance, but they were 3% higher than those of last year. The most noticeable decreases were reported in Pennsylvania, Wisconsin and Massachusetts where labor cutbacks in the mining, automobile and apparel industries were reduced.

Fewer people filed initial claims for state unemployment compensation during the week ended June 23 than in the preceding week or the corresponding week a year ago, states the United States Department of Labor's Bureau of Employment Security.

First claims for unemployment benefits totaled 193,700 during the week ended June 23, the Bureau noted. That was 3,800 fewer than the week before and 4,000 less than in the year-ago period.

The drop in initial jobless benefits claims occurred in spite of new layoffs in the automobile industry, the report added. Special reports from seven states employing more than three-fourths of the nation's automobile workers showed that 6,000 workers were laid off during the week and only 3,000 were recalled to work.

The number of autoworkers laid off and not yet recalled totaled 202,006 for the week ended June 23, the report said. This was an increase of 3,000 over the preceding week but 8,000 lower than on June 2, the Bureau observed.

Secretary Weeks of the United States Department of Commerce currently reports that a mid-year survey of key industries indicated "a continuance of high level operation in most areas of activity" during the second half of the year.

Mr. Weeks' optimistic forecast was made despite the predictions of reduced activity in such key industries as iron and steel, autos, home building, aluminum, copper and other metals.

He said that "no firm forecast" of the iron and steel outlook was possible, since the survey was made with the steel strike up in the air.

Before the steel strike is settled, the country may lose 17,000,000 tons or more of steel ingots. The shutdown is costing the nation 2,100,000 tons of raw steel each week, reports "The Iron Age," national metalworking weekly, this week.

There is nothing to suggest an early end to the strike. The way things stand this week, the walkout could easily run to eight weeks or more, it states.

Both sides are miles apart on basic points, with length of contract a relatively minor item. Furthermore, they are both smarting under the lash of public name-calling of the last several weeks, it declares.

Dave McDonald of steel labor made a big gamble and lost, he figuring the industry would hold still for a big-time settlement,

Continued on page 42

We are pleased to announce that

SIEGMUND G. WARBURG

DAVID T. MIRALIA

have been admitted as General Partners of our firm
effective June 30, 1956

Kuhn, Loeb & Co.

We are pleased to announce that

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MEMBER NEW YORK STOCK EXCHANGE

EDWIN LEFEVRE, JR.

CHARLES J. PALLESEN, JR.

WALTER L. CAREY

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JULY 1, 1956

July 2, 1956

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Observations . . .

By A. WILFRED MAY

PROXY CONTESTS AND CONTROVERSY

The interest in this week's annual report concurrent with or prior to proxy solicitation; in 73% of the cases, the identity of the nominees was not disclosed; and in 52 of the cases reviewed, the form of proxy gave the stockholder no opportunity to cast a ballot for or against a proposal. He must either vote for the proposal or not vote at all, unless he appears at the meeting or takes some other affirmative action to record his vote. 73% of the corporations in soliciting proxies for the election of directors fail to inform the stockholders as to the identity of nominees; 87% do not indicate the principal occupation of directors and nominees; and 98% do not volunteer to disclose the remuneration paid to directors. In 72% of the cases neither a proxy statement nor equivalent information of any kind was furnished to the stockholders in management's solicitation of proxies for the election of directors. The soliciting material has likewise been found deficient in the giving of information regarding authorization or issue of new securities, in voting on modification or exchange of securities, and voting on mergers and consolidations.

A Remedy Called For

If not via Fulbright type of legislation, no doubt some other means will be employed to remedy this inconsistent and otherwise foolish situation. Problems concerned with the Constitutional possibility of enacting such uniform legislation necessary for the Federal Government's control can presumably be managed. Surely the power of the Congress to legislate is sufficient a basis for Federal regulation of the incidence of proxy contests and other proxy matters, which have a public interest. After all, if the Congress regulates the issue of securities by corporations, almost all of which have State charters, by virtue of its power to regulate interstate commerce, the power is necessarily present to go further in this area.

Existing Gross Deficiencies

The SEC reports that the study of proxy soliciting material circulated by unlisted companies has demonstrated a general failure to furnish important information which would be required by the Commission's existing proxy rules with respect to the election of directors, and significant proposals requiring stockholder approval. With respect to election of directors, such material typically consists only of a notice of meeting and a form of proxy, accompanied or preceded by an annual report. At least 23% of the corporations studied by the Commission did not furnish the



A. Wilfred May

Stockholder Proposals

The questionable status of the stockholder's privilege to have a proposal circularized to his fellow-owners via management's proxy statements, which will come up at this week's hearings, is highlighted by new SEC-divulged data. These show stockholder frustration from the fact that the number of stockholders venturing to make proposals has declined over the past two calendar years, as well as during the first half of 1956. During the full calendar year 1955, there were 56 proposers against 52 in 1954, and the number of stockholders whose proposals were included in proxy statements fell to 19 in 1956 from 34 during the first half of 1955 and from 28 in 1954. It is also shown that the number of proposals excluded from 1954 to 1955 rose from 54 to 62. Under the existing rules, no single one of the numerous stockholder proposals which have been opposed by management (averaging about 50 a year) has been approved.

The opportunity will be embraced at this time for exploration of the status of the public stockholder versus management in this proposal area. It must be realized that effective support for such proposals can only be solicited and secured through proxy statements; and unless they are included in the notice of meeting and proxy statement, may be ruled out of order and denied all consideration.

Annual Suggestion Box

Under the present rules, management is required to include in its material a statement in support of any security holder's proper proposal which it opposes. But such proposals, irrespective of their technicalities, are limited inflexibly to a maximum of 100 words. In most cases this prevents adequate education of the lay stockholder rank-and-file on the matter; in contrast to the complete lack of restriction on the length of management's reply. It is further pointed out that management, with the cost defrayed from corporate funds, can exert vast additional pressure in electioneering for its position; and that any elaboration by the shareholder on his own would entail his shouldering of great expense.

It is contended further that greater opportunity should be afforded for the checking of the accuracy of management's rebuttals.

Other controversial questions still open over the years, which should now be resolved, include the setting of minimum-votes as a prerequisite for re-introduction of a proposal before waiting four years.

Under the rules revision of January, 1954, a non-management proposal, which used to require merely a 3% favorable vote to be eligible for re-introduction, now requires 6% the second year, and 10% the third year, otherwise the re-introduction is subjected to a four year wait.

Paying the War Costs

Also warranting consideration is the manner of shouldering the great expense involved in the waging of proxy contests. Equitable restriction on expenditure by the corporation on behalf of the management side may be impracticable. But in the handling of the anti-management agitation, measures would seem to be called for and practicable. The enormous outlay devolving on the challenger of management, without any reassurance of reimbursement, by itself tends to concentrate active dissent to individuals according to inappropriate criteria, as possession of the great financial wherewithal, or with compensating personal motives ("raiding") which are so widely decried. Perhaps the anti-management faction could be reimbursed for contest expenses if it succeeds in winning a minimum proportion of the vote fixed at less than a 51% majority.

The manner of voting by fiduciaries, who are becoming ever more important, will be weighed.

Approval of the Multer Bill which would bring banks under the SEC's proxy rules, is again being urged by Lewis D. Gilbert, the volunteer "Protector" of the nation's community of public stockholders. The same quarter is continuing to urge the mandatory, and not discretionary, solicitation of proxies annually.

Also being re-agitated by Mrs.

Wilma Soss, President of the Federation of Women Shareholders, is an uninstructed secret ballot, with a place for a write-in. And she objects to riders on union contracts covering pension and retirement funds which might bindingly benefit management in advance of proxy approval. The ladies also are plumping for a "legal aid society" type of help to rescue the lay-woman from their proxy problem bewilderment.

Jacob Bloom Joins Sutro Bros. & Co.

Jacob Bloom has become associated with Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, as manager of the investment department. Mr. Bloom was formerly vice president of the Public National Bank & Trust Company.

Two With Jobin Inv.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, FLA.—Floyd D. Kneisly and John M. Rule, Jr. are now with Gerard R. Jobin Investments, Ltd., 242 Beach Drive, North.

Francis I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Paak Shing Wu has become associated with Francis I. du Pont & Co., 208 South La Salle Street.

Joins Glore, Forgan Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Burton M. Eggan is now connected with Glore, Forgan & Co., 135 South La Salle Street.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Walter Rubinson is now with Reynolds & Co., 39 South La Salle Street. He was formerly with Bear, Stearns & Co.



We Are Pleased to Announce that

PHILIP T. COLLINS

Has Joined Our Firm as a
Registered Representative

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We are pleased to announce that

MR. JAMES E. OSBORN II
(New York)

and

MR. SEYMOUR H. KNOX III
(Buffalo)

have been admitted as General Partners
in our firm, and

MR. D. STEWART PATTERSON
(Montreal)

has been admitted as a Limited Partner

DOMINICK & DOMINICK

14 Wall Street Marine Trust Co. Building
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Canadian Affiliate

DOMINICK CORPORATION OF CANADA

360 St. James Street W, Montreal

What About Real Estate Credit?

By DANIEL W. HOGAN, JR.*

President, City National Bank and Trust Company
Oklahoma City, Oklahoma

Oklahoma banker predicts mortgage lending and building business is headed towards a 5% gain over 1955, and that there is plenty of money available for sound mortgage loans. Mr. Hogan avers: (1) we have gone far beyond the concept of helping people who otherwise could not own their own home, in the course of emphasizing the modern conventional mortgage and in de-emphasizing the insured-guaranteed mortgages; (2) flexible interest rate is the solution to the competition confronting fixed interest rate mortgages; (3) open-end mortgages might better be replaced with financing through Instalment Loan Department, FHA Title I, or a modernization loan plan "of our own so as to save the cost of insurance"; and (4) many factors point encouragingly to the underlying strengths in the housing market for the long pull.

The Mortgage business is big business! It's big to the tune of \$130 billion, which is the actual dollar value of real estate mortgage loans, now held by all types of investors. \$130 billion! It's a staggering, all-time high, an increase of 351% in 10 short years. Just think of it! \$130 billion pouring strength, and energy, and vigor into the economic bloodstream of our great country, circulating money and stimulating business. \$130 billion at work, building homes, creating jobs, expanding plants, and raising the standard of living, from coast to coast. It takes this kind of big money to support a booming construction industry, which, along with its twin, a thriving automobile industry, is vital to the health and growth of our unique American economy. In fact, the spectacular, economic spurge of 1955 has no peace-time equal. Production capacity fairly bulged at the seams!



Dan W. Hogan, Jr.

Banks have a big stake in this mortgage business. As a matter of fact, in 1955, banks, alone, held mortgages amounting to \$38 billion, an increase of over \$5 billion in one year. No bankers were not sitting on their hands last year! On the contrary, the record shows that they were out in the thick of it, planning, developing, building their communities through mortgage lending — and making money, to boot.

Mortgage Lending Prospects

Now what are the prospects for mortgage lending in 1956?

*An address by Mr. Hogan before the 54th Annual Convention of American Institute of Banking, Dallas, June 4, 1956.

It all depends on the volume of new construction!

But with five months of the year already behind us, it looks like full-steam ahead, with the possibility of chalking up a new record. In fact, the Associated General Contractors of America predict a total volume of \$60 billion for new construction and property repairs in 1956, provided, of course, that there is a continued high level of economic activity and that favorable conditions hold out for labor and industry. So it would seem that the building business is headed toward a 5% gain over 1955 and a 15% gain over 1954, which is something to write home about. Even so, the estimated 1,200,000 housing starts are slightly down from last year, but in all probability, commercial and industrial construction will take up the slack.

Getting down to where we live, this is another year when banks will find a brisk demand for mortgage money. BUT, something NEW has been added: MONEY is no longer growing on trees! And bankers are no longer beating their brains out for loans. No sir! They're out beating the bushes for deposits! The overwhelming demand for commercial loans, the public's continued interest in consumer goods, and the fact that the Fed is putting on the brakes, all tend to pour cold water on the temptation of banks to go overboard in today's flourishing mortgage market.

This is a healthy condition! In reality, the tensile strength of the current money market is in precise balance. In other words, there's plenty of money around for good, sound mortgage loans. Consequently, growth in the mortgage portfolio for this year will still be healthy and the higher interest rates will make the effort even more rewarding.

There's no question that booming business is using a mint of money these days and that periodic boosts in the rediscount

rate are taking their toll of the money supply. The demand for loans is terrific! And as a result, the banker is finding himself in the driver's seat, for a change. We've got something that people want very much. It's MONEY! So banks can be more selective nowadays, in their investment policy, and less fearful of competition.

But, just a word of caution, here in this new world of ours: let's not let it go to our heads! Keep in mind that this is only a temporary phase of the business cycle. Let's not forget the exuberance of 1929 and the desolation of the black days that followed. LET'S NOT BE TRAPPED AGAIN! Surely we've learned our lesson. Surely, better Public Relations and increased management know-how, during the last 25 years, have brought us close enough to Mr. Average Man, as a customer, as a friend, and as a voter, so that when the chips are down, we'll find him in our corner.

But, to get on with the story — banks, at the present time, do not own the enormous blocks of short-term government bonds that they once owned. This is the type of bond that can be painlessly sold, marketwise, in order to recruit funds for reinvestment. Furthermore, banks cannot be blamed for their hesitancy to take the stiff loss involved in selling medium maturities even if the resulting reinvestment is at a tidy increase in interest.

So we see that mortgage loans, at fixed rates, must compete, not only with commercial and installment loans, but also with bonds. There are some other factors at work which make mortgage lending a little bit less appealing and which have a tendency to throw a monkey wrench into the building up of the mortgage portfolio.

Argues for Flexible Interest Rate

But, there is a solution, and that solution is a flexible interest rate! We can't very well ignore the fundamental law of supply and demand. For instance, when money was easy, rates were low. Now that the situation is somewhat reversed, mortgage applicants will have to bid up for their money. Then there's another aspect to be considered. Everything under the shining sun has gone up in price except the rent on money. At last, we've had a break! The artificial grip has finally been loosened and money is again worth something, which seems only fair.

There's no question about the availability of money: the money is there, all right. It's simply a matter of the willingness of mortgage applicants to meet the long-term money market and to pay what the money is actually worth.

And just where is all of this available money coming from? How is it getting back into the lending stream of the bank?

It's coming from the regrouping of dollars! It's coming from the collection of low-rate loans, from maturing investments, from payments of consumer loans, from increased deposits due to higher wages, and from funds attracted from other institutions. And there's the Fed to tap for temporary needs.

A good many banks are looking the situation squarely in the face, realizing, of course, that if they are to take care of their full share of the mortgage market, they must woo and pursue the SAVINGS DOLLAR.

Yes, Savings and Mortgage go together just like "Love and Marriage" of Hit Parade fame. Yet, on the other hand, unlike the chicken and the egg, there's no question as to which of these two, comes first. Very definitely, it's the Savings Account, because it's no secret that you can't lend money until you get your hands on it.

Stresses Banks' Savings Department

The Savings Department of your bank is your land of opportunity for new deposits—for new money! The knack, of course, lies in attracting brand new savings customers and wangling larger savings deposits from old customers. This is a fact which even the largest metropolitan banks are now recognizing, perhaps for the first time, in a realistic, practical way.

WHAT WE NEED—is a positive, hard-hitting program, packed with vim, vigor, and vitality, in order to educate the public on the advantages of saving money in a BANK. We need a repetitious program, factual and full of imagination, so we can sell our BRAND NAME to Mr. and Mrs. America.

Now that you're ready to go after your own customers, LET THEM KNOW that YOU HAVE A SAVINGS DEPARTMENT and that you want their accounts very much! Roll out the plush carpet! Tell your customer about the convenience of one-stop banking and how simple it is for him to SAVE where he BANKS. Invite him, coax him, urge him, GIVE HIM THE WORKS!

Three Mortgage Categories

Mortgage loans fall into three separate categories, namely VETERANS ADMINISTRATION LOANS, which are guaranteed by an agency of the government, FHA LOANS, which are insured by an agency of the government, and CONVENTIONAL LOANS, which we might say, are on the house. It's a fact that reliance on the guaranteed and insured mortgage continues to grow at a disproportionate pace. And it's significant that most of this growth has taken place during the last 10 years. 1955 produced a bumper crop of both FHA and VA applications and 1956 promises to be no slouch. Where are we headed? The original purpose of FHA was to help people who couldn't otherwise own their own homes. But we've gone far, far beyond this concept! Furthermore, down-payments are vanishing and terms are beginning to look like an epoch in geological time.

Of course, there's a definite place in our economy for the insured and guaranteed loan. For instance, use of FHA and VA has developed a broad, volume market, enabling mortgages from a rapidly growing community to be readily sold in more stable communities, where savings funds are chafing at the bit for investment. 4,200,000 GI's have already taken advantage of VA loans during the past 11 years. But there are 15,000,000 veterans, who are still eligible for loans before the Act expires in 1957 for World War II veterans and in 1965 for Korean veterans. Today, VA loans may be written for 30 years, at 4½%, for 98% of appraised value, and with a guaranty of 60% of the mortgage loan or \$7,500.00, whichever is the lower.

Regardless of the guaranty, sound banking principles dictate that a bank should weigh each VA case on its own merit and as carefully as it analyses the risk and margin of safety in making a conventional loan. This is a good way to stay out of trouble! And speaking of trouble, the banker should counsel with the young veteran, NOT to get into debt over his head and NOT to accept too long terms simply because they're available.

Look ahead with the veteran! Point out to him that the extra interest is a pretty stiff price to pay for the respite of slightly smaller monthly payments. Will he find himself in 30 years with a loan paid off, but with a house in shambles?

Government Control

We all appreciate the sacrifices made by the veteran in the service of his country. But in com-

pensating him for those lost years, let's be sure that we're making actual restitution in a way which benefits him concretely and in the long run. Let's not, through socialistic legislation, hamstring him with a stultifying form of government, load him with debt and taxation, and deny him the freedom to grow and prosper as an individual, even though he may represent a third of the voting population.

Sometimes measures adopted to meet an emergency turn out to be a political football. They prove themselves too convenient to be easily discontinued, long after the emergency has ceased to exist. In fact, there's a universal tendency to add to these measures and to extend them into a complicated network of rules and regulations which ultimately become permanent and so-called indispensable fixtures in our economy. Such is the case of the guaranteed and insured loan!

The United States Supreme Court has ruled that anything that the government subsidizes, it can control. Herein lies the danger of the entire guaranteed and insured loan set-up. Because the government insures these loans or guarantees them, there is the constant temptation to change the rules of the game according to political expediency, to depart further and further from the precepts of Free Enterprise, and to encroach deeper and deeper into the banking field.

Therefore, it behooves us all to scrutinize with an eagle eye every related bill which is dropped into the Congressional hopper.

We talk so much about present-day creeping socialism! Well, there's a Housing Bill pending in Congress today, which, if passed, would spur socialism on to a gallop. There's no need, whatsoever, for liberalizing VA mortgage terms any further. Quite the contrary! We're trying very hard to ease the government out of direct lending, out of competition with private enterprise, out of Fanny May, in fact, out of all home mortgage business. But proposed legislation in this election year is demanding even deeper entrenchment of government in business.

Incidentally, have you written your Congressman lately to tell him how you feel about government hand-outs?

Voluntary Home Mortgage Credit Program

Did you know that ABA's Savings and Mortgage Division has a committee whose specialty is Real Estate Mortgages? Not only does this hard-working committee keep up with new developments, trends, and activities in the mortgage field, but it also keeps posted on pertinent Federal legislation. It analyzes each bill and then prepares testimony to be used in appearing before Congressional committees in behalf of sound banking.

The answer of private enterprise to the lack of mortgage credit in small, remote communities is the successful Voluntary Home Mortgage Credit Program. The National Committee of VHMCP is composed of a group of energetic housing and mortgage bigwigs, from both business and government. Each month, they meet to discuss the perplexing problems which confront the industry. This program is working out astonishingly well! In fact, thousands of loans have been made by private lenders which might otherwise have been made direct by the government. It's true that banks and insurance companies have done a bang-up good job, and it's to the credit of all of us that the need for the Veterans Administration to make direct loans has just about dried up.

"Open-End" Mortgage Question

We'll be hearing more and more about the "open-end" mortgage

Continued on page 41

These Notes were placed privately through the undersigned with an institution purchasing them for investment.

\$10,000,000*

ELLIOTT COMPANY

4½% Promissory Notes due 1971

*\$8,000,000 has been borrowed by the Company. The balance may be taken up by the Company on the terms and conditions set forth in the Note Purchase Agreement.

F. EBERSTADT & Co.

June 29, 1956

Pending Legislation and Problems Regarding Proxy Solicitations

By J. SINCLAIR ARMSTRONG*

Chairman, Securities and Exchange Commission,
Washington, D. C.

SEC Chairman discusses: (1) pending Congressional legislation which would extend financial reporting, proxy solicitation, and "insider trading" provisions of the SEC Act to about 1,205 firms not listed on a national securities exchange but in which there is substantial public investor interest; (2) the deferment of Section 16(6) application to these firms until more is learned regarding short-swing trading by directors, officers and 10% stockholders; and (3) the problem of developing a workable rule preventing brokers from improperly using their customers' voting rights. Avers that the January, 1956 proxy revisions are designed to aid and protect investors' voting rights by requiring information to which they, as owners of business amounting to over billions of dollars, should be entitled to, and that the Commission is scrupulously neutral and does not violate freedom of speech in preventing false, misleading or insufficient information.

After two years of intense study, in January, 1956 the Securities and Exchange Commission adopted revisions of its proxy rules designed to clarify and make more specific the intent of the rules as they relate to contests for the election or removal of directors.¹ The revision constituted amendments to the Commission's Regulation X-14, adopted under Section 14(a)



J. Sinclair Armstrong

of the Securities Exchange Act of 1934, applicable to corporations, the securities of which are listed on national securities exchanges.

Prior to these amendments adopted by the Commission in January, 1956, the proxy rules did not contain provisions specifically directed to the many disclosure problems arising in proxy contests for control of listed corporations. The more general disclosure requirements of the rules, which were primarily directed to solicitations for the usual meeting of security holders for the purposes of electing directors or for taking other appropriate corporate action, were applied on a case-by-case approach to the problems which arose in proxy contests.

When I addressed your annual meeting a year ago at Bretton Woods, I told you how our work in revising the rules was going forward. I will review that briefly and tell you of our progress since that time.

At the end of the 1954 proxy season in August of that year, the Commission directed that the proxy rules be reviewed by the Division of Corporation Finance from the point of view of the problems presented by proxy contests and that proposals for amendment be submitted for its consideration. It was felt at that time, however, that additional experience to be gained under the rules then in effect during the 1955 proxy season would assist in the development of the new rules for proxy contests which would be suited to the changing patterns of proxy solicitations particularly in contests for control.

A proxy rule revision proposal was first announced by Commission release in August, 1955,² but prior to that time I had discussed the problems and some of the pro-

posals in February, 1955, before your Chicago Chapter, and also in June, 1955, in my statement to the Subcommittee on Securities of the Senate Committee on Banking and Currency. Following the public announcement in August, 1955, we had the benefit of many well-considered and constructive comments from the public. We received and reviewed comments submitted in writing upon the original August, 1955, amendment proposal and the modified proposal published Dec. 14, 1955, and those advanced orally at a public hearing held Nov. 17, 1955. We also considered all of the testimony, proceedings and reports of the Senate Banking and Currency Committee, and its Subcommittee on Securities, bearing on the proxy problem and resulting from that Committee's 1955 Stock Market Study. Thus the Commission's action in adopting the revision in January of this year was the culmination of several years' concentrated study and review of soliciting material filed in connection with proxy contests during that period.

The amendments reflect in large measure codification of the administrative interpretations and practices of the commission in the proxy contest cases under the general rules as they had been in effect. In addition, the rules were amended more precisely to define and to elicit detailed information about persons deemed to be participants in a proxy contest.

January, 1956 Proxy Revision

In announcing the adoption of the revision in January, I stated my belief that the amendments of the proxy rules represented an important step forward under the Federal Securities Exchange Act for protection of investors in securities listed on national securities exchanges. Proxy fights for control of corporate management represent contests for the power to direct the use and disposition of significant aggregations of capital represented by corporate assets and credit. These, in turn, are represented by billions of dollars of outstanding securities held by public investors. The savings of the public investors, channeled through our capital markets into the securities of corporations, have provided the capital funds by which the American system of free private enterprise has been built and developed. As owners of the corporate enterprises, public investors should have the right at the very least under our free enterprise system to be fully and fairly informed about the interests which seek to elect directors and about the nominees who offer themselves or are offered by others to assume responsibility for management.

As owners of the businesses, with billions of dollars of savings invested, public investors have a great stake in the outcome of all

corporate elections. The careful and intelligent exercise of their voting rights is of the utmost importance if persons best qualified, by reason of background, experience and ability, to advance the best interests of the corporation and its stockholders are to be selected. This is particularly true in proxy contests, as opposing factions vie for the stockholders' favor and statements and counter-statements, charges and counter-charges, sometimes are more confusing than enlightening.

The revised rules are designed to aid and protect public investors in the exercise of their voting rights by assuring detailed factual information about the participants, both the nominees for election as

directors and those actively participating in their election campaign. This includes information about their identity and background, their interest in securities of the corporation, and certain other important information having a bearing upon the contest.

Uniform Rules for First Time

The revised proxy rules established for the first time uniform ground rules governing pre-proxy statement solicitations, a significant development of recent years, and defining in more precise terms than did the prior rules the types of disclosure required in contests for the election or removal of directors.

Under the new rules, in a proxy

contest, no solicitation of proxies by an opposition group may be commenced unless a statement concerning each participant in that solicitation is first filed with the Commission and each national securities exchange with which any security of the corporation is listed. This statement must set forth the detailed information required by a new schedule provided by the rule (Schedule 14B). If the solicitation is by management in opposition to another group or in anticipation of opposition by another group, the information required by the new Schedule 14B with respect to management participants must be filed

Continued on page 23

The FIRST NATIONAL CITY BANK of New York



Head Office: 55 Wall Street, New York

75 Offices in
Greater New York

68 Overseas Branches,
Offices, and Affiliates

Statement of Condition as of June 30, 1956

ASSETS		LIABILITIES	
CASH, GOLD AND DUE FROM BANKS . . .	\$1,611,279,820	DEPOSITS	\$6,249,720,388
U. S. GOVERNMENT OBLIGATIONS . . .	1,113,532,813	LIABILITY ON ACCEPTANCES AND BILLS . .	\$79,416,817
OBLIGATIONS OF OTHER FEDERAL AGENCIES	5,576,158	LESS: OWN ACCEPTANCES IN PORTFOLIO	11,370,647
STATE AND MUNICIPAL SECURITIES . . .	467,182,961		68,046,170
OTHER SECURITIES	124,112,626	DUE TO FOREIGN CENTRAL BANKS (In Foreign Currencies)	22,042,500
LOANS AND DISCOUNTS	3,477,523,982		
REAL ESTATE LOANS AND SECURITIES . .	39,510,743	RESERVES FOR:	
CUSTOMERS' LIABILITY FOR ACCEPTANCES	64,044,007	UNEARNED DISCOUNT AND OTHER	
STOCK IN FEDERAL RESERVE BANK . . .	15,000,000	* UNEARNED INCOME	26,060,635
OWNERSHIP OF INTERNATIONAL BANKING CORPORATION	7,000,000	INTEREST, TAXES, OTHER ACCRUED EXPENSES, ETC.	35,125,845
BANK PREMISES	34,543,905	DIVIDEND	6,000,000
ITEMS IN TRANSIT WITH BRANCHES . . .	3,558,930	CAPITAL	\$200,000,000 (10,000,000 Shares—\$20 Par)
OTHER ASSETS	6,763,953	SURPLUS	300,000,000
Total	\$6,969,629,898	UNDIVIDED PROFITS	62,634,360
		Total	\$6,969,629,898

Figures of Overseas Branches are as of June 25.

\$519,982,422 of United States Government Obligations and \$28,118,300 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Chairman of the Board
HOWARD C. SHEPHERD

Chairman of the Executive Committee
ALEXANDER C. NAGLE

President
JAMES S. ROCKEFELLER

Vice-Chairman of the Board
RICHARD S. PERKINS

CITY BANK FARMERS Trust Company



Head Office: 22 William Street, New York

Affiliate of The First National City Bank of New York for separate administration of trust functions

Statement of Condition as of June 30, 1956

ASSETS		LIABILITIES	
CASH AND DUE FROM BANKS	\$ 33,894,180	DEPOSITS	\$106,592,409
U. S. GOVERNMENT OBLIGATIONS . . .	79,587,896	RESERVES	6,014,327
OBLIGATIONS OF OTHER FEDERAL AGENCIES	2,997,127	(Includes Reserve for Dividend \$500,952)	
STATE AND MUNICIPAL SECURITIES . . .	17,168,818	CAPITAL	\$10,000,000
OTHER SECURITIES	2,602,330	SURPLUS	10,000,000
LOANS AND ADVANCES	1,961,097	UNDIVIDED PROFITS	12,917,871
REAL ESTATE LOANS AND SECURITIES . .	1		32,917,871
STOCK IN FEDERAL RESERVE BANK . . .	600,000		
BANK PREMISES	2,399,940		
OTHER ASSETS	4,313,218		
Total	\$145,524,607	Total	\$145,524,607

\$9,491,685 of United States Government Obligations are pledged to secure Public Deposits and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Chairman of the Board
HOWARD C. SHEPHERD

Vice-Chairman of the Board
LINDSAY BRADFORD

President
RICHARD S. PERKINS

*An address by Mr. Armstrong before the Tenth Annual Meeting of the American Society of Corporate Secretaries, Yosemite National Park.

1 Securities Exchange Act Release No. 5276, Jan. 17, 1956.

2 Securities Exchange Act Release No. 5212, Aug. 23, 1955.

Dealer-Broker Investment Recommendations & Literature

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

- Airlines**—Analysis—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.
- Atomic Letter** (No. 18) dated June 1, containing comments on uranium guarantee extension, atomic Navy, guided missiles, atomic aircraft—Atomic Development Mutual Fund, Inc., Dept. C., 1033 Thirtieth Street, N. W., Washington 7, D. C.
- Burnham View**—Monthly investment letter—Burnham and Company, 15 Broad Street, New York 5, N. Y.
- Discount Rate, Prime Bank Rate and Financial Paper Rates** from Jan. 1, 1945 to date—Folder—Salomon Bros. & Hutzler, 60 Wall Street, New York 5, N. Y. Also available is a memorandum on Associates Investment Co.
- Equipment Trust Certificates**—Semi-annual appraisal as of June 30, 1956—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available is an appraisal of City of Philadelphia and Philadelphia School District Bonds.
- Industrial Saskatchewan**—Bulletin—Industrial Development Office, Province of Saskatchewan, 12th Avenue & Lorne Street, Regina, Sask., Canada.
- Japanese Stocks**—Current information—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.
- Missile Makers**—Highlights No. 32—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.
- Nickel Industry**—Analysis—With particular reference to International Nickel Co. of Canada Ltd., Falconbridge Nickel Mines, Ltd., Sherritt Co., Gordon Mines Ltd., and Nickel Rim Mines, Ltd.—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.
- Outlook for Business** for the last six months of 1956—Panel review—The First National Bank of Chicago, Chicago 90, Ill.
- Outlook for Business in an Election Year**—Proceedings of the third annual Dean's Day Homecoming Conference of the Alumni Association of New York University's Graduate School of Business Administration—Graduate School of Business Administration (Dr. Harold W. MacDowell), New York University, Room 610, 115 Broadway, New York 6, N. Y.—paper—\$2.00.
- Over-the-Counter Index**—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.
- Road Building Machinery**—Appraisal—Dreyfus & Co., 50 Broadway, New York 4, N. Y.
- Securities Considered Legal Investments for Savings Banks in New York**—As of July 1, 1956—New York State Banking Department, Albany, N. Y.
- Stocks for Investment at Mid Year**—Selected issues—in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is an analysis of Getty Oil Company and Webb & Knapp Preferred.
- American Marietta Co.**—A Glimpse Ahead—Descriptive bulletin—American Marietta Co., 101 East Ontario Street, Chicago 11, Ill.
- A. S. Campbell Co., Inc.**—Analysis—Lerner & Co., 10 Post Office Square, Boston 9, Mass.
- British Aluminium Company Ltd.**—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.
- Central Telephone Co.**—Memorandum—First Securities Corp., 111 Corcoran Street, Durham, N. C.
- Color Corporation of America**—Bulletin—North's News Letter, 414 Mason Street, San Francisco 2, Calif.—Three month trial subscription, \$15.
- Consolidated Water Power & Paper Company**—Analysis in current issue of "Business & Financial Digest"—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also in the same issue is an analysis of Bank of America, N. T. & S. A.
- Dominion Steel and Coal Corporation Limited**—Analysis—L. S. Jackson & Company, Limited, 132 St. James Street, West, Montreal, Que., Canada.
- Dynamics Corp. of America**—Memorandum—Kiser, Cohn & Shumaker, Inc., Circle Tower, Indianapolis 4, Ind.

- Food Machinery & Chemical Corp.**—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.
- W. R. Grace Co.**—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. In the same bulletin are data on Visking Corp. Also available is a memorandum on St. Regis Paper Co.
- Grant County, Wyo. P. U. D. No. 2 Bonds**—Data—Park, Ryan Inc., 70 Pine Street, New York 5, N. Y.
- Harsco Corporation**—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.
- Interstate Motor Freight System**—Memorandum—Wm. C. Roney & Co., Buhl Building, Detroit 26, Mich. Also available is a memorandum on Kuhlman Electric Co.
- Kennedy's Inc.**—Data—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass. Also in the same bulletin are data on the Richardson Company.
- Leetronics Inc.**—Memorandum—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y.
- Lone Star Cement**—Data—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on Jones & Laughlin Steel Corp. and Union Oil of California.
- McGregor-Doniger, Inc.**—Analysis—Unlisted Trading Department, Ira Haupt & Co., 111 Broadway, New York 6, N. Y.
- Montrose Chemical Company**—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.
- National Distillers Products Corp.**—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.
- New York Central Railroad**—Bulletin—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.
- Northeastern Turnpike**—Progress report—De Leuw, Cather & Company, Farm Bureau Building, Oklahoma City 5, Okla.
- Charles Pfizer & Co., Inc.**—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.
- Phillips Lamps**—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.
- Polaroid Corporation**—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of U. S. Vitamin Corporation.
- Puget Sound Pulp and Timber Company**—Analysis—Pacific Northwest Company, Terminal Box 3686, Seattle 24, Wash.
- Pyramid Life Insurance Company**—Memorandum—Albert J. Caplan & Co., 1516 Locust Street, Philadelphia 2, Pa.
- Radio Corporation of America**—Memorandum—H. Hentz & Co., 60 Beaver Street, New York 6, N. Y.
- Richmond Eureka Mining Co.**—Memorandum—A. G. Edwards & Sons, 501 Lexington Avenue, New York 17, N. Y.
- South Carolina Electric & Gas**—Analysis—Zuckerman, Smith & Co., 61 Broadway, New York 6, N. Y. Also in the same bulletin are analyses of Southern California Edison and Southwestern Public Service.
- Southland Racing Corp.**—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.
- Stancan Uranium**—Report—White & Company, Mississippi Valley Trust Building, St. Louis 1, Mo.

Johnson, Lane, Space & Co., Inc., Offers H. W. Lay & Co. Shares

Public offering of 200,000 shares of H. W. Lay & Co., Inc. class A common stock, at \$5.75 per share is being made today (July 5) by an investment banking syndicate headed by Johnson, Lane, Space & Co., Inc. Of the total offering, 149,000 shares are being sold on behalf of the company, 51,000 shares on behalf of certain selling stockholders.

Net proceeds from the sale of its 149,000 shares of the stock, will be used by the company for the retirement of all of its outstanding 7,680 shares of 5.2% cumulative convertible preferred stock; for the reduction of bank loans, and to increase working capital.

H. W. Lay & Co., Inc., with its principal office in Chamblee, Ga., is engaged in the production of a wide variety of food products, such as potato chips, barbecue flavored chips, "Fritos," "Cornetts," "Bacon Puffs," peanut butter and sweet cookie sandwiches, popcorn, and salted peanuts and other nuts, all of which

are attractively packaged in double cellophane bags and wrapping materials or in tin cans. Manufacturing plants are operated in Chamblee, Ga.; Jacksonville, Fla.; Jackson, Miss.; Memphis, Tenn.; Louisville, Ky.; Richmond, Va.; Bethesda, Md.; and Greensboro, N. C. The company also owns and operates a fleet of more than 290 trucks, including 29 big tractor-trailer rigs, which handle local distributions and shipments to various sales branches maintained throughout the company's territory.

Other members of the offering group include—The Robinson-Humphrey Co., Inc.; Scott, Horner & Mason, Inc.; Interstate Securities Corp.; Alester G. Furman Co.; Atwill & Co., Inc.; Clark, Landstreet & Kirkpatrick, Inc.; Jack M. Bass & Co.; Pierce, Carrison, Wulbern, Inc.; Howard, Weil, Labouisse, Friedrichs & Co.; G. H. Crawford Co., Inc.; and Roman and Johnson.

White Co. Adds to Staff

(Special to THE FINANCIAL CHRONICLE)
ST. LOUIS, Mo. — Fred W. Rudde is now with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

COMING EVENTS

In Investment Field

- Sept. 1-21, 1956 (Minneapolis, Minn.)**
National Association of Bank Women 34th Convention and annual meeting at the Hotel Radisson.
- Sept. 27, 1956 (Rockford, Ill.)**
Rockford Securities Dealers Association seventh annual "Fling-Ding" at the Forest Hills Country Club.
- Oct. 4-6, 1956 (Detroit, Mich.)**
Association of Stock Exchange Firms meeting of Board of Governors.
- Oct. 24-27, 1956 (Palm Springs, Calif.)**
National Security Traders Association Annual Convention at the El Mirador Hotel.
- Nov. 14, 1956 (New York City)**
Association of Stock Exchange Firms meeting of Board of Governors.
- Nov. 25-30, 1956 (Hollywood Beach, Fla.)**
Investment Bankers Association of America annual convention at the Hollywood Beach Hotel.
- April 21-23, 1957 (Dallas, Tex.)**
Texas Group of Investment Bankers Association annual meeting at the Statler Hilton Hotel.
- Nov. 3-6, 1957 (Hot Springs, Va.)**
National Security Traders Association Annual Convention.

With Vance Securities

(Special to THE FINANCIAL CHRONICLE)
GREENSBORO, N. C.—Thomas M. Vance is now with Vance Securities Corporation, Jefferson Building.

Two With Eastern Secs.

(Special to THE FINANCIAL CHRONICLE)
JACKSONVILLE, N. C.—Margaret E. Stinnett and Walter M. Thompson have joined the staff of Eastern Securities Corporation, 331 Marine Boulevard.

Butler, Wick Adds

(Special to THE FINANCIAL CHRONICLE)
YOUNGSTOWN, Ohio—Francis W. Hone is now with Butler, Wick & Co., Union National Bank Bldg., members of the New York and Midwest Stock Exchanges.

Form Wash. Underwriters

WASHINGTON, D. C.—Washington Underwriters, Inc. has been formed with offices in the Warner Building to engage in a securities business. Troy V. Post, Jr. is a principal of the firm.

Sidney Weinberger Opens

BELLE HARBOR, N. Y.—Sidney Weinberger is engaging in a securities business from offices at 255 Beach 137th Street.

Robert H. Bolman Opens

(Special to THE FINANCIAL CHRONICLE)
ORINDA, CALIF.—Robert H. Bolman is engaging in a securities business from offices at 50 Camino Canada.

Presently Available—

Highlights No. 32

"Missile Makers"

TROSTER, SINGER & Co.

HA 2-2400

Members N. Y. Security Dealers' Association
74 Trinity Place, New York 6, N. Y.

NY 1-376

DEPENDABLE MARKETS



DEMPSEY-TEGELER & CO.

AVAILABLE

Executive (38) in Advertising, Promotion and Marketing

Able Administrator and Planner. Directs ad budgets of over \$2,500,000, sales distribution, company acquisition, sales, planning and training. Experience in depth in both consumer and industrial products. Interested in position where sound diversification and growth is part of Management's policy. Box C 75, Commercial and Financial Chronicle, 25 Park Place, New York 7, N. Y.

British Motor Trade Recession

By PAUL EINZIG

The over-expanded British motor industry is criticized by Dr. Einzig for "its gross miscalculation of its prospective markets," the draining of inadequate labor by bidding-up wages "to satisfy its exaggerated requirements," and neglect of the foreign market in the face of increasing competition. Absolves the industry for not foreseeing the unexpected contraction of the Australian and other markets and the greater disinflationary measures than those imposed in 1952. Expects the unpopular layoffs to aid British economy—providing "the men are prepared to change location and occupation"—through allocation of surplus labor to regions and industries with labor scarcity.

For some time it has been evident that all is not well in the British automobile industry. In common with the motor industries of other countries, it appears to have over-expanded. On the assumption that the demand would continue to increase indefinitely at the same rate as it has been increasing during the past two years or so, the motor works have expanded their plants. At the same time they have increased their capacity also by means of automation. And now they find it impossible to use their increased capacity to anything like its full extent, owing to the decline in demand. The dismissal of some 6,000 workers by the British Motor Corporation towards the end of June has drawn public attention to a state of affairs which has existed for some time, but whose significance was not realized adequately either by employers, or by employees and their unions, or by politicians.

Miscalculating Prospective Markets

To some extent the motor industry is to blame for its gross miscalculation of its prospective markets. The inadequacy of the British road system to cope with the increased motor traffic set a natural limit to the absorbing capacity of the domestic market. The Government's road building program is too modest to make any appreciable difference in this respect for years to come. It is true, the legislation introduced recently, making the yearly official testing of old cars compulsory, is liable to cause a certain switching over of demand from second-hand cars to new cars. Even so, overcrowding of roads and parking difficulties are liable to discourage domestic demand.

The manufacturers of cars ought to have paid more attention to what was happening abroad. Apart from the spectacular increase of the capacities of the American automobile industry, German and French rivals of British cars are also forging ahead. Owing to the ease with which it was possible to expand the domestic market during recent years, British manufacturers did not concentrate sufficiently on their overseas markets.

The motor trade is open to criticism also for the way in which it drained the inadequate industrial manpower to satisfy its exaggerated requirements. It was bidding up wages in order to attract labor for the purpose of expanding its output. The result was an all-round increase in wages, for employers who were less favorably placed than the motor works from the point of view of profit margins had to increase their wages in order to

safeguard their dwindling manpower. Even industries working at a loss such as British Railways had to consent to increases far beyond their means, in order to avoid being depleted of labor.

Motor Industry Cannot Be Blamed

It must be admitted that to a very large extent the motor industry cannot be blamed for its present difficulties. The sudden contraction of its foreign markets through import cuts in Australia and elsewhere could not have been foreseen. Nor could businessmen reasonably be expected to foresee the degree of disinflationary measures that the Government would have to adopt in order to cope with the inflationary situation. In 1952 a much more modest degree of disinflation sufficed to correct the balance of payments.

The British Motor Corporation has been subject to much sharp criticism, not only on the part of the unions and their political supporters, but even from Conservative side, for having dismissed the 6,000 men who have become redundant without any preliminary consultations and with a severance pay of one week's wages. Much of this criticism is undoubtedly unfair. It would have been impracticable to warn the workers months ahead, because it did not appear unreasonable to hope that the situation would right itself before it became necessary to resort to such drastic measures.

Nor would there have been much point in preliminary consultations. All that the unions would have had to suggest is that instead of dismissing the redundant men, they should be feather-bedded. Which, in conditions of overfull-employment that still exists in Britain, would be about the worst possible solution. After all, many branches of the engineering industry have to quote long delivery dates for lack of manpower. Railway transport is slowed down because there are not enough men. In the circumstances it would be clearly against the public interest to retain thousands of men in the motor industry where they are not needed, and to compel other industries to resort to further wages increases in order to induce these men to change their occupations.

Could Help Solve Economic Problem

The credit squeeze could contribute substantially towards solving Britain's economic problem, precisely through assisting in the reallocation of labor by forcing employers to dismiss their redundant workers. Under a non-stop expansion such as we have been witnessing in recent years, it is much too tempting for employers to retain workers they do not need any longer, for fear of being unable to secure additional labor if and when they should need it. The cost of such "hoarding" of labor could easily be added to the price of the manufactures while the going was good. As a result of the credit squeeze, the confidence of employers to be able to raise their

prices has declined. They no longer dare to run up high costs of production, owing to the uncertainty of being able to pass them on to the consumer.

The Government stands to gain to some extent from the uncertainty of employment prospects. There is an acute shortage of manpower in British Railways, in the police, and in other Government departments of Government-controlled services. Recruiting to the armed service does not produce the desired result. All this is because the permanency of such jobs has not the same attraction amidst overfull employment as it had before the war. But now that conditions of employment have become less certain, jobs with lower pay but with the certainty of being permanent have become once more attractive, even if the pay offered is lower than in industry.

Hardships Grossly Exaggerated

Hardships caused by dismissals in existing conditions of employment have been grossly exaggerated. Provided that the men are prepared to change location and occupation, they could step from one job into another without an interval of unemployment. It is true, they would have to accept lower pay. But then there has not been any justification for the high pay they received from motor works during the boom years. It would of course be too much to expect them to see it

this way. So industrial relations in Britain are likely to become embittered as a result of redundancy dismissals.

Schwabacher Absorbs Muir, Dumke & Light

SALT LAKE CITY, Utah—Effective July 16 the investment business of Muir, Dumke & Light, 80 South Main Street, will be merged with Schwabacher & Co. of San Francisco. Schwabacher & Co., which holds membership on the New York, San Francisco and American Stock Exchanges, will operate the Salt Lake City office under the management of Edmund W. Dumke and Richard W. Muir. Given A Light will be sales manager of the office. Muir, Dumke & Light's membership in the Salt Lake Stock Exchange will be continued by Schwabacher & Co.

Schwabacher & Co., established in 1919, has nine offices in California and New York City.

Shelley, Roberts Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—William L. Gust has been added to the staff of Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—George Flint, Jr. has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 1125 Van Ness Avenue.

James C. Sargent Member of the SEC

James C. Sargent has become a member of the Securities and Exchange Commission, succeeding



James C. Sargent

Clarence H. Adams whose term has expired. Mr. Sargent, formerly engaged in the practice of law in New York, has been administrator of the New York regional office of the SEC since November 1955.

Two With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Charles G. Owen and Paul F. Dratz are now with Daniel D. Weston & Co., Inc., 9235 Wilshire Boulevard.

Joins FIF Staff

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Michael A. Taron is now with FIF Management Corporation.

DIRECTORS

HENRY C. ALEXANDER
Chairman

H. P. DAVIDSON
President

ARTHUR M. ANDERSON

I. C. R. ATKIN
Vice-President

STEPHEN D. BECHTEL
President
Bechtel Corporation

PAUL C. CABOT
President
State Street Investment Corporation

BERNARD S. CARTER
Chairman
Morgan & Cie. Incorporated

CHARLES S. CHESTON

JOHN L. COLLYER
Chairman
The B. F. Goodrich Company

RICHARD R. DEUPREE
Chairman
The Procter & Gamble Company

CHARLES D. DICKEY
Chairman, Executive Committee

CARL J. GILBERT
President
The Gillette Company

N. D. JAY
Director
Morgan & Cie. Incorporated

DEVEREUX C. JOSEPHS
Chairman
New York Life Insurance Company

THOMAS S. LAMONT
Vice-Chairman

R. C. LEFFINGWELL

L. F. McCOLLUM
President
Continental Oil Company

GUSTAV METZMAN

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General Motors Corporation

JAMES L. THOMSON
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Hartford Fire Insurance Company

GEORGE WHITNEY

JOHN S. ZINSSER
Vice-Chairman
Merck & Co., Inc.

J. P. MORGAN & CO.

INCORPORATED

NEW YORK

Condensed Statement of Condition June 30, 1955

ASSETS

Cash on hand and due from banks	\$242,266,222
United States Government securities	170,324,005
State and municipal bonds and notes	53,651,874
Other bonds and securities	10,769,876
Loans and bills purchased	410,659,225
Accrued interest, accounts receivable, etc.	4,071,957
Stock of the Federal Reserve Bank	1,800,000
Investments in Morgan Grenfell & Co. Limited, Morgan & Cie. Incorporated, and 15 Broad Street Corporation	1,560,001
Banking house	3,000,000
Liability of customers on letters of credit and acceptances	20,939,188
	<u>\$919,042,348</u>

LIABILITIES

Deposits: U. S. Government	\$ 39,203,505
All other	680,219,204
Official checks outstanding	70,487,654
	<u>\$789,910,363</u>
Bills payable	25,000,000
Accounts payable, reserve for taxes, etc.	6,737,786
Acceptances outstanding and letters of credit issued	21,044,114
Capital—300,000 shares	30,000,000
Surplus	30,000,000
Undivided profits	16,350,085
	<u>\$919,042,348</u>

United States Government securities carried at \$72,485,296 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

MORGAN & CIE. INCORPORATED
14, Place Vendôme, Paris, France

MORGAN GRENFELL & CO. LIMITED
23, Great Winchester Street, London E. C. 2, England

Life Insurance Companies And the Taxation Problem

By WILLIAM F. GLISS
Manager, Insurance Stocks Department
John C. Legg & Company, Baltimore

Life insurance stocks of the better companies are endorsed for future capital appreciation in view of: (1) favorable conditions permitting such stocks to capitalize on the economy's growth; (2) unlikelihood taxes will be drastically increased; and (3) declined market price — due to tax uncertainty — though the industry continues to break all records. Difficulties confronting Treasury officials are explained in support of the assumption that there is little "uncertainty concerning the tax to be applied."

Because of the adverse publicity in recent months concerning the matter of taxation of life insurance companies, a review of the situation is in order.

The problem of taxation as it applies to life insurance operations is not new. It has been under discussion for more than 25 years. In 1921 the method was evolved of basing the tax on net investment income only. This approach, which has been modified a number of times, is the one in effect today. In 1942 Congress passed legislation which determined the tax rate which should apply to investment income and set forth a method of calculating the tax. Because of changes in interest rates and changing methods of calculating reserves by the life insurance industry, Congress modified the law in 1950. In 1951 the law was again changed in an attempt to reflect changing conditions. The 1951 formula which worked out to approximately 6.5% of investment income was extended each year until 1954 when the matter was reexamined by Congress in an effort to pass a permanent law to supersede the "stopgap" legislation of the previous three years.

Congress Continues Same Tax Policy

The House Ways and Means Committee undertook a study of the problem and held hearings at which appeared members of both the mutual and stock branches of the industry. After lengthy study this Committee recommended to the House of Representatives that it pass as permanent legislation HR 7201, which Bill set forth a formula which produced a tax of approximately 7.8% of investment income together with a schedule of exemptions which would be allowed against this income. In July, 1955 this Bill was passed by the House and referred to the Senate. While the Bill was under study by the Senate Finance Committee, the Treasury

Department made it known that they did not approve the Bill as written and requested more time to study the problem.

The Senate Finance Committee held hearings and at the conclusion of these hearings made a number of changes in the exemptions allowed but agreed to the rate of 7.8% of investment income. The Bill was then sent to a joint Committee of the Senate and House where agreement was reached on the Senate proposal. The law was passed on this basis to apply only to 1955 earnings. The Treasury Department stated that it would make further study and prepare recommendations for action by Congress in the present session.

On April 16, 1956 the New York "Times" under the headline, *U. S. Acts to Raise Insurance Taxes*, said, "Well-posted sources predicted today that the Treasury soon would lay before Congress a tough new formula for taxing life insurance companies." Investigation of this statement by interviews with responsible people in Washington led me to believe that the newspaper had been misinformed. It is our opinion that the Treasury has not yet been able to formulate a workable tax plan using any other approach than that of applying the tax to investment income.

On May 26, 1956 the New York "Times" printed a second article under the headline *U. S. Delays Plans on Insurance Tax*. Quoting from this printing, "Treasury officials said today, however, that the Department's staff of experts had been so busy on other pressing matters and the insurance tax problem was so 'very complicated' that the project could not be completed on schedule."

"The officials said they would continue to work on through the summer and try to have something in shape for next year. This rules out application of any new tax formula to the 1956 income of life insurance companies, according to

Representative Wilbur D. Mills, Democrat of Arkansas. Mr. Mills is Chairman of a House Ways and Means subcommittee that has been awaiting the Treasury recommendations." Mr. Mills was quoted further as saying, "It would appear quite likely that we will have to extend the present formula for another year * * *. I wouldn't think there would be any change."

Difficulties in a Changed Rate Base

The inability to meet their schedule, plus their admission that the problem was so "very complicated," gives evidence of the many difficulties involved in taxing life companies on the "total income" approach. What are some of the difficulties?

First, there is the difficulty of determining what constitutes earnings for tax purposes. Companies use different combinations of factors to compute reserves. Since reserve computations are different, the tax base will be different. One company may assume an interest rate of 2½%, another 3+. One company may use the net level premium method of calculating reserves and yet another the full preliminary term method. These variations will produce different reserve amounts and will cause the companies to show different operating results even assuming all other factors to be equal. The dilemma then is what plan shall be used so that the tax will fall equally.

Secondly, can a difference be made in the method of taxing stock and mutual companies? Approximately 65% of the life insurance in force today is written by mutual companies. On the other hand, the number of stock companies is far greater. Mutual Life Insurance Companies are, in effect, cooperatives. They belong to their policyholders. If a heavy tax burden is placed on them, it would be inconsistent with the present treatment of other types of cooperatives. If mutual companies are exempted and only stock companies taxed at a higher rate, it would present a gross example of unfair competition.

Thirdly, the life insurance industry is vested with the protection of over 100 million policyholders, many of them widows and children with no other source of income. The industry cannot maintain the strong financial backing policyholders expect and also provide the protection called for by a growing population unless it is allowed to build an exceptionally strong surplus position.

It seems reasonable to assume that in order to maintain such a position, companies writing participating business would have to pass on a materially increased tax bill to policyholders through reduction in dividends. It would be impossible to pass the tax on to existing non-participating policyholders which might make it difficult for companies writing this type of business to maintain adequate surplus positions. Future buyers of both participating and non-participating policies would pay a higher price for this very essential service.

Life Stocks Should Be Purchased
In the light of past history and considering the problems involved,

it seems unlikely that the life insurance industry will be taxed at the regular corporate rate based on the total income approach.

Life insurance stocks have declined severely in market price since the high point of last summer. Declining market prices of any stocks usually reflect loss of confidence by investors because of poor conditions prevailing or threatening in a company or industry. The life insurance industry has continued to break all records. The value of policies written in April rose to \$4.2 billion, about 14% higher than last year. Total sales thus far in 1956 were \$16.3 billion versus \$13.9 billion for the same period in 1955. Mortality experience continues to be very favorable and the firmer interest rates of recent months are of definite benefit to the life insurance companies.

All of the conditions which combine to make life insurance stocks excellent media for capitalizing on the growth of the American economy are most favorable.

The pall hanging over the market has been the uncertainty concerning the tax to be applied. If my conclusion, that it is unlikely that taxes on life insurance companies will be drastically increased, is correct, life insurance stocks of the better companies should be purchased for future capital appreciation.

Powell With Schwabacher

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Jas. B. Powell has become associated with Schwabacher & Co., 100 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Powell was formerly in the trading department of the San Francisco office of Harris, Upham & Co.

York Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Palmer Bevis has been added to the staff of York & Co., 235 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Bevis was formerly with Protected Investors of America.

With R. F. Campeau

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Bernard J. Ryan is now connected with R. F. Campeau Company, Penobscot Building.

Two With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Thomas C. Brown and Thomas R. Nelson have become affiliated with H. L. Jamieson Co., Inc., Russ Building.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Leonard J. Swiger has been added to the staff of Reynolds & Co., 425 Montgomery Street.

With Columbia Secs. of Fla.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Norman A. Trevour has been added to the staff of Columbia Securities Company, Inc. of Florida, 3898 Biscayne Boulevard.

A Continuing Interest in

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Continued from page 2

The Security I Like Best

the balance of 1956 call for average shipments of some \$800,000 per month. The first quarter of 1956, while the company was still in the process of moving and building, showed a net loss of \$40,000. Net profit for the next month, April, was \$179,000, or approximately 24c per share. Earnings for the balance of the year should average at the April level. Earnings for 1956 may therefore be conservatively estimated at \$1.50 per share even assuming that all B shares are converted to common stock.

The capitalization of the company on April 30, 1956, consisted of 629,450 outstanding common shares, and 129,600 outstanding class B common shares which are held by the top management. Class B may be converted to common share for share if the net income for two consecutive years aggregates at least \$2 per share and dividends aggregating at least \$1 per share shall have been paid during two consecutive years.

A dividend of 15c per share was paid in December 1955. Thus it will be necessary for the company to pay a dividend of 85c in 1956 to permit the holders of class B stock to convert without restriction. If the conditions are not met, the holders of the class B stock may convert a maximum of 14,400 shares per year. Until converted, the class B common shares receive no dividend unless the common shareholders shall have received 50c per share per year.

The management of the company is aggressive and highly regarded in its community and in trade circles. Price range for the issue since the merger was 1955 high 11¼, low 7; 1956 to date high 10, low 8.

Thus we have a security meeting specifications of the first paragraph of this article. It is certainly obscure, having a new name. Its earning power is just beginning to be manifested in combination, although the separate units of the company have had a splendid past history of earning power. Recent performance gives some indication of current earning power. New products and new contracts assure continued growth. The desire of the management, which holds the B stock, to convert the entire issue into common stock promises a good dividend return. At current market price of approximately 8½, this stock has become "The Security I Like Best."

New Branch Offices For E. F. Hutton & Co.

E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, will take over the following offices of Beer and Company: 233 Carondelet Street, New Orleans, under the management of Michel A. Willem and G. Henry A. Thomas; Trust Company of Georgia Building, Atlanta, under the management of Norris A. Broyles and Jackson P. Dick, Jr.; Longview, Texas, at 301 A East Methvin Street, under the management of William S. Dillon; and Baton Rouge, La., 234 Third Street, under the direction of Hugh B. O'Connor.

Inv. Planning Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS. — Arthur S. Sobel has been added to the staff of Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

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The Electric Industry's Future

By FISCHER BLACK*
Publisher and Editor "Electric World"

Author reviews trends in electric power industry since 1940, and in projecting probable demand for electric power to 1970 finds: (1) consumer sales to residential customers will be four times higher—462 billion kwhr; (2) today's 13,000 kwhr average commercial customer will increase 2½ times; (3) industry will increase 248 billion kwhr in 1955 to 570 billion—without including Atomic Energy; and (4) total 1.3 trillion kwhr in 1970 could be 2 trillion kwhr sales if the next 15 year's rate of increase is at the same rate as the past 15 years.

For the electric power industry, most forecasts are too conservative and that is as it should be. Conservative forecasts are adequate for planning capital expenditures. But in this industry our goals and our results should always be much higher than our forecasts, and goals can be reached if we all work together to make it that way. Our industry does not double every 10 years or triple every 15 years.



Fischer Black

Residential Demand

Take the residential demand, for example—up 5 times, 15 million new customers of which one-third of the homes were already occupied but not electrified. In the past 15 years some enterprising manufacturers, wholesalers and dealers produced and sold a few remarkably useful appliances. Yet there were four years in this period when no appliances were produced and about half the big sellers of today were only on the market for half the period.

The residential market growth has brought with it only a doubling in average bill with a tripling in average use. In real dollars, the customer today is paying considerably more for electricity than he did in 1940. But it is still less than the cost of cigarettes.

Well, the last 15 years look mighty good. But let's forget that our industry just doubles every ten years as in the past, and see the opportunities that can be ahead.

First, we have more population growth to look forward to—40 million more compared with 33 million gain in the past 15 years.

Business as a whole will be up

*An address by Mr. Black before a conference conducted for security analysts, New York City, June 19, 1956.

56% in real dollars. That will be a gain of over \$200 billion; and consumer spending money will be up only 56%.

In the past 15 years, family real income increased only about 25%, while residential electric sales per customer tripled. But we believe average family income will go up another 25% by 1970 to \$6,700. In addition, most of this added income of \$1,100 per year is discretionary. It can be spent on vacations, cars, church—or on living better electrically with electric heating and cooling in every home.

Electric Appliances

We wanted to be fair to you in setting a goal and fair to the customer in taking his money away for electrical appliances. He spent \$166 on the average for appliances in 1955 and by 1970 we only expect another \$100 per year. . . . Just 9% of his increased income.

We have found that the annual increase in average residential use of electricity is proportionate to disposable income. On this basis we reach 7,700 kilowatt-hours per customer in 1970—adding about 2 kwh per dollar of consumer investment compared with 1½ kwh today.

With these conservative figures we can easily predict 462 billion kwh sales to residential customers in 1970 . . . up almost 4 times compared with 5 times in the past 15 years. But one does not have to stop there. We can have 50% more residential electric sales—How? By reaching an annual rate of 1½ million electrically heated and cooled homes by 1970—and doubling the annual increase in lighting that year.

If all the 20 million new homes we will build between now and 1970 were all-electric, we would reach 600 billion kilowatt-hours. If the families who today own two cars had all-electric homes, we could come near doubling residential in one fell swoop.

Commercial Demand

For the average business establishment, the cost of electricity has just doubled since 1940.

Here, too, happy prospects abound. This outlook is closely tied to disposable income—or spending money—because it depends heavily on the services and goods that customers are willing to buy.

Based on disposable income available and the forecasts for gross national product, we can project the commercial use for 1970 at about 2½ times the 13,000 kwh use by the average commercial customer today.

In checking the reasonableness of our 1970 forecasts for commercial sales, I had occasion to look at the plans for one customer in that field—the Socony Mobil Building across from Grand Central Station in New York. That customer will have 1.6 million square foot of floor space. It will be buying 31 million kwh during the first year of full occupancy. This figures out to nearly 20 kwh per year per square foot of office space. Or if we take 10 all-electric commercial buildings on the AG&E system, we find 13 kwh per year per square foot.

If the minimum estimate of 13 billion square foot of commercial space in the country were brought up merely to the present-day standards of AG&E's all-electric commercial buildings, we would more than double today's commercial sales. If they were brought up to the standards of the Socony-Mobil Building, they would be well above our 1970 estimates of 230 billion kwh and more than triple today's commercial sales.

Industrial Demand

Few companies can now afford to produce their own power, and wage demands have stimulated increasing the use of power. Last, but not least, 40% of the 15-year increase in electric energy sales to industry came from the atom, aluminum and magnesium industries.

Industrial sales today account for more than half of all electric power sales.

The industrial production index for 1955 was 139% of the 1947-49 average. In the next 15 years that index is estimated to rise 70% to 238.

Whereas we are now spending about \$35 billion a year on new plant and equipment, conservative economists think we will be spending \$45 billion a year in 1970. This will easily provide the capacity for such a rise in production.

Last year some 69 million people were finding gainful employment in our economy. That was up 13 million above 1940. In the next 15 years a gain of another 13 million is anticipated—bringing total labor force up to 82 million workers. This means only 19% more workers when we expect 78% more production.

These workers will probably be working fewer hours per week (around 35 compared to the 1955 average of 40 hours per week). The production per worker must increase 2½% per year to sustain the gain in industrial output needed to reach our goals of consumer income and standard of living.

The sale of electricity to industry is expected to supplant 2 to 10 million workers that we will be short in that year. Last year, industry was using 18,000 kwh per worker per year. On a conservative basis, industry in 1970 will be using 32,000 kwh per worker per year.

Interpreting this industrial production and kwh use per worker into industrial electric power sales, we find that it meant 248 billion kwh last year and will climb to 570 billion kwh in 1970. This forecast makes no provision for the unknown demand like the Atomic Energy Commission installations of the past. In a single area, the Ohio Valley, 1 million kw of capacity will be installed over the next three years. Thus you already have on the books 8 billion kilowatt-hours coming on the line of a single system.

Total Electric Power Sales

Now we have the necessary figures for putting together the total electric power sales for 1970. To save you any more mental anguish, I'm also going to add it up for you. From total industry power sales last year of 479 billion kwh,

we think we can count on selling 1.3 trillion kwh in 1970.

But why stop there. That's just doubling every ten years. Instead of 1.3 trillion kwh sales in 1970, I believe that it is within the realm of possibility to hit a grand total of about 2 trillion kwh sales in 1970. That is the figure you get if you project the rate of increase for the past 15 years into the future 15 years.

William Bateman to Join Frank B. Bateman

PALM BEACH, FLA.—William M. Bateman will become associated with Frank B. Bateman, 243 South Country Road, as sales manager as of July 10th. Mr. Bateman has been associated with Blair & Co. Incorporated in their Philadelphia office.

William F. Thayer, Jr. has joined the staff of Frank B. Bateman.

Philip T. Collins With Cruttenden & Co.

CHICAGO, ILL.—Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, announce that Philip T. Collins has joined their firm as a registered representative. Mr. Collins, who has been in the investment business for 30 years, was formerly vice-president of Herbert J. Sims & Co., Inc., in charge of the Chicago office.

With Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, FLA.—Andrew C. Ramsey is now with Goodbody & Co., 218 Beach Drive, North.

With Coffin & Burr

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS.—Joshua B. Richmond is with Coffin & Burr, Incorporated, 60 State Street.

This advertisement is not and is under no circumstances to be construed as an offering of any of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

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Government's Changing Role In an Expanding Economy

By DEVEREUX COLT JOSEPHS*

Chairman of the Board, New York Life Insurance Company

In reviewing expanding economic prospects and expected social changes in the decade ahead, Mr. Josephs avers Government will become an increasingly important factor in our lives, and unmitigated laissez-faire doctrine has been properly banished. Believes we can learn to tame the excesses of the 1920's and the ravages of the 1930's, and that society is responsible for the welfare of the individuals who are dislocated, from time to time, through no fault of their own. Interprets adage that least government is best to mean "the least government consonant with problems confronting governed." Lists three conditions of an expanding economy: productivity; insatiable demand for increasing diversity of goods and services; and "ability of business and government to guide nation through cross-currents of rising economic tide."

It seems to me that the next 10 years will witness enormous material expansion, but into our evolving social fabric will be



Devereux C. Josephs

is the enigma which you will have to solve. The search for essential principles will become more urgent as they become more difficult to recognize. This kind of world will offer many new and challenging opportunities for the educated man. My main purpose is to indicate some of the things for which you should be prepared in the years ahead.

To take such a hazardous jump into the future it is necessary to get a running start. So for this purpose I will go a long way back

*An address by Mr. Josephs before the Johns Hopkins University Commencement Exercises, Baltimore, Md., June 12, 1956.

—my graduation from college in 1915 is as convenient a time as any.

My undergraduate days were before World War I. They belong, in spite of the date, to the 19th century. This was a time of stability. To be sure, there was gradual change but it was slow, it was feared and it could often be successfully resisted. Civilization was thought to move forward as a gradual upward spiral with the comfortable assurance that as it turned in a restrained circle it would always arrive back a little in advance of its former place but not enough to be disturbing.

Permanence was the aim in customs, in wealth, in architecture, in social convention and in class distinctions. There was a half-hearted belief during the 1920's that the earlier period could be reconstructed—a dream that was shattered in 1929. How different the mid-twentieth century! Change is an integral part of our lives. We regard it as an opportunity not a threat. This was not so in the 19th century.

The 19th century regarded the machine as a rival if not a potential master and that attitude lasted well through the period of transition. During the 1930's there was a lot written about the machine as a producer not only of goods but of unemployment. La-

bor-saving devices were looked upon suspiciously and we feared the effects of the broadening of wealth and the transfer of opportunity from the few to the many.

Some of you may remember the theory of Technocracy and the Technocrats of 1933. Here is a statement made at that time:

"Modern machinery," they said, "is very rapidly making human work at producing goods unnecessary. It is taking away our factory jobs at such a rate that in less than two years there will be 20 million men out of work."

In 1952 these apprehensions were summed up in an article in the *Scientific American*. The author declared that some commentators on automatic control see it as a potential source of social evil—that continued technical expansion in this direction will be accompanied by large-scale unemployment—that an automatic technology will impoverish the quality of human life, rob it of opportunities for individual creation, for pride of workmanship and for sensitive qualitative discrimination.

This last quotation was written only a few years ago, and yet how out of date it already seems. Truly, we are in the century of change and truly we look forward to it.

Next Decade's Economic Prospects

What is it we look forward to? What can a reasonable person expect? Well, it will require no polishing of the crystal ball for a clearly defined economic forecast of the next decade—provided we make two assumptions: first, that the young men and women of today and tomorrow will want and work to get as much as or more than their parents enjoyed and a second assumption which must be stated unequivocally—that there will be no thermo-nuclear war. No calculation of the future could be made in the face of such incalculable disaster. Besides, we have a right to believe that such a horrible future is avoidable provided we are ever ready with effective defense and the certainty of immediate and devastating retaliation.

I guess I should add one more assumption for my protection. It is an obvious one—that you are the type of mature people who can accept forecasts in the spirit in which they are offered.

Lets see, then, what are the economic prospects for the next decade. We are in the midst of a worldwide expanding economy with heaviest growth in the U. S.

There are now in our work force about 70 million people, including three million in military service and another three million classified statistically as unemployed. Ten years from now this force will grow to 81 million. This 16% increase is no unsupported guess, for those who will make up this increase are already born, and the youngest of the group are already starting their schooling. The proportion of women available for employment is gradually increasing and due allowance has been made for this trend.

These individuals will all want a higher standard of living and they will get it, for there has been a long-term trend in that direction. The machine has enabled the worker to produce more—and even more as the power and dexterity of the machines have grown.

For 50 years the productivity of the individual has increased yearly by more than 2% compounded. Of recent years it has been even faster—this is in the face of a steadily shortening work week and slightly lengthening average vacation.

Economists have estimated that a decade hence the average individual or family will have 25%

more real spendable income than is the case today. This is the logical and the inevitable result of increased productivity in a competitive society.

The combination of the larger output per worker and the growth of population spells a great increase in the gross national product. It is now at \$400 billion a year—and an average of the forecasts of those whose business it is to estimate our economic future comes to \$580 billion by 1966.

What does all this mean in terms of jobs? Here are a few derivations from some estimates of the government of the needs for personnel to staff our economy in 1975—a 50% increase in clerical and sales personnel; 45% more craftsmen and foremen; 75% more professional and technical personnel and about 25% fewer laborers.

Productivity is one of the conditions of an expanding economy. A second one is our insatiable desire for an increasing diversity of goods and services. One other condition is the least predictable and the most important of the three. It relates to the ability of business and government to guide the nation through the cross currents of the rising economic tide.

Laissez Faire Banished

Your guess is as good as mine as to whether this last condition can be sufficiently well met. We are only beginning to understand the operation of economic controls and balances. But we are learning. We have properly relegated to the 19th century, where it belongs, the doctrine of unmitigated laissez faire. I for one believe that our nation which has displayed such enterprise and ingenuity in the expansion and management of industry can learn to tame such excesses as appeared in the 1920's and such ravages as we suffered in the 1930's.

Lets not underestimate the strength of our economy or the vigor and ingenuity of our people. In less than half a century we have been the overwhelming power in two world wars, survived a decade of choking depression and digested a pervasive social revolution.

That certainly is an indication of our vitality and we can count upon it provided we give intelligent attention to guiding the forces of prosperity.

Now is not the occasion nor is there time to record the details along the road. What new products will affect us? What will we do with our increased leisure and the lengthening span of life? What will be the new patterns in the division of labor? What kind of jobs will be available? Automation, electronics, atomic fission and fusions will all create new developments. This is going to be a changing world and we had better get to like it that way.

Of course, in giving a forecast for the end of 10 years I do not imply that each year will proceed by a nicely calculated one-tenth—nor do I imply that each individual will emerge with a 25% larger income. Some will help raise the average and some will pull it down. That is a problem which only each of you as individuals will have to solve.

Lets us now take a look at the social changes that we may reasonably expect in the years ahead. This is a much more dangerous area of prediction. There are no comfortable statistics and relevant patterns from the past. It is like a character in the last chapter of a novel attempting to guess the plot of a sequel.

However, there are a few clues. We can expect a continuation of certain trends already well established because they are bringing us expanding prosperity. Also there have been enough changes

of direction in the past to give us confidence that we can make our adjustments with reasonable harmony.

Each period of our history has had its heroes and leaders who naturally have been characteristic of their times. Explorers and frontiersmen gave way to statesmen and generals. Traders, planters, railroad builders, manufacturers, financiers—each for a while dominated our progress.

Most of these men had common characteristics. They were rugged individualists. They commanded obedience from their employees. They were not confined in their action by 20th century ethical codes or troubled by a keen sense of broad social responsibility. They lived in a time when great differences of economic and social status were a matter of course.

This species of leader is now almost unknown except for a few mounted heads in the trophy room of the collector of internal revenue.

The current leaders cannot "boss" their employees, they must instead manage their business or professional affairs through the persuasion of associates whose status approaches parity with theirs. Economic and social leveling is certainly the current direction of the new industrial revolution.

Another clearly marked trend is the urbanization of our culture. The cities and towns are growing larger, the rural areas less populated. In consequence, new patterns and relationships are being established. There is no doubt that we have to learn how to accept conformities demanded by crowded living yet retain the freedom of thought and expression that is the object of our civilization.

Fifty years ago 37% of our working population were farmers or farm workers. One hundred years ago it was over 60%. But now only 12½% raise more than we can eat as the annual crop of farm bills reminds us. I guess that Secretary Benson wishes we could make our guns out of butter.

This drift from farm to factory is not just a change from rural to urban patterns of living. It is also a change from individual self-sufficiency to the interdependence of our assembly line society. The individual man has lost much control over the supply of things he needs. No longer is he able to achieve an independent livelihood.

He cannot feed his family, for example, the rubber treads he molds at Akron nor can the farmer, until recently the symbol of the rugged individualist, raise his crop without machinery from Detroit, oil from Texas and fertilizers from Florida.

Interdependence is an unavoidable consequence of the systematic division of labor that has poured out so many products for our use and enjoyment. It will not change its direction so you should be prepared for more specialization and more interdependence.

Changing Role of Government

We have adopted and pressed forward with enormous ingenuity to the plenty of the semi-automatic factory but the price tag on this abundance is the responsibility of society for the welfare of the individuals who are from time to time dislocated through no fault of their own.

Government will become an increasingly important factor in our lives because it will have to perform many functions of adjustment and alleviation which are not clearly the responsibility of any one of us. Fine as the old adage is that the best government is the least government, it must

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be interpreted as the least government consonant with the problems confronting the governed.

This penetration of government into our business and private affairs must be reckoned with more and more in the future. Here again our main concern will be how to maintain a reasonable balance between as much freedom of choice, action and individuality as possible on the one hand and the self-restrictions on the other hand imposed by an industrial economy and urban living.

The size of the world will continue to shrink and the channels of communication will improve. As industrialization filters into hitherto backward nations, the difference between our plenty and their scarcity will decline in relative if not in absolute terms.

Thus we may hope that there will be a better understanding of each other's national aims. There is nothing like acquisition of property to make a man—or a nation—cautious.

Faster Growing Uncommitted Income

Along with the tangible prosperity of our nation should come growing leisure and wherewithal to enjoy it. The economist talks of discretionary or super-subsistence income. This is the uncommitted income which is left over after the accustomed standard of food, clothing, and housing have taken their share, and it will grow much faster than the increase of gross income.

In this way we will have a huge growing pool of purchasing power that may be spent at the discretion or whim of the individual. Mass markets will appear in new areas—the arts, recreation, additional leisure, undreamed of household appliances, foods of even greater convenience and a host of luxuries hitherto beyond the reach of most.

The social change through which we are passing can be summed up briefly. We have achieved in this country mass wealth, mass goods, mass leisure and mass access to education. This is a new way to live on a national scale. I think it will steadily become a happier way of life, and you who graduate today will enjoy it and have your part in improving it.

Here the image in the crystal ball loses its sharpness and I begin to lose some of my boldness as an interpreter. It is time to play it safe, abandon prophecy and turn to the harmless occupation of giving advice to someone else. Somehow or other, I cannot forget Samuel Butler's dictum—"The lions would not eat Daniel. They could eat most things, but they drew the line at prophets."

Suggested Attitudes to Adopt

Are there at least a few conclusions as to what these social and economic changes may mean to you who graduate today? Are there any attitudes that you should keep particularly in mind for this exciting future? I have three things to suggest:

First comes your attitude towards people. Your competition in the years ahead will not be with men and women of my age or a couple of decades younger or older. You will compete with your contemporaries. People will be the only common denominator in this world of more and more diverse specialization. The better you cultivate the art of human relations, the more successful you will be in spirit and in pocket-book.

The second valuable attitude is recognition that in our increasingly complicated society the trained man will be the best off. Here, however, there is an added difficulty. As I have said before, we are moving further and

further into an age of specialization in professions, careers and in the factory. Communication between specialists is getting harder and harder to achieve. Yet the management and coordination of specialists require it. Those, then, who cultivate the common ground will be the best off. Besides your specialty you will also have to maintain a generalized familiarity with all the important components of our American culture.

The third and last of the necessary attitudes is a general flexibility in mind and opinion which includes adaptability to vocational change. Social and economic change is inevitable and so are the resulting adjustments at the growing edge where innovations are tested. We must be ready to reassess all the relations, for example, between various industries, associations, and profes-

sions, and also their relations with government. Freedom, individualism, and conformity are bound to take on new meanings. The effort to preserve personal freedom against the encroachment of governmental authority is an old and endless story.

The only sure way to maintain an effective measure of flexibility, autonomy, and creativeness will come from the continuance of your education. This occasion today is not the achievement of your goal in education but the commencement of a new stage in a lifetime of learning. If you want to have a happy and useful life, an enriched enjoyment of your leisure you will continue the pursuit of knowledge. You have been trained to study. Many opportunities lie close at hand. The libraries will become your academic buildings, current publica-

tions your textbooks, and your associates your teachers.

And one last word! Don't be afraid to be sanguine of America's future. Let us have the peace for which we so ardently pray together with the intelligence to guide our economic and social machine and your generation will have a mighty future and you who are trained will lead the way.

R. A. Nelsen Now With Kirkpatrick-Pettis Co.

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Richard A. Nelsen has become associated with Kirkpatrick-Pettis Company, Omaha National Bank Building. For many years he was with Halsey, Stuart & Co., Inc.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — David D. Stein has become connected with Bache & Co., 445 North Roxbury Drive. He was formerly with Daniel D. Weston & Co.

Three With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Edgar R. Folsom, Sr., Paul J. Furst and Lloyd A. Wadum have joined the staff of Columbia Securities Company, Inc. of California, 225 South Beverly Drive.

With United Western

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — William K. Fujita is now with United Western Securities, Inc., 1419 Broadway.

IRVING TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1956

ASSETS

Cash and Due from Banks	\$ 437,145,535
Securities:	
U. S. Government Securities	347,009,250
Securities Issued or Underwritten by U. S. Government Agencies	38,996,511
Stock in Federal Reserve Bank	3,150,000
Other Securities	4,530,098
	<u>393,685,859</u>
Loans:	
Loans Guaranteed or Insured by U. S. Government or its Agencies	59,993,998
Loans Secured by U. S. Government Securities	10,334,042
Other Loans	696,318,871
	<u>766,646,911</u>
Mortgages:	
U. S. Government Insured F.H.A. Mortgages	20,859,135
Conventional First Mortgages on Real Estate	1,921,136
	<u>22,780,271</u>
Banking Houses	16,735,355
Customers' Liability for Acceptances Outstanding	33,610,925
Accrued Interest and Other Assets	5,905,379
Total Assets	<u>\$1,676,510,235</u>

LIABILITIES

Deposits	\$1,492,755,232
Taxes and Other Expenses	11,350,305
Dividend Payable July 2, 1956	2,000,000
Acceptances: Less Amount in Portfolio	36,037,445
Other Liabilities	6,356,331
Total Liabilities	<u>1,548,499,313</u>

CAPITAL ACCOUNTS

Capital Stock (5,000,000 shares—\$10 par)	50,000,000
Surplus	55,000,000
Undivided Profits	23,010,922
Total Capital Accounts	<u>128,010,922</u>
Total Liabilities and Capital Accounts	<u>\$1,676,510,235</u>

U. S. Government Securities pledged to secure deposits of public monies and for other purposes required by law amounted to \$89,430,634.

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Problems to Be Overcome In Harnessing the Atom

By PAUL D. FOOTE*
Research Consultant, Oakmont, Pa.

Former Executive Vice-President, Gulf Research Laboratory, probes the baffling problems still to be solved and concludes that it will be many years before an economical nuclear domestic power industry can be established. Dr. Foote encourages continued costly research and development, to achieve economical power, and discusses such problems as: (1) estimating costs without actual operating experience with large-scale reactors; (2) increasing reactor's operating life and greatly reducing core costs; (3) recovery of fissionable material and establishment of an industry for refining radioactive ash; (4) disposition and utilization of recoverable fission products; and (5) water disposal hazard, as at the Columbia River Hanford plant. Deprecates nuclear energy as a panacea for underdeveloped countries, and other extravagant claims.

There is a close correlation between energy production and the standard of living. Social economists and humanitarians have therefore heralded the advent of nuclear energy as a panacea for underdeveloped countries. This is utter nonsense. Industrialization is an evolutionary process. The Hottentot farmer must progress slowly from the sickle to the



Dr. Paul D. Foote

power, to the reaper, to the combine, and so on. One cannot expect a nation that has failed to utilize coal and oil, whose people are unfamiliar with the mechanics of a monkey wrench, to profit by the presentation of a complicated nuclear reactor. It is a well-established fact that utilization of electrical power requires an investment within the concentrated area necessary for efficient electrical distribution that is roughly numerically equal in dollars to the annual kilowatt-hour capacity of the plant. Thus, a 200,000 kw. plant operating at 70% load factor will produce 1.2 billion kw. annually. Hence, Mr. Stassen's philanthropic gift with the taxpayers' money of \$50 million for a power plant incurs a liability of something between \$1 and \$2 billion for facilities that permit its industrial utilization. Such facilities probably would require decades for efficient utilization, but if not immediately forthcoming would result in discontent and unfriendly relations, as has been demonstrated by most of our well-intentioned philanthropy abroad.

The oft-quoted statement that the fissioning of a pound of U235, even though the mass so destroyed amounts to only 16/1,000 of an ounce, is equivalent to the burning of three million pounds of bituminous coal, suggests to the public a cheap source of fuel. Even conservative Admiral Lewis L. Strauss, Chairman of the Atomic Energy Commission, stated in September 1954 before a meeting of the National Association of Science Writers that "it is not too much to expect that our children will enjoy in their homes electrical energy too cheap to meter." The present householder pays around 27 to 30 mills per kw. hr., prices considered by the Utility Commissions as a reasonable return on investment. The value of electricity at the bus bar of a modern conventional power plant

*An address by Dr. Foote before the Society for Advancement of Management, Pittsburgh, Pa.

Expressed in dollars this is not so cheap. At \$5/ton the coal is worth \$7,500 while a pound of U235 costs \$11,350 and fabricated would be double the coal value. This cost must be again doubled or tripled to allow for incomplete burn-up.

averages five mills per kw. hr., of which only three mills is due to coal. Hence, if nuclear fuel were free, a reduction in cost to the non-industrial consumer could not exceed 10%. The main cost of power in our homes is due to transmission, distribution, customer service, amortization, and overhead.

Deprecates Extravagant Claims

Every issue of our daily press contains extravagant news items regarding the nuclear power industry, which it is assumed has now become well established on a sound financial basis. Countless symposia are held on the social and economic impact of nuclear energy in every conceivable capacity. The entire nation appears to have an impact complex. Financial advisors issue reports portraying the impact of nuclear power upon the fossil fuel industry. Many agencies recommend the liquidation of petroleum and coal stocks. Here are a few typical quotations from a Babson report of 1955:

"Trucks and buses may someday run from overhead power lines with atomic batteries for off-highway use." (Reference obviously is to cross-country transportation).

"Coal and petroleum will be used for synthetic chemicals after they are priced out of the market by more efficient atomic fuels."

"Businesses concerned with any phase of conventional power generation, heating, or motor fuels, are obviously on the firing line."

"Gasoline stations and local fuel companies face a questionable long-time future, etc."

Such statements have no factual evidence or economic basis whatsoever. The industrial expansion predicted for the next few decades, and supported by sound economic reasoning, will require ever-increasing amounts of petroleum. More autos will use more gasoline and hydrocarbon fuel. Decentralization and suburbanization will increase mileage, more turnpikes and better roads will add to consumption, and the expanding industrialization will spiral the demand for lubricating and technical oils and fuels.

It must be admitted that the long-time trend of the cost of petroleum as well as coal is gradually increasing, while the trend of costs in a new development such as nuclear power should decrease, at least based on past experience with other new enterprises. Eventually the two curves for electrical power production should cross; but, as far as any positive evidence exists today, that time is in the distant future, assuming that direct and indirect government subsidy is eliminated and all factors are considered—some of which will be discussed later.

Nuclear Automobile

Nuclear-power-driven automobiles are totally inconceivable,

partly because of the tons of shielding required for each vehicle and because of the risk of collision and the danger of scattered radioactive fission products. The cheapest power converter we have today is the automobile engine using liquid fuel. Even when our domestic and foreign supply of crude is exhausted, service stations will dispense liquid fuel refined from oil shale, of which a vast supply exists, and from liquefied coal and lignite. Furthermore, long before the fossil fuels are exhausted, the scientists will have perfected systems for synthesizing fluid fuel from solar photochemical energy transformation. Our present fossil fuels are simply stored sunlight of past eons, and our photochemists already have far surpassed nature in the efficiency of this process. The auto, with its internal combustion motor or turbine, and the service station, will continue to be permanent fixtures in our future economy, quite independent of any nuclear power development.

No one has greater admiration than your speaker for the splendid pioneering work of the corporations and the technologists responsible for the several nuclear-powered electrical plants now under construction or on the drawing boards. All, so far, are costly experimental developments designed primarily for the purpose of securing operating experience and data that will be useful for improved designs to be developed later, probably in the 1960-70 decade.

Non-Money Pioneering

Let us consider for a moment the Duquesne 60,000 kw. plant at Shippingport; certainly an outstanding achievement of the Westinghouse Company and a milestone for pioneering engineering in a most difficult field. The Duquesne Company has estimated that the first year's production will amount to 50 million kw. hr. and the average annual production for the first five-year period will be 294 million kw. hr. The settled production for the fifth year, after all the operating difficulties have been overcome, is estimated at 482 million kw. hr. For the total production over the five-year period, Duquesne estimates 1,467.5 billion kw. hr. At five mills per kw. hr., this amount of electricity is worth at the bus bar \$7,337,500. The Atomic Energy Commission has published a statement that the development during this period will have cost Duquesne some \$30 million, possibly half of which is investment, subject to amortization, with a similar or greater sum subsidized by the government. Admiral H. G. Rickover estimates the power production costs of the first reactor core at 52 mills kw. hr. No one knows how long such a core will last but with accumulation of operating data and development research he hopes that the second charge will produce power at 39 mills, and the third installation at 14 mills. However questionable these statistical data may be, the project is certainly not a money-making venture. Duquesne reserves our admiration in its pioneering for the distant future.

Few people realize that, for the production of nuclear fuel, the Atomic Energy Commission is the largest consumer of conventionally developed electrical power in the world, and indirectly is a major consumer of coal. Its electrical requirements exceed that of ten of our western states. Table I gives the total of U. S. sales of power used by the AEC. These figures, although astonishing enough, do not include minor installations, or the power used by several thousand contractors other than those operating the major government plants.

The fourth and fifth volumes show the number of Duquesne plants necessary merely to offset the AEC electrical power demand for the production of nuclear fuel. If it required several barrels of oil to produce one barrel of oil, no one would claim we had a petroleum industry. Even the most ardent crusaders must admit that it will be many years before 200 Duquesne plants or their equivalent are in operation.

There are many uses of nuclear power for which the dollar consideration is of secondary importance. The strategic value of nuclear-powered submarines, of small power plants at isolated military bases, possibly large ships such as carriers, and, less evident perhaps, nuclear-propelled airplanes, is ample justification for devoting a portion of the national tax budget to such developments. We have many analogous experiences in civilian life. For example, I have never heard a complaint regarding the cost of power for operating a pocket flashlight. Although one pays anywhere from \$200 to \$600 per kw. hr. for this convenience, he is quite satisfied if it helps in locating a keyhole on a dark night.

Economical Power Here and Abroad

The problem of economical electrical power for industrial, commercial, and domestic purposes is quite a different proposition. Electrical power demand has been doubling every ten years, both here and abroad. In the United States, the utility production for 1955 was around 570 billion kw. hr. and conservative estimates, based on sound economic predictions involving Gross National Product, population increase, and many other factors, indicate that the demand in 1975 will be 1,400 billion kw. hr. To produce this amount of electrical energy at 60% load factor will require a total of 266 million kw. generating capacity. The 1955 utility service capacity was 113 million kw., so new capacity amounting to 153 million kw., is necessary. According to the Federal Power Commission, the generating costs by large modern conventional plants run from 2½ to 8½ mills per kw. hr., depending upon location and accessibility to coal. A few of the smaller plants show higher costs, but only 4% of the total modern power production exceeds 8 mills. We have plenty of coal for the foreseeable future, so that it is against such a situation that nuclear energy must compete for a small fraction of new capacity.

Conditions are quite different in Great Britain. Even though the total power demand of Britain is roughly equal only to what the AEC requires for the production of nuclear fuel, its percentage rate of increase is similar to ours and the country is simply unable to mine sufficient coal. Miners will not accept present operating conditions under nationalization. Hence, England has a program, mostly on paper, to construct over the coming ten years about a dozen nuclear power plants. It is by no means a certainty that nuclear plants can compete with petroleum, so that several coal-

fired plants and certain new proposed plants are now being converted to fuel oil imported from Venezuela and the Middle East.

Estimating Costs

The problem of estimating nuclear power cost was well stated at Geneva by James A. Lane, an economic engineer of AEC. Quoting, "The main problem is not one of determining how much the nuclear plant will cost, but in estimating (a) how long it will last, (b) the operating and maintenance costs and (c) the net fuel cost after adding charges due to fuel inventories, fuel burn-up and fuel reprocessing, and subtracting the value of new fissionable material in the reactor. Since there is no actual operating experience with large-scale nuclear power reactors available at the present time, most nuclear power cost estimates are greatly affected by the degree of optimism used in selecting the reactor amortization period, the load factor and the operating and maintenance costs."

Countless reactor designs have been made on paper by hundreds of engineers supported by the AEC and by numerous utilities and equipment manufacturers. The economics of many of them has been subjected to accounting procedure. All of the estimates may be questioned because broad assumptions must be made since few practical operating data will be secured before 1960. Many estimates involve direct or indirect government subsidy, often concealed. Suffice it to say that the estimates are within shooting distance of conventional power, at least for the high-cost sections of the country. The lowest estimate by engineers of the recently approved Consumers Power nuclear plant is 11 mills per kw. hr. This plant will be located near Lincoln, Nebraska, where the cost at coal-fired plants is 8 mills per kw. hr. AEC Commissioner Willard F. Libby believes that large nuclear plants should be available with power costs around 6 to 8 mills and small plants at 10 to 30 mills. Some of the more optimistic crusaders have even suggested negative costs through the use of breeder reactors. In such a design, the more expensive the fuel charge, the more money is made, and power is a free by-product—that is, if the unknown chemical processing costs can be maintained at a sufficiently low level and plutonium can be sold at a premium.

Produced in Problems

Every atom fissioned by the capture of a neutron splits into two other atoms, known as fission products. Assuming 25% efficiency of heat conversion, for every Mw day of electrical power, four grams of radioactive fission products are formed. These embrace something like 80 primary isotopes extending throughout the periodic table from zinc of atomic number 30 to gadolinium of atomic number 64. Since most of the elements so formed absorb neutrons, the build-up of these products will eventually kill the chain reaction, and the reactor must be

Continued on page 22

TABLE I
Electrical Power Consumption by AEC

Fiscal Year	Billion Kw. hr.	% Total U. S. Sales	5-Year Average Production	5th-Year Settled Production
1948-49	3.6	1.4	12	7
1949-50	3.7	1.3	13	8
1950-51	4.2	1.3	14	9
1951-52	7.3	2.1	25	15
1952-53	10.1	2.6	34	21
1953-54	19.8	4.8	67	41
1954-55	40.0	9.0	136	83
1955-56	59.2	12.8	202	123
1956-57	64.8	?	220	134

Role of Savings Banks in Future Mortgage Lending

By JOSEPH J. BRACELAND*

Vice-President, The Philadelphia Savings Fund Society

Philadelphia savings banker anticipates continued nation-wide mortgage lending flow, ample mortgage funds to meet all reasonable needs if new construction is curtailed, ability to compete with securities market—even though bonds have recently shown a spectacular yield rise, and the \$17½ billion portfolio to have close to \$2 billion annual runoff to reinvest. Praises VA-FHA program for helping to make possible lending flow, and compares savings banks' liquidity-portfolio requirements with savings and loan associations. Notes that rate of mortgage portfolio increase has exceeded deposit growth rate.

There are some 527 mutual savings banks in the country and the overwhelming majority of them are tucked way up in its Northeast corner. There are none at all in the South and only two or three dotted here and there throughout the Mid-West. In Pennsylvania, my home state, there are only seven; but in New England and New York State, they cluster thickly. Every small town has its savings bank.



JOSEPH J. BRACELAND

In the last 10 years, we have become an important factor in the national mortgage market. These savings banks have assets of some 32 billion dollars and more than 55% of this is invested in mortgages. This adds up to approximately 17½ billion dollars worth of mortgages. We, together with the life insurance companies, are the only mortgage lenders whose operations are national in scope. The life insurance companies have, of course, been active on the national mortgage scene these many years. We are comparative new-comers.

The other principal sources of mortgage funds, and I mean specifically the federal savings and loan associations and the commercial banks, are essentially local in their operations. They do not make a practice of reaching out all over the country to acquire mortgage loans. For the most part, they confine their activities to their own immediate area.

Contrasting us, for a moment, with the life insurance companies, you find that they have a lot more money to lend than do the mutual savings banks; but as a matter of actual practice, they do not invest as substantial a portion of their assets in mortgages as do my brethren. The combined mortgage holdings of the life insurance companies average somewhere between 30 and 40%. The latest figures which I have been able to obtain indicate that as of Jan. 1, 1955, their gross mortgage holdings amounted to 26 billion dollars as contrasted with our 17½ billion.

Mortgage Ratio

If you review the mortgage-lending history of the life insurance companies, you will find that only a few times in the last half century have their mortgage lending activities exceeded 40% of their assets. Many of my New York contemporaries have mortgage portfolios running from 65 to 70% of their assets, and numbered among these are some of the largest mutual savings banks in the country.

The money which we have to invest is essentially time money. By that, I mean it is not subject to withdrawal by check. Our de-

*An address by Mr. Braceland before the Northwest Mortgage Clinic, Mortgage Bankers Association of America, Seattle, Wash.

posit turnover is relatively slow as compared to that of the commercial banks, and we may, therefore, venture much more deeply into the mortgage field than could a commercial bank.

The end of World War II found us all heavily invested in government bonds. There had been no supply of mortgages to speak of during the 10 years preceding 1946, and we were, of course, under the necessity to do our best to help finance the war. When it ended, we had a new job to do. We had to help provide housing for demobilized servicemen. The building boom got under way, and has been rolling merrily along ever since. The funds which we needed to invest in mortgages were readily procurable through the sale of these extensive government holdings of ours.

You will remember that in those days, the Federal Reserve System supported the market, and our government bond portfolio was for all practical purposes cash in hand. We soon found that in spite of the fast pace of new construction in our own territories, the competition for mortgage investments was intense. We sought ways to extend our mortgage lending activities into other areas. We had, and we still have, this immense concentration of time money stored up in this reservoir in the Northeastern states and the most pressing need for it was in the South, the Southwest and along the West Coast. These newer and dynamic communities grew at a much faster pace than did our own territories and they found themselves in desperate need of mortgage money.

Ten years ago, we were hampered by legislation imposed upon us by our own states. But along about 1949 and 1950, we succeeded in breaking these artificial barriers and moved into the national mortgage market.

VA-FHA Aids Mortgage Flow

When we started our out-of-state operations, we confined our activities to FHA and VA mortgages. We found that the governmental guaranty which accompanied these loans was a very effective life preserver to have strapped around us when we ventured into strange waters. If I may mix metaphors, VA and FHA provided a pipeline through which mortgage funds flowed out of the Northeast into other and more rapidly expanding communities. It was our usual practice, when entering into a new lending area, to send one or two of our lending officers to spend a few weeks in the city in which we proposed to operate. Generally speaking, we think we did a reasonably competent job, but we realized that we could not hope to become experts on any town in a two-week period.

Let me give you an example of the mistakes that an inexperienced lender can make.

A few years ago, the mortgage officer of a New York institutional lender financed an operation in my town with conventional mortgage loans and then kidded me about our laxness in missing the opportunity to finance this very

attractive job that was right under our noses. Actually, we had passed up this particular job because we knew it was built on ground that had at least 20 feet of fill. It wasn't even good fill. It was old automobile bodies and bedsprings. I didn't have the heart to tell him what sort of a situation he had bought into. He will find this out in due time. I need not add that the site on which this job was built would never have been approved by the Federal Housing Administration or the Veterans Administration. They, like my group, were on the scene and not easily fooled where local values were concerned.

I realized full well that the same thing could happen to us in out-of-state lending areas and that is one reason why we built our activities on a base of FHA and VA loans. Then too, these agencies provided us with a standard form of contract that we knew to be good in every lending area. This is no small advantage to an institutional mortgage lender. We frequently are offered the opportunity to purchase conventional mortgage loans from banking institutions in the East and we find that in every case we have a separate type of mortgage contract which we must submit to our attorneys in order to obtain their approval. All of this is time-consuming and expensive.

State Legal Barriers

When we finally succeeded clearing out of the way the legal obstacles which our own states imposed upon us, we were a long way from being out of the woods. We ran into a perfect maze of legal obstacles imposed by the legislatures of the various states in which we proposed to operate. Most of these obstacles still exist and they are the principal reason why our investment activities are confined to approximately 25 states rather than 48 states. These obstacles built up dams around which the flow of Eastern mortgage money was diverted.

In opening up a new territory, our way is usually cleared by an advance guard of our attorneys who examine the local laws governing out-of-state mortgage lenders. They would exchange five- or ten-page letters with their out-of-state correspondents and after a month or two had passed, either give us a green light or forbid us to lend mortgage money in this or that jurisdiction.

We are essentially banking institutions, and it is all important for us to make sure that we are not deemed to be doing business when we purchase mortgage loans secured upon out-of-state real estate. If we are found to be doing business in certain states without having qualified to do so, we might be denied access to their courts and be in no position to enforce our mortgage contracts in the event of default. On the other hand, if we qualify, we must work our way through a maze of red tape. We must file copies of our Charter and By-Laws, pay a license fee and appoint a local agent who will accept service on our behalf. In so doing, we leave ourselves open to the possibility that we might at some future date be taxable. There are some states in which we are not permitted to qualify even if we wanted to. Sometimes you are required to file franchise and income tax returns, even though the income from your mortgage investments is not taxable. The extent to which we can make inspections of properties both prior to the purchase of mortgages and after the mortgages are on our books are regulated in some jurisdictions.

The mortgage contract which my institution has with its out-of-state correspondents, and there are more than seventy of these, was very carefully tailored. It re-

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From Washington Ahead of the News

By CARLISLE BARGERON

There seems to be little doubt that we Americans have advanced tremendously in recent years. Our accomplishment in becoming a global leader should make us all throw out our chests with pride. It doesn't particularly matter that back in the days when we were not a global leader we could tell any nation that was holding one of our citizens to give him up and now we can't do that, but the very title of global leader which the United Nations, with our paying the bill, has bestowed upon us should make all of us proud.

I think that unquestionably another advance we have made as a people has been the development of labor specialists by our press. Newspapers used to be run so that there was a man to cover police, a man to cover the City Hall, a man to cover perhaps state or national politics.

But the newspapers have gone in for specialization. In this light they have added the labor specialist. A labor specialist manifestly has to cultivate labor leaders and as a result he has come to popularize some of them, to refer to them as labor "statesmen" just as the sports writers have been wont to glamorize a pitcher or a catcher or some fellow who hit a long ball.

In this way, the late Phil Murray and even poor old Bill Green have come to be deified. So much so, indeed, that the well-heeled labor movement has put up memorials to them.

And it follows that the current crop are all labor statesmen such as George Meany, Walter Reuther and David McDonald of the Steel Workers. Regardless of what they do or what they demand, we are assured by the labor specialist writers that they are all big four and square men, steeped in the traditions of American free enterprise, and it is a very good thing they are in their positions of leadership because if we didn't have them, traditionally inspired as they are, we would be in a pickle.

These men go around making speeches to Chamber of Commerce groups, to school and other civic gatherings and their auditors usually come away thinking what businesslike-conservative men they are. Their language before such gatherings is usually faultless.

But it would be tremendously helpful to the public, and more information than they will get from the "labor specialists," if they could hear the language of these labor leaders when they are negotiating behind closed doors and when they are haranguing their followers. At the top of the late Phil Murray's career, when he was being portrayed as a great labor statesman, I happened to get into one of his meetings with workers. He was not now watching his language, his dees and dose were frequent. It was a speech of incitement against the "capitalistic class."

Similarly with Walter Reuther. I was once privileged to read the transcript of his remarks in closed negotiations with General Motors. They were not fit to be printed. The output of the CIO's educational department is a continual feeding of raw meat to the animals.

We have the problem now of four big shots in the labor movement: Meany, Reuther, McDonald and Lewis. And each, as statesmanlike as we are told by the newspaper labor writers they are, is jealous of the other and each wants to make a bigger showing than the other, to have more power. The workers are their pawns in a game for high stakes.

Particularly is McDonald jealous of Reuther and the two of them are jealous of John L. Lewis. So they pursue their ends without regard to the economy of the country. They are all men in control of automatons. When they say strike, the workers have nothing to say about it. They strike. The whole theory of the organized labor movement is that man as an individual is just another statistic, incapable of taking care of himself. Labor leaders deal with men as if they were so many cattle, incapable of individual thought or individual ability. Considering man in the mass I am not questioning their attitude in the slightest.

It may be that the majority of the steel workers would like to take an additional vacation. But it is a fact that when they return to work no increase in wages which they may get will make up for the time they have lost. And the farmers will feel an additional pinch of the price-cost squeeze they are in and buy less farm implements and automobiles.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Wendell B. Christenson is now with FIF Management Corporation.

With Sheffield & Co.

(Special to THE FINANCIAL CHRONICLE)

NEW LONDON, Conn.—John F. Pescatell is now with Sheffield & Company, 325 State Street.

3 With Myrl D. Maynard

(Special to THE FINANCIAL CHRONICLE)

FREEPORT, ILL.—Glenn G. Harrison, Dolores C. Meyer and Laurence E. Peck have become connected with Myrl D. Maynard & Co., State Bank Building.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, MAINE—Sanford G. Stern is now with King Merritt & Co., Inc., Casco Bank Building.

Joins Keller Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS.—Ralph Radlo has become affiliated with Keller Brothers Securities Co., Zero Court Street. He was formerly with H. L. Robbins & Co., Inc.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS.—Nancy McCauliff has joined the staff of Keller & Co., 53 State Street. Miss McCauliff was previously with B. C. Morton & Co.



CARLISLE BARGERON

THE MARKET... AND YOU

By WALLACE STREETE

Despite all the adages to the contrary, the steel shares were sold on the industry strike this week and the aluminums, which to a degree stand to benefit from the demand for any kind of substitute metal, put on a good show. It was enough to keep the market action restrained overall and the overdue summer rally wasn't apparent to any important degree.

The fact that June had retraced a shade less than half of the May loss for the industrial average probably would qualify as something of a rally for the chartists before July dawned, but it was so languid throughout that there was little disposition to pinpoint it as the usual seasonal upsurge. The majority view was that if there is to be such a summer rally, it still lies ahead.

Quality Stalemate

Except for the defensive utilities, which were in enough demand so that a new quarter century peak was posted by the average to start off July, the year has been largely a stalemate for the quality issues. At the halfway mark the industrial average was a scant 4.38 points higher than at the end of 1955. This is an inconsequential improvement representing a gain of a mere fraction of a percent. The 3.40 gain in the rail average was even a better percentage improvement and came close to matching the industrial gain even though the rail average has been the slower moving one in recent years.

A Non-Professional Attitude

The selling in the steels in the face of the age-old advice: "Don't Sell on Strikes!" was taken in some circles as the nervous response of neophyte investors who have come into the market recently. The view of the professionals, which was near general, was that many of the steel customers were well stocked up with the metal and without a strike

would dip into inventory with a third-quarter trim in steel operations more or less inevitable. So the strike is not without its benefits since new orders will flood in once it is over.

A couple of special situations in the steels that attracted at least comment and were able to resist the strike selling were Wheeling and Armco which have large non-unionized plants in their line-up which will continue to operate through the strike. Obviously these producing units, feeding a rather urgent demand for steel through the strike, will help greatly to make their earnings comparisons more favorable than those of the industry generally unless the strike is settled far more speedily than appeared likely at the start.

An echo of another strike is Louisville & Nashville in the rails, which reported \$2.66 for the first five months last year when a two-month strike disrupted operations. For the same period this year the line reported \$4.73 which, besides looking handsome against last year's depressed figure, indicated that projections of \$12 for the full year might have to be revised upward.

The automotive shares have been anything but market wonders despite a rather widespread view that the worst news is past and the prices of the leading issues have been well depressed. Production figures don't yet reflect any marked upturn for the industry generally which probably will be the case until the new models are introduced.

Satisfactory Auto Parts Results

Some of the auto parts companies, however, have been able to maintain fairly respectable profits despite the sharp reaction in auto output. Kelsey Hayes Wheel, for in-

stance, was able to show \$3.72 for the first three quarters of its fiscal year against \$4.11 the previous year which isn't a bad report at all for such troubled times. The company is primarily a supplier for General Motors and Ford which have been holding their output comparatively higher than the other automakers. It has also been active in diversification recently, which helps out, too.

Another case of favorable comparisons for somewhat different reasons is American News which has paid dividends for nearly a century but had to dig into the till to make them up in the last couple of years as earnings took a rather sharp drop to 1954's meager 52 cents net against the \$1.50 dividend. Management of the company changed hands a year ago and last year's income nearly quadrupled which could indicate that the downtrend has been stopped finally. A really tight rein on expenses that has lopped 4% from selling costs and 11% from operating expenses is helping the profit account and aggressive plans to expand sales are giving the company a brighter outlook than it has had in some time. At recent prices the issue has shown an indicated yield of 5% which is above average since the yield on the stocks used in the industrial average has been a hair under 4% lately.

Diversified Growth Stock

W. R. Grace, which can be grouped with any number of the major industrial classifications from chemicals to transportation services, has been able to show superior market action throughout the recent doldrums. The popularity is backed by solid figures including a jump in sales in a handful of years from \$222 million to \$427 million with a proportionate increase in net income. A little over a month ago the already well-diversified company spread out a bit further with an entrance into the petroleum field through a joint venture with Texas Gulf Producing.

A similar fat boost in business is the 28-times increase in sales of Sylvania Electrical since just before World War II. It is highly favored in some market circles as one of the electronic issues still facing a far greater growth in the future including its participation in atomic energy which was pointed up dourly with a mishap this week in one of its local plants. It, too, is a broad spectrum entity since its electronic items cover a wide range of applications rather than the one specialty status of some of the others in the field.

Highway equipment issues were far more restrained in greeting the Federal highway construction bill's signature, and for at least International Harvester the farm income decline generated enough pessimism to all but obscure completely the company's important status in the truck and construction equipment field. The stock recently has been available at its lowest price in a couple of years while cement stocks were posting new highs with fair unanimity. The truck and construction equipment lines account for 60% of the company's sales against only 29% accounted for by agricultural equipment and tractors.

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

With Geo. C. Lane Co.

(Special to THE FINANCIAL CHRONICLE)
NEW HAVEN, Conn.—Robert W. Croft is with George C. Lane & Co., Inc., 70 College Street.

Joins David G. Means

(Special to THE FINANCIAL CHRONICLE)
BANGOR, Maine—Robert E. Bruns is now with David G. Means, 6 State Street.

With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, Minn.—Russell W. Maddox has been added to the staff of Minneapolis Associates, Inc., Rand Tower.

R. J. Steichen Adds

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, Minn.—Donald M. Young has joined the staff of R. J. Steichen & Co., Roanoke Building.

Two With Kentucky Co.

(Special to THE FINANCIAL CHRONICLE)
LOUISVILLE, Ky.—George B. Miller, Jr. and Jack A. Moss have joined the staff of The Kentucky Company, Fifth at Liberty, members of the Midwest Stock Exchange.

Joins Pacific Northwest

(Special to THE FINANCIAL CHRONICLE)
PORTLAND, Ore.—John F. Gaston has joined the staff of Pacific Northwest Company, Wilcox Building.

Lester, Ryons Branch

SAN DIEGO, Calif.—Lester, Ryons & Co. has opened an office at 530 Broadway, under the management of Donald F. Grannis.

New Oppenheimer Branch

LIDO BEACH, L. I.—Oppenheimer & Co. has opened a branch office in the Hotel Lido under the management of Samuel T. Cohn.

With Thomson McKinnon

(Special to THE FINANCIAL CHRONICLE)
MIAMI, Fla.—Richard M. Kennedy, Jr. has become associated with Thomson & McKinnon, Shoreland Building.

Joins Nelson Burbank

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass.—Chen-Kæ Kung has joined the staff of Nelson S. Burbank Company, 80 Federal Street.

Two With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass.—Albert M. Fortier, Jr. and Donald E. Krutthoff have been added to the staff of B. C. Morton & Co., 131 State Street.

Elliott Co. Places \$10,000,000 Loan

William A. Elliott, President of the Elliott Co. on June 29 announced that under the terms of a note purchase agreement with Prudential Insurance Co. of America the Elliott Co. has borrowed \$8,000,000. The balance of the \$10,000,000 covered by the agreement will be taken down on or before Dec. 1, 1957. The agreement was negotiated by F. Eberstadt & Co.

The company has applied approximately \$5,500,000 of the initial borrowings to repay all of its existing long term and current bank indebtedness. The balance is to be used to defray the cost of constructing and equipping new facilities for testing of heavy steam and electrical equipment under continuous load and other conditions as they will exist upon final installation in customers' plants.

A portion will also be used in the expansion of motor manufacturing facilities. The remaining \$2,000,000 to be borrowed over the next 18 months may be used for additional plant facilities and for additional working capital to finance larger receivables and inventories resulting from the increased volume of the company's business. As of May 28, 1956 the company's backlog was approximately \$29,500,000 as compared with \$20,000,000 on the same date in 1955.

FHLB Notes On Market

Public offering of \$134,000,000 Federal Home Loan Banks 3 3/4% series C-1957 consolidated non-callable notes, dated July 16, 1956 and due March 15, 1957, was made on July 3 by the Federal Home Loan Bank Board through Everett Smith, Fiscal Agent of the Banks and a nationwide group of securities dealers. The notes are priced at 100%.

The purpose of the offering is to refund in part \$144,240,000 of 3 1/8% series F-1956 consolidated notes maturing July 16, 1956.

Upon completion of the financing and the retirement of the notes due on July 16, outstanding note obligations of the banks will total \$919,000,000.

Four With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass.—Robert B. Cay, Gordon G. Coogan, Parke L. Jackson and Thomas L. Regan, Jr. have become associated with Reynolds & Co., 19 Congress St. Mr. Cay was formerly with Lee Higginson Corporation, Mr. Coogan with H. C. Wainwright & Co., Mr. Jackson with Lyons & Shafto, Inc. and Mr. Regan with Smith, Barney & Co.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass.—Gerald Rosen has become connected with Merrill Lynch, Pierce, Fenner & Beane, 18 Milk Street.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass.—Frances E. Evans has been added to the staff of Paine, Webber, Jackson & Curtis, 24 Federal Street.

Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)
WORCESTER, Mass.—Gerald F. Madaus has become affiliated with Gibbs & Co., 507 Main Street.

With Mid Continent SECS.

(Special to THE FINANCIAL CHRONICLE)
ST. LOUIS, Mo.—Jack M. Thiel, is now with Mid Continent Securities Corporation, 3520 Hampton Avenue.

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Eastman, Dillon: Union Securities to Combine



Lloyd S. Gilmour (right), senior partner of Eastman, Dillon & Co., and Joseph H. King, President of Union Securities Corporation, study merger agreement which combined their firms under the name of Eastman, Dillon, Union Securities & Co.

Lloyd S. Gilmour, senior partner of Eastman, Dillon & Co. and Francis F. Randolph, Chairman of the board of Union Securities Corporation, announce that arrangements have been concluded to combine the underwriting business and personnel of Union Securities Corporation with the business and personnel of Eastman, Dillon & Co., and to operate the new firm as a member of the New York Stock Exchange under the name of Eastman, Dillon, Union Securities & Co. Joseph H. King, President of Union Securities Corporation and certain of the other officers of Union Securities Corporation will become partners of the new firm.

The joining of these two organizations, which is expected to become effective on or about Sept. 1, 1956, will bring together two of the larger investment banking and distributing organizations. The resulting firm will have offices in New York, Philadelphia, Boston, Hartford, Buffalo, Chicago and Los Angeles, and branches in other smaller cities. All offices will be connected by a private wire system, and the new firm will engage actively in the underwriting of corporate, public utility, railroad and municipal securities, and in the brokerage business.

Tri Continental Corporation, a closed end investment company with assets in excess of \$290,000,000, is the sole owner of the stock of Union Securities Corporation. Union Securities Corporation will change its name to reflect its withdrawal from the securities business with the public, but will continue to utilize its large capital resources to acquire securities or interests which may require extended holding to realize the potentialities of development and profit.

The new partnership will continue a close relationship with Tri Continental Corporation.

For the period from Jan. 1, 1955 to date, the two firms had underwriting and private placement positions of about \$620,000,000 in corporate issues offered to the public, aggregating approximately \$5,000,000,000. Included in the above were issues in excess of \$750,000,000 which were headed by the two firms either alone, or jointly with others.

Corporate financing has been arranged by the two firms in recent years for more than 80 corporations, many of which are among the largest companies in their respective fields in industry.

The two firms have been particularly active in financing corporations in the natural gas pipeline, and oil industries. Among their recent large issues were \$150,000,000 financing for West-

coast Transmission, Limited, \$50,000,000 for Tide Water Oil Company, \$27,000,000 for Pioneer Natural Gas and \$45,000,000 for Beneficial Finance Co.

In 1955 and to date this year their combined participations in municipal bond issues totalled about \$150,000,000. During the same period the combined firms headed municipal accounts either alone, or with others, totalling in excess of \$900,000,000.

The head office of the new firm, after September the first, will be at 15 Broad Street, New York City.

The capital of the new firm will be in excess of \$17,000,000.

James C. Vacha Now With Leason & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — James C. Vacha has become associated with Leason & Co., Inc., 39 South La Salle Street. Mr. Vacha was formerly in the trading department of Arthur M. Krensky & Co., Inc. and prior thereto was with Republic Investment Co. and was an officer of Webber, Simpson & Co.

Westheimer Partner

CINCINNATI, Ohio — Westheimer & Company, members of the New York Stock Exchange, have announced that John E. Tobias has become a general partner in the firm. Mr. Tobias, 32, is the son of Charles H. Tobias, who has been a partner in the firm since 1928. Other members of the firm are Irvin F. Westheimer, Charles Westheimer, Robert Westheimer, Troy Kaichen, Fred Korros and Harry C. Vonderhaar.

Mr. Tobias is a graduate of Phillips Exeter Academy and Dartmouth College. He served in the Marine Corps in the Pacific theatre during World War II and was later recalled into the Marines where he held the rank of Captain in Korea. He has been associated with Westheimer & Company for six years.

Mr. Tobias' admission to the firm was previously reported in the "Chronicle" of June 14.

Norman Chinn Opens

Norman Chinn is conducting a securities business from offices at 50 Broad Street, New York City.

Mario Di Nonni Opens

FREEMONT, N. Y. — Mario Di Nonni is engaged in a securities business from offices at 130 Putnam Avenue.

Air Conditioning Investor Advice

By ROGER W. BABSON

Massachusetts investment advisor measures the retail store, home and automobile air conditioning market, and advises potential air conditioning investors to postpone until next winter the purchase of such stocks. Recommends big and small firms, and forecasts the day will come when electric power peak load will be in the summer.

The recent hot weather suggests a column on air conditioning. Since we use it here in my office, I can speak freely regarding it. Any reader, however, who is interested should consult his local agent or plumber. Prices and needs vary for different sections of the country.

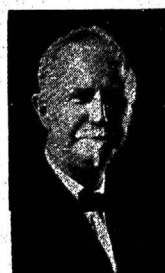
I am convinced that merchants, in order to hold their trade, must universally adopt air conditioning. This especially applies to downtown "Main Street" merchants who must compete with the new shopping centers. I am fully convinced that the downtown stores have a distinct opportunity; but they must modernize as to lighting and air conditioning. They may also gradually shift over to men's clothing, underwear, office supplies, hardware, etc., which appeal to men rather than to women. Women can go to the shopping center any day, but men cannot.

Air conditioning will help merchants hold their good clerks. It will cost shopping-center merchants more wages than the downtown merchants will be obliged to pay, if the latter give their clerks equal advantages as to air conditioning, parking facilities, vacations, lunches, etc. If it is too late now to install air conditioning for this summer, clerks can be promised air conditioning for next summer. The summer will go by quickly, and downtown merchants can give better vacations than can shopping-center merchants.

Homes and Autos

Many of the new homes are now offering complete air conditioning. It will soon be fairly economical to buy a new heating arrangement which will provide also for air conditioning. At present, such complete instalments are rather expensive, but I am sure that the prices of these combination units will be reduced, especially in the sections which are enjoying natural gas. As a practical matter, most homes desire only one or two bedrooms, a living room, and kitchen air conditioning. (There certainly is no reason for air conditioning the bedrooms of children.) These few rooms can be air conditioned with individual machines attached to windows. Almost every home will have at least one room air conditioned. Probably the new generation will insist upon more.

Until this past week I felt that air conditioning of automobiles was more or less of a fad. Yet I remember this same comment was made when self-starters were first introduced. General Motors seems to be able to accomplish almost anything by sufficient advertising. I never expected to see a parking lot look more colorful than a petunia bed! Many auto dealers are now asking about \$500 for installing air conditioning. I forecast that this price will be very much reduced.



Roger W. Babson

Thoughts for Investors

It is probably too late in this season to buy good air conditioning stocks. Investors had better wait until next winter before doing so. If too many investors do not try the same trick, it might be smart, *whatever the trend of the market*, to buy air conditioning stocks during snowstorms and sell them during the hot summer weather! Air conditioning products offered by General Electric, Westinghouse, Chrysler, Philco, and others of the big electric appliance companies are to be recommended. The air conditioning business of these big companies, however, is small compared with their total sales.

Therefore, such companies as Admiral Corp., Borg-Warner, Carrier Corp., Fedders-Quigan, Trane Company, York, Holland Furnace, and Worthington Corp., which specialize in air conditioning, might be better to buy or sell at the above suggested times. In closing, let me forecast that air conditioning will be very helpful to your local electric power company. The day will

come when its peak load will be in the summer from air conditioning and gravity neutralizers rather than from lighting as at present.

L. Sanford Opens Own Investment Firm

SAN FRANCISCO, Calif. — Laurence Sanford has formed Sanford & Company with offices in the Russ Building to specialize in life insurance stocks, Pacific Coast Securities, special situations and mutual funds. Mr. Sanford was formerly associated with Walter C. Gorey Co. and Schwabacher & Co. A graduate of Northwestern University in investment management, he has been in the securities business in San Francisco for the past six years.

James E. Lynch With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS. — James E. Lynch has become associated with Coburn & Middlebrook, Incorporated, 75 State Street. Mr. Lynch was formerly an officer of Shea & Company, Inc.

Form Battery Securities

Battery Securities Corp. has been formed with offices at 70 Pine Street, New York City, to engage in a securities business. Officers are Stanley Kligfeld, president; Marvin M. Bressler, vice president; and Edward Kallich, secretary and treasurer.

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Condensed Statement of Condition

At the close of business June 30, 1956

ASSETS

Cash and Due from Banks	\$ 718,345,208.52
U. S. Government Obligations	497,202,923.29
State, Municipal and Public Securities	265,913,912.51
Other Bonds and Investments	13,130,672.80
Loans	1,468,719,423.21
Banking Premises and Equipment	14,445,061.50
Customers' Liability on Acceptances	45,056,839.02
Accrued Interest and Accounts Receivable	7,920,509.67
Other Assets	1,742,646.96
	<u>\$3,032,477,197.48</u>

LIABILITIES

Capital Stock	\$ 53,138,250.00
Surplus	146,861,750.00
Undivided Profits	26,614,171.43
Reserve for Contingencies	5,286,437.91
Reserves for Taxes, Expenses, etc.	11,170,438.13
Dividend Payable July 1, 1956	2,656,912.50
Acceptances Outstanding (Net)	47,152,601.57
Other Liabilities	5,336,675.90
Deposits	2,734,259,960.04
	<u>\$3,032,477,197.48</u>

Securities carried at \$192,800,428.44 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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No General Downward Business Spiral Expected

First National City Bank "Letter" assesses the third quarter prospects of the economy; the industries which sell and buy from steel mills; and concludes "corrections of inventory, production, or price maladjustments are not bunched to the extent of causing a general downward spiral."

Favorable business reports through late June indicate no spread and perhaps some improvement in the soft spots, overall employment and initial sales achieving near record levels, record-breaking non-residential and business outlay pace, bond and stock market improvement, and Reserve support of seasonal credit needs, "have banished," according to First National City Bank's monthly July "Letter," "most of the forebodings based on the tightening of money."

In describing the third quarter prospects, the "Monthly Letter" points out:

"Apart from the industries which sell to and buy from the steel mills, the economy at mid-year shows no striking change from the months before. The usual summer lull in production and trade is starting from a relatively high level this year. However, the vacation slackening in output, which nowadays often means the closing of entire plants or industries for the vacation period, may be accentuated by the need of a number of industries to reduce stocks. Even without a steel strike, many would look for a little more than the usual drop in industrial operations."

"On the other hand, few expect the slackening to have depressing effects on consumer buying or business spending. Business reports through late June have been sufficiently favorable to moderate the pessimism which appeared after the discount rate increase and the disappointing automobile news in mid-April. Recent reports indicate no spread and perhaps some improvement in the soft spots. For one thing, the automobile industry is cutting down its inventories at a satisfactory rate. Over-all employment and retail sales have achieved near-record levels. Official surveys indicate that non-residential construction activity and business capital expenditures will continue their record-breaking pace in the second half. The additional funds made available by Federal Reserve authorities to meet seasonal credit needs, together with the stability of over-all business measures and bond and stock market improvement, have banished most of the forebodings based on the tightening of money."

Continuous Stability

"The remarkable feature of business activity in the first half of 1956 has been the stability which has persisted month after month in major economic indicators, apart from the usual seasonal fluctuations. Industrial production has stayed between 141% and 144% of the 1947-49 average, a range of 2%, since last September. In May it was 142. Retail sales have fluctuated for 14 months between \$15.3 and \$15.8 billion a month, and in May were close to the peak; auto dealers' sales have declined, but other sales have risen to a new record. Over-all construction expenditures have stayed at approximately \$3.6 billion monthly for the same period, as gains in non-residential construction offset the lag in housing. Total government purchases of goods and services have been largely a neutral factor in recent business fluctuations, at an annual rate of \$75-77 billion for the past two years."

"This stability masks a wide variety of adjustments in individual lines. It illustrates the meaning of the phrase 'rolling readjustment,' in which some lines continue to rise while others turn

down, and in which corrections of inventory, production, or price maladjustments are not bunched to the extent of causing a general downward spiral. Thus far the indications are that any third-quarter inventory adjustment will hold within the 'rolling readjustment' range."

Evidences of Strength

"Rising income and employment provide a strong underpinning for retail sales. A total of 65.2 million persons were employed in May, a level second only to the record set last August and 2½ million greater than in May 1955. Wage rates have been rising and will get a new impetus from steel wage increases. To be sure, there is danger of labor pricing itself out of the market, due to inability of employers to pass on increased costs. So far, however, more people have had work at higher wages. There has been a steady rise in labor income, as well as income from most other sources. Even agricultural income has revived to the best rate since November. The latest figures available (April) show personal income at a record annual rate of \$317.1 billion."

"In June, there was fresh evidence of strength in business men's plans for buying new plant and equipment—one of the basic props of current prosperity. A survey by the Securities and Exchange Commission and the U. S. Department of Commerce indicates that these expenditures are scheduled to continue growing during the third quarter, to an annual rate of \$36.7 billion, instead of leveling off after mid-year. Of course businessmen may not be able to spend as much as they plan to, particularly if an extended steel strike occurs. Actual expenditures in the first half were about 1% less than had been anticipated three months earlier, presumably because of shortages and delayed delivery rather than cancellation or postponement of projects. The 6% increase scheduled between the second and third quarters supports the opinion that a brief lull in business activity does not cut into long-term expansion plans."

"The number of new private homes to be started in 1956 is now estimated at 1,150,000, compared with the average annual rate of 1,100,000 maintained this spring and the forecasts of 1,200,000 and even 1,300,000 which were common earlier this year."

The Inventory Position

"When business observers discuss the inventory situation, the topic generally splits into three parts: steel, autos, and the overall level. There is little doubt that stocks of automobiles and some kinds of steel will have to be worked down in the next couple of months, but the big question is how much general liquidation will ensue."

"The automobile industry, at present curtailed assembly rates, is making progress with inventory reduction. Dealers' stocks were whittled 70,000 in May and may be reduced 100,000 or more in June. At that rate, new car stocks are expected to total about 700,000 at mid-year, slightly below their New Year's Day level, and nearly 200,000 below their February peak. The industry's goal apparently is to reduce inventories to half a million cars or lower by the end of the '56 run in August or September."

"Both steel and automobiles present special inventory situations, with liquidation both more

necessary and more certain to come than in industry in general. Partly because of the accumulation of steel and auto stocks, the total book value of business inventories is at an all-time high. Stocks have been rising steadily since the end of 1954 (seasonally adjusted) and when last reported (April 30) totaled \$84.4 billion, an advance of \$7½ billion or nearly 10% from the 1954 low and about 4% above the 1953 peak. Roughly two-fifths of the increase in the past year and a half has been the result of rising prices; allowing for these higher prices, the physical volume of goods in stock may be even with or somewhat below the 1953 crest. Sales, however, are generally higher in both dollar and physical volume."

Lower Trade Inventories

"Trade inventories have been edging lower since February, but factories have increased stocks at the rate of \$500 million a month. For the most part, this has been a voluntary process. Some manufacturers were bringing working stocks into line with current rates of production. This type of accumulation appears to have about run its course."

"The buildup in inventories has, of course, added something to over-all demand. Once the desired level of stocks has been achieved—and that moment may be near at hand, in the aggregate—the extra push will be missing. Adjustment to more prompt delivery schedules also involves reducing stocks and outstanding orders. Whether these adjustments spread is largely a question of the strength of business in general. The offset is in the sustained demand from consumers, business, and government now in view."

Smutny Named By Two Chicago Cos.

Rudolf Smutny, senior partner of Salomon Bros. & Hutzler, members New York Stock Exchange, has been named Chairman of the



Rudolf Smutny

Finance Committee of the Rail Trailer Company and its subsidiary, Van-Car Corporation of Chicago, it was announced by Eugene F. Ryan, Rail Trailer President.

Mr. Smutny also is a director of Associated Oil and Gas Company, Trailer Train Company, and is Chairman of the Executive Committee of Webb & Knapp, Inc.

Ross, Lyon to Form New Corporation

The partnership of Ross, Lyon & Co. will be dissolved on July 15th and a new corporation will be formed with membership on the New York Stock Exchange. Offices will be maintained at 487 Broadway, and 120 Broadway, New York City. Officers of the new corporation will be Sidney Lyon, president; Harry Ross, treasurer; and Martin R. Lyon, secretary.

Union Securities Corp. Appoints W. E. Simon

Union Securities Corporation, 65 Broadway, New York City, announces that William E. Simon has been appointed an Assistant Vice-President of the company.

With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)
WORCESTER, Mass.—Renato F. Borci is now with Gibbs & Co., 507 Main Street.

Securities Salesman's Corner

By JOHN DUTTON

Fundamentals of Security Salesmanship

ARTICLE II

—What To Read and Study—

There are two halves to the whole, two faces on the coin, two sides of the fence. There is money and there is "what it will buy." To obtain an understanding of the science of investment it is therefore necessary to understand "money." It is the other half of the equation. Before we go further let us make this point clear. If you wish to become a qualified investor and advisor of others, it is not only necessary to obtain and evaluate information concerning investments, but since we use a *Fluctuating Medium* of exchange which is constantly under the control of governmental and quasi-governmental bodies, no one can understand the forces underlying investment without an appreciation and knowledge of money and our banking system.

Simplify Your Study and Reading

When I first thought of writing this series of articles on "What to Read" I was skeptical of the idea because I have always believed that a securities salesman should not become a statistician. Knowledge and background can only be gained by constant reading, study, and doing, but never should one become a walking actuary, a spouter of dry facts, or a "show-off" of any kind. It is what you know that gives you the power of making decisions, of advising, of answering questions, and of convincing others, rather than what you obviously attempt to prove that you know. True knowledge is based upon understanding and it is a silent convincer. It will be obvious in your speech, your manner, your approach to your prospects and clients. Leave the answers to the 64 questions to those who go on the programs—your customers desire guidance and they will trust you to guide them if you are on solid ground. So read and study to learn the things which will help you to be a better investment advisor—you are not going to be a professor, a scholar, or a walking encyclopedia—you are going to help people become more successful investors.

An Excellent Book on Money

There are many good books you can read on "Money." There are excellent college textbooks you can procure from your library. But one of the most interesting and informative texts on this subject I have read is "Principles and Practices of Money and Banking," revised edition, by Charles R. Whittlesey of the University of Pennsylvania, published by Macmillan and Company, New York. The chapters on bank reserves and the limitation of deposit creation, credit in relation to economic activity, and total spending and the level of business activity and prices, are so clearly developed that they will give you a basic understanding of these forces which will provide you with background for the following chapters on the workings of our banking system and the Federal Reserve.

Basic Principles of Federal Reserve Policy.

Money and Banking in Boom and Depression.

Financial Developments After World War II.

Inflation, Deflation and the Banks.

Monetary Implications of the National Debt.

Policies and Practices in International Finance.

Such important matters concerning money as the method by which the banking system creates money, the rediscount rates of the Federal Reserve, Federal Reserve policies relating to open market operations, and their effect upon bank reserves, are clearly explained. The method and manner in which our banking system operates and the fiscal policies of the government as they relate to business activity, money rates, and their recurrent effect upon security prices are emphasized.

This excellent text and others like it should give everyone interested in acquiring background in the investment business a sound understanding of Money and our Banking System. Before you can read the financial page and profit therefrom, before you can evaluate underlying factors in the economy, you must know how our banking system operates, understand Federal Reserve operations, and what the fiscal policy of the Federal Government means and the direction in which it is headed.

Next Week We Will Begin to Look at the Other Side of the Coin—

INVESTMENT ANALYSIS

Trust Co. of Ga. Appoints Mathews

ATLANTA, Ga.—Marshall B. Hall, President of the Trust Company of Georgia in Atlanta, has announced that Robert C. Mathews, Jr., Vice-President, has been placed in charge of the Bond Department of the bank.



R. C. Mathews, Jr.

A native of Concord, in Pike County, Ga., Mr. Mathews was graduated from Boys High School in Atlanta and from the American Institute of Banking. He was employed by the Trust Company in 1922 and has spent his entire business career with that organization. After holding practically every position in the Bond Department, he was made an Assistant Secretary. In 1946 he was named Assistant Vice-President and in 1953 Vice-President.

For many years Mr. Mathews traveled widely in the State of Florida in connection with the distribution of bonds in that State and is well known to bankers there.

The Bond Department of the Trust Company of Georgia is one of the oldest and best established active bond departments in the country. It engages in the distribution of United States Government and municipal securities throughout the Southeast as well as in major financial centers all over the country. A well-staffed office in the financial district of New York City has been maintained by the Trust Company for over ten years.

With California Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James J. Brett, Mary E. Hickey, Robert J. Martin III and Walter M. Roberts have joined the staff of California Investors, 3932 Wilshire Boulevard.

Public Utility Securities

By OWEN ELY

Missouri Public Service Company

Missouri Public Service Company is traded on the American Stock Exchange but a substantial interest in the company is owned by the Green family. The company was started as the Green Light & Power Company in 1917 with generating capacity of only 1,250 kw. The second generation is now represented by President R. J. Green and the third by Executive Vice-President Richard C. Green.

The territory served by the company covers all or part of 25 counties in Western Missouri, including suburban Kansas City. The service area runs east past Sedalia, north of the Missouri River, west to the Kansas State Line, and south to a point 30 miles north of Joplin. Five of the counties served are separated from the rest of the property. Electric service is furnished to approximately 200 communities (as well as extensive rural areas), gas service to 13, and water service to four; revenues are 77% electric, 22% gas, and 1% water. Revenues for the 12 months ending May 31, 1956, were \$11,735,600, and net income \$1,764,500, some 15% of gross being carried down to net.

Electric residential and commercial revenues over the past years have approximated 79% of total electric revenue, which is high compared with the 58% average for the electric utility industry. Industry increases during the 1945-1955 period were 148% in kwh sales, 140% in revenues, and 124% in average annual kwh usage per residential customer; Missouri Public Service Company had corresponding increases of 211%, 191%, and 146%.

The company has a large variety of industrial customers and also serves three of the five major air bases in the State of Missouri. It provides all the electrical requirements for four strip coal mines, including power for their huge electric shovels—the largest and latest of which is a \$2.5 million monster whose boom goes as high as a 16-story building. It is capable of lifting 166 automobiles at one time, swinging them a distance of 290 feet, setting them down on the top of a 10 story building and swinging back for another load all within 45 to 50 seconds. It will have a 7,000-kw demand and will operate around the clock with three 8-hour shifts. These mines produce one-third of the entire coal output in Missouri.

Another industrial customer is Pittsburg-Corning's Foam Glass plant at Sedalia. Light industry customers include a large number of enterprises such as gunstock and fire-cracker makers, a whiskey distillery, a manufacturer of baby clothes, a tobacco growing and marketing center, etc. Industrial revenues constitute only 12% of electric revenues, but such revenues have increased 56% during 1952-55. (The company's industrial rates are very competitive.) The company serves five colleges, as well as some 16,000 farm customers who raise grain and livestock and do some dairying.

Since 1940 when President R. J. Green reacquired control, growth has been remarkable. The number of customers has increased 243%, revenues 645%, earnings for common stock 1,228%, and dividends per share 2,669%. Of course, these statistics came about partly as the result of the company's acquiring City Light & Traction from Cities Service Company in 1945, and the electric distribution system at Clinton, Missouri, from Missouri Power & Light Company in 1951, as well as the absorption of Mis-

souri Gas & Electric Service Company in 1952 and other smaller acquisitions.

The average annual rate of increase in share earnings during 1951-55 was 19%. However, 1955 earnings made only a moderate gain over 1954 (91 cents vs. 90 cents) due to problems in connection with a new generating station, and in the conversion to natural gas at Clinton, Mo. Nineteen fifty-six is expected to be the company's biggest year. Earnings for this year were currently budgeted at \$1.01, but the management now feels that the forecast can be raised to \$1.07.

The company expects to ask for an increase in water rates approximating \$222,000, which is equivalent to about seven cents per share after taxes. Fuel savings are a factor—last year the Clinton Generating Station burned 75% coal and 25% natural gas; this year it is expected to burn only 40% coal and 60% gas. The company has been successful in reducing some heavy line losses in its gas distributing system. Since last April it has been able to make several improvements in the North Central Gas program which should result in this project contributing a greater amount to net income during 1956 than originally expected. While the company had some difficulties last year over higher gas purchase costs, they were able to pass on to customers the entire temporary increase. When the Cities-Service Gas case was settled before the Federal Power Commission, some refunds to customers were made.

Electric revenues are running over the 1956 budget even though actual revenues from the Kansas City Mid-Continent International Airport for the first five months were only \$28,000 vs. the \$47,000 budgeted amount. TWA did not begin engine overhaul operations as soon as they originally planned.

The company's \$6.5 million line of credit with New York and Kansas City banks is expected to prove ample for 1956 construction purposes. In 1957 the company will probably do equity financing on a 1-for-10 basis along with senior financing.

The amazing suburban growth taking place in the company's service area adjacent to Kansas City augurs well for the future. Since 1952 three substations' capacity have had to be increased over 900%. There are now five shopping centers in the service area around Kansas City either completed, under construction or proposed. The Raytown center was only open two months when it was decided to double the size. The gas business is growing rapidly, and the North Central Gas project is expected to produce over \$1 million revenues by the end of 1957 and \$1.8 million by 1959. As a result of this project, presenting gas operating losses in two cities should be eliminated and the company expects to earn 6½% on rehabilitated systems in these towns as well as on new systems to be installed in 13 other towns.

Two With McCormick Co.

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—James E. Rickard and Emmett F. Wright have become affiliated with McCormick and Company, Security Building.

Halbert, Hargrove Adds

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—Henry W. Dunn has been added to the staff of Halbert, Hargrove & Co., 115 Pine Avenue.

Tax Aspects of Foreign Trade

By A. M. STRONG*

Consultant, American National Bank and Trust Company of Chicago

In reviewing the extent and varieties of governmental interference with private enterprise, here and abroad, Mr. Strong refers to the dollar shortage and the tax burden as the principal factors accelerating interest in licensing arrangements, manufacturing subsidiaries and foreign corporations. Avers proper tax set-up "often means the difference between operating at a profit or a loss."

The private enterprise system is under attack not only by the Communists but in many countries outside the Iron Curtain.

Nationalization, confiscatory taxes, stringent labor laws and government encroachment is practiced by many nations in the Democratic Camp. Our own government is heavily engaged in commercial and industrial activities. In May of 1956, commercial enterprises of the Federal Government numbered 19,771 with capital assets of approximately \$12 billion. These enterprises pay no interest on the capital invested and no taxes. Government interference with private enterprise is most extensive in international trade. Exports, imports and monetary transactions are controlled in most countries of the world.

Dollar Shortage and Tax Burden

While United States exports continue at a high level, American exporters are meeting with increasing difficulties in foreign markets. The shortage of dollars is one of the greatest obstacles in our international commerce. It practically closed our markets in leading Latin American countries and is affecting our sales in most countries of the world. Manufacturers who have spent a great deal of effort and money to develop business abroad are frequently faced with the dilemma of either relinquishing these markets or finding means to meet competition and overcome import restrictions. The accelerated interest in licensing arrangements, manufacturing subsidiaries and foreign corporations is primarily the result of these conditions. Taxation is a vital element in this picture.

The burden of taxation which is maintained at unprecedented high peacetime levels is a serious impediment to our foreign trade. Our Congress recognized this situation and passed laws lowering taxes of domestic corporations on certain income derived from foreign sources. There are some 40 countries offering tax advantages to American investors. Foreign corporations are taxed only on income earned in the United States. They do not pay taxes on income derived from sources outside of the United States. The establishment of a subsidiary in a foreign country is therefore an advantageous arrangement. The proper tax set-up is an important link in the chain of international trade arrangements and often means the difference between operating at a profit or a loss.

International trade is a specialized business. Methods of selling,

*Statement by Mr. Strong at the Illinois Manufacturers' Association Forum, Chicago, June 26, 1956.



A. M. Strong

promotion, financing and taxation are different than in domestic trade. Management is becoming cognizant of the need for a better understanding of foreign commerce problems.

Rockford Dealers to Hold "Fling Ding"

ROCKFORD, ILL.—The Rockford Securities Dealers Association have announced that their annual "Fling-Ding" has been definitely scheduled for September 27th at the Forest Hills Country Club of Rockford, Illinois. (Tentative date previously scheduled was September 14th).

Three With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Bernard Atkins, Thomas A. Cahill and Raymond G. Chesley are now connected with B. C. Morton & Co., 131 State Street.

Murphy to Become Partner of Reynolds

James L. Murphy will become a general partner of Reynolds & Co., 120 Broadway, New York City members of the New York Stock Exchange, effective July 31, 1956 subject to approval of the Exchange, it was announced by Thomas F. Staley, senior partner. Mr. Murphy's activities will be centered at the Reynolds & Co. main San Francisco office at 425 Montgomery Street.



James L. Murphy

Mr. Murphy is presently a Vice-President and will continue as a director of Foster & Kleiser Co., San Francisco, a subsidiary of W. R. Grace & Co. In 1953 and 1954 he was national chairman of the Citizens for Eisenhower Congressional Committee. Between 1948 and 1950 he represented the American Motion Picture Association in London.

Goodbody Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

FLINT, Mich.—Edwin E. Luke is now affiliated with Goodbody & Co., Mott Foundation Building.

CONDENSED

Statement of Condition

NATIONAL BANK AND TRUST COMPANY OF PATERSON

as of June 30, 1956

Assets

Cash and Due from Banks	\$ 35,615,457.01
U. S. Government Bonds	56,824,179.68
Municipal & Other Securities	33,815,035.69
Loans and Discounts	50,710,212.63
F. H. A. Insured Mortgages	25,643,654.47
V. A. Guaranteed Mortgages	11,026,232.60
Other First Mortgages	16,849,556.76
Federal Reserve Bank Stock	330,000.00
Banking Houses	3,232,763.68
Accrued Income Receivable	788,325.64
Other Assets	311,581.24

TOTAL ASSETS \$235,146,999.40

Liabilities

Deposits	\$217,145,833.71
Reserves, Taxes, etc.	3,734,714.86
Capital (160,000 shares - \$25 Par) ..	4,000,000.00
Surplus	7,000,000.00
Undivided Profits	3,266,450.83

TOTAL LIABILITIES \$235,146,999.40

F. RAYMOND PETERSON
Chairman of the BoardBENJAMIN P. RIAL
President

1ST NATIONAL BANK AND TRUST COMPANY OF PATERSON

18 CONVENIENT OFFICES IN ...

PATERSON • BLOOMINGDALE • CLIFTON • MOUNTAIN VIEW •
POMPTON LAKES • PRAEKNESS • RINGWOOD • BOROUGH of TOTOWA
• WANAQUE BOROUGH • WEST MILFORD, New Jersey

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

On July 2 Howard F. Vultee rejoined The Marine Midland Trust Company of New York and Marine Midland Corporation after serving for a year with the rank of Minister as Director of the Office of Economic Affairs, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations (USRO) in Paris. Mr. Vultee is an administrative Vice-President of The Marine Midland Trust Company of New York and a Vice-President of Marine Midland Corporation.



Howard F. Vultee

THE MARINE MIDLAND TRUST CO. OF NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	529,226,068	491,496,308
Deposits	472,566,648	427,026,236
Cash and due from banks	138,645,608	98,422,007
U. S. Govt. security holdings	86,920,962	102,626,070
Loans & discounts	280,653,425	262,735,708
Undivided profits	8,746,882	8,350,397

John W. de Milhau and Arthur D. Lane have been appointed Vice-Presidents in the bond department of the Chase Manhattan Bank of New York. J. Stewart Baker, President, announced on June 29. Mr. de Milhau, a member of the Bond Department's official staff since 1938, is in the municipal buying and trading division and Mr. Lane, who joined the bank in 1921, is in the corporate division. Also appointed to the official staff was William W. Ormerod as an Assistant Treasurer in the instalment credit department.

John L. Dugan, Jr., has been elected Assistant to the President of the Grace National Bank of New York. Mr. Dugan has been with the Grace organization since Feb. 1, 1955, engaged in organizational planning. As Assistant to President Ralph Stillman, he will carry out market studies and research with a view toward expanding the bank's services. Two other appointments were also announced. Robert J. Kurau was promoted from an Assistant Cashier to an Assistant Vice-President. Mr. Kurau was recently elected President of the Bank Credit Associates of New York for a one-year term. He has been with the bank since 1945. Stephen B. Toth was named an Assistant Cashier of the bank. He has been a staff member since 1941 and has been in charge of the bank's foreign section of the credit department.

GRACE NATIONAL BANK OF NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	172,794,432	166,905,519
Deposits	148,256,815	147,416,236
Cash and due from banks	46,550,097	39,575,406
U. S. Govt. security holdings	43,036,745	46,528,527
Loans & discounts	65,718,525	62,807,927
Undivided profits	1,862,993	1,614,367

Arthur S. Kleeman, President of Colonial Trust Company, of New York City, announced on June 27 the election of C. F. Bailey as Vice-President and Comptroller. John Van Tassel has been elected Assistant Vice-President, and Richard H. Von Ohlsen, Auditor. All three officers have been mem-

bers of the bank's organization for many years.

Promotion of Robert S. Denvir and John P. Glorieux to be Second Vice-Presidents of Guaranty Trust Company of New York has been announced. Mr. Denvir is associated with the bank's Personal Trust Department and Mr. Glorieux with the Public Utilities Division, Banking Department.

GUARANTY TRUST CO. OF NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	2,914,363,700	2,931,745,776
Deposits	2,448,829,241	2,426,197,868
Cash and due from banks	603,184,748	609,767,062
U. S. Govt. security holdings	678,302,102	609,499,101
Loans & discounts	1,476,158,145	1,503,646,097
Undiv. profits	110,797,728	108,213,538

THE NEW YORK TRUST CO., NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	799,471,441	758,130,112
Deposits	700,047,510	660,010,311
Cash and due from banks	191,156,607	136,273,859
U. S. Govt. security holdings	153,564,639	155,689,616
Loans & discounts	415,486,050	422,396,068
Undivided profits	9,095,920	8,416,871

THE BANK OF NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	508,408,684	450,328,604
Deposits	451,878,588	393,474,361
Cash and due from banks	150,158,350	91,710,782
U. S. Govt. security holdings	96,101,165	97,049,135
Loans & discounts	235,225,062	231,298,558
Undivided profits	7,426,908	7,135,265

J. HENRY SCHRODER BANKING CORP. NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	115,702,145	117,779,753
Deposits	77,922,704	80,626,646
Cash and due from banks	13,296,309	12,084,444
U. S. Govt. security holdings	46,253,342	49,257,432
Loans & discounts	26,920,461	26,534,785
Surplus and undivided profits	5,020,000	5,015,000

SCHRODER TRUST CO., NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	71,599,674	63,017,969
Deposits	64,586,796	56,250,061
Cash and due from banks	13,060,963	10,467,581
U. S. Govt. security holdings	42,193,679	36,243,671
Loans & discounts	15,340,106	15,329,616
Surplus and undivided profits	2,615,000	3,607,000

MANUFACTURERS TRUST COMPANY NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	2,937,053,778	2,760,006,353
Deposits	2,668,821,091	2,495,074,691
Cash and due from banks	790,434,555	656,556,322
U. S. Govt. security holdings	721,848,004	699,785,293
Loans & discounts	1,065,731,214	1,008,613,830
Undiv. profits	51,547,986	49,650,979

J. P. MORGAN & CO., INCORPORATED, NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	919,042,348	863,191,880
Deposits	789,910,363	739,831,079
Cash and due from banks	242,266,222	214,634,381
U. S. Govt. security holdings	170,324,005	174,244,080
Loans & discounts	410,659,225	376,876,486
Undivided profits	16,350,085	15,197,402

BROWN BROTHERS, HARRIMAN & CO. NEW YORK

	June 30, '56	Mar. 31, '56
Total resources	225,229,656	208,580,757
Deposits	191,076,913	176,390,885
Cash and due from banks	49,029,906	39,018,729
U. S. Govt. security holdings	41,987,688	41,943,004
Loans & discounts	72,479,774	66,615,696
Capital surplus	14,525,284	14,505,284

New Yorkers had their first chance to save in a mutual savings bank where their money could make money when The Bank for Savings, New York's first savings bank, opened for business on July 3, 1819. On that day, in a basement room in the

Old Alms House in City Hall Park, 80 depositors banked a total of \$2,807. That was 137 years ago. Since then uninterrupted dividends amounting to \$310,000,000 have been paid depositors. Today, The Bank for Savings has four modern offices in Manhattan with over a third of a billion dollars, for more than 200,000 savers. Assets are \$460 million. The bank has also added "Early Bird" windows at two of its offices. Adjoining the main office, 4th Ave. at 22nd St., there are modern banking windows at the subway platform 23rd St. station Lexington-4th Ave. line. The newest "Extra Hours" banking window was opened this week at the 3rd Ave. and 72nd St. office, where accounts are accepted from Monday through Friday and afternoons 3 to 6 o'clock Monday through Thursday.

Edward J. Maude, former Assistant Secretary, has been elected Assistant Vice-President of Chemical Corn Exchange Bank, New York it was announced by Harold H. Helm, Chairman. Mr. Helm also announced the appointment of Robert Van Buren as Assistant Secretary. Both men are members of the bank's National Division.

KINGS COUNTY TRUST COMPANY BROOKLYN, N. Y.

	June 30, '56	Dec. 31, '55
Total resources	\$77,148,751	\$65,948,688
Deposits	67,103,997	56,200,298
Cash and due from banks	11,909,245	9,365,091
U. S. Govt. security holdings	15,785,997	11,805,040
Loans & discounts	18,073,762	16,244,557
Undivided profits	1,094,424	1,133,422

The Franklin National Bank of Franklin Square, Long Island, N. Y. has declared a combined regular and special stock dividend of 550,400 shares which is equivalent to 28.23% of outstanding capital stock, according to Arthur T. Roth, President. The new stock will be issued at the rate of 688 shares for each 2,437 shares held. In accordance with a recent announcement, the action took place at a special meeting of the shareholders held on June 26. The dividend is payable to shareholders of record on June 26. Stock certificates representing the payment will be distributed on July 16. Mr. Roth, who presided at the meeting stated that earnings for the first six months of 1956 are expected to amount to \$1.39 per share. An item bearing on the plans to increase the capital appeared in our June 14 issue, page 2843.

Bartow Bedell Seymour, Vice-President and Manager of the National Bank of Westchester in Peekskill, N. Y., retired from that office on June 30, according to an announcement by Ralph T. Tyner, Jr., Chairman of the Board and President. Mr. Seymour's retirement was accepted by the Board of Directors at its regular monthly meeting on June 14. Mr. Seymour, applying to be relieved of his duties, referred to his desire for greater free time to devote to his personal interests. Dean of the banking profession in Peekskill, Mr. Seymour will now be retained by the bank as a Consultant on bank policies and procedures throughout Westchester. At the June 30 meeting Mr. Seymour was appointed a member of the Advisory Board of the Peekskill office of National Bank of Westchester. In this capacity he will serve as an authority on local business and bank conditions in the community. Mr. Seymour was Vice-President and Cashier of the Westchester County National Bank at the time it was consolidated with the present group. His association with the bank began as a messenger in 1903. Before that he was employed by the New York Central RR. and the Seymour Coal & Fuel Co. of Peekskill.

Robert E. Richardson, Jr., Assistant Vice-President of National Bank of Westchester, at White

Plains, N. Y., has been appointed Manager of the bank's Peekskill office, according to an announcement made by Ralph T. Tyner, Jr., Chairman of the Board and President. Mr. Richardson replaces Mr. Bartow B. Seymour, Vice-President, whose retirement from the office was announced on June 15. Mr. Richardson has been Assistant Manager of the Peekskill office for the past year. Associated with National Bank of Westchester since February, 1955, Mr. Richardson was previously Director of Public Relations at the Fidelity Title & Trust Co. in Stamford, Conn. His banking career includes service also with the National City Bank of New York.

Plans for the consolidation of two Monmouth County, N. J. banks were made known on June 21, when directors of the Second National Bank of Red Bank and the Keyport Banking Co. of Keyport announced merger plans, which according to Red Bank advances to the Newark "Evening News" by a staff correspondent will be presented to the banks' stockholders in August. The plans it is said call for approval by the Comptroller of the Currency for the changing of the name of the Second National to the Monmouth County National Bank. With the consolidation the Keyport Banking Co. would become the Keyport office of the Monmouth County National Bank. The new bank, says the "Newark News" would be under the leadership of William B. Lyman, now Chairman of the Board of the Second National, who would serve as Honorary Chairman of the new board.

FIRST NATIONAL BANK AND TRUST COMPANY, PATERSON, N. J.

	June 30, '56	Dec. 31, '55
Total resources	235,146,999	234,365,142
Deposits	217,145,834	216,698,847
Cash and due from banks	35,615,457	36,300,523
U. S. Govt. security holdings	56,824,180	56,672,787
Loans & discounts	50,710,213	49,671,310
Undivided profits	3,266,451	4,091,094

THE PHILADELPHIA NATIONAL BANK PHILADELPHIA, PA.

	June 30, '56	Dec. 30, '55
Total resources	1,007,013,086	1,026,348,207
Deposits	888,355,227	910,011,851
Cash and due from banks	286,603,210	322,565,199
U. S. Govt. security holdings	148,170,012	171,861,981
Loans & discounts	458,457,898	418,121,229
Undiv. profits	16,938,316	15,741,140

Thomas H. Kiley, Vice-President and Trust Officer of The Ohio Citizens Trust Company of Toledo, Ohio, has been elected President of the Second National Bank of Wilkes-Barre, Pa. The announcement was made by James Mulligan, Chairman and President, following a meeting of the board of Second National. When Mr. Kiley assumes his new duties in early September, Mr. Mulligan will continue as Board Chairman. Mr. Kiley becomes the ninth President of the Second National since it was founded in 1863. Prior to Mr. Mulligan's elevation as President in September 1955, at which time he was also elected Board Chairman, the chief executive position was filled by Wallace M. Wakefield, who served as President from 1947 until his death in October 1954. Mr. Kiley has had a diversified career in both banking and business circles. He joined The First National Bank of New York City in 1930. In 1938, he went with the U. S. Steel Export Co. in New York, serving four years in the firm's Central and South American and Caribbean areas. Mr. Kiley started with the Trust Department of The Ohio Citizens Trust Company in Toledo in April 1942. He was elected Trust Officer and Assistant Secretary in 1944, Vice-President and Trust Officer in 1945 when he assumed additional duties as Loan Officer and Chairman of the Trust Investment Committee of the bank. He has served in key

posts in the Ohio Bankers Association and as instructor for A.B. courses.

Stockholders of The Newark Trust Company of Newark, Del. at a special meeting over the June 30 weekend approved a proposal under which the Farmers Bank of the State of Delaware at Dover, Del. would purchase the bank's assets and assume the liabilities, including deposits. At May 31, 1956, Farmers Bank of the State of Delaware had total resources of \$85,970,000 and Newark Trust Company had total resources of \$10,978,000. The plans for the taking over of the Farmers Bank by the Newark Trust Co. were noted in our June 21 issue, page 2986.

Robert L. Knight, Vice-President of The Ohio Citizens Trust Company, of Toledo, Ohio, has been named head of the bank's Trust Department, Willard I. Webb, Jr., President, announced on June 27. Mr. Knight succeeds Thomas H. Kiley who has resigned to become President of the Second National Bank of Wilkes-Barre, Pa. Mr. Knight joined Ohio Citizens as Trust Officer in 1947 and was elected Vice-President in 1952. Previously, he was with the trust department of the Bank of America and the Howard Savings Institution of Newark, N. J. A graduate of Rutgers University and its Graduate School of Banking at New Brunswick, N. J., Mr. Knight's thesis, "The Relationships of Community Chests and Community Trusts in Community Planning for Social Welfare" it is stated was one of 23 selected for publication and distribution by the American Banking Association. Mr. Knight is a member of the Financial Public Relations Association and Chairman of the Trust Department of that organization's forthcoming meeting in Dallas.

Harry L. Haulman has been named Vice-President and Loan Officer of the Michigan Bank of Detroit according to an announcement by John C. Hay, President. Mr. Haulman has been associated with the Michigan National Bank at Saginaw for the past five years as Assistant Vice-President. Prior to that he was senior credit analyst in credit review for the Irving Trust Company of New York City.

As a result of a stock dividend of \$150,000 the Fargo National Bank of Fargo, N. D., has increased its capital from \$150,000 to \$300,000, the enlarged capital having become effective June 19.

John P. Meyer, heretofore President of the Northwestern Bank and Trust Co. of St. Louis, Mo. has been elected Chairman of the bank's board of directors, and George A. Speer, formerly Executive Vice-President, has been elected President. Mr. Meyer, elected President in 1935, formerly was State Bank Examiner of Missouri, and an examiner for the Reconstruction Finance Corporation. Mr. Speer, who joined Northwestern Bank in 1947 as Manager of the Consumer Credit Department, had been Executive Vice-President since July, 1955, and a Vice-President of the bank since 1953. From 1939 to 1947 he was an assistant in the operations department at Bank of St. Louis.

As of June 22 the Second National Bank of Ashland, Ky. reported a capital of \$700,000, increased from \$500,000 as a result of a stock dividend of \$100,000 and the sale of \$100,000 of new stock.

The Industrial National Bank of Miami, Florida, reports a capital of \$1,035,000 as of June 21, the amount having been increased from \$900,000 as a result of a stock dividend of \$135,000.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

Bank earnings continue to improve, and it is expected generally by bank stock specialists that the second quarter, now closing, will register an all-time high for operating results. Indeed, they would probably be even better were it not for the fact that some bank managements are utilizing this period of lush earnings to effect major physical improvements in their properties. For example, one large New York City institution has in process the air-conditioning of a large portion of its head office, a project that is affecting earnings adversely but improving the bank's plant substantially.

It is this writer's estimate that the quarter earnings of the leading New York City banks will average out approximately 10% above those of the 1955 like period, from operations. While, to be sure, there cannot be said to be a plethora of funds to finance business, it is evident that the Federal Reserve is not likely to permit a stringency to develop. Loan volume is practically at an all-time high, and this in a period when, seasonally, the trend is in the opposite direction. Following the holidays, loan volume normally turns down until late summer, when business begins to seek credit for two main needs, to finance crop movements and to finance fall and winter trade.

As has been indicated here several times, one spur to the current loan volume has been the Mills plan under which corporation income taxes are, by steps, being gotten onto a current basis of payment. This, in many cases, requires loan accommodation; and we have already seen this year around the March 15 and June 15 quarter-dates a very large increase in this city in loan volume outstanding. It will be recalled that General Electric Company recently was in the market for a large loan for tax needs.

And what of rates? Probably unprecedented was the Federal Reserve's five increases in the discount rate within a twelve month. Rates continue at a figure that, while not high historically, are at about the best levels from the banks' standpoint for a very long period. Increases in rates are not immediately reflected in greater income for a bank, as the new higher rates apply only to renewals of loans or new loan accommodation; the old loans on a bank's books continue at the old rates until they mature and are renewed. Thus there is a lag during which a bank's benefit from the new rates has to "catch up."

But the present rates have now been in effect for a long enough period so that a sizable proportion of total loans is subject to the higher rates. This, of course, does not apply rapidly to certain types of loans, such as term paper, for a term loan may be made for several, or even more, years. But as term loans do mature and have to be replaced, it is done at rates that are well above the original

figure at which the term loan was made. And then any renewal of such accommodation in the form of a term loan is likely to run for several years at a relatively high rate, even though rates may in the interim have softened somewhat.

These better earnings are likely to lead to some dividend increases; and there is persistent rumor of a stock dividend in the case of one of the larger banks. In almost all cases of stock dividends by banks in recent periods, the net result on dividends has been a higher payment than on the stock prior to the stock dividend.

Russell, V.-P. for Secs. for Mutual Life

Philip A. Russell has been promoted to Vice-President for securities investment of Mutual of New York, it was announced by Louis W. Dawson, President. He succeeds Stuart F. Siloway, who has resigned from MONY to become President of Pacific Northwest Pipeline Corp.



Philip A. Russell

Mr. Russell was formerly second Vice-President for securities investment. He is succeeded in that position by Allen L. Lindley who becomes second Vice-President for securities investment and treasurer. Mr. Lindley had been Assistant Manager for securities investment since 1952, and last April was appointed to the additional position of treasurer.

After more than 20 years with The First Boston Corp., Mr. Russell joined MONY in 1942 as an industrial specialist. In this capacity, he greatly expanded the company's portfolio in industrial loans through the development of directly negotiated loans.

In 1948 Mr. Russell became Assistant Manager of securities investment. He was advanced to Manager of securities investment in 1953 and he has been a second Vice-President since December, 1955.

Joins First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John E. Lucas is now affiliated with First California Company, Incorporated, 647 South Spring Street.

Samuel Franklin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard J. Franklin has been added to the staff of Samuel B. Franklin & Company, 215 West Seventh St.

NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda
Head Office: 26 Bishopsgate, London, E. C. 2.
West End (London) Branch: 13, St. James's Square, S. W. 1.
Branches in India, Pakistan, Ceylon, Burma, Aden, Kenya, Tanganyika, Uganda, Zanzibar, and Somaliland Protectorate.
Authorized Capital—£4,562,500
Paid-Up Capital—£2,851,562
Reserve Fund—£3,104,687
The Bank conducts every description of banking and exchange business. Trusteeships and Executorships also undertaken

Security Dealers Urged to "Merchandize"

Head of "Parade Publications" contends consumers go through the same processes in buying consumer goods and services as in the purchase of securities, and advises security dealers to take advantage of this by merchandising like other retailers. In outlining four "market musts" necessary to achieve successful selling, Mr. Motley points out that the redistribution of wealth has placed the masses in the market for securities.

Security dealers should "merchandise" their wares to the American public like other retailers, Arthur H. "Red" Motley, President of Parade Publications, Inc., told members of the Investment Bankers Association at Santa Barbara, June 26.



Arthur H. Motley

"Americans want security, but not at any price," the New York publisher and master salesman told the IBA convention.

"When the average man with dollars in his pocket decides to buy a new car, a new refrigerator or a new set of bedroom furniture, he shops around," Motley remarked.

"He gives the thing a lot of thought. Finally, after comparing prices and products and warranties, he makes up his mind."

"It's the same when he's buying securities for his future. He shops around, thinks it over, finally buys what he thinks is the best for him."

Motley urged security men to "merchandise" their wares with the same skill and acumen as other leading retailers. In doing so he outlined four "market musts" for successful selling.

Successful Selling List

"The first is to establish a climate of confidence," Motley said.

"You can't have people right in your own industry pursuing their lips and knitting their brows and saying that 'Well, things may work out all right, but the future looks pretty clouded.'"

"Nobody wants to listen to a Pollyanna, but sound, constructive confidence in the future of America is an absolute necessity for selling in any field. Perhaps the single greatest contribution of the Eisenhower Administration has been to restore the confidence of the average American in the soundness of his government and the developing future of his nation."

Confidence may mean policing, too, Motley pointed out.

"Investment men have done a good job in warning the public away from phony Canadian and other stock deals," he said, "and in doing so have contributed to the stability of their own business."

"They should go the next step and make clear that the stock racketeers are only lurking on the fringe of the great, responsible, financial market which lies open to every American."

Aim for the mass market, was Motley's second "must." There are more people looking for securities today than you may have guessed. The advertising program of the New York Stock Exchange, good as it has been, has only touched the surface of the mass market.

"The growth of the mutual funds shows clearly how many Americans have a deep desire to share in the economic progress of our times."

"So does the multiplication of little office investment clubs. Americans want to invest."

"Aim for them—all of them. Don't just tell your story to the guy in the Cadillac with the mink-coated wife."

"Tell it to Joe Doakes, the aircraft worker, and Mary Doakes, his sister who's a secretary in a doctor's office."

Masses Are in the Market

"Sooner or later, they'll be in the market. The reason they'll be in the market is that everyone in our society is sharing in the redistribution of wealth that's stemmed directly from the vast increase in our national productivity."

"Every homeowner with a 40x50 lawn wants a power mower. Why not? He buys one. In the same way, he'll buy good securities if you give him a chance."

"Is there any reason why you shouldn't promote a share of stock as a good Mother's Day gift? Or why a birthday present shouldn't be shares in a mutual fund?"

"There are just as many sales possibilities open to the securities retailer as there are to the jeweler, the furrier, the department store manager," Motley said.

And don't forget quality, Motley told his audience.

"This is the third 'merchandising must.' Americans won't take shoddy merchandise. They're willing to pay for quality."

"For years there's been talk of a 'really cheap' car costing less than \$1,000. But so far no one has successfully built one—even the foreign manufacturers."

Why?

"Because Americans want a quality car—with power steering, power brakes, white sidewalls, radio and heater and gold thread in the upholstery. What's more, they'll gladly pay for it as Ford and Plymouth and Chevrolet will tell you."

"The same goes for securities. The public wants sound values, not penny-dreadful uranium shares. They're willing to pay for them."

Tell the Advantages of Securities

Finally, Motley said, investment salesmen must tell what securities can do for the buyer.

"News is the most salable commodity in the world," he said. "Every day Americans buy 50,000,000 copies of their daily newspapers—just for one reason—to read the news."

"That makes newspapers the strongest medium there is."

"But the same thing that has made newspapers great applies to every other selling line—reporting the news."

Securities men should show their actual and potential customers how ordinary Americans have already found security through careful, consistent investment plans, Motley said.

"One of the high points of the play 'Sabrina Fair,' came when the chauffeur father left an estate of \$500,000," Motley remarked.

"A while back a modest professor of economics at a Midwestern university died. His salary had never been over \$10,000 a year. But he left an estate of more than \$1,000,000 because of careful investments over many years."

"This happened."

"It may not happen to every investor, or even to one in 10,000 investors. But some part of it surely will happen if investment is careful and consistent."

"It's up to the investment industry to tell America about the opportunities and the possibilities that stem from securities on the market today," Motley said.

"That's news about the most important thing a man has—his pocketbook. Be sure you report it as widely as possible."

Two With Laidlaw

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Leo Germanis and David Weisman are now with Laidlaw & Co., 80 Federal Street. Both were formerly with Whitehall Securities Corporation.

W. H. Loftus Adds

(Special to THE FINANCIAL CHRONICLE)

FRAMINGHAM, Mass.—Paul P. Nesbada has been added to the staff of W. H. Loftus & Co., 103 Concord Street.

STATEMENT OF CONDITION

At the Close of Business June 29, 1956

ASSETS

Cash and Due from Banks	\$11,909,245.14
United States Government Securities	15,785,997.15
State and Municipal Securities	12,452,872.44
Other Securities	14,461,644.51
Stocks	721,626.20
Bonds and Mortgages	2,638,579.08
Loans and Discounts	18,073,761.69
Bank Building	587,936.45
Other Assets	517,088.50
	<u>\$77,148,751.16</u>

LIABILITIES

Capital	\$ 2,200,000.00
Surplus	6,000,000.00
Undivided Profits	1,094,423.99
General Reserve	529,168.91
Unearned Discount	91,034.54
Reserves for Taxes and Expenses	130,126.64
Deposits	67,103,997.08
	<u>\$77,148,751.16</u>

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Reserve Credit Actually Expanded, Says Spahr

Contrary to popular belief, rediscount rate rise has failed to tighten credit in any week since last April's penalty rate increase, according to monetary economist. Dr. Spahr decries practice of supplying larger reserve-volume for member banks free of charge through the use of the "float," and the implication that reserve credit has not actually expanded.

Despite the widespread discussion of "the tightening of credit by the Reserve banks" arising, so it apparently is commonly assumed, from the raising of discount rates at the Reserve banks in April, the fact is that the amount of credit extended by the Reserve banks has not been restricted but has increased, says Dr. Walter E. Spahr, Executive Vice-President, Economists' National Committee on Monetary Policy.



Dr. Walter E. Spahr

Every week since those increased discount rates became effective, total Reserve bank credit outstanding has exceeded the amount for the corresponding week of the preceding year. And, as of June 20, 1956, the volume outstanding was greater than it was during the weeks immediately prior to the raising of the rates.

The rise in discount rates at the Reserve banks was from 2½ to 2¾% at all the Reserve banks except those of Minneapolis and San Francisco where the increase was from 2½ to 3%. The increased rates became effective on April 13, 1956, at all the Reserve banks except that of Chicago where it became effective on April 20.

Larger Reserves Supplied Without Cost

While there has been much discussion of borrowing from the Reserve banks by member banks to meet the demands of their borrowers, a common implication being that these member banks are being penalized perhaps unwisely by the Reserve banks, there seems to be little awareness of the fact that the latter have been feeding a larger volume of reserves to their clearing members banks, free of any cost in the form of a discount rate, through a device called the Float. For the period April 6-June 20, 1956, the weekly average of reserves given these clearing banks through the Float (reserves against uncollected items) amounted to \$986,700,000. The weekly average of reserves obtained through loans, discounts, and advances for the same period amounted to \$968,300,000.

If after one puts pressure on the brakes of his automobile its speed continues to increase, one would hardly be justified in saying that he is braking the speed of his travel. So it is in respect to Reserve bank credit which has been expanding over the corresponding periods of the preceding year since the rise in the rediscount rates.

Member Bank Loans But Small Credit Fraction

The behavior of total Reserve bank credit, not the rise in rediscount rates, is the revealing item. Total Reserve credit includes not only loans, discounts, and advances but credit extended through open market purchases of government securities and bankers' acceptances (which did not increase for the period 1956 over the corresponding period of 1955), certificates purchased directly from the U. S. Treasury, industrial loans and advances,

and the Float. The weekly average of approximately \$968 million of loans, discounts, and advances for the 12 weeks, April 4-June 20, was only 1/26 of the average of total Reserve bank credit outstanding for those weeks. Moreover, the increased discount rates did not apply to that full amount—only to those loans, discounts, and advances made after April 13 and April 20.

If the Reserve authorities were interested in contracting the use of Reserve credit, a good place to begin would be in the elimination of the Float. Nothing in the Federal Reserve Act authorizes the Reserve banks to create reserves for member banks free of charge against uncollected checks and drafts or otherwise.

Winslow, Cohu, Stetson Formed in New York

Formation of the new partnership of Winslow, Cohu & Stetson through the merger of three New York Stock Exchange member firms, Cohu & Co., Winslow, Douglas & McEvoy, and Stetson & Co., is announced today.

The new firm, with memberships in both the New York and American Stock Exchanges, offers expanded facilities as underwriters, participating distributors and dealers in municipal and general market issues, and brokerage services to the public and institutional investors. Present offices at 1 Wall Street and 120 Broadway will be maintained until about Aug. 1 when all of its business will be conducted from headquarters at 26 Broadway. Branch offices will be maintained at 11 West 42nd Street, New York, and in Newark, New Jersey; Syracuse, Rochester and Utica, New York; and Philadelphia, Harrisburg, Carlisle, and Pottsville, Pennsylvania.

Partners of the three merged firms have become partners in the new, larger organization, with the exception of Charles P. Stetson, of Stetson & Co., and Frederick W. Beckman, of Cohu & Co., who are retiring. Samuel R. Winslow, Eugene W. Stetson, Jr., a member of the Stock Exchange; Charles A. Bianchi, Charles A. Clark, Jr.; Walter V. Austin; William J. Banigan; Pearne W. Billings (Syracuse); Arthur W. Breyer, Jr.; William V. Couchman, Exchange member; Donald S. Kennedy; Paul V. Land; Malcolm S. McConihe, Jr.; William C. McKinney; Henry G. W. Parmele; Charles W. Snow; and Fred Eugene Walton (Newark, N. J.) are general partners; H. Wallace Cohu, general and limited partner; Harold W. McEvoy and John M. Lummis, Exchange members and limited partners; and Barclay Douglas, John B. Fowler, Jr., Malcolm Goodridge, Jr., Nathaniel P. Hill, and Philip D. Holden, all limited partners.

Mr. Winslow; Mr. Bianchi of Cohu & Co.; Mr. Clark of the Winslow firm; and Eugene W. Stetson, Jr., have been named to an executive committee of partners, which will direct operations of the newly-formed organization. Mr. McKinney, office manager of Winslow, Douglas & McEvoy, has become Comptroller in charge of the back office; Mr. Clark will be in charge of the Research Department; Edward L. Black, of Winslow, Douglas & McEvoy, heads the Municipal Bond Department; and Mr. Kennedy will be active in the Institutional Department.

Winslow, Douglas & McEvoy was formed by Samuel Winslow

in 1939 succeeding a business founded in 1917. The firm has been very active in institutional business as well as brokerage, and its partners have served as specialists on the floor of the Stock Exchange in stocks of a number of leading companies. Specialist partners in the firm will continue their activities on the floor of the Exchange as special partners of the new organization.

The roots of Cohu & Co. go back to 1923 when the brothers LaMotte T. Cohu and Henry Wallace Cohu founded the original partnership with Myron S. Hall. Through several name changes, acquisitions and mergers with other organizations, the company has had a continuous history of 32 years in the investment business. It has been prominent as an underwriter and co-underwriter of many major airlines, aircraft manufacturing and industrial securities, as well as being active in the private purchase and sale of a number of companies.

Stetson & Co. was formed in 1951 and has been active in underwritings and mutual funds. Eugene W. Stetson, Jr., was a Vice-President of Chemical Bank & Trust prior to forming his own firm. He will be active in the Underwriting Department of Winslow, Cohu & Stetson.

Five New Partners for De Coppel & Doremus

De Coppel & Doremus, 63 Wall Street, New York City, odd lot dealers on the New York Stock Exchange, announce that H. Ward Reighley, Edwin Lefevre, Jr., Charles J. Pallesen, Jr., Walter L. Carey and Sidney L. Parry have been admitted to general partnership effective July 1.

Mr. Reighley, who joined De Coppel & Doremus in 1946, is one of the firm's 10 floor members and a son of Lyster C. Reighley, senior partner of the firm. Mr. Lefevre, who has been with De Coppel & Doremus since 1929, will be an office partner.

Mr. Pallesen, currently president of the Senior Order Clerk's Division of the Association of Stock Exchange firms, joined the firm in 1929. Mr. Carey has been with De Coppel & Doremus since 1944. Mr. Parry was formerly Executive Vice-President of the Association of Stock Exchange firms and before joining De Coppel & Doremus in 1953 was associated with Chas. W. Scranton & Co. in New Haven.

25-Yr. Club Formed At Emanuel, Deetjen

Emanuel, Deetjen & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce the formation of a 25-year Club for members and employees of the firm.

Two With Morton Co.

(Special to THE FINANCIAL CHRONICLE)
DETROIT, Mich. — William R. Gracher and Gerald M. Rogers are now with B. C. Morton & Co., Penobscot Building.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, Minn. — James E. Stewart is now associated with Reynolds & Co., 629 Second Ave., South.

With Kalman & Co.

(Special to THE FINANCIAL CHRONICLE)
ST. PAUL, Minn. — Roger D. Abbott has joined the staff of Kalman & Co., Inc., Endicott Building.

Southeastern Secs. Formed

Southeastern Securities Corporation has been formed with offices at 335 Broadway, New York City to engage in a securities business.

Continued from page 14

Problems to Be Overcome In Harnessing the Atom

recharged with fresh or chemically processed fuel. In general, the reactor fails earlier because of radiation damage and corrosion of fuel elements.

In a 60 Mw generator such as the Shippingport plant, possibly 300 million curies of radioactivity remain in the reactor 24 hours after shutdown. This is equivalent to 300 tons of radium, whereas in all the laboratories and hospitals of the world the total amount of radium is only five pounds. One should recall the hospital precautions necessary in handling a few milligrams. Expressed in another manner, the gamma radiation in the reactor is roughly equivalent to the gamma radiation from the combined Hiroshima and Nagasaki bombs.

Neutrons are rather costly particles worth, according to Lewis, when cheaply derived from natural radium, about \$670,000 per pound, and must be employed efficiently. For comparison, each time a pound of electrons passes the bus bar, with electricity at 115 volts and 5 mills per kw-hr., the cost is only \$12,800. Accordingly, all the construction materials of a reactor must have low neutron absorption. This limits the metal for thermal neutrons to special zirconium or aluminum alloys. If aluminum is employed, the steam temperature and hence thermodynamic efficiency of the turbogenerator will be low. Even with zirconium alloy the steam temperature of the Duquesne plant is around 500 deg. F at 600 psig for the turbine inlet. Contrast this with the modern coal-fired plant utilizing steam at 1,100 deg. F and pressure of 2,500 psia. Even this is not the limit; for example, Philadelphia Electric is planning a 325,000 kw. station to operate with 1,200 deg. F steam at 5,000 psig. If the neutrons are in the intermediate range, i.e. much higher kinetic energy, certain stainless steels can be employed with liquid sodium as the heat transfer agent, thus improving thermodynamic efficiency but introducing many other complications. An intermediate reactor of this type will be installed in the submarine Seawolf.

Some of you may have had trouble with the radiator of your car becoming overheated or leaking. At full throttle, the radiator of a modern car must dissipate heat amounting to 70 hp., or roughly 50 kw. In certain of the nuclear reactors with a core not much larger than a few truck radiators stacked as a cube, the heat dissipated will be many thousand times this amount. Heat transfer is, accordingly, a tremendous problem. The uranium is often distributed as a sandwich completely encased with zirconium alloy, vacuum tight, and rolled down to a thickness of a few hundredths of an inch. These small sheets are stacked in units with accurate, narrow spacing through which the heat transfer fluid circulates. The unit stacks are called fuel elements. If a hot spot develops, or if one of the sheets is ruptured either by inside or outside corrosion or strain, radioactive fission products contaminate the transfer fluid with disastrous results. There are plenty of research problems here for the metallurgical, mechanical, ceramic, and chemical engineers. Both they and the problems will be with us for decades. In fact, metallurgy is fundamental to every process of nuclear power, from the extraction of uranium, thorium, and other metallic ores, to the fabrication of the finished

products including special steels, beryllium, zirconium, and several rare earth metals and alloys. Many years of intense academic research in metallurgy and solid state physics will be required before the major problems can be satisfactorily solved.

Developments Required

There are two basic developments necessary before extensive nuclear power production can become economical. One concerns the length of time a reactor may be operated before refueling, and the other involves the refining of the radioactive ash. In general only a small proportion of the costly fissile and fertile fuel is exhausted at the time the fission products develop to the extent of stopping the chain reaction. The burn-up can be increased by installing excess reactivity with certain neutron-absorbing material, properly distributed. Actually, however, the fuel must be replaced before any theoretical limit is reached because of corrosion and radiation damage to the fuel elements. To conserve fuel, the complete elements must be dissolved in acid, refined, and reprocessed for return to the reactor. There are countless variations proposed to reduce the cost of such extensive processes. For example, the Duquesne plant will have a core containing 115 pounds of highly enriched uranium, i.e., nearly pure U235, valued at perhaps a million dollars, surrounded by 12 tons of ordinary uranium in the form of UO2 pellets and valued at nearly one-half million dollars. In both cases, these costs are for the raw material. Fabrication and zirconium cladding are a major expensive item, making the total estimated cost of the entire first charge around \$18 million. The refining of the spent fuel will be somewhat different in the two cases and perhaps the 12-ton blanket may not have to be processed so often. Westinghouse hopes for 334 days at full power before the blanket requires processing but states this "should be increased by a factor of three to make large-scale nuclear power interesting" and "the factor might be eight to ten considering fabrication costs." In 334 days at full power, 500 million kw-hr will be developed by expenditure of the \$18 million core at a cost of 36 mills per kw-hr for this item alone. It therefore becomes evident that operating life must be greatly increased and core costs greatly reduced before economical power can be approached.

Reprocessing Problems

As an example of optimistic thinking, Mobley of General Electric states "possibly initial fuel costs will become so low that throwing away spent fuel elements will be cheaper than reprocessing them." The statement properly should be reversed. The fact is that reprocessing is so expensive that, up to the present time, it is cheaper to discard the spent fuel elements, even though the cost of safe disposal is tremendous. However, reprocessing becomes essential when a large-scale nuclear power industry is forthcoming, and will be a primary requisite if breeder reactors are developed.

There are two schools of thought on the design of a plant for reprocessing. In one design, remote control and maintenance are necessary because of the dangerous radioactivity. No human being can approach the refinery once it has been placed on stream. All operations, including repairs, must be carried on by remote control, utilizing periscopes, tele-

vision, and mechanical and electrical manipulators. The other design is for direct maintenance with facilities for decontamination by circulating chemical solutions and solvents after the system has been drained. Decontamination is a very involved process and many engineers believe it will not prove practical for large scale operation.

Let us first consider the Idaho Chemical Processing Plant of the AEC designed to refine the MTR fuel elements. It has been estimated that an MTR fuel element on removal from the reactor has a radioactivity of 200 million curies, equivalent to 200 tons of radium. Such radioactive heat would be sufficient to melt down the element. Actually, it is cooled under water for several months, at which time it may be dissolved in acid using a mercury catalyst. In general the slurry so produced contains uranium, plutonium, aluminum, and various impurities besides the 50 or more elements comprising the fission products. The slurry is diluted to a radioactivity equivalent to 150 grams of radium per liter. Here indeed we have a dangerous mixture of very valuable chemicals. However, this is vastly different from a valuable mixture of chemicals when refining costs are considered. The Idaho plant was designed for direct maintenance and for small throughput. Its purpose is merely to recover the fertile and fissile material in the slurry with no attempt to refine for the numerous other valuable products.

This small plant is located on a restricted site $\frac{3}{4}$ -mile long by $\frac{1}{2}$ -mile wide. Much of the construction is underground, one section being 60 feet below ground level. Normal access when required by personnel is through labyrinth corridors and doors located at the lowest level. The safety precautions and ventilation are very elaborate. The plant grounds are enclosed by a high fence with an encircling roadway for patrol officers. There is an operating gallery and control panels, and various solvent extraction units and stripping columns. The fissionable material is recovered and the rest of the slurry is run to underground storage tanks as final waste. The tanks, some of which are refrigerated to offset the radioactive heat, are enclosed by concrete vaults. The plant described handles possibly only a few hundred pounds of uranium annually.

Admiral Strauss has recently estimated that this country will have an installed nuclear power electrical capacity of 80,000 Mw by 1975. At 70% load factor, this capacity will produce half a trillion kw-hr annually. This is the same as 20 million Mwd per year. Since one Mwd results in four grams of radioactive fission products, we have a total annual production of 80 million grams or 80 metric tons of radioactive material. The presently accepted figure is that reprocessing must be necessary after an exposure to radiation of 4,000 Mwd of heat per ton of uranium. With advancing technology, this relation will certainly increase. Let us assume that reactors will be designed to withstand radiation of 10,000 Mwd of heat per ton of uranium. The 60 Mw Duquesne plant requires 12 tons of uranium so that on the same basis the 1975 estimated installed capacity might require 16,000 tons of uranium. This amount of uranium could, accordingly, develop 40 million Mwd electricity before complete re-

processing. On the average, therefore, with these optimistic data, some 8,000 tons of uranium containing 40 tons of radioactive fission products must be processed and refabricated annually. Contrast this with the small capacity of the processing plant described above.

Refining Radioactive Ash

It is therefore evident that accompanying the development of a nuclear power industry will be the establishment of a costly industry for refining radioactive ash, and all economic discussion should involve an analysis of both. Large refining centers might be located in safe areas, but transportation of the ash from the power plants to such a center will be a problem. While 8,000 tons appear insignificant, this mixture contains the equivalent of 40 tons of radium. The lead-shielding necessary for safety will create a considerable lead-trucking industry, and we can only hope that accidents such as occur daily in the transportation of rolls of sheet steel can be absolutely prevented—otherwise our through highways may have many permanent detours. Perhaps smaller refineries located at each power plant is a safer, though more expensive, solution.

The recovery of the fissionable material so far discussed by no means closes the subject. We still have the problem of disposition and utilization of the fission products, some of which are very valuable even now, if recoverable. It is the dream of the nuclear chemists that use can be made of 40 tons of radium-equivalent annually by 1975, and many times this amount in later years. It is conceivable that such radioactivity can be utilized by the petroleum industry in promoting catalytic reactions and by the chemical and rubber industry for new types of polymerization, but only years of future research can answer this question.

There is Glueckauf's scheme for handling the residue after solvent extraction in a plant such as already described. With similar chemical plants, the long-life radioactive strontium could be separated as a heat source good for 50 years, and the radioactive cesium might be useful for gamma radiation. After such extraction, the remaining material could be stored for 13 years, to allow the decay of short-life radioactive products, and then refined for the extraction of certain rare metals, such as Ru, Rh, and Pd.

Table II illustrates the value of products so recovered, per ton of fission material. These values of course have little meaning today for large scale production, since no uses have been developed for more than minor quantities. Xenon is employed in trace amounts in thyristors, highspeed photographic lamps, and neon signs for producing blue to green color.

Sea Disposal Hazard

It is very doubtful if sea disposal of any radioactive material will be permitted when large-scale operations are under way, although small amounts are now being enclosed in steel and concrete containers and dropped in deep water. Some very surprising phenomena are already encountered concerning marine life. For example, at Hanford, where waste disposal is most carefully handled, the reactors are cooled by a single pass of water taken

from the Columbia River. The river water is first purified by chemical coagulation, settling, and filtration. The amount used is equivalent to the total water supply of several large American cities. Because of trace impurities, the water, that has had no contact whatever with uranium or fission products, becomes highly radioactive. It is impounded in huge reservoirs for radioactive decay, and finally diluted with river water before returning to the river. The procedure probably represents the most careful treatment in the world of one of the lowest level wastes conceivable, yet the trace radioactive materials are absorbed by diatoms, plankton, and biologic growth. These flora and fauna are eaten by small insects and marine life, which in turn are consumed by birds and fish. The birds are showing radioactivity up to 5,000-times normal, and the fish up to 1,000-times normal. Qualified scientists state that this degree of contamination at present does not harm the birds and fish for human food, but it may eventually have some deleterious effects from gene and chromosome mutation. This incident is illustrative of the surprising consequences of a trivial case of low-level waste disposal as contrasted with the tremendous problem of disposal of reactor waste with billions upon billions of times the radioactivity of Columbia River water.

Reactor Safety

A great deal of discussion is being carried on by the press, Congressional committees, and insurance actuaries, regarding reactor safety, especially from the standpoint of the general public. The Safeguard Committee of the AEC, the membership of which embraces some of the leading scientists, medical men, and engineers of the country, has published the following recommendations for reactor sites:

- (1) The nuclear power plant should be located far from populous or vital industrial areas,
- (2) In a direction opposite to prevailing winds,
- (3) Not on a major watershed, and
- (4) On a tract of land providing at least one acre for every kw. capacity.

These are very restricted regulations, so much so that the group has been called the Reactor Preventive Committee. The recommendations have not been followed in a single authorized or proposed location, being circumvented by the principle of containment, i.e., by enclosing the reactor in a heavy steel shell. The layman may properly wonder why such recommendations exist, if only to be violated. While the probability of a serious accident is almost zero, the magnitude of a possible atomic catastrophe is such that the liabilities could easily exceed the assets of any corporation legally responsible. For this reason, government insurance in amounts exceeding \$2 to \$10 million is under consideration.

Conclusion

In conclusion, permit me as a scientist to agree with the majority, that eventually the many baffling problems will be solved and this nation and the world will have an economical nuclear power industry. We already have a nuclear equipment industry, a nuclear instrumentation industry, a nuclear reactor industry, and a nuclear-propelled Navy ship industry. But it will be many years before we can claim a domestic nuclear power industry with a net over-all production of economical electrical power. When that time arrives, the impact will be favorable to our national economy and even to competing industry, such as the fossil fuels. Continued costly research and development

in the broad field of nuclear energy over the next several decades is essential for our future welfare. While the public will pay for such development through taxation and slightly higher utility rates, the work, considering the complexity and formidable difficulty of the technology, is being conducted on a sound and efficient basis. Every citizen should encourage this enterprise for the sake of national security and public welfare.

Jack H. Miller Joins Goldman, Sachs & Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Jack H. Miller has become associated with Goldman, Sachs & Co., members of the New York Stock Exchange. Mr. Miller was formerly Columbus manager for Baxter, Williams & Co.

Don W. Miller Admits Alliston As Partner

DETROIT, Mich.—Don W. Miller & Co., Penobscot Building, members of the Detroit Stock Exchange, have announced the admission to general partnership of Frederick H. Alliston. Mr. Alliston was formerly with Wm. C. Roney & Co. and First of Michigan Corporation.

Form Moore Plan

Moore Plan Inc. is engaging in a securities business from offices at 261 Broadway, New York City.

J. Veditz Co. Formed

Jean R. Veditz is conducting a securities business from offices at 545 Fifth Avenue, New York City, under the firm name of Jean R. Veditz Co.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government bond market continues to back and fill within a rather limited area and on volume light, which means that it is pretty much of a professional affair, especially as far as the longer end of the list is concerned. The near-term Treasury obligations have a good demand, with a larger amount of funds available for the purchase of these issues than had been expected not so long ago. Even though there are many other channels available for the investment of funds, the short-term Governments continue to have attraction because of uncertainties that are appearing on the economic horizon.

The middle term Government obligations continue to gain followers, since they also offer good defensive mediums for the placing of funds. As far as the most distant issues are concerned, the 3s of 1955 continues to be the leading obligation in a rather quiet market for these securities.

Reserve Lends a Hand

The Federal Reserve Banks, after three weeks in which no help was given to the money market, were reportedly again buyers of Treasury bills in order to ease matters over the month-end, semi-annual statement date, of the commercial banks, and the Fourth of July holiday, both of which usually have a money-tightening effect upon the money market. The withdrawal of funds from the large money centers for statement dates, as well as the increase in money in circulation for the July 4th holiday, tends to draw funds out of the commercial banks. This reduces the reserve position of these institutions, which tightens money conditions unless offset by the easing operation of the Central Banks.

The reported action of the Federal Reserve Banks in buying Treasury bills indicates that open market operations will be the course that will be followed in order to influence the money market one way or another. This type of operation gives the monetary authorities a greater degree of flexibility than would be the case if other forms were to be adopted such as changes in the discount rate and reserve requirements.

Restraint Policy "Mothballed"?

The reports that further aid has been given to the money market in order to prevent it from tightening again, after the June 15th income tax loan demand had been taken care of, seem to indicate that the restraint policy of the powers that be has been given a back seat temporarily, if not entirely abandoned for awhile. The demand for funds will be one of the determining factors in the future course of interest rates and, even though there is considerable disagreement evident now as to which way this trend will be, it appears as though those looking for a decline in the demand for loanable funds are gaining more followers.

Action on Discount Rates Awaited

The money market would not be surprised if the discount rate of the Minneapolis and San Francisco Federal Reserve Banks were to be reduced from 3% to 2½%, to bring them in line with the ten other banks in the system. This would be looked upon as only a minor change in policy as far as some money market specialists are concerned. On the other hand, a decrease in the discount rate of the Central Banks of Minneapolis and San Francisco would be looked upon by others as much more than a minor change in policy. It is reported it would indicate to them that the money easing tendencies of the powers that be would continue, and might even be followed by further positive action such as a lowering of the discount rate of all of the Federal Reserve Banks as well as changes later in reserve requirements.

Bond Price Level Watched

The Government bond market has been watching the course of the money market with much interest, because again there seems to be some disagreement as to whether or not the prices of these securities have discounted the changes which might come about with a further easing in money conditions. Quotations of many of these issues have reached levels where it seems as though there will have to be a more positive course of action in aiding the money markets if they are to break through and make progress on the upside. As far as the downside is concerned, there is no great amount of anxiety around now, because it seems as though the feeling is that money conditions will not get tight in the foreseeable future.

TABLE II

Valuable Fission Products per Ton After 13 Years' Storage
(Cs and Sr separated)

Element	Kg	British \$/Kg	Fisher Scientific	British Value	Reagent Value
44 Ruthenium	38	1100	\$7/g	\$41,800	\$266,000
45 Rhodium	16	1900	9/g	30,400	144,000
46 Palladium	7	350	2/g	2,450	14,000
54 Xenon	13m ³	8400/m ³	30/l	110,000	390,000

In addition, 29 kg 43 Technetium and substantial amounts of 93 Neptunium, and 95 Americium (a radiation hazard in recycling of Pu) making sea disposal questionable.

Continued from first page

As We See It

wonder how or if reasonable conclusions can be reached in such an atmosphere.

And, Congress, Too

But the fault is fully as much with Congress as with the services. It has long been evident that the "opposition" in Congress is determined to make all the political capital it can from the current situation. In point of fact there are instances where one is almost driven to the conclusion that there is more interest in defeating and discrediting the Administration than in reaching rational decisions. It is for this reason that Capitol Hill is so rewarding a haven for minority groups in the Pentagon. We suppose it would be unrealistic to expect any other line of behavior in this, an election year, but, however that may be, it seems to us to be a much too serious a situation for such antics to be tolerated.

In some ways most disquieting of all is the persistent effort to discredit any individual or any official who raises any question of cost or of the economic consequences of enormous outlays for defense. One well publicized member of the Democratic party sometime ago expressed a fear that freedom in the world would die of a balanced budget. The contempt for sanity in managing the financial affairs of the country implied in this quip is all too prevalent among all too many of the politicians of the country today. When related to defense expenditures any thought of a balanced budget or of prudence in spending the funds of the taxpayer becomes with them a "political consideration." Thus when military men do not get what they want, and they think the reason is to be found in the cost of it, they say that "political considerations" were allowed to interfere.

This contempt for financial good sense is a dangerous thing, wherever it may be found, and should not be permitted to gain sustenance in debate about defense expenditures. The Eisenhower Administration with all its faults has at least seen fit to raise questions about the cost of modern preparedness and to call attention to the fact that a nation could bleed itself weak by devoting too much of its energy and resources to piling up armaments which in any event are likely to become obsolete very quickly. It has repeatedly called attention to the fact that for a nation to be really strong and prepared to defend itself to the limit, it must give consideration not only to its materiel and the like, but also to the state of its economy, and its ability to produce many things abundantly in times of emergency.

Non-New Dealish

Such ideas as these are, of course, quite out of harmony with the central philosophy of the New Deal and the Fair Deal, which believe in spending and spending and spending. They are enthusiastic about taxing and taxing and taxing only when it is the rich and the well-to-do who are to be taxed. Indeed, spending for armament has often seemed to be regarded as a virtue in and of itself. Thus it may be seen that this controversy between the Administration and the more "advanced" in the New Deal school is in some part a clash between two approaches to national policy in general. And, of course, if headway is made in promoting defense expenditures without regard for financial considerations, the defenses of sound public financial management will have been weakened.

The situation existing in the world today, whatever its cause, and whosoever the fault, is such to make it obvious that we cannot proceed as in the past with little or no armament and quite unprepared to wage effective war. A distressingly large portion of our resources and energies must be devoted to making certain that we shall not become a victim of another Pearl Harbor or worse. This means of course huge sums of money devoted to research, to weapon development, the armament production and all the rest. This much of course is not denied or controverted by any of the parties to current conflicts. But obviously there must be some limit to such outlays. We simply cannot expand expenditures until all men of all opinions in the services are satisfied.

But, How Much?

But where must we or should we stop? That is the real question, and for our part we cannot see how one can reach a sane conclusion on the subject without very careful consideration of our financial position. Neither our funds nor our resources nor yet our energies are limit-

less, and there are many other vital claims upon them. It is quite unwarranted to say that any consideration of such matters as these is "political" in its nature. On the contrary, it is statesmanship at its best—provided, of course, that the consideration given them is frank and intelligent. There are a good many who would scorn to think of such things when foreign aid is under debate, or when the farmers' demands are being considered. Still more apply such a philosophy to defense matters. The evident tendency to do so now in this election year when reaching a decision as to the number of billions to be expended on defense is one of the more disheartening aspects of the current situation.

Continued from page 3

Mid-Year Construction Outlook

we now find reached a total of \$4.5 billion in 1955, should exceed \$5 billion by a comfortable margin this year, and accelerate thereafter under the impetus of the new long-range, 13-year program which is in the offing. Highway and street construction now is proceeding at a 13% increase over the 1955 rate.

Sewer and water facilities, which exceeded \$1 billion for the first time last year, may see a 15% increase in 1956.

School construction also is increasing, but at a slower rate than anticipated as some areas await the outcome of the proposed Federal-aid school legislation, and others pause to solve problems arising from racial integration. The outlook in this category is for about \$2.6 billion.

Among the large Federal programs, industrial construction (mostly atomic energy facilities) is declining as projects are brought to completion, resource development is lagging, and military construction is increasing slightly.

Federal industrial work is nearly 60% behind 1955 — twice the expected decline—with the prospect that less than \$500 million of work will be done this year. Military construction is proceeding at a rate which will bring the total to near \$1.5 billion, and conservation and development is behind last year's rate which saw \$600 million in such work as dams, levees, flood control and irrigation. A start during the summer months on such projects as the Upper Colorado Storage Project and planned military works could increase the Federal construction prospects.

The Highway Program

The tremendous, long-range highway construction program which has passed both Houses of Congress in varying forms provides for nearly \$51 billion in Federal and state funds combined to enlarge and improve what is now an inadequate, and in some cases, seriously outmoded highway system. This replaces the present program which, if continued at the rate authorized in current Federal-aid legislation, would provide \$22.4 billion of highways in the 13-year period.

While the funds will be spread over a 13- to 15-year period, the size of the program makes it the largest peacetime public works undertaking ever authorized. While most of us here today are more directly concerned with the outlook for the remaining months of 1956, it seems pertinent to project some of the main features of this giant program which will have a beneficial impact on the national economy and the comfort of the public at large.

It should be noted that the \$51 billion Federal-aid program is over and above the independent expenditures of the states, counties and municipalities for road and street construction. This amounts to roughly two thirds the \$5 billion total level of annual

expenditures for highways at the present time. Assuming that these expenditures will increase gradually in the future, total highway construction volume over the 13-year period could be in excess of \$100 billion, representing an increase of approximately 60% over the current rate.

At the present time, highway construction is starting to accelerate under the increased Federal-aid program authorized in 1954. In the first quarter of 1956 the state highway departments and toll facility agencies authorized contracts for \$707 million, an increase of 39% over the same period of 1955.

Studies indicate that total highway construction will reach a level of between \$8 billion and \$9 billion a year by 1960. Employment in highway building at that time should reach between 435,000 and 450,000 men as a monthly average, with upwards of 630,000 employed during the peak summer months when weather is most favorable. This is in addition to the approximately equal number required in mines, forests, factories, transportation systems, and administrative offices to produce and deliver the needed materials, supplies, and equipment to the site. It is anticipated that the high rate of technological advances that have been continually made in highway construction techniques and equipment, thereby increasing the output per construction worker, will be maintained over the next decade, thus keeping labor requirements from being even higher.

It goes without saying that such a long-range program lends itself to more efficient methods of operation, fuller utilization of equipment, and gives a clearer picture to manufacturers of the requirements for their materials.

All possible steps will be taken to minimize the manpower impact in both the actual construction and in the engineering personnel required to prepare plans and specifications. In addition to the training of men on the job, apprentice training programs probably will be stepped up for equipment operators.

Steps are being taken by the Bureau of Public Roads and a number of state highway departments to fully utilize photogrammetry, electronic computers and other modern methods to cut down engineering time required before projects reach the bidding stage.

The economic impact of modern highway construction is not generally realized. In addition to the improvement of transportation itself, it has been found that the construction of an expressway immediately attracts industries, new communities, and other construction to the area, increases land values, and increases tax revenues. For example, studies show that more than \$100 million of plants have been started or finished along an expressway near Boston, and land that for-

merly sold for \$50 to \$100 an acre now commands \$5,000 to \$10,000 an acre. Many industries have been attracted to the area traversed by the New York Thruway, and California studies have shown similar results.

In many cases, it probably can be shown that investment in building construction resulting from the building of a modern expressway will in a few years equal the total investment in the highway itself.

Summary

In summary, 1956 still may be a \$60 billion construction year, with an upsurge in nonresidential construction offsetting the decline in homebuilding.

The fast upturn of private industrial construction may increase on the basis of the capital investment plans of business announced this month, which indicate that plant and equipment expenditures will be substantially higher than in 1955.

All records of contract awards were broken in the first quarter of 1956, and awards continue at a record-breaking pace, substantiating the outlook for a steady upturn in construction put-in-place during the latter half of the year.

While general contractors will have some headaches with a tight steel and cement supply, partly caused by distribution difficulties, producers have scheduled large expansion programs that will gradually increase the supplies during the next several years. It is hoped that they will realize the potential of construction demanded by a dynamic economy, and plan adequately.

Construction is the nation's largest single production activity, and the present growth rate of the economy indicates an annual total exceeding \$75 billion by 1965, when the gross national product is expected to surpass \$500 billion a year.

Normally accounting for some 15% of the gross national product, construction results in the employment, directly and indirectly, of more than 15% of total employment in this business of building for nearly every facet of community growth.

Winners At ASE

5 & 20 Golf Tourney

Harold J. Brown, Brown, Kierman & Co., New York City, won the golf tournament of the members of the American Stock Exchange's Five and Twenty Club with a score of 83. Low gross was won by Joseph F. Reilly, Laidlaw & Co., with a score of 80.

Form Columbia Secs. of Fla.

MIAMI, Fla.—Columbia Securities Co., Inc. of Florida has been formed with offices at 3898 Biscayne Boulevard.

I. G. Kaufmann Opens

Irving G. Kaufmann is conducting a securities business from offices at 120 Broadway, New York City.

Howard J. Fields Opens

Howard J. Fields is engaging in a securities business from offices at 55 Liberty Street, New York City, under the firm name of H. J. Fields & Co.

Forms Seymour Klipper Co.

FAIR LAWN, N. J.—Seymour Klipper has formed Seymour Klipper & Co. with offices at 4-14 Alyson Street to engage in a securities business.

Joins Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Jack K. Halper is now affiliated with Straus, Blosser & McDowell, 21 West Tenth Street.

Railroad Securities

By GERALD D. McKEEVER
The Reading Company

The Reading Company is not regarded as one of the glamour situations and its stocks are not among those most frequently featured. This applies particularly to the common, and as a result of a certain amount of investor indifference, it is permitted to remain at a price where the yield alone is attractive. At the current price of 34 this stock produces a yield of almost 6% to anyone and more, in effect, to Pennsylvania residents. The \$2 per share dividend on this stock is equivalent to about \$2.14 to most of the residents of that state who are subject to only the 4-mill property tax and to \$2.28 to holders of Philadelphia and Pittsburgh domicile, for instance, where the tax is 8 mills. The equivalent yields in these cases are 6.3% and 6.7% respectively.

While Reading common may be lacking in appeal for those whose interest is in the direction of more dynamic situations, this stock has, nevertheless, one special mark of distinction. This is its 51-year record of consecutive dividend payment at varying rates, but never less than \$1 per share. This was paid in 1933 and then after increases to \$1.50 and \$2 during the next five years, was put back to \$1 per share again for the whole 1939-47 period. The present \$2 rate has been maintained since 1948. As all this implies, the Reading was one of the elite among our railroads which maintained common stock dividends throughout the "Big Depression."

A second feature of the Reading situation has been the road's ability to do a somewhat above-average job among the roads identified with anthracite origination in maintaining its traffic against the steady decline in hard coal shipment, and particularly in recent years. Taking advantage of the vitality of its territory, which the road describes as "one of the fastest growing in the nation," the Reading has gone aggressively after diversification of its business through the location of new industries on its lines. This has resulted in the addition of about \$11 million of annual revenue over the past 10 years and, of this, \$1 million was added in 1955. The 10-year achievement almost equals the decline in anthracite revenues during the same period.

What may tend to be overlooked because of the territorial location of the Reading and its long association with anthracite is that in the same 10-year period, this road's revenue from bituminous coal has increased 60%. Also, revenues from the latter were 138% more than (2.38 times) the anthracite revenues of 1955, whereas they were almost 20% less in 1946 and were about equal in 1948. The fact remains, however, that the Reading has only held its own as to trend of traffic over the past decade as measured by the index of ton-mileage based on the 1947-49 average as 100 whereas the corresponding indices for the Central Eastern Region and for Class I gained 3.3% and 32% respectively.

On the other hand, the Reading has made a much better comparison as to trend of revenues, this index (1947-1949 average as 100) having increased from 86 in 1946 to 101 last year as against corresponding increases from 86 to 107 for the Central Eastern District and from 85 to 112 for Class I. What has happened to a large degree is that the Reading has been able to substitute the higher rate diversified traffic for anthracite coal.

The third noteworthy feature of the Reading situation is the road's

ability to control expenses in the face of the difficult combination of a short haul and high terminal costs. With an average haul of 100.49 miles (per ton) in 1955, and less in previous years, the Reading regularly terminates about 50% of its traffic. Incidentally, the road's Port Richmond Terminal at Philadelphia which handles water-borne traffic interchange, is said to be the largest privately owned terminal in the world.

To meet the challenge of rising costs, the Reading has spent \$150 million on additions and betterments and modernization since the end of World War II. Among other things the road is now virtually 100% dieselized, and in 1955, 99.9% of its freight was moved under diesel power. The small indicated use of steam power was due to bad weather and an increase in business occurring together in the final two weeks of last year. To meet such emergencies, the road has retained 40 steam locomotives as a standby after having retired 10 during 1955. This may not be necessary, however, since the road has just ordered two 2400 h.p. "Train Masters" for delivery in October.

Largely as the result of dieselization the road's efficiency factors have shown notable improvement. Summed up in the overall measure of gross ton-miles per freight train-hour, the gain has been 51% between 1946 and the end of last year while last year's gain alone was 8.5%. This, of course, applies to freight traffic, but this represented almost 90% of revenues in 1955. Reflected in cost ratios, the road's transportation ratio of 38.9% and total operating ratio of 79.1% for 1955 compares most favorably with the corresponding ratios of 39% and 78.6% for 1950 despite the substantial increase in costs that have had to be borne in this period. This is what we mean by expense control.

The Reading is not resting on its oars, however, and is planning further large expenditures to promote further gains in efficiency. As against the 1955 outlay of \$11 million for Additions and Betterments, the road's plans call for over \$32.5 million this year. More than \$26 million of this is for freight cars ordered last year to take advantage of fast amortization that ended with 1955 orders. The result was that the 3,450 freight cars ordered by the Reading was the largest freight car order ever placed by it in any one year.

Part of the \$5.7 million balance for road improvement will go for the construction of the Lebanon Valley "wy" which will permit by-passing the Reading yard by using also the Blandon Low Grade completed last year. The freight efficiency factor of gross ton-miles per freight train hour and the transportation ratio depend on other things besides dieselization, and the Reading does not miss this point.

It is officially estimated that this year's earnings will be a trifle less than those of 1955 despite the gain of almost \$500,000 in the first five months. It has been officially estimated that 1956 net should amount to \$5.64 per share as against \$5.78 earned per share last year. Part of the decline is due to the fact that the freight rate increase, only about 80% of which will be effective this year, is placed at only \$5.3 million on an annual basis whereas increased costs are placed at some \$6.5 million annually including wage increases of \$5.1 million. The loss from passenger operations is

placed at about the same \$6.8 million as for last year in spite of the 5% increase in coach fares of last May 1.

Thus the dividend on Reading common looks eminently safe for some time to come, to say the least. The low price at which this stock sells relative to per share earnings—less than 6 times—is for other reasons. One is the rather limited growth aspects of the Reading. The other is related to this, since it raises the question of how soon the substantial proportion of net income that is rep-

resented by tax deferment from fast amortization can be "filled out." This credit amounted to \$2.43 per common share in 1955 or over 40% of reported net. It is officially stated that this year's similar credit will be about the same, a drop-off having been averted for the time being by the additional credit, estimated at about 17 cents per share, arising from the previously mentioned large freight car orders that "got under the wire" before the expiration of the fast amortization privilege.

problems. In the event of default, they can simply assign the mortgage to the Federal Housing Administration at a 1% penalty. When we looked into the possibility of purchasing mortgages secured upon Seattle real estate, we found that if we concluded to qualify to do business here in Washington, we would be under the necessity of filling out an application, filing it and paying a nominal fee. Thereafter, there would be an annual license fee, computed on a very complicated formula. We mutual savings banks have no capital stock and the fee is computed by comparing the value of our assets within the state boundaries and relating this to our surplus. I am no attorney, but I do recall that the formula left me a bit dazed and our attorneys in the last paragraph of their letter to us told us that in their opinion the making of mortgage loans in this jurisdiction might be more trouble and expense than it would be worth, taking into consideration the relatively high foreclosure costs and the one-year period of redemption.

I realize that I have wandered all over the lot and have hardly touched upon the subject on which I was scheduled to comment.

Future Lending Role

How about the role of savings banks in the future of mortgage lending?

I think that we are and will continue to be a very vital factor in the national lending field. New money flowing into our institutions has not kept pace with the flow of previous years. It appears that our citizens, serene in the belief that prosperity is here to stay, are spending their money just as fast as they can get it. Yes, even before they get it, as witness the phenomenal rise in installment debt. Our deposit gain has nevertheless been steady, if unspectacular, and all of it has been channelled into the mortgage market. The rate of growth of our mortgage portfolio has far exceeded the rate of growth in deposits. In addition to the money obtained from any deposits, all of the funds obtained from the sale of securities have been diverted to the mortgage market. We are mortgage-minded, and I think we will continue to be. Many of the New York savings banks which are more heavily invested in mortgages are under the necessity of paying 3% interest to their depositors and this can be accomplished these days only by a substantial investment in mortgages. Remember too, that for the \$17½ billion portfolio, we have a runoff of approximately 10% to reinvest. It would look then that from this source alone, we will have close to two billion dollars to reinvest each year. We may not, of course, lose sight of the fact that we are a banking institution and that we must maintain a degree of liquidity. We are not committed to the making of mortgage loans in the same degree as the federal savings and loan associations. These lenders are organized for the express purpose of making mortgage loans. Our problem is somewhat different. The dollar that comes in our front door will find its way either into a bond portfolio or into the mortgage department, depending upon which division puts up the best talk; and by this, I mean the highest yield consistent with safety. For the past 10 years, the mortgage market has had all the best of it, and I believe that we can still keep open water between us and our competition in the securities market, even though the yield in high-grade bonds has shown a spectacular rise in recent months.

To summarize, therefore, I think we will continue to be active seekers after prime mortgage investments for the foreseeable future and if new construction is curtailed to any marked degree, mortgage funds should be ample to meet all reasonable demands.

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Role of Savings Banks in Future Mortgage Lending

fers to our correspondent as the "Seller" and refers to us as the "Buyer." This, of course, to avoid any implication of an agency.

The insurance companies need not tread so softly. Most of the big ones have qualified to do business in every state and have a local office to handle the sale of life insurance.

In addition to the handicaps I have just referred to, there are the further complications of foreclosure laws and periods of redemption after foreclosure has taken place. There are some states where it takes much more than a year to foreclose a mortgage and having completed foreclosure, the title which you have acquired is flawed, in that an ex-obligor has the right to redeem the property at any time within the ensuing year. It's true the right is seldom exercised, but most of these redemption laws provide that the mortgagor can remain in possession of the property during this period; and I think you will agree that a disgruntled ex-home owner is not too likely to take care of the property in which he is living. Certainly, it is a prospect that most institutional lenders cannot contemplate with equanimity. As you know, the Federal Housing Administration will not hand over debentures to an institutional lender until the expiration of this redemption period. The Veterans Administration handles matters differently. They will pay off and take their chances on the property being redeemed thereafter. In some states, Texas, for example, the mortgage may be foreclosed in a few weeks at a very nominal cost. There is no redemption period after foreclosure. Might I add that mortgages in states such as this are much more marketable merchandise than those in the one-year redemption jurisdictions. This is often reflected in the price spread quoted by national mortgage brokers when they offer packages of mortgages for sale.

As we examine the background of these foreclosure laws, we find, to borrow a phrase from ex-President Hoover, that they were an experiment noble in purpose. Usually, they were enacted to afford immunity to the farmer who was faced with a crop failure. Actually, however, they have worked out to the disadvantage of the overwhelming bulk of urban home buyers because they have forced them to pay more for mortgage funds than they would otherwise have to pay. The cost may be buried in the price of the property which they buy, but it's inescapably there. As to whether or not there will ever be a real necessity for these laws, that is a question which I leave up to your good judgment.

I remember all too vividly the early 30's when we had literally thousands of home owners who for valid reasons could not live up to their contractual obligations, and in almost all those cases where we had the opportunity to sit down and talk things out with the home owners, we

were able to nurse these loans back to health and they were paid off long since.

Model Tennessee Law

I don't think any institutional mortgage lender in his right mind is out to acquire any considerable volume of real estate in a depressed market. Certainly, that's the case with mutual savings banks, supervised by banking authorities, who in their anxiety to preserve our liquidity, insist upon our disposing of property at the very first opportunity even though the market dictates otherwise. I think some arrangements could be made to afford the farmer a measure of protection with moratorium laws without, at the same time, bringing the urban home owner within the scope of those laws. Several states have recently faced up to the problems confronting the out-of-state mortgage lender and have enacted legislation which clearly defines the status of the foreign investor. A foreign investor statute was enacted in Tennessee in 1953, which in my opinion, is a model law. Prior to its passage, our attorneys would not permit us to buy mortgage loans secured upon Tennessee real estate. Some of the mortgage bankers and commercial bankers in Tennessee got together and approached various institutional leaders, of which my bank was one. A bill was drafted and our attorneys helped draft it. This bill makes clear that so long as an out-of-state savings bank stays within reasonable limits, it will not be subject to local taxation or any other penalties.

Last month in Atlanta, Earl Schwulst in addressing the Southeastern Mortgage Conference proposed that mortgage bankers prepare a model law which would afford protection to out-of-state lending institutions. I think this is an excellent idea.

As many of you know, so-called uniform state laws are approved from time to time by the National Conference Commissioners on Uniform State Laws. This body has been in existence for over 65 years. The Commissioners derive their authority from appointment by the Governors in their respective states. They meet annually and they have to their credit such laws as the Uniform Stock Transfer Law, Uniform Trust Receipts Law and the Uniform Negotiable Instruments Act. They have gone far to improve and simplify interstate commerce.

I think that if you gentlemen of the Mortgage Bankers Association can take any steps which will permit the unrestricted flow of mortgage funds into your jurisdictions, it will be well worth your while.

Let me get down to cases. We, for example, have no mortgage investments in the State of Washington, nor in the thriving City of Seattle. Some mutual savings banks have mortgage holdings here and in Oregon, but I find that for the most part, they have confined them to 608s, where they need never face up to foreclosure

Continued from first page

Economic World to Come and Consequences for America

projections of the anticipated economic trends for several years in advance. It is reasonable to assume that it would likewise be desirable to try to obtain some idea of the future world economy by projections ahead with the best statistical tools available.

A book has recently been published in which the author states that the history of economic thought constitutes "a gigantic blind alley, against the end of which economists have been bashing their heads for decades." The author's apparent belief is that economists cannot predict. However, notwithstanding all the risks involved, looking ahead is a necessity in business, industry and in almost every segment of our economic life.

Department of State Projects Economic Policies

In the Department of State, with the well-being of our people so closely related to that of the people of other countries, it is necessary not only to make short-run decisions, but also at the same time to project economic policies for the longer range. In spite of the difficulties and uncertainties of economic forecasting, we must with all earnestness do our best to anticipate possible economic developments over the world. The projections admittedly will be faulty but they may outline at least in bold relief the general magnitude of future problems and economic trends.

So far as the United States is concerned, there has been a great amount of this kind of economic analysis here and throughout the world of the American economy. In many ways, not only our economic future, but the economic future of many other countries is directly involved with our own.

Our economic development has been remarkable, greater than any people perhaps has a right to expect. Consider our Gross National Product, that is, the grand total of the goods and services produced annually in the United States. In 1940, our Gross National Product was \$206 billion — in terms of present day prices. In 1948 it was nearly \$300 billion. Today, our Gross National Product has reached an annual rate of approximately \$400 billion.

United States Economic Future

And what of the future? What can we expect the output of our economy to be in 1965? According to one projection, it should be above \$500 billion. The Congressional Joint Committee on the Economic Report has said that our Gross National Product could increase to \$540 billion by 1965, or almost \$500 billion if computed "at factor cost" which means, roughly, after deducting taxes and subsidies. Others have projected present day trends even further—to 1975 — almost 20 years from now, and have predicted an outpouring of \$670 billion of goods and services on this same basis. Incidentally, all these projections are in terms of today's prices — that is, they represent entirely actual increases in goods and services—not mere increases in monetary values.

Some people may well wonder how, with our economy now operating at near capacity, it will be possible to reach such economic heights in such a comparatively short period of time. Let us take a moment to examine one or two factors operating today which make such an achievement possible.

First, look at what is happening to the American population. A big surprise of the postwar dec-

ade was the sharp growth in population. The birth rate was low in 1933 with 18.4 youngsters per 1,000 of population, but it rose to a new high of over 26 per thousand in 1947. Since then the rate has been 25 per 1,000. Not many years ago it was predicted that the American population would become static within a few years, and even start to decline thereafter. It was this interpretation which underlay some of the comments about a mature or stagnation economy. Now it appears that our population in 1965 can be expected to reach about 190 million. Twenty years from now it should be in the neighborhood of 215 million. The impact of this increase on the growth of the economy is obvious. For example, in the field of housing construction, which has played so important a part in our prosperity, the prospects are for demand and construction of 12 million new houses during the current decade. By 1960 it is estimated that annual construction expenditures on housing may be more than \$33 billion, or 22% greater than in 1950.

Second, although there may be limits to such resources as manpower and basic materials, there is no foreseeable exhaustion of technology. In a sense, this is our primary resource, because without it the usefulness of our other resources would be severely limited. Over the past century we have achieved a fabulous increase in output per man hour by constantly devising new and better machinery and methods to augment human effort.

Our technology has always been dynamic. Today we produce more than three times as much per worker in a 40 hour week as our grandparents did working 70 hours. And, just to take a look into the longer future—at the rate we have been increasing our productivity over the past 100 years, by the year 2050 we should be producing as much in one seven-hour day as we do now in a 40-hour week. Actually, we have only just begun to exploit the technological developments of World War II—atomic energy is probably the most spectacular example. Technology can be expected to continue to increase productivity —per man, per acre, per machine.

The United States in 20 Years

Actually, one of the most important predictions that can be made about the United States economy for the next 20 years turns upon one percentage point. Productivity, which has been increasing at an average of 2% a year for nearly a century, and at 3% since 1950, will probably continue to increase over the next quarter century by an annual average of 3%. Consider what this added percentage point actually means. If United States productivity rises at an average annual rate of 2%, production per man-hour will double in 35 years, increase to four times in 70 years and eight times in 105 years. But if American productivity rises at an annual rate of 3%, production per man-hour will double in less than 24 years, increase four times in 47 years and eight times in 71 years. The implications for growth of this additional percentage point are staggering indeed.

One wishes he could be as certain that social invention and spiritual enlightenment would keep pace with our scientific progress and economic growth, that our individualism would grow more pronounced as our ma-

terial standards advanced. These are crucial questions. In fact, a recent "speculative projection" made by the California Institute of Technology concluded that "brain power" was the only raw material shortage foreseen! But in any case, the real significance of the unfolding of the American economic drama involves more than new gadgets and material things. It gives people more choices on what to do with their lives. It is a peaceful revolution in society. J. Frederic Dewhurst and Associates, in their book: "America's Needs and Resources: A New Survey," express it as follows:

"In many ways those of us now passing middle age have within our lifetime experienced a greater advance in our material standard of living and a more pervasive change in our way of life than occurred in all the previous centuries of Western history. The mass of the people, it is important to emphasize, have been the chief beneficiaries of this great material progress. In every past age and civilization only the favored few were able to enjoy a high standard of living, because they alone could command the lavish personal service to make it possible. . . . This democratization of our way of life . . . is the inevitable outcome of a progressive technology applied to production."

The same book describes the American technological marvels at which I have hinted. Going to press around the beginning of 1955, they suggested that the Gross National Product in 1960 might be about \$414 billion (at 1954 prices). In the light of what we know today, that looks like a rather low estimate, but in a footnote the authors explained that \$414 billion was the "medium projection" of their survey, and they went on to say that the 1960 figure "might be as low as \$350 billion or as high as \$490 billion," and added that "under wartime emergency conditions it could rise to nearly \$600 billion." I mention this not to confuse the subject, but in order to illustrate the hazards of trends projecting and to guard against the sin of complacency. As stated so well in the recent "Economic Report of the President":

"To meet the challenge of prosperity, we must above all things avoid complacency. The continuance of general prosperity cannot be taken for granted. In a high-level economy like ours, neither the threat of inflation nor the threat of recession can ever be very distant."

Moreover, there will be serious problems of adjustment as we go along, such as temporary imbalances (as in agriculture today), the increased savings needed for public and private investment, and the shortening of hours of work, so that we cannot assume that economic progress will dispose of all our problems.

The World's Economic Future

What may we conclude about the economic future in the rest of the world? What will be happening in Europe, in Asia, in South America, in Africa, while we advance to new economic achievements? Will they be standing still? Obviously they will not. They too are on the move. In fact, it is possible that the United States, with all its coming growth, may even account for a slightly smaller share relatively of the world's production in the 1960's and 1970's than it does now.

Everywhere governments and peoples are anxious to achieve economic improvement. Some of them are inexperienced and face formidable obstacles, but they are determined to overcome them. There is a sense of economic urgency everywhere in the world. Technology, which, as I have indicated, is a primary resource,

without which all other resources would be economically less important, is crossing international boundaries as never before. The earth of every continent is capable of supporting factory-made houses; the food of every continent is capable of being frozen and put in modern packages; the air of every continent behaves the same to a jet plane or a helicopter rotor; and the ether of all continents permits the passage of electronic impulses. It is probable that no other country is heading for a \$600 billion economy in the next 20 years, but they are headed for more economic goods than they have now.

Economic growth has gone farthest in America, but it is not exclusively an American affair. Long-term projections suggest the possibility that world population and world production will experience unprecedented rates of growth during the next two decades.

World Population Growth

First, consider population. In 1950, the population of the world was about two and a half billion. It seems likely that the present figure is 200 million higher, or about 2 billion 700 million, though we do not know precisely how many people there are in some countries.

World population is growing at the rate of more than 35 million a year, and by 1960 it should be approaching 2 billion 900 million. Five years later, in 1965, it may be up to 3 billion 100 million. And ten years after that, in 1975, it is quite possible that the human race will number as many as 3 billion 600 million, and that even the rate of growth will be greater at that time than it is now.

I realize that these figures are higher than many earlier projections. For example, Frank W. Notestein projected a world population of 3 billion 345 million for the year 2000 A.D. That is less than the figure I have just mentioned for 1975. When the Woytinskys produced their massive volume, *World Population and Production*, in 1953, they thought Notestein's projection was too high, and revised it downward a little. But trend-projecting is a dynamic, fast-changing business, and barring a nuclear conflict that would wipe out whole segments of humanity in an instant, there are good reasons for thinking now that previous estimates have been on the low side.

World Production Growth

Now let us consider production. Here, we find ourselves on much less certain ground. To mention but a few of the complicating factors—we are hampered by inadequate data on current production and labor input, the absence of clear-cut historical trends for many countries and numerous technical and accounting problems in reducing available data to comparable statistics. Even in the face of these uncertainties, however, we can obtain some idea of the general economic shape of the world 20 years hence.

In 1950, the total output of goods and services in the world—the sum of all Gross National Products—or, we may say, the Gross World Product—was perhaps in the neighborhood of \$866 billion.

At the present time it is probably well beyond \$1 trillion, or one thousand billions, and is expanding rapidly.

In 1960, it could be about \$1 trillion 300 billion.

In 1965 this impressive statistic could reach about \$1 trillion 600 billion.

And for 1975 over \$2 trillion, 186 billion, almost three times the 1950 world production.

All these figures are in terms of the purchasing power of the dollar in 1953. If this were writ-

ten for a learned publication, I should have to supply a long list of footnotes. For example, even if we knew exactly what foreign production was going to be, the problems of translating it into figures, comparable for all countries, would still be staggering. But you will have to imagine the footnotes, for I shall not bore you with them here.

Let me pick out two significant facts about these projections:

Rate of Growth

First, world output may very well expand in the next 20 years faster than it has in the past.

One reason for thinking that this may occur relates to the underdeveloped countries. The determined efforts of many of those countries to speed up their economic growth seem likely to achieve a considerable measure of success, in spite of vast and formidable difficulties which confront them. Some of the underdeveloped areas, for example, India and parts of Latin America, may even increase their production between now and 1975 at a faster rate than the United States—though our lead in absolute terms can be expected to grow larger.

An even more important reason why world production may expand more rapidly than in the past is that the industrial nations may well be more successful than hitherto in maintaining a high and stable level of total demand. If so, this should make the drag of any recessions on average rates of growth much less severe than in previous periods.

A second significant fact about our projections is that **world output is expected to rise a great deal faster than world population.**

According to the projections, population will rise about 50% between 1950 and 1975. And in the same period, production may be expected to rise 150%, or at a rate three times that of population growth.

If this is correct, it will mean that the per capita output of the world will rise significantly. According to the projections it will rise more than 75% in that 25-year period, that is, from about \$341 per capita in 1950 to about \$604 per capita in 1975.

In terms of human well-being, in terms of food and clothing and housing and refrigerators and radio sets and improved health and education, the implications of these prospective developments are extremely encouraging. To show how far the world has to go, however, before it begins to approach the level of living to which we are accustomed, we should note that even if the world average output on a per capita basis does reach \$604 in 1975, it will still be far below the present per capita figure in the United States and Canada. This now is over \$2,000, and by 1975 it may well be above \$3,000. Furthermore the per capita output in some underdeveloped countries may remain below \$100 a year—even if it nearly doubles in the next 20 years.

Thus we see ahead of us a different world; a world in which mechanization is no longer the exclusive possession of a few countries; a world in which the production of goods and services, will far outstrip anything in our previous experience.

What will this world economic growth mean to the United States?

The impact of our own economic growth on the individual American in terms of his physical environment and his daily manner of living probably needs no elaboration.

Consequences for America

But there are additional consequences for America which will result from the phenomenal economic growth of the world in

general. Let me mention some of those consequences:

More Americans will be traveling abroad on business or pleasure, and traveling faster and more cheaply as the years go by. Other peoples, in turn, will visit us in larger numbers and get to know us better. Already it is easier and quicker to circle the earth and pay a leisurely visit to every country, than it was for our ancestors to cross our own continent.

World economic growth will also bring Americans into closer touch with other countries through improved communications.

Americans and other economically developing peoples will discover more about what the earth and the space around it are really like. It takes considerable economic advancement, for example, to place a satellite filled with measuring instruments in the sky.

One very important accompaniment to world economic development may well be the opening of larger and more appealing opportunities for American citizens and American business concerns to carry their enterprise and their investments to foreign countries. Such investments, in turn, will contribute to faster development in the countries where they are made.

Then, too, economic growth may bring long term strategic shifts of power centers in the world, since population and output do not everywhere expand at the same rate. That is a subject in itself, and I shall not try to discuss it today, but only to comment that such shifts will probably lead Americans to realize, even more clearly than now, that we cannot work out our destiny alone. The need for sound international relations is not going to get any smaller in our lifetime. We can be fairly certain of that.

One of the greatest consequences of world economic expansion is trade.

As world output climbs into the trillions, our commerce with other countries will almost inevitably flow in a volume so vast as to render small by comparison the international trade of the present. The streams of trade, in turn, will give added stimulus to our economic growth—in fact, without trade our projected growth might not take place.

Rapidly Expanding Markets

As regions develop economically, they become bigger markets. Their people can buy more goods and services. There will be competition for these markets, of course. There should be. But when markets are expanding steadily there is room for those who can produce the things that are in demand. We in the United States will be sending our products abroad in quantities much greater than those of today.

As our own country passes the \$400 billion and \$500 billion brackets of national production, our demand for raw materials will expand accordingly. That demand will have to be met increasingly from overseas. We shall need an ever-larger volume of imports to satisfy the American consumer and to serve our industries. Already we rely heavily on foreign sources of supply and this reliance will grow as times goes on. We used to be a net exporter of petroleum and copper; now we are a net importer. We used to dig all our own iron ore; now we import a considerable amount. We bring in bauxite, nickel, tin, manganese, uranium. As our population grows we shall also need ever-larger quantities of consumer goods which we cannot produce, like coffee and bananas, and even of consumer goods which we can produce but which are not as advantageous to us to produce as certain other products.

The prospect of greatly increased world production will of course, bring new problems as it

eases old ones. It will not necessarily simplify our foreign relations—especially with the underdeveloped countries. While their rate of growth might exceed that of the United States, the absolute gap between us may widen. This situation will call for all the diplomatic skill and public understanding that we can muster. Rightly or wrongly, peoples abroad frequently think in terms of "catching up" with Western standards of living—or at least of narrowing the gap that has so long existed between them and the West. Thus they are not likely to be pleased with a situation in which this may turn out to be extremely difficult, and the problem of maintaining political and social stability under these circumstances will require great understanding. While economic progress is a necessary ingredient to improving the welfare of free men everywhere, it alone by no means assures the continued existence of a free society. After all, material well-being is not an end in itself, but the means to a better life in all its aspects.

The economic world to come must be a world dedicated to improving the welfare of free men everywhere. As men and women over the world achieve higher standards of living, not only they but the world will be better off. The chances of mankind to achieve the social and spiritual blessings of a free society will be increased to the extent that the economic well-being of individual men and women is improved. Now for the first time in all history, hundreds of millions of people in all continents of the world are beginning to see that new and challenging economic opportunities may be opened to them which will raise their standards of living.

This is the vision we may see as we lift our eyes to the future.

Midwest Stock Exch. Appoints Committees

CHICAGO, Ill.—The Board of Governors of the Midwest Stock Exchange has approved the following standing committees presented by George E. Barnes, Chairman, to serve for the ensuing year:

Executive: Walter J. Buhler, Chairman; William E. Ferguson, Thomson & McKinnon, Vice-Chairman; Arthur A. Christophel, Reinholdt & Gardner, (St. Louis); W. Yost Fulton, Fulton, Reid & Co. (Cleveland); Clarence A. Horn, First of Michigan Corp. (Detroit); James W. Hope; Edward F. Thompson, Jr., Lamson Bros. & Co.; Robert A. Podesta, Crutenden & Co.; Robert C. Wilson.

Admissions: Gerald V. Hollins, Jr., Harris, Upham & Co., Chairman; Guenther M. Philipp, Paine, Webber, Jackson & Curtis; Vice-Chairman; Robert L. John, Woodard-Elwood Co. (Minneapolis); Robert A. Podesta, Crutenden & Co.; Leslie B. Schwinn, L. B. Schwinn & Co. (Cleveland); Clyde H. Bidgood; Arch C. Doty.

Finance: William E. Ferguson, Thomson & McKinnon, Chairman; Edward F. Thompson, Jr., Lamson Bros. & Co., Vice-Chairman; Edde K. Hays, Central Republic Company; Edward J. McKendrick, Johnson McKendrick Co., Inc. (Minneapolis); Oscar H. Wibbing, O. H. Wibbing & Co., St. Louis; George E. Hachtmann; Robert C. Wilson.

Floor Procedure: Thomas S. Koehler, Chairman; David G. Skall, A. G. Becker & Co. Inc., Vice-Chairman; Scott Davis, Ralph W. Davis & Co.; Norman Freehling, Freehling Meyerhoff & Co.; George E. Hachtmann; Edde K. Hays, Central Republic Company; James W. Pope.

Public Relations: Leonard J. Pajdar, Goodbody & Co., Chairman; Harry A. Baum, Wayne Hommer & Co.; Clyde H. Bidgood; Seymour Clonick; Scott Davis,

Ralph W. Davis & Co.; Gerald V. Hollins, Jr., Harris, Upham & Co.; George Knott; John M. Marston, Ball, Burge & Kraus, (Cleveland); Joseph B. Reynolds, Benj. D. Bartlett & Co. (Cincinnati); G. Edward Slezak, The Milwaukee Company (Milwaukee); Irving C. Stein; Jerome F. Tegeler, Dempsey-Tegeler & Co., (St. Louis); Warner M. Washburn; James G. Peterson, J. M. Dain & Company, (Minneapolis).

Advisors to the Board of Governors of the Midwest Stock Exchange for the ensuing year are: John W. Evers, President Commonwealth Edison Company; William V. Kahler, President Illinois Bell Telephone Co.; Edward P. Rubin, Security Supervisors and Selected American Shares; H. Stuart Harrison, Vice-President of Finance of the Cleveland Cliffs Iron Co.; Goodrich Lowry, President of Northwest Bancorporation, Minneapolis; and Roy R. Siegel, President of Huttig Sash & Door Co., St. Louis.

Richard C. Noel

Richard C. Noel, partner in Van Alstyne, Noel & Co., New York City, and a governor of the



Richard C. Noel

American Stock Exchange, has been listed with his wife as victims of the double plane crash in Arizona.

With Hall & Hall

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—Charles J. Dinan has been added to the staff of Hall & Hall, Bank of America Building.

Gross, Rogers Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph D. Corsaro has been added to the staff of Gross, Rogers & Co., 559 South Figueroa Street, members of the Los Angeles Stock Exchange.

Holmes With Shearson Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Theodore B. Holmes has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Holmes, who has been in the investment business for many years, was formerly with Sutro & Co. and Dempsey-Tegeler & Co.

With W. E. Hutton

W. E. Hutton & Co., 14 Wall Street, New York City, members of The New York Stock Exchange, announces today that Orin R. Dudley, Jr., has become associated with the firm as a registered representative.

With Emanuel, Deetjen

Emanuel, Deetjen & Co., 120 Broadway, New York City, members of The New York Stock Exchange, announce that Mrs. Rosemarie deT. Steward and William G. Fallon have become registered representatives of the firm.

With Dixon & Co.

PHILADELPHIA—Dixon & Co., Philadelphia National Bank Bldg., members of the New York Stock Exchange announce that Samuel Hayes, Jr., is now associated with them as a registered representative.

Smith, Barney & Co. Admits Three Partners

The investment banking firm of Smith, Barney & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, have announced that George L. Nye, Ernest B. Schwarzenbach and Caleb Stone have been admitted to general partnership in the firm.



George L. Nye



E. B. Schwarzenbach



Caleb Stone

Mr. Nye has been with Smith, Barney & Co. and its predecessors since 1929 and is Manager of its Department of Research and Statistics.

Mr. Schwarzenbach, Manager of the Foreign Department, has been with the firm and its predecessors since 1922.

Mr. Stone has resigned as Vice-President of The Prudential Insurance Company of America to accept partnership in the investment banking firm. Mr. Stone became associated with The Prudential in 1931 when he joined the company's bond department. He was elected a Second Vice-President in 1934 and a Vice-President in 1943.

Continued from page 4

Eastbound Canadian Gas

duction and sales at the well head bring vastly improved earning power to some of the above companies, then certain distributors in the area, too, have taken on a new hue of potential prosperity. A few notes on some of these might be in order.

Since the first target point on the pipe line is the City of Winnipeg, one of the earliest franchise beneficiaries will be Winnipeg & Central Gas Company. This enterprising utility anticipates that, by 1961, it will distribute more than 11 billion cubic feet of natural gas per year, and serve 27,000 new residential customers. In the meanwhile it is serving new housing developments with propane.

While Winnipeg & Central has been operating at a loss, actual flow of pipe line gas is expected to deliver sizable profits, which no doubt accounts for the current quotation of 13 1/4 on the 584,990 common shares presently outstanding.

Another logical beneficiary of Trans-Canada piping is Great Northern Gas Utilities. This nine year old company is already a substantial producer distributing gas in 10 towns in Alberta, Fort St. John, British Columbia; propane gas to 13 cities and towns in British Columbia including greater Vancouver and Victoria areas; and manufactured and propane gas to 10 communities in Ontario including Blind River (uranium) and Sault Ste. Marie.

For specifically deriving profits from the pipeline, however, Great Northern has two important assets. The first is the franchise to serve Brandon, the third largest

city in Manitoba. A \$2 million distribution system will be built here. Secondly, Great Northern has a one-half interest in Lakeland Natural Gas, a company created to secure natural gas franchises in Eastern Ontario and along the St. Lawrence. Lakeland already has franchises in 17 communities including Belleville, Port Hope, Coburg and Trenton.

Great Northern Gas is an expanding earner with net profit per share in 1955 of 39 cents. Your entry into this picture may be in the common which sells at 6 1/2, the 4 1/2 % debentures carrying 35 (per \$1,000 bond) warrants to buy the common at \$5 till Jan. 14, 1958. The warrants themselves sell at \$3.25. Both New York Capital Fund, and Scudder Fund of Canada are common stockholders here.

There is one thing about Trans-Canada we neglected to mention and that is the sale of gas into the U. S. Many feel that, in the early stages at least, such sales will be vital to the success of the line, and there is already a contract to deliver 200 million C. F. daily into the U. S. via a subsidiary of Tennessee Gas Transmission Co. This contract has not yet, however, been approved by FPC.

This swift coverage of Trans-Canada Pipe Lines Ltd. is, of course, but a sketch. For current details about each company you must consult your broker, adviser, or the financial services. There can be no doubt, however, that this line adds a new and dynamic dimension to Canada's industry; and wherever natural gas has been introduced, great prosperity seems to have ensued.

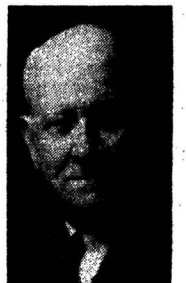
Battles & Company Official Changes



William W. Battles



Winthrop H. Battles



P. DeWitt Turner

PHILADELPHIA, Pa.—Battles & Company, 1528 Walnut St., members of the Philadelphia-Baltimore Stock Exchange, announced the election of William W. Battles as Chairman of the Board and Winthrop H. Battles as President of this 66-year-old investment banking firm. P. DeWitt Turner was elected First Vice-President.

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Pending Legislation and Problems Regarding Proxy Solicitations

promptly after the first solicitation. The term "participant" includes, in addition to the corporation and its directors, and any nominees for directors, all persons and groups primarily engaged in, financing and responsible for, the conduct of the proxy solicitation. Those taking the initiative in organizing a stockholders' committee or group or contributing more than \$500, or lending money or furnishing credit for the purpose of financing or otherwise influencing the contest, are included in the definition of participant. These provisions should make available to the security holders information about the background and the financial and other interests not only of all persons who are nominees for election as directors, but also of all persons who may represent the real interests behind the formal nominees, and should reduce substantially the difficulty we have had in the past with undisclosed principals, or "fronts."

Each participant is required to disclose, in the document filed in response to Schedule 14B, his occupational background and personal history, the amount of the corporation's securities he owns, the transactions in which the securities were acquired, the circumstances under which he became a participant in the solicitation, and any arrangement or understanding respecting future employment or other transactions with the corporation. A summary of this information concerning participants must be included in the respective proxy statements of the contesting groups.

These disclosures are vitally important for the protection of investors in contests for corporate control. When persons seek to be appointed fiduciaries of the property interests of security holders, conflicts of interests should be identified and disclosed. In the past, participants in proxy contests have sometimes attempted to conceal their background, financial interests in the corporation and activities in the solicitation for proxies.

In contests for the election of directors, the proxy statement is also required to include a description of the methods of solicitation and the material features of solicitation contracts, the anticipated cost of solicitation, and whether reimbursement for soliciting expenses will be sought from the corporation.

Street Names and Changing Ownership

Many of the more difficult problems in any proxy contest spring from the fact that a considerable portion of the corporation's outstanding shares are often held in street names and their ownership is constantly changing. Participants in a proxy contest no longer can rely on being able to communicate with the beneficial owners indirectly through solicitation of the stockholders of record. Therefore, the widespread use of paid advertisements, prepared press releases, press interviews, and radio and television broadcasts, has become common in attempting to reach security holders and to sway the opinion of the public and persons who may advise security holders with respect to giving, revoking or withholding proxies. Whether statements are written or oral, are prepared in advance or are spontaneous they nevertheless constitute part of a continuous plan to influence stockholders and are deemed subject to the Commission's standards of fair disclosure and, specifically,

to the rule prohibiting false and misleading statements.³

It would be impractical for the Commission to scrutinize in advance of publication all statements made to the general public by participants in an election contest. The new rules require, however, that copies of soliciting material in the form of prepared speeches, press releases, and radio and television scripts must be filed with the Commission promptly after their use. As an administrative convenience to the public, such documents may be filed, and if filed, will be reviewed by the Commission, in advance of use.

The new rules continue to require that all advertisements used as soliciting material in a proxy contest be filed with the Commission prior to publication. Reprints or republications of any previously published material used in soliciting proxies also must be filed prior to use, together with a statement identifying the author and any person quoted in the article and disclosing whether the consent of the author and of the publication to use the material has been obtained, and if any consideration has been, or will be, made for its republication.

The annual financial report of a corporation to its security holders is not usually considered to be proxy soliciting material and is not treated as a "filing" with the Commission. However, if any portion of the annual report discusses the solicitation of an opposition group, that portion is made subject to the proxy rules by the 1956 amendments and must be filed with the Commission prior to distribution.

Basic Theme and Misleading Illustrations

The basic theme, flowing through specific provisions of the type I have mentioned, is the statutory standard, expressed in the rules,⁴ that no solicitation shall be made which contains any statement which, at the time and in the light of the circumstances under which it is made is false or misleading with respect to any material fact or which omits to state a material fact necessary to make statements made not false or misleading.

The Commission has given examples of statements which, in the heat of proxy fights, may be made and which, depending on the particular facts, may be misleading. These include:

(a) Predictions as to specific future market values, earnings, or dividends.

(b) Material which directly or indirectly impugns character, integrity or personal reputation, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation.

(c) Failure to so identify a proxy statement, form of proxy and other soliciting material as to clearly distinguish it from the soliciting material of any other person or persons soliciting for the same meeting or subject matter.

(d) Claims made prior to a meeting regarding the results of a solicitation.

In the heat of bitter struggles for control, argumentation of this type in proxy soliciting material may tend to confuse and mislead security holders and the public and impair the free and fair exercise of the corporate franchise.

The statutory authority of the Securities and Exchange Commission to regulate the solicitation of

proxies, as well as Commission rule-making and administrative policy in this respect, has become increasingly important and the subject of much discussion, in the Congress, in the press, and generally. In part this has been caused by the public interest in a number of highly publicized and bitter contests for control of several large, well-known corporations. So it is appropriate for me again to state the role and function of the Commission. The Commission, as a bipartisan independent regulatory agency of the government, objectively and impartially scrutinizes the proxy material of participants for the purpose of enforcing the standards of fair and adequate disclosure to investors which are clearly set forth as primary objectives of the Federal securities laws. The Commission makes no attempt to guide, control or interfere in the strategy of participants in a contest for control. The Commission does not undertake, in fact we avoid, any attempt to shape or define issues except as they may be a by-product of fair disclosure. These are matters for the parties themselves to choose and develop. The Commission is and must be scrupulously neutral; it neither takes sides nor plays favorites in proxy contests. The objective of the Commission in prescribing rules under the Securities and Exchange Act to govern proxy solicitations is to obtain for investors and stockholders the fair disclosure of material facts and to prevent, by seeking appropriate injunctive relief in the Federal Courts as the statute provides when necessary, the dissemination of false and misleading statements.

Proxy Fights Are Not Political Contests

It has been suggested, in proceedings connected with our administration of the rules, that in view of the apparent similarity of proxy contests to political campaigns the clash of debate, the charges and counter-charges, rebuttals, and sur-rebuttals of the opposing groups will bring out enough of the facts to enable the shareholders to form an adequate judgment as to the merits of the competing parties. There has been challenge in the Courts of the Commission's jurisdiction in cases of stockholders' disputes with management. The argument has been advanced that in such cases the various groups soliciting proxies should be free to engage in the same type of "campaign oratory" as that of participants in a "political contest."

The legislative history of the Exchange Act indicates that the Congress was concerned with the abuse of proxies by seekers of corporate power as well as by management. One of the Congressional reports states that "the rules and regulations promulgated by the Commission will protect investors from promiscuous solicitation of their proxies, on the one hand, by irresponsible outsiders seeking to wrest control of a corporation away from honest and conscientious corporate officials; and, on the other hand, by unscrupulous corporate officials seeking to retain control of the management by concealing or distorting facts."⁵

In this connection, it is also interesting to note the recent decision of the United States Court of Appeals for the Second Circuit, rejecting such contentions. The Court of Appeals affirmed an order which granted the Commission a preliminary injunction against a group soliciting proxies in opposition to the management, enjoining further solicitations in violation of the proxy rules "by means of false and misleading statements and without disclosing all of the persons on whose be-

half the solicitations were being made.⁶ Although these proceedings were brought under the Commission's proxy rules as in effect prior to the January, 1956, revision, the Court held, among other things, that Schedule 14A of the rules requires disclosure of all persons who in fact are leading factors in the opposition group's formation and activities notwithstanding the circumstance that some of such persons are not technically designated committee members or nominees.

Two paragraphs of the opinion of the Court of Appeals are most important. The first is as follows: "Appellants argue that Section 14(a) of the Securities Exchange Act of 1934, 15 U. S. C. Section 78n(a), and regulations adopted thereunder are unconstitutional as unauthorized delegations of legislative power and otherwise, but these contentions have no merit. *American Power & Light Co. v. S.E.C.*, 329 U.S. 90; *Yakus v. United States*, 321 U.S. 414. Furthermore, the Commission's proxy rules as applied either to management or to insurgent stockholder groups are clearly authorized by the statute."

The word "otherwise" refers to appellants' contention, made in the argument before the Court, that the proxy regulation provided for "censorship" by the Commission and abridged the constitutional guarantee of freedom of speech. This the Court rejected.

The second paragraph of its opinion I want to emphasize says: "Appellants' fundamental complaint appears to be that stockholder disputes should be viewed in the eyes of the law just as are political contests, with each side free to hurl charges with comparative unrestraint, the assumption being that the opposing side is then at liberty to refute and thus effectively deflate the 'campaign oratory' of its adversary. Such, however, was not the policy of Congress as enacted in the Securities Exchange Act. There Congress has clearly entrusted to the Commission the duty of protecting the investing public against misleading statements made in the course of a struggle for corporate control."

It is particularly pleasing to me to have this decision rendered by a Court of very high standing sustaining our rules against the challenge that they violated constitutional guarantees of freedom of speech and press because of fears expressed in the press, which I believe have now been allayed, that the Act of the Congress imposing standards of fairness and accuracy of disclosure with respect to certain corporate acts such as proxy soliciting in some way impinged on these traditional and deeply cherished constitutional liberties.

Extending SEC Act to 1,205 Firms

Legislation⁷ now pending in the Congress would extend the financial reporting, proxy solicitation, and "insider trading" provisions of the Securities Exchange Act to about 1,205 corporations, the securities of which are not listed on a national securities exchange but in which there is a substantial public investor interest. Generally, the corporations which the bill would bring within these provisions of the Exchange Act are those which meet Federal jurisdictional requirements and which have 750 or more stockholders of record of a class or debt securities of \$1 million outstanding in the hands of the public and total assets of \$2 million. Of the 1,205 companies, 963 have more than \$5 million of assets and 673 have more than \$10 million of assets. The aggregate assets of the 1,205 corporations is over \$35 billion.

In connection with this legis-

lative proposal, the Commission has made a study with respect to the financial reporting and proxy soliciting practices of these corporations. This study developed the fact that the proxy soliciting material and practices of most of the corporations which would be subject to the bill are wholly inadequate to furnish investors with the information necessary to exercise an informed vote when judged by the standards of disclosure established by the Commission's proxy rules under Section 14 of the Exchange Act. This deficiency in information is particularly striking in connection with the election of directors. Typically, only a notice of meeting and a form of proxy are furnished their security holders by these corporations, and nothing resembling a proxy statement is provided. In three-fourths of the cases, not even the identity of nominees for election is disclosed, let alone pertinent information concerning them. In many cases where proposals are submitted for stockholder action, no ballot is provided on the form of proxy by which the stockholder can vote for or against the proposal.

Taking into consideration the data contained in our report to the Senate Committee on Banking and Currency on the study, and on the basis of our continuing study of the problem, we have advised the Congress that we believe enactment of the bill, subject to certain changes we have suggested, would be in accord with the basic purposes of the Federal securities laws and that the principles and objectives of the bill are sound. The legislation would provide additional protection to investors in corporate securities, in which there is broad public investor interest and which are sold and traded in the interstate securities markets, by requiring fair disclosure of the business and financial facts pertaining to the corporations issuing them, thus contributing to the stability of the markets and the protection of investors against fraud and deception.

Short-Swing Trading

Parenthetically, I should say that we have recommended that the Congress defer the extension of Section 16(b) of the Exchange Act to these corporations until further information can be developed on the effect which the application of this section, which provides for the recovery by the corporation of profit from short-swing (6-month) trading by directors, officers and 10% stockholders, would have upon the maintenance of adequate over-the-counter trading markets and new capital markets for the securities of these corporations.⁸

Another problem of the regulation of proxy solicitations involves the giving of proxies by brokers and dealers for listed securities registered in their names but owned by customers.

Section 14(b) of the Exchange Act makes it unlawful for any such member, broker or dealer to give a proxy with respect to a listed security carried for the account of a customer in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors. The Report on Stock Exchange Practices which was issued by the Senate Committee on Banking and Currency at the time when the Securities Exchange Act was passed, in referring to this provision, states:

"The rules and regulations [of the Commission] will also render it impossible for brokers having no beneficial interest in a security to usurp the franchise power of their customers and thereby de-

⁸ Report of the Securities and Exchange Commission on S. 2454 to the Committee on Banking and Currency, 84th Cong., 2nd Sess., (Committee Print, May 25, 1956).

³ Rule X-14-A-9.
⁴ Rule X-14-A-9.

⁵ Senate Committee Report No. 1455, 73d Cong., 2d Sess., page 77.

⁶ *S.E.C. v. May, et al.*, C. A. 2, Jan. 11, 1956.
⁷ S. 2034, H. R. 7045.

drive the latter of their voice in the control of the corporations in which they hold securities." Section 14(b) has never been implemented by rule.

A Workable Brokers' Proxy Rule

The Commission is seeking to develop a workable rule which will prevent brokers from assuming or usurping their customers' voting rights and which at the same time will not interfere with the orderly solicitation of proxies and the voting of shares.

We are considering the adoption of a rule which would set out the conditions under which members of a national securities exchange and brokers and dealers who do business through members, may give proxies covering securities listed on an exchange and carried for the account of customers.

The Commission first circulated for public comment a proposed

rule, X-14B-1, on this subject in May, 1955. Many thoughtful and helpful comments were received. After consideration of these comments, a revised proposal was circulated in April, 1956. The revised proposal clarified and simplified the proposed requirements and covered a number of practical problems raised in the comments. Further suggestions have been received and we are now considering them. A good deal of careful thought is going into our effort to achieve a workable rule which will give the owners of stock held in the names of brokers and dealers a more effective voice in the affairs of the corporation in which they have invested.

9 Senate Report No. 1455, 73rd Cong., 2nd Sess., Page 77.

Continued from first page

Some More Viewpoints on The Variable Annuities Issue

a general upward movement in prices more or less indefinitely in the days ahead. These conditions are certainly creating an environment conducive to the sale of speculative securities and it is not surprising that the investment public now begins to look askance at fixed income investments.

The recent growth of mutual fund investment companies clearly indicates this. There assets appear to be growing at a more rapid rate than those of the insurance companies. This naturally raises the question of the extent to which present life insurance practices may be altered in order to meet the new needs of the hour without, of course, destroying the valuable services which life insurance companies have rendered in the past.

Some students of the problem are suggesting that the companies write what are commonly known as variable annuities. Others are suggesting that decreasing term insurance should be written, accompanied by installment purchase of mutual fund shares. While still others are advocating that the life companies be permitted to purchase an increasing amount of common stocks and by so doing be able to vary the net cost of their insurance, and in this manner meet the problem.

The Teachers' Annuity Plan

The Teachers Insurance and Annuity Association of America a few years ago began issuing variable annuities for pension purposes. These variable annuities are purchased by means of periodic payments made over a long period of time, payments which are presumably invested immediately. The purpose of issuing variable annuities is to provide a pension which will do a better job in meeting the needs of the pensioner, having in mind the changes in the purchasing power of the dollar, than would a guaranteed dollar annuity.

The variable annuity which the Teachers Insurance Association is selling is a group annuity. It is offered only to schools and colleges and the Association has no salesmen on the road selling the annuities.

We face an entirely different problem when it is suggested that the principle of variable annuities be applied to individual annuities sold directly by life insurance agents.

Some Pertinent Questions

Let us consider first the case of the single premium annuity. There are no cash values nor loan values in presently issued immediate annuities, hence to this ex-

tent individual immediate annuities would be similar to the variable group annuities. But the consideration for an immediate annuity is a single sum and this fact does make for a significant difference. Under the varying annuity principle, the entire consideration for an immediate annuity would be invested in stocks at one time and obviously there have been many times in the past where such a transaction would have turned out very, very badly.

While the varying principle could be applied to individual single premium immediate annuities, I should think the idea would work out so badly in practice that no reputable organization could afford to risk issuing them, either directly, or indirectly through a subsidiary corporation.

The next question is whether the varying principle could be applied to individual annual premium deferred annuities such as all companies have been issuing for many years. These annuities are similar to those illustrated by T. I. A. A., except that conventional annuities are of course for a guaranteed amount.

It seems to me that it would be very difficult indeed for the life companies either directly or through a subsidiary corporation to issue variable annuities on an individual basis. Wholly apart from the new laws that would need to be enacted, the selling of such annuities would create a problem.

Problem of Training Salesmen

I assume that these individual annuities would have to be sold by the regular field force of the parent life company. I can't imagine how it would be possible to train a field force to sell both variable annuities and conventional life insurance. The problem of training salesmen would be utterly different than in the group field where the real selling is done by a small corps of extremely intelligent and highly trained specialists. In a variable annuity, there isn't a single figure which a salesman can sink his teeth into. No definite number of dollars is involved in so far as benefits are concerned. The company would make no guarantee whatsoever. Even if the salesmen understood it, and I am sure that a small proportion of the more highly gifted life company agents would understand it, they in turn would be able to make the transaction intelligible to only a very small proportion of their prospects.

Then, too, the management of the life company could justify to its agents the issuance of variable annuities only by referring to and probably emphasizing the possi-

bility of serious inflation. Likewise, in attempting to sell variable annuities, the agent would have to bring up the probability of serious inflation unless the prospect himself should bring it up. Unfortunately, any such talk about serious inflation would weaken the desire of people to buy conventional life insurance and annuities, those for guaranteed amounts. While even the probability of serious inflation ought not to be a valid argument against the purchase of life insurance, nevertheless, whenever there has been a widespread fear of inflation, then it seems it has been more difficult to sell life insurance, even life insurance where there is little investment element such as ordinary life.

Harm Regular Insurance Sales

It would therefore seem that, even if the life companies could somehow solve the problem of training agents successfully to sell varying annuities to individuals, their doing so would be harmful to the main business of the life companies, which is the sale of life insurance and annuities for guaranteed specific amounts. Moreover, the sale of annuities of all sorts has been so small by comparison with the sale of life insurance that the life companies can't afford to do anything about its annuity business which would prejudice the sale of life insurance.

If the field forces of the life companies should ever become really sold on the idea of variable annuities, they would certainly put the strongest pressure on the companies to issue variable life insurance policies. After all, this is the most important part of their sales and contributes mainly to their livelihood. If annuitants should properly be protected in their old age against inflation, then the beneficiaries of life insurance policies ought similarly to be protected.

Here we would run into some real complications. Instead of guaranteed amounts of life insurance, no amount would be guaranteed. Settlement options would be variable and therefore not guaranteed. Premiums for a particular policy would vary from year to year when expressed in dollars. There could be no table of guaranteed values because no values would be guaranteed. Nor would there be any policy loans. There might be a provision for cash value but the amount of cash value could not be guaranteed. This illustrates how utterly impossible it would be to handle the sale of variable life insurance through the existing field forces of the life companies who are accustomed to sell conventional insurance.

Favors Separate Corporations

I cannot help thinking, therefore, that the entire business of life insurance would be hurt if some of the important life companies should begin to sell individual variable annuities. I have no objection to separate corporations being established for the purpose of selling variable annuities. I simply believe that it would harm the life insurance companies to get mixed up in this business.

By JOHN W. LINDSEY

General Counsel National Association of Securities Dealers, Inc.

I appear before this Committee as General Counsel of and on behalf of the National Association of Securities Dealers, Inc. That association is a registered securities amendment to the Securities Exchange Act of 1934, which was adopted in 1938. The purpose and function of the association is to provide self-regulation with respect to the securities business of its approximately 3,600 members located throughout the length and breadth of the U. S., and the regulation of the approximately 50,000

registered representatives or sales personnel of such member firms. The association has been granted by Act of Congress certain disciplinary functions which have been exercised over the past 17 years in the interests of the public, the investors and the securities business itself.

I appear before this Committee in opposition to the proposals contained in Assembly Bills 450, 451 and 452, which would permit the sale of an instrument which has been called a "Variable Annuity" by certain companies. It is the considered judgment of the Board of Governors and the Committees of the association that the instruments permitted to be sold pursuant to this proposed legislation, no matter how described by the use of words which have heretofore had well-defined meanings, are securities and are not insurance contracts as such contracts are normally known in the mind of the public or the law. The so-called "Variable Annuity Contract" is, in essence, an offering to the public of shares in a common stock fund to be administered by the respective insurance companies. It would appear that this also is the position of the SEC by reason of the action filed in the District of Columbia on Tuesday, June 19, 1956. It is the very strong belief of the members of this association that the same safeguards that have heretofore been deemed necessary under Federal law and by legislation in many states in the sale of securities in general and of investment company shares, are equally essential to be applied to this type of instrument in order to protect the public interest and to avoid the possibility of misleading buyers.

If, as we are certain they are, such instruments or contracts should be regarded as securities, then any abuses in this field which ultimately damage individual investors and the public interest will be a cause of concern, not only to investors generally, but to the entire securities business. The private organizations of this country which are interested in the capital markets have, for many years, through their own powers and through recommendations to State and Federal bodies, advocated the tightening of regulation in the public interest, have advocated qualifications for individuals engaged in the investment banking and securities business, and, to the extent possible under their own authority and to the extent of the limited influence on regulatory authorities, have had a measure of success in educating the public and protecting the public interest.

Hits "Annuity" Term

It is our very sincere belief that the use of the word "annuity" in the types of contracts which might ultimately result is improper and may very well tend to confuse and mislead the public. Over a long period of time, the word "annuity" has been used and understood to mean a series of guaranteed periodic payments, fixed in amount, continued for life or some other specified period. Such meaning cannot be applied to the instrument held here under discussion and which is proposed to be permitted by Bills 450, 451 and 452. Therefore, we are expressing our sincere belief that the use of the word "annuity" in this instance is a misnomer and tends to be misleading.

Cites South Carolina Court Opinion

As I have previously stated, as one of the organizations of this country representing the great bulk of the securities business, we have a great interest in anything which has an impact upon the capital markets. Of course, insurance companies, both directly and indirectly, through their portfolio transactions, are involved in

the capital markets of this nation. We believe that there is a great question of public interest and public policy involved when insurance companies are permitted to engage in the securities business on a theory which may be contrary to fundamental concepts of sound life insurance doctrines. In the language of Judge Martin of South Carolina in an order barring the sale, in the State of South Carolina, by the Coastal States Life Insurance Co. of a policy that combined life insurance with certain investment features similar to mutual funds, it was stated:

"I am convinced that this is an investment scheme which violates not only the letter and the spirit of the South Carolina statute, but is contrary to the purpose and theory of life insurance."

We are advised that all organizations in the securities business consider these particular instruments, heretofore misleadingly described as "Variable Annuities," to be in fact securities with all the attendant risks thereof. We are also advised that the National Association of Securities Administrators representing the various State regulatory bodies, also regards such instruments to be securities. The very use of the word "annuity" in name of this instrument is deceptive, and will undoubtedly lull the unsophisticated purchaser into a false and unfounded sense of safety and certainty as to income payments, particularly since they would be sold by insurance companies.

Must Be Regulated

Therefore, it is the considered judgment of this association that such instruments should be regulated as securities, particularly since it has been said that, should this legislation be adopted, these contracts will be immediately available for sale in many states. This is of great concern to us because of our knowledge of the problems of the needed regulation of the sale of securities to uninformed buyers.

We, therefore, recommend and suggest:

(1) That this Committee conclude that the "Variable Annuity Contract," which could be issued if this legislation is enacted, is a security, and we suggest that the Committee report so state;

(2) We further believe that the sale of such securities in interstate commerce is subject to the Federal Securities Act of 1933 and must be sold pursuant to the requirements of that statute under a prospectus which would make, at a minimum, a full disclosure of the type of contract that is involved, including:

(a) The record of the holdings of the particular segregated fund; (b) The amount of selling and administrative costs involved; and (c) A clear statement on the front page of a prospectus that the document being sold is not a fixed dollar contract.

(3) We are further of the opinion that salesmen selling such documents should be subject to all of the requirements of the Federal and State law that are applicable to securities salesmen.

(4) To protect the public interest, it is our clear belief that there must be prescribed standards for sales literature relative to this type of policy so that there is no chance for misunderstanding or misinterpretation insofar as the public is concerned.

(5) The public interest requires that there be provisions for custodianship, diversification, percentage of ownership and supervision comparable to that set up under the Federal Investment Company Act of 1940.

(6) There should also be disclosure of and control over the issuance and offering for sale of contracts by any company whose investment policies in this field

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Some More Viewpoints on The Variable Annuities Issue

are completely untried and whose ability to administer a common stock fund, into which people are invited to invest their money, is unknown.

Serious Public Interest Involved

In conclusion, it is the sincere belief of the association, its Board of Governors, its committees and its members that a very serious public interest question is involved, not only in the State of New Jersey, but in the nation, as a result of the provisions of these proposed bills. These bills may very well open up a field in which potential abuses by newcomers into the securities business may arise. Such abuses, if they do arise, may very well affect the confidence of the public and the investor in the integrity of the capital markets of the nation and indeed in the integrity of insurance companies should they participate in such activity. It is the potential of such abuse which gives rise to our urgent request that this legislation either be defeated or consideration be postponed until all aspects of the public interest can be thoroughly studied.

By **LEONARD E. MORRISSEY**

Assistant Professor at the Amos Tuck School of Business Administration at Dartmouth College, Hanover, New Hampshire

I believe that variable annuities should be offered to the public. Complete dependence on the conventional fixed-dollar type of annuity for retirement income has become unwise because of inflation, declining yields from fixed-dollar investments, and increasing life expectancy. Quite happily, we welcome a longer life expectancy, although it does, of course, increase the typical period of retirement and reduce annual annuity benefits. I believe the variable annuity offers considerable promise of at least partially alleviating the problems created by inflation and declining yields from fixed-dollar investments.

It is impossible to state with assurance that we will experience further price inflation in the years ahead. However, I believe the likelihood of inflations over the long-term exceeds the probability of declining prices. Established government policies to maintain high employment by fostering low interest rates, maintaining farm commodity prices and adopting deficit financing are generally recognized as inflationary forces. It is unlikely that the continuing pressure for higher wages on the part of organized labor can be fully offset by greater productivity. Careful investigation has indicated that the holder of a variable annuity would have fared quite well during inflationary periods in the past. The relationship between common stock prices and commodity prices, while certainly not perfect, has been reasonably close over any extended period of years.

As noted previously, yields from fixed-dollar investments, primarily bonds and mortgages, have declined quite substantially since the 1920s and early 1930s.

For the last 20 years dividend yields on common stocks have exceeded yields obtainable on fixed-dollar investments. At times, such as at the present, this spread between stock yields and the yields obtainable from bonds and mortgages has been small. However, the effect of even a slightly higher return over a period of years is quite startling. A difference of one percentage point in yields would produce an annuity approximately 20% greater for an individual who purchased an annuity by making annual premium payments from age 50 to age 65 and then lived 15 years following his retirement at age 65.

It should be noted that appreciation in the market value of common stocks would have exactly the same effect as higher dividend yields. Average capital appreciation of 1% per year would also produce 20% more benefits for the imaginary annuitant noted above.

The statement has been made that the variable annuity depends upon inflation for success. I do not subscribe to this idea. It is true that inflation in the past 15 years has created an extreme hardship for many annuitants. But equally important, annuitants have not shared at all in the very great economic progress we have made. Even assuming that we have no inflation in the future, the variable annuity offers considerable promise of leading to greater public participation in the expected benefits of a growing economy.

Common stocks have in general proven to be superior investments for both institutions and individuals when held over any extended period of years. Most losses in common stocks have been due to buying on margin, failure to diversify, or failure to spread purchases and sales over a sufficiently long period of time. These dangers are either absent or minimized in the case of the variable annuity. Buying on margin would be impossible for a variable annuity contract holder. I believe skilled investment management would result in adequate diversification among a representative number of common stock issues. Most purchasers of variable annuities would pay periodic premiums followed by periodic payments at retirement. In this way the purchaser would not be unduly affected by stock market prices at any one time. Even where a variable annuity is purchased by a single premium the buyer typically will receive retirement benefits at varying stock market levels for a period of some years.

Some institutions which are generally considered to be relatively conservative in their financial affairs have invested substantially in common stocks. Dartmouth College, for example, at the close of its last fiscal year, June 30, 1955, had 57% of a \$30,000,000 security portfolio in common stocks. This is 57% of the cost of these securities. At market value, common stock represented 70% of all securities. Dividends on these common stocks for the 12 months ended June 30, 1955, were \$1,200,000, over one-quarter of the College's total income for educational purposes. Dartmouth's position is not unusual among privately endowed schools.

The variable annuity is not new. We teachers have had it since 1952 in the form of the College Retirement Equities Fund.

It seemed inconsistent to college and university officials to seek higher yields and some protection against inflation for their institutions while ignoring the same problem as it affected the retirement incomes of faculty members. After a careful study covering some 70 years, the Teachers Insurance and Annuity Association introduced the College Retirement Equities Fund in 1952. The plan has been well received and at the end of 1955 there were some 25,000 participants.

Some people have claimed that the college plan will be understood by teachers since they are a sophisticated group whereas the public would fail to recognize that benefits are variable and may go down as well as up. I believe such claims overstate the business acumen of many college teachers and underrate the general level of public intelligence. I worked with the Treasurer of Dartmouth College in 1950-52 when the variable annuity plan for teachers was under consideration. In this capacity I had frequent opportunity to discuss the plan with my associates, many of whom are teachers of classics, languages and other subjects quite removed from business affairs. These men had no difficulty in perceiving how the plan would work. I doubt that the public, particularly those who would be most inclined to purchase a variable annuity contract, will have difficulty understanding how it operates.

I believe life insurance companies are the logical issuers of variable annuity contracts. Life insurance agents would not feel compelled to make unwise sales of variable annuities where it appeared that a prospective purchaser would be better served by more life insurance or a conventional annuity. Life insurance companies have achieved considerable public confidence. They would have a high stake in maintaining this confidence by carefully advising each prospective buyer of the risks, as well as the advantages, of a variable annuity. Finally, life insurance companies are virtually the only organizations with personnel competent to deal with the actuarial problems associated with the issuance of variable annuities.

By **ARTHUR R. UPGREN**

Dean and Director of Research of the Amos Tuck School of Business Administration of Dartmouth College, Hanover, New Hampshire

There is double pleasure in this opportunity to make a statement on behalf of proposals to permit the sale of variable annuities.



Arthur R. Upgren

First of all, the proposed change is in the interest of very desirable experimentation to provide more broadly based income protection for the American people. Life insurance companies above all others have staffs of great competence for the management of investments. These great and successful companies should really not be permitted to retreat into the realms of "a safe 2½%" because they are not performing their economic function in aggressively promoting the maximum amount of secure income for their policy purchasers. For all too long a period, the life insurance companies avoided proposals of this kind which could expand their useful service. They themselves may as the standard saying in

banking goes, "have been able to sleep well" while those whom they aim to protect "were not able to eat well." In other words, a narrow view of the investment horizons, circumscribing their choices almost entirely to ultra-gilt-edged investments, may be an unirrational way to lead their institutional lives but it certainly fails to give protection in terms of a larger income of reasonably maintained purchasing power to those they were pledged so to try to protect.

A second reason which impels a person in academic life to sustain this application for the sale of variable annuities is that we in academic work already have these variable annuities and we like them. Through the Teachers Insurance and Annuity Association, which provides that part of my own retirement plan which originates with Dartmouth College, I have 50% of this protection in the College Retirement Equities Fund (CREF). I believe the advantages of this form of providing a part of one's retirement protection are many.

First there is a advantage of the higher earning rate which over the long years does accrue to equities or common stocks. This in my view is a very important reason for permitting the sale of the variable annuity which is "variable" in the amounts beneficiaries receive to the extent that values of stocks and dividends upon them may vary. Happily, the long-run record is a variation in an upward direction. Moreover, since I assume any variable annuity plan will in its premium amount call for fixed annual dollar amounts of payments, the beneficiary feels the advantage of larger share purchases in periods of declining markets and lesser share purchases in periods of booming markets. This "equal dollar investment" principle only requires that there be long-run economic growth in the United States in order that there would be accordingly substantial gain to the holder of the policy or the variable annuity.

A second reason supporting the purchase of variable annuities is that they do afford a better opportunity to protect the beneficiary with payments which will have more stable purchasing power. The older forms of fixed-benefit-payment life insurance policies have been disadvantageous to me as a result of the rise in the price level not being matched, as was naturally the case, by a rise in the value of bonds. Bonds are for fixed and

unchanging or "unvariable" amounts. As payments therefore were received from such investments by beneficiaries, the command of purchasing power fell as the price level rose.

In my view, our large and able life insurance companies can do a better job than they have done and the variable annuity is a studied, forward-looking step to enable them to do a better job to protect American families with the protection which they want, namely, a command over a good standard of American living. In contrast, to have a fixed number of dollars received — certain as that number of dollars is, is of rather small comfort when it purchases a reduced standard of living.

One head of a large life insurance company has told me he views the variable annuity in an unfavorable light because it would represent an instrument of protection which is not as simple as apparently he thinks it must be to befit the capabilities of his sales force. Here one might quote the classic statement made 20 years ago by Charles P. Taft who then discovered the need to face up to old age pensions, unemployment compensation, etc.; "Nothing in this world will be simple again."

I have in my files a photostatic copy of a policy of life insurance upon my own father. That policy was filled mostly with white space and a minimum of terms and "fine print provisions." Today my more recently acquired policies are full of much fine print, little white space and many different provisions, options, and terms of settlement. It is clear that the life insurance companies are trying to meet the needs of those who wish this protection and such needs can be further met with great benefit to all by the introduction of the variable annuity.

Surely this is the time to withdraw barriers standing in the way of sound new plans for income protection for the American people, such as the variable annuity which can be placed in the best hands of all when placed in the hands of America's great life insurance companies, and which can offer improved prospects for a better income and a better assurance that the standard of living of those who seek this new form of protection will be maintained better than it has been by the older forms which occupied the entire field in past decades.

What?

"The American war for independence was in fact the first great war of a nation against colonial oppression. From it starts the disintegration of the greatest colonial empire of the world—England."

* * *

"The Declaration of Independence was a great act of eighteenth-century democracy. The last word on twentieth-century democracy is the Socialist constitutions of the Soviet Union and other countries that liberated themselves from the power of capitalists and landlords."

* * *

"A state whose history started with the struggle against colonial oppression is now transformed by its leading classes into a fortress of the old bankrupt system of colonial oppression."—David Zaslavsky, Professional Propagandist for the Soviet Union.

These Kremlin mouthpieces are dangerously clever at twisting truth to make traps for fools, but he would have to be a very ignorant man or a very poor observer to fall for this polemic.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

	Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:				
Indicated steel operations (percent of capacity)..... July 8	79.4	96.7	85.9	
Equivalent to—				
Steel ingots and castings (net tons)..... July 8	\$2,314,000	2,380,000	2,073,000	
AMERICAN PETROLEUM INSTITUTE:				
Crude oil and condensate output—daily average (bbls. of 42 gallons each)..... June 22	7,055,850	7,065,650	7,070,800	6,636,700
Crude runs to stills—daily average (bbls.)..... June 22	18,087,000	7,953,000	7,797,000	7,464,000
Gasoline output (bbls.)..... June 22	27,263,000	27,363,000	25,649,000	25,850,000
Kerosene output (bbls.)..... June 22	1,954,000	2,034,000	1,762,000	1,946,000
Distillate fuel oil output (bbls.)..... June 22	12,487,000	12,044,000	12,121,000	11,522,000
Residual fuel oil output (bbls.)..... June 22	7,696,000	7,563,000	8,042,000	7,615,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—				
Finished and unfinished gasoline (bbls.) at..... June 22	180,725,000	181,487,000	183,510,000	164,471,000
Kerosene (bbls.) at..... June 22	24,583,000	23,793,000	20,699,000	29,132,000
Distillate fuel oil (bbls.) at..... June 22	87,793,000	84,996,000	72,027,000	96,338,000
Residual fuel oil (bbls.) at..... June 22	38,050,000	37,319,000	34,787,000	45,584,000
ASSOCIATION OF AMERICAN RAILROADS:				
Revenue freight loaded (number of cars)..... June 23	799,461	801,431	788,297	794,427
Revenue freight received from connections (no. of cars)..... June 23	661,510	651,826	664,762	662,640
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:				
Total U. S. construction..... June 28	\$415,928,000	\$443,517,000	\$562,586,000	\$439,115,000
Private construction..... June 28	154,671,000	305,516,000	390,820,000	277,673,000
Public construction..... June 28	261,257,000	138,001,000	171,766,000	161,442,000
State and municipal..... June 28	217,352,000	113,166,000	133,136,000	110,078,000
Federal..... June 28	43,905,000	24,835,000	38,630,000	51,364,000
COAL OUTPUT (U. S. BUREAU OF MINES):				
Bituminous coal and lignite (tons)..... June 23	10,230,000	10,280,000	10,120,000	9,535,000
Pennsylvania anthracite (tons)..... June 23	595,000	538,000	404,000	642,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100 June 23	109	131	117	103
EDISON ELECTRIC INSTITUTE:				
Electric output (in 000 kwh.)..... June 30	11,498,000	11,478,000	10,598,000	10,138,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC. June 28	249	245	238	231
IRON AGE COMPOSITE PRICES:				
Finished steel (per lb.)..... June 26	5.179c	5.179c	5.179c	4.797c
Pig iron (per gross ton)..... June 26	\$60.29	\$60.29	\$60.29	\$56.55
Scrap steel (per gross ton)..... June 26	\$44.83	\$44.83	\$47.50	\$36.50
METAL PRICES (E. & M. J. QUOTATIONS):				
Electrolytic copper—				
Domestic refinery at..... June 27	45.450c	45.075c	45.500c	35.700c
Export refinery at..... June 27	38.825c	40.400c	40.400c	36.550c
Straits tin (New York) at..... June 27	95.000c	94.750c	96.625c	94.875c
Lead (New York) at..... June 27	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at..... June 27	15.800c	15.800c	15.800c	14.900c
Zinc (East St. Louis) at..... June 27	13.500c	13.500c	13.500c	12.500c
MOODY'S BOND PRICES DAILY AVERAGES:				
U. S. Government Bonds..... July 3	94.90	94.41	95.24	95.81
Average corporate..... July 3	104.66	104.66	104.83	108.88
Aaa..... July 3	108.52	108.34	108.34	112.19
Aa..... July 3	106.56	106.56	106.74	110.52
A..... July 3	104.14	104.14	104.48	108.88
Baa..... July 3	99.52	99.68	100.16	103.97
Railroad Group..... July 3	102.96	103.13	103.30	107.44
Public Utilities Group..... July 3	104.83	105.00	105.17	109.06
Industrials Group..... July 3	105.86	105.69	106.04	109.97
MOODY'S BOND YIELD DAILY AVERAGES:				
U. S. Government Bonds..... July 3	2.89	2.93	2.86	2.81
Average corporate..... July 3	3.47	3.43	3.46	3.23
Aaa..... July 3	3.25	3.26	3.26	3.05
Aa..... July 3	3.36	3.36	3.35	3.14
A..... July 3	3.50	3.50	3.48	3.23
Baa..... July 3	3.78	3.77	3.74	3.51
Railroad Group..... July 3	3.57	3.56	3.55	3.31
Public Utilities Group..... July 3	3.46	3.45	3.44	3.22
Industrials Group..... July 3	3.40	3.41	3.39	3.17
MOODY'S COMMODITY INDEX July 3	414.7	414.5	412.1	403.8
NATIONAL PAPERBOARD ASSOCIATION:				
Orders received (tons)..... June 23	229,362	235,162	239,176	258,244
Production (tons)..... June 23	281,176	289,328	285,603	280,600
Percentage of activity..... June 23	97	99	99	99
Unfilled orders (tons) at end of period..... June 23	443,477	497,608	490,043	525,731
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100 June 29	108.07	108.05	108.72	106.76
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:				
Odd-lot sales by dealers (customers' purchases)—				
Number of shares..... June 9	1,053,127	1,093,393	1,451,531	1,374,389
Dollar value..... June 9	\$54,626,039	\$55,850,219	\$76,312,009	\$70,676,763
Odd-lot purchases by dealers (customers' sales)—				
Number of shares..... June 9	847,667	780,237	1,158,592	1,234,998
Customers' short sales..... June 9	4,906	6,078	4,235	6,380
Customers' other sales..... June 9	842,761	774,159	1,154,357	1,228,618
Dollar value..... June 9	\$43,655,436	\$40,421,355	\$59,600,053	\$61,712,211
Round-lot sales by dealers—				
Number of shares—Total sales..... June 9	225,390	175,680	290,780	324,160
Short sales..... June 9	225,390	175,680	290,780	324,160
Other sales..... June 9	225,390	175,680	290,780	324,160
Round-lot purchases by dealers—				
Number of shares..... June 9	446,680	483,540	550,260	497,270
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):				
Total round-lot sales—				
Short sales..... June 9	430,080	427,710	560,780	598,300
Other sales..... June 9	9,754,320	8,703,810	12,823,970	14,787,060
Total sales..... June 9	10,184,400	9,131,520	13,384,750	15,385,360
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:				
Transactions of specialists in stocks in which registered—				
Total purchases..... June 9	1,484,550	1,227,600	1,712,550	1,824,060
Short sales..... June 9	255,650	265,900	350,340	322,440
Other sales..... June 9	1,228,900	1,176,950	1,355,130	1,533,700
Total sales..... June 9	1,484,550	1,442,850	1,705,470	1,856,140
Other transactions initiated on the floor—				
Total purchases..... June 9	282,700	178,150	354,410	384,000
Short sales..... June 9	16,600	17,700	23,400	48,000
Other sales..... June 9	323,500	192,950	367,300	463,810
Total sales..... June 9	340,100	210,650	390,700	511,810
Other transactions initiated off the floor—				
Total purchases..... June 9	560,565	476,604	653,390	685,979
Short sales..... June 9	56,500	40,090	93,600	93,600
Other sales..... June 9	565,168	517,487	695,550	876,879
Total sales..... June 9	621,668	557,577	784,640	960,483
TOTAL ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS:				
Total purchases..... June 9	2,327,815	1,882,354	2,720,350	2,894,039
Short sales..... June 9	328,750	323,690	464,040	464,040
Other sales..... June 9	2,119,088	1,887,387	2,417,980	2,864,393
Total sales..... June 9	2,447,838	2,211,077	2,880,810	3,328,433
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):				
Commodity Group—				
All commodities..... June 26	113.8	114.0	114.3	110.0
Farm products..... June 26	89.5	90.7	90.7	90.9
Processed foods..... June 26	101.4	101.9	102.6	102.5
Meats..... June 26	77.5	79.4	83.2	86.2
All commodities other than farm and foods..... June 26	121.4	121.4	121.6	115.7
BUSINESS INVENTORIES—DEPT. OF COMMERCE NEW SERIES—Month of April (millions of dollars):				
Manufacturing.....	\$47,900	\$47,400	\$43,500	
Wholesale.....	12,600	12,600	11,800	
Retail.....	23,800	23,800	23,000	
Total.....	\$84,400	\$83,800	\$78,300	
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of June (000's omitted):				
Total U. S. construction.....	\$1,621,580	\$2,119,770	\$1,881,544	
Private construction.....	895,828	1,287,524	1,105,886	
Public construction.....	725,752	832,246	775,658	
State and municipal.....	597,135	639,653	587,991	
Federal.....	128,617	192,593	187,667	
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of May:				
All manufacturing (production workers).....	12,985,000	13,113,000	12,873,000	
Durable goods.....	7,586,000	7,671,000	7,520,000	
Non-durable goods.....	5,399,000	5,442,000	5,353,000	
Employment Indexes (1947-49 Avg.=100)—				
All manufacturing.....	105.0	*106.0	104.1	
Payroll Indexes (1947-49 Average=100)—All manufacturing.....	155.5	*158.2	150.1	
Estimated number of employees in manufacturing industries—				
All manufacturing.....	16,641,000	16,759,000	16,337,000	
Durable goods.....	9,706,000	9,783,000	9,496,000	
Non-durable goods.....	6,935,000	6,976,000	6,841,000	
LIFE INSURANCE PURCHASERS—INSTITUTE OF LIFE INSURANCE—Month of April (000's omitted):				
Ordinary.....	\$2,837,000	\$3,003,000	\$2,503,000	
Industrial.....	527,000	587,000	540,000	
Group.....	844,000	1,022,000	2,602,000	
Total.....	\$4,208,000	\$4,612,000	\$5,645,000	
MANUFACTURER'S INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of April (millions of dollars):				
Inventories—				
Durables.....	\$27,722	*\$27,432	\$24,159	
Non-durables.....	20,205	*20,001	19,105	
Total.....	\$47,927	*\$47,433	\$43,264	
Sales.....	27,266	*27,095	26,025	
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURER'S ASSN.—Month of May:				
Total number of vehicles.....	570,486	654,333	849,393	
Number of passenger cars.....	474,010	552,881	721,139	
Number of motor trucks.....	96,114	101,081	127,941	
Number of buses.....	362	371	313	
NEW YORK STOCK EXCHANGE—As of May 31 (000's omitted):				
Member firms carrying margin accounts—				
Total customer's net debt balances.....	\$2,847,308	\$2,820,776	\$2,731,191	
Credit extended to customers.....	37,715	33,012	46,746	
Cast on hand and in banks in U. S.....	337,406	360,516	326,997	
Total of customers' free credit balances.....	869,672	895,710	827,963	
Market value of listed shares.....	211,896,052	224,681,678	182,829,779	
Market value of listed bonds.....	104,115,390	102,898,554	104,458,956	
Member borrowings on U. S. Govt. issues.....	70,122	76,341	100,127	
Member borrowings on other collateral.....	2,371,587	2,334,849	2,205,753	
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of April (in billions):				
Total personal income.....	\$317.1	*\$315.2	\$298.9	
Wage and salary, receipts, total.....	218.7	*217.5	204.6	
Commodity producing industries.....	95.3	*94.4	88.9	
Distributing industries.....	58.1	*57.7	53.6	
Service industries.....	28.9	*28.9	27.2	
Government.....	36.4	*36.5	34.9	
Less employees' contribution for special insurance.....	5.7	5.7	5.1	
Other labor income.....	7.3	7.3	6.9	
Proprietors and rental income.....	49.6	*49.4	49.0	
Personal interest income and dividends.....	29.0	28.7	25.9	
Total transfer payments.....	18.2	18.0	17.6	
Total nonagricultural income.....	302.5	*301.1	283.7	
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of May 15:				
All farm products.....	242	*235	*242	
Crops.....	252	*245	*249	
Commercial vegetables, fresh.....	272	*260	*263	
Cotton.....	270	275	266	
Feed, grains and hay.....	192	185	200	
Food grains.....	226	229	240	
Fruit.....	233	218	209	
Oil-bearing crops.....	265	253	259	
Potatoes.....	283	234	*278	
Tobacco.....	454	453	436	
Livestock and products.....	233	227	*235	
Dairy products.....	247	246	236	
Meat animals.....	251	237	260	
Poultry and eggs.....	178	180	*176	
Wool.....	231	226	*258	
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of March:				
Net railway operating income.....	\$88,976,188	\$67,038,901	\$98,564,474	
Other income.....	20,540,212	18,862,622	18,480,137	
Total income.....	109,516,400	85,901,523	117,044,611	
Miscellaneous deductions from income.....	4,441,058	4,668,619	4,384,314	
Income available for fixed charges.....	105,075,342	81,432,904	112,660,297	
Income after fixed charges.....	74,443,240	50,506,606	82,107,280	
Other deductions.....	4,365,044	3,432,660	4,069,027	
Net income.....	70,078,196	47,073,946	78,038,253	
Depreciation (way & structure & equipment).....	45,401,420	45,282,986	44,212,102	
Federal income taxes.....	39,284,167	24,371,175	40,	

Securities Now in Registration

★ INDICATES ADDITIONS
SINCE PREVIOUS ISSUE
● ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For mining expenses. Office—319 Uranium Center, Grand Junction, Colo. Underwriter—Ralph M. Davis & Co., Grand Junction, Colo.

Aero Supply Mfg. Co., Inc.
June 4 (letter of notification) 103,903 shares of common stock (par \$1) to be offered to stockholders on a basis of one new share for each 4 1/4 shares held. Price—\$2 per share. Proceeds—For relocating machinery and equipment in plant, additional equipment and working capital. Office—611 West Main St., Corry, Pa. Underwriters—Henry M. Margolis and Leo A. Strauss, directors of the company.

Allied Oil & Industries Corp.
June 14 (letter of notification) 100,000 shares of capital stock (par 10 cents). Price—\$2 per share. Proceeds—For the acquisition of oil and gas leasehold interests and working capital. Office—403 Wilson Bldg., 2601 Main St., Houston, Texas. Underwriter—Muir Investment Corp., San Antonio, Texas; D. N. Silverman & Co., New Orleans, La.; Texas National Corp., San Antonio, Texas; Charles B. White & Co., Houston, Texas; and Reed and Sloan Co., Dallas, Texas.

★ **Allis (Louis) Co., Milwaukee, Wis. (7/19)**
June 29 filed \$3,000,000 of sinking fund debentures due July 1, 1976. Price—To be supplied by amendment. Proceeds—To repay bank loans. Underwriter—Robert W. Baird & Co., Inc., Milwaukee, Wis.

★ **Allis (Louis) Co., Milwaukee, Wis. (7/19)**
June 29 filed 47,729 shares of common stock (par \$10) to be offered for subscription by common stockholders of record July 18, 1956 at the rate of one new share for each five shares held. Price—To be supplied by amendment. Proceeds—To repay bank loans, and for expansion and working capital. Underwriter—Robert W. Baird & Co., Inc., Milwaukee, Wis.

● **Altec Companies, Inc., New York (7/17)**
June 26 filed 100,000 shares of capital stock (par \$1), of which 35,000 shares are to be offered for account of the company and 65,000 shares for certain selling stockholders. Price—To be supplied by amendment. Proceeds—To be advanced to Altec Lansing Corp., a wholly-owned subsidiary, to be used for its expansion program. Underwriter—Dean Witter & Co., San Francisco and New York.

American Horse Racing Stables, Inc.
May 11 (letter of notification) 3,000,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For organizing and operating a racing stable. Office—Virginia and Truckee Bldg., Carson City, Nev. Underwriter—Columbia Securities Co., Inc. of California, Beverly Hills, Calif.

American Insurers' Development Co.
Feb. 10 filed 400,000 shares of common stock (par \$1). Price—\$2.50 per share. Proceeds—To expand service business. Office—Birmingham, Ala. Underwriter—Odess, Martin & Herzberg, Inc., Birmingham, Ala.

American Machine & Foundry Co.
June 1 filed \$10,897,000 of 4 1/4% subordinated debentures due July 1, 1981, being offered for subscription by common stockholders of record June 27, 1956, at the rate of \$100 of debentures for each 25 shares of stock then held; rights to expire on July 11. Price—At par (flat). Proceeds—To reduce bank loans and for working capital. Underwriter—Union Securities Corp., New York.

American Tar & Turpentine Co., Inc.
June 5 (letter of notification) \$200,000 principal amount, 20 1/2-year 5 1/2% subordinated debentures due May 15, 1976 and 20,000 shares of common stock (no par) to be offered in units of 10 shares of common stock and \$100 of debenture. Price—\$110 per unit. Proceeds—For installing a new plant in Winfield, La. Office—219 Carondelet St., New Orleans, La. Underwriters—Scharff & Jones, Inc., and Nusloch, Baudean & Smith, Inc., both of New Orleans, La.

American Telephone & Telegraph Co. (7/10)
June 18 filed \$250,000,000 of 34-year debentures due July 1, 1990. Proceeds—For advances to subsidiary and associated companies; for investments; for extensions, additions and improvements to properties; and for general corporate purposes. Underwriter—To be determined by competitive bidding. Probable bidders: The

First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. Bids—Expected to be received up to 11:30 a.m. (EDT) on July 10 at 195 Broadway, New York, N. Y.

Arden Farms Co., Los Angeles, Calif.
June 15 filed \$4,099,300 of 5% subordinated debentures due July 1, 1986 (convertible until July 1, 1964) and 63,614 shares of common stock (par \$1). The debentures are to be offered for subscription by preferred stockholders at the rate of \$10 principal amount of debentures for each preferred share held, while the common shares are to be offered for subscription by common stockholders at the rate of one share for each 10 shares held. Price—To be supplied by amendment. Proceeds—To repay bank loans. Underwriter—None.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. Price—20 cents per share. Proceeds—For working capital. Underwriter—None, sales to be directly by the company or by salesman of the insurance firm.

Armstrong Rubber Co. (7/10)
May 31 filed \$9,250,000 of convertible subordinated debentures due June 15, 1971. Price—100% of principal amount. Proceeds—Together with \$7,750,000 to be borrowed from insurance companies, for construction or acquisition of new plants and equipment and for working capital. Office—West Haven, Conn. Underwriter—Reynolds & Co., Inc., New York.

Associated Grocers, Inc., Seattle, Wash.
April 20 filed 5,703 shares of common stock; \$2,000,000 of 25-year 5% registered convertible debenture notes; and \$1,500,000 of 5% coupon bearer bonds. Price—Of stock, \$50 per share; and of notes and bonds, 100% of principal amount. Proceeds—To reduce bank, mortgage loan, or other indebtedness; and for working capital. Underwriter—None.

Atlanta Gas Light Co. (7/11)
June 20 filed 88,280 shares of common stock (par \$10) to be offered for subscription by common stockholders of record July 10, 1956 on the basis of one new share for each 10 shares held; rights to expire on July 31, 1956. Price—To be supplied by amendment. Proceeds—To reduce bank loans and for new construction. Underwriters—The First Boston Corp., New York; and Courts & Co. and The Robinson-Humphrey Co., Inc., both of Atlanta, Ga.

Atlanta Gas Light Co. (7/17)
June 20 filed \$5,000,000 of first mortgage bonds due 1981. Proceeds—To reduce bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; The First Boston Corp.; Dean Witter & Co. and Lazard Freres & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EDT) on July 17 at 90 Broad St., New York 4, N. Y.

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

● **Atlas Credit Corp., Philadelphia, Pa.**
June 11 filed \$600,000 of 6% convertible subordinated debentures due June 15, 1968. Price—100% of principal amount. Proceeds—To retire indebtedness of the company to its affiliates for money borrowed for working capital. Underwriters—Hallowell, Sulzberger & Co. and Charles A. Taggart & Co., Inc., both of Philadelphia, Pa., and Weill, Blauner & Co., Inc. of New York.

● **Atlas Corp.**
Feb. 28 filed 9,890,095 shares of common stock (par \$1) being issued pursuant to an agreement of merger with this corporation of Airfleets, Inc., Albuquerque Associated Oil Co., RKO Pictures Corp., San Diego Corp. and Wasatch Corp. on the following basis: Four shares for one of Atlas common; 2.4 shares for one share of Airfleets common; one share for each share of Albuquerque common; four shares for each 5.25 shares of RKO common; 2.4 shares for each share of San Diego common; 13 shares for each share of Wasatch cumulative preferred; and 1.3 shares for each share of Wasatch common. The registration statement also covers 1,250,000 shares of 5% cumulative preferred stock (par \$20) which will become issuable upon and to the extent that shares of common stock are convertible into shares of preferred stock. Stockholders approved merger on May 24. Statement effective April 20.

Automation Industries Corp., Washington, D. C.
May 11 filed 179,000 shares of common stock (par \$1). Price—\$5.25 per share. Proceeds—For working capital and other corporate purposes. Underwriter—None. Harry Kahn, Jr., of Washington, D. C., is President and Treasurer.

★ **Axe Science & Electronics Corp.**
June 27 filed 2,000,000 shares of capital stock. Price—At market. Proceeds—For investment. Office—Tarrytown, N. Y.

Beta Frozen Food Storage, Inc.
May 14 filed 15,000 shares of preferred stock (par \$50) and \$100,000 convertible debenture bonds. Price—At par. Proceeds—For capital expenditures and working capital. Office—Baltimore, Md. Underwriter—None. William H. Burton is President of company.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). Price—Three cents per share. Proceeds—To be used for exploratory work on mining mineral properties. Office—1424 Pearl Street, Boulder, Colo. Underwriter—Lamey & Co., Boulder, Colo.

Birnaye Oil & Uranium Co., Denver, Colo.
April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). Price—10 cents per share. Proceeds—For mining expenses. Office—762 Denver Club Bldg., Denver, Colo. Underwriter—Birkenmayer & Co., Denver, Colo.

★ **Black Hills Power & Light Co.**
June 26 (letter of notification) 11,700 shares of common stock (par \$1) to be offered for subscription by stockholders. Price—To be supplied by amendment. Proceeds—For construction costs. Office—Rapid City, S. D. Underwriter—None.

★ **Blue Bird Mines, Inc. of Pinal County**
June 25 (letter of notification) 290,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Address—Superior, Ariz. Underwriter—None.

★ **Boone County Coal Corp., Philadelphia, Pa. (7/11)**

June 25 (letter of notification) 10,000 shares of common stock (par \$5) to be offered first to common stockholders of record June 25 at rate of one new share for each eight shares held. Price—\$25 per share. Proceeds—For working capital. Underwriter—Janney, Dulles & Co., Inc., Philadelphia, Pa.

★ **California Interstate Telephone Co. (7/16-20)**
June 28 filed 50,000 shares of 5 1/4% cumulative convertible preferred stock (par \$20). Price—To be supplied by amendment. Proceeds—To discharge current short term bank borrowings aggregating \$1,000,000. Underwriter—William R. Staats & Co., Los Angeles, Calif.

★ **Canadian Husky Oil Ltd., Calgary, Alta., Canada**
June 29 filed 71,363 shares of 6% cumulative redeemable preferred stock (par \$50) and 1,069,231 shares of common stock (par \$1) to be offered in exchange for the outstanding stock of Husky Oil & Refining Ltd. on the following basis: One share of Canadian Husky common for each Husky Oil common share of \$1 par value and one share of Canadian Husky preferred stock for each Husky Oil 6% cumulative redeemable preference share of \$50 par value. The exchange will become effective if, as a result of the exchange offer, Canadian Husky will hold at least 90% of the shares of each class of stock of Husky Oil; and Canadian Husky reserves the right to declare the exchange effective if less than 90%, but more than 80%, of such shares are to be so held.

● **Canadian International Growth Fund Ltd. (7/18)**
June 15 filed 625,000 shares of common stock. Price—To be supplied by amendment. Proceeds—For investment. Investment Advisers—Van Strum & Towne, Inc., New York, and Mutual Funds Statistical Surveys Ltd., Montreal, Canada. Underwriter—Hayden, Stone & Co., New York.

★ **Carver Loan & Investment Co., Inc.**
June 22 (letter of notification) 15,000 shares of 6% cumulative preferred stock (par \$10) and \$150,000 of five-year 6% subordinated \$10 renewable debentures to be offered in denominations of \$10 and \$100 each. Price—At par. Proceeds—For general corporate purposes. Office—1910 W. Columbia Ave., Philadelphia, Pa. Underwriter—None.

★ **Champion Paper & Fibre Co. (7/23-27)**
July 3 filed \$4,000,000 of debentures due July 15, 1981. Price—To be supplied by amendment. Proceeds—To prepay \$3,500,000 of term notes currently outstanding and for general corporate purposes. Underwriter—Goldman, Sachs & Co., New York.

Chesapeake Shores Country Club, Inc.
May 29 filed 5,000 shares of common stock, of which it is the company's intention to offer for sale at this time only 2,500 shares. Price—At par (\$300 per share). Proceeds—To construct and operate a recreation resort. Office—Upper Marlboro, Md. Underwriter—None.


C. I. T. Financial Corp.
May 17 filed \$75,000,000 of debentures due June 1, 1971. Price—To be supplied by amendment. Proceeds—Primarily for furnishing working funds to company's subsidiaries. Underwriters—Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers, all of New York. Offering—Temporarily postponed.

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★ C. I. T. Financial Corp., New York

June 29 filed 461,900 shares of common stock (no par) to be offered pursuant to the company's "Restricted Stock Option Plan for Key Employees" to certain employees of the company and its subsidiaries.

Colonial Utilities Corp.

June 4 (letter of notification) \$109,245.50 principal amount of 6% convertible subordinate debentures, due June 1, 1966 to be offered for subscription by holders of common stock at the rate of \$1.30 for each share held. (Each \$100 of debentures is convertible into 18 shares of common stock.) Price—At 100% of principal amount. Proceeds—For working capital, construction, purchase of Dover plant, etc. Office—90 Broad St., New York, N. Y. Underwriter—None.

Colorado Springs Aquatic Center, Inc.

June 5 filed 500,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For swimming pool and related activities, bowling alley, site preparation

including parking, and land cost (\$95,000). Underwriters—Arthur L. Weir & Co., Colorado Springs, Colo.; and Copley & Co.

• Columbia General Investment Corp.

March 29 filed 100,000 shares of common stock (par \$1) to be offered for subscription by stockholders only. Price—A maximum of \$4.50 per share. Proceeds—To make additional investments, including stock of Columbia General Life Insurance Co. Office—Houston, Tex. Underwriter—None. Offering—Temporarily suspended.

• Commercial Life Insurance Co. of Missouri (7/9)

June 21 (letter of notification) 50,000 shares of common stock to be offered initially to stockholders (par \$2). Price—\$5.50 per share. Proceeds—To be added to general funds and for expansion of business. Office—5579 Pershing Ave., St. Louis, Mo. Underwriter—Edward D. Jones & Co., St. Louis, Mo.

Commodity Fund for Capital Growth, Inc.

May 28 (letter of notification) 60,000 shares of common stock (par \$1). Price—\$5 per share. Proceeds—For trading in commodity future contracts. Office—436 West 20th St., New York 11, N. Y. Underwriter—Arthur N. Economu Associates, New York, N. Y.

Commodity Holding Corp.

June 6 (letter of notification) 3,000,000 shares of common stock (par five cents). Price—10 cents per share. Proceeds—To trade in commodities. Office—15 Exchange Place, Jersey City, N. J. Underwriter—Southeastern Securities Corp., 335 Broadway, New York.

Commonwealth, Inc., Portland, Ore.

March 23 (letter of notification) 5,912 shares of 6% cumulative preferred stock being offered for subscription by stockholders of record April 16, 1956 on a pro rata basis; rights to expire on July 2, 1956. Price—At par (\$50 per share). Proceeds—For working capital. Office—Equitable Bldg., 421 S. W. 6th Ave., Portland 4, Ore. Underwriter—None.

Connecticut Water Co., Clinton, Conn. (7/17)

June 25 filed 45,000 shares of common stock (no par). Price—To be supplied by amendment. Proceeds—Together with funds from private sale of bonds, to be used to purchase water properties and franchises of Connecticut Light & Power Co. Underwriter—Putnam & Co., Hartford, Conn.

Consolidated Diesel Electric Corp. (7/10-11)

June 15 filed 300,000 shares of common stock (par 10 cents), of which 100,000 shares are for account of the company and 200,000 shares for account of certain selling stockholders. Price—To be supplied by amendment. Proceeds—For working capital and to finance inventories and accounts receivable. Office—Stamford, Conn. Underwriter—Van Alstyne, Noel & Co., New York.

• Consolidated Water Co., Chicago, Ill. (7/9)

June 18 filed \$330,000 of 5% convertible debentures due June 1, 1976 and 26,000 shares of class A common stock (par \$10). Price—Of debentures, 100% of principal amount; and of stock, \$12 per share. Proceeds—For payment of bank loans and other obligations totaling \$184,000, and for the purchase of securities of company's subsidiaries. Underwriters—The Milwaukee Co., Milwaukee, Wis.; Harley, Haydon & Co., Inc., Madison, Wis.; and Indianapolis Bond & Share Corp., Indianapolis, Ind.

Continental Equity Securities Corp.

March 28 filed 40,000 shares of class A common stock (par \$5) and 80,000 shares of class B common stock (par 50 cents). Price—Of class A stock, \$12.50 per share, and of class B stock, 50 cents per share. Proceeds—To increase capital and surplus. Office—Alexandria, La. Underwriter—None.

★ Controls Co. of America, Schiller Park, Ill. (7/18)

June 28 filed 325,711 shares of common stock (par \$5). Price—To be supplied by amendment. Proceeds—To selling stockholders. Underwriter—Lee Higginson Corp., A. G. Becker & Co. Inc. and Merrill Lynch, Pierce, Fenner & Beane, all of New York and Chicago.

• Cooper Tire & Rubber Co., Findlay, Ohio

June 6 filed 97,950 shares of common stock (no par) being offered for subscription by common stockholders on the basis of 1 1/4 new shares for each two shares held as of June 19, 1956 (with an oversubscription privilege); rights to expire on July 12, 1956. Price—\$10.50 per share. Proceeds—For working capital. Underwriter—Prescott & Co., Cleveland, O.

★ Copeland Refrigeration Corp. (7/23-27)

July 2 filed 125,000 shares of common stock (par \$1). Price—To be supplied by amendment. Proceeds—For capital expenditures and working capital. Underwriter—Baker, Simonds & Co., Detroit, Mich.

Crater Lake Mining & Milling Co., Inc.

March 8 (letter of notification) 575,000 shares of common stock. Price—50 cents per share. Proceeds—For mining expenses. Office—1902 East San Rafael, Colorado Springs, Colo. Underwriter—Skyline Securities, Inc., Denver, Colo.

Cullen Minerals Corp. (Texas)

March 30 (letter of notification) 300,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—To repay bank loans, and for expansion and working capital. Underwriter—Lepow Securities Corp., New York. Offering—Temporarily postponed.

Cummins Engine Co., Inc., Columbus, Ind. (7/16)

June 26 filed 100,000 shares of common stock (par \$5). Price—To be supplied by amendment. Proceeds—To certain selling stockholders. Underwriter—A. G. Becker & Co., Inc., Chicago, Ill.

Dalimid Oil & Uranium, Inc., Grand Junction, Colo.

April 16 (letter of notification) 2,700,000 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For mining expenses. Office—1730 North 7th Street, Grand Junction, Colo. Underwriter—Columbia Securities Co., Denver, Colo.

Delta Air Lines, Inc., Atlanta, Ga. (7/17)

June 19 filed 125,000 shares of common stock (par \$3). Price—To be supplied by amendment. Proceeds—For general corporate purposes. Underwriter—Courts & Co., Atlanta, Ga.

Devall Land & Marine Construction Co., Inc. (7/18)

May 16 (letter of notification) 150,000 shares of common stock (par \$1). Price—\$2 per share. Proceeds—For payments of notes, to purchase and equip three boats

Continued on page 34

NEW ISSUE CALENDAR**July 6 (Friday)**

Kay Lab Class A Common
(Shearson, Hammill & Co.) 364,280 shares
Radialite Corp. Common
(Vickers Brothers) \$299,250
Yale & Towne Manufacturing Co. Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) about 270,000 shares

July 9 (Monday)

Commercial Life Insurance Co. of Missouri Com.
(Edward D. Jones & Co.) \$275,000
Consolidated Water Co. Debentures, & Class A Stk.
(The Milwaukee Co.; Harley, Haydon & Co., Inc.; and Indianapolis Bond & Share Corp.) \$642,000
Rare Metals Corp. of America Common
(Offering to stockholders of El Paso Natural Gas Co. and Western Natural Gas Co.—to be underwritten by White, Weld & Co.) 1,400,000 shares
Wheland Corp. Debentures
(Hemphill, Noyes & Co.; Courts & Co.; and Equitable Securities Corp.) \$2,000,000
Wheland Corp. Common
(Hemphill, Noyes & Co.; Courts & Co.; and Equitable Securities Corp.) 136,000 shares

July 10 (Tuesday)

American Telephone & Telegraph Co. Debentures
(Bids 11:30 a.m. EDT) \$250,000,000
Armstrong Rubber Co. Debentures
(Reynolds & Co., Inc.) \$9,250,000
Consolidated Diesel Electric Corp. Common
(Van Alstyne, Noel & Co.) 300,000 shares
General Transistor Corp. Common
(Milton D. Blauner & Co., Inc.) \$300,000
Sperry Rand Corp. Common
(Offering to stockholders—to be underwritten by Merrill Lynch, Pierce, Fenner & Beane) 2,570,846 shares
Tennessee Gas Transmission Co. Debentures
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) \$30,000,000

July 11 (Wednesday)

Atlanta Gas Light Co. Common
(Offering to stockholders—to be underwritten by The First Boston Corp.; Courts & Co.; and The Robinson-Humphrey Co., Inc.) 88,280 shares
Boone County Coal Corp. Common
(Offering to stockholders—underwritten by Janney, Dulles & Co.) \$250,000
Kirsch Co. Common
(Crutenden & Co. and Smith, Hague, Noble & Co.) 120,000 shs.
National Research Corp. Debentures
(Paine, Webber, Jackson & Curtis) \$6,000,000
New York, Chicago & St. Louis RR. Equip. Trust Cfs.
(Bids noon EDT) \$4,020,000

Pacific Power & Light Co. Common
(Offering to stockholders—bids 11 a.m. EDT) 341,550 shares

July 12 (Thursday)

Puerto Rico Water Resources Authority Bonds
(The First Boston Corp.; Ira Haupt & Co. and B. J. Van Ingen & Co.) \$22,000,000

July 13 (Friday)

San Jacinto Petroleum Corp. Common
(Offering to stockholders—to be underwritten by White, Weld & Co.) 298,410 shares

July 16 (Monday)

California Interstate Telephone Co. Preferred
(William R. Staats & Co.) \$1,000,000
Cummins Engine Co., Inc. Common
(A. G. Becker & Co., Inc.) 100,000 shares
Mica & Minerals Corp. of America Common
(Peter Morgan & Co.) \$570,000

July 17 (Tuesday)

Altec Companies, Inc. Common
(Dean Witter & Co.) 100,000 shares
Atlantic Gas Light Co. Bonds
(Bids 11 a.m. EDT) \$5,000,000
Connecticut Water Co. Common
(Putnam & Co.) 45,000 shares
Delta Air Lines, Inc. Common
(Courts & Co.) 125,000 shares
Union Electric Co. Bonds
(Bids 11 a.m. EDT) \$40,000,000

July 18 (Wednesday)

Canadian International Growth Fund, Ltd. Com.
(Hayden, Stone & Co.) 625,000 shares
Controls Co. of America Common
(Lee Higginson Corp.; A. G. Becker & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane) 325,711 shares

Devall Land & Marine Construction Co., Inc. Com.
(Vickers Brothers) \$300,000

Kansas Power & Light Co. Common
(The First Boston Corp.) 270,000 shares

Marquardt Aircraft Co. Common
(Offering to stockholders—no underwriting) 42,000 shares

Republic Cement Corp. Common
(Vickers Brothers) \$9,650,000

Superior Oil Co. Debentures
(Dillon, Read & Co. Inc.) \$60,000,000

July 19 (Thursday)

Allis (Louis) Co. Debentures
(Robert W. Baird & Co., Inc.) \$3,000,000

Allis (Louis) Co. Common
(Offering to stockholders—to be underwritten by Robert W. Baird & Co., Inc.) 47,729 shares

Inland Steel Co. Bonds
(Kuhn, Loeb & Co.) \$50,000,000

North American Coal Corp. Common
(Dominick & Dominick and Ball, Burge & Kraus) 250,000 shs.
Stevens (J. P.) & Co., Inc. Debentures
(Goldman, Sachs & Co.) \$30,000,000

July 23 (Monday)

Champion Paper & Fibre Co. Debentures
(Goldman, Sachs & Co.) \$4,000,000

Copeland Refrigeration Corp. Common
(Baker, Simonds & Co.) 125,000 shares

July 24 (Tuesday)

Illinois Power Co. Bonds
(Bids to be invited) \$20,000,000

Leeds & Northrup Co. Common
(Smith, Barney & Co.) 115,000 shares

July 25 (Wednesday)

Food Machinery & Chemical Corp. Debentures
(Kidder, Peabody & Co.) \$30,000,000

July 30 (Monday)

Gold Seal Dairy Products Corp. Class A
(All State Securities Dealers, Inc.) \$1,000,000

July 31 (Tuesday)

Jersey Central Power & Light Co. Bonds
(Bids 11 a.m. EDT) \$10,000,000

August 1 (Wednesday)

Minerals, Inc. Common
(Gearhart & Otis, Inc.) \$3,750,000

August 14 (Tuesday)

Consumers Power Co. Bonds
(Bids 11:30 a.m. EDT) \$40,000,000

August 21 (Tuesday)

Pacific Telephone & Telegraph Co. Debentures
(Bids 8:30 a.m. PDT) \$78,000,000

August 28 (Tuesday)

Consolidated Natural Gas Co. Debentures
(Bids to be invited) \$30,000,000

August 29 (Wednesday)

New England Telephone & Telegraph Co. Com.
(Offering to stockholders—no underwriting) \$61,301,000

August 31 (Friday)

Illinois Bell Telephone Co. Common
(Offering to stockholders—no underwriting) \$58,053,100

September 11 (Tuesday)

Carolina Power & Light Co. Bonds
(Bids to be invited) \$15,000,000

September 12 (Wednesday)

Northern States Power Co. Bonds
(Bids to be invited) \$15,000,000

September 25 (Tuesday)

Virginia Electric & Power Co. Bonds
(Bids to be invited) \$20,000,000

October 1 (Monday)

Tampa Electric Co. Bonds
(Bids to be invited) \$10,000,000

October 2 (Tuesday)

Columbia Gas System, Inc. Debentures
(Bids to be invited) \$30,000,000

October 17 (Wednesday)

Ohio Power Co. Bonds
(Bids 11 a.m. EDT) \$28,000,000

Ohio Power Co. Preferred
(Bids 11 a.m. EDT) \$6,000,000

November 13 (Tuesday)

Metropolitan Edison Co. Bonds
(Bids to be invited) \$10,000,000

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and working capital. Office—1111 No. First Ave., Lake Charles, La. Underwriter—Vickers Brothers, Houston, Tex.

Doctors Oil Corp., Carrollton, Tex.

Feb. 23 filed 500,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to pay off \$13,590.80 liabilities. Underwriter—James C. McKeever & Associates, Oklahoma City, Okla.

Douglas Corp., Fort Collins, Colo.

March 26 (letter of notification) 2,997,800 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For mining expenses. Office—155 North College Ave., Fort Collins, Colo. Underwriter—Columbia Securities Co., Denver 2, Colo.

★ Eastern-Northern Explorations, Ltd., Toronto, Canada

June 4 (regulation "D") 50,000 shares of common stock (par \$1). Price—60 cents per share. Proceeds—For general corporate purposes. Underwriter—Foster-Mann, Inc., New York.

★ El Paso Natural Gas Co.

July 3 filed 250,000 shares of cumulative preferred stock (par \$100). Price—To be supplied by amendment. Proceeds—To reduce bank loans. Underwriter—White, Weld & Co., New York. Offering—Expected late in July or early August.

★ Essar Rock Products, Inc.

June 5 (letter of notification) 150,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Office—Virginia-Truckee Bldg., Carson City, Nev. Underwriter—None.

• Eureka Corp., Ltd., New York

April 30 filed 2,276,924 shares of common stock (par 25 cents-Canadian), of which 1,991,210 shares are to be offered for subscription by stockholders of record May 18, 1956 at the rate of one new share for each five shares held. The remaining 285,714 shares are to be issued to the underwriters as compensation in connection with the offering. Price—\$1.75 per share. Proceeds—To explore, develop and exploit the TL Shaft area. Underwriters—Alator, Corp., Ltd. and Ricker Petroleum & Mines, Ltd., both of Toronto, Canada. Offering—Cancelled.

★ First National Mutual Fund, Inc.

June 27 filed 50,000 shares of common stock (par \$1), of which 10,000 shares are to be offered for sale at \$10 per share to not more than 25 people, whereupon the company will declare itself an open-end investment company and change the offering price of the remaining 40,000 shares to net asset value plus a distributing charge. Investment Adviser—First National Investment Corp., San Francisco, Calif. Underwriter—First National Securities Co., same city, of which Wiley S. Killingsworth is President.

Florida Sun Life Insurance Co.

March 16 filed 32,000 shares of common stock (par \$1). Price—\$10 per share. Proceeds—To expand company's business. Office—Fort Lauderdale, Fla. Underwriter—None. Offering will be made through James C. Dean, President of company.

★ Fontana Steel Co.

June 4 (letter of notification) \$125,000 of 7% 15-year debentures and 1,250 shares of common stock (no par) to be offered in units of one \$100 debenture and one share of common stock. Price—\$130 per unit. Proceeds—For payment of accounts payable and notes payable and for working capital. Office—17190 Valley Road, Fontana, Calif. Underwriter—None.

★ Food Machinery & Chemical Corp. (7/25)

June 28 filed \$30,000,000 of sinking fund debentures due July 15, 1981. Price—To be supplied by amendment. Proceeds—To repay \$15,500,000 of promissory notes and for modernization and expansion of facilities. Underwriter—Kidder, Peabody & Co., New York.

★ Freeman Oil Co., Del Rio, Texas

June 25 (letter of notification) 150,000 shares of common stock (par \$1). Price—\$1.25 per share. Proceeds—For oil drilling expenses. Office—Del Rio Bank & Trust Bldg., Del Rio, Tex. Underwriter—None.

Gas Hills Mining and Oil, Inc.

Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). Price—25 cents per share. Proceeds—For expenses incident to mining operations. Office—Kemmerer, Wyo. Underwriter—Philip Gordon & Co., Inc., New York 6, N. Y.

General Precision Equipment Corp.

June 20 filed 59,445 shares of \$1.60 cumulative convertible preference stock (no par) and 59,445 shares of common stock (par \$1) to be offered in exchange for 5% preferred stock and common stock of Graflex, Inc. in the ratio of one-quarter share of General preference stock for each Graflex preferred share and one-quarter share of General common stock in exchange for each Graflex common share. Underwriter—None.

• General Transistor Corp. (7/10)

June 11 (letter of notification) 100,000 shares of common stock (par 25 cents). Price—\$3 per share. Proceeds—For machinery and equipment, to repay bank loan and advances and for working capital, etc. Office—130-11 90th Ave., Richmond Hill, New York City. Underwriter—Milton D. Blauner & Co., Inc., New York City.

General Uranium Corp. (N. J.), New York

Jan. 18 filed 400,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For plant facilities, survey of property and underground development. Underwriter—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

Giffen Industries, Inc.

June 18 (letter of notification) 80,000 shares of common stock (par \$2.50). Price—\$3.75 per share. Proceeds—To pay note payable. Office—4112 Aurora St., Coral Gables, Fla. Underwriter—Atwill & Co., Inc., Miami Beach, Fla.

★ Gillette Co., Boston, Mass.

June 28 filed 40,000 shares of common stock (par \$1) to be offered for sale to selected employees of the company and its subsidiaries pursuant to the company's Stock Purchase Plan.

Golden Dawn Uranium Corp., Buena Vista, Colo.

Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). Price—10 cents per share. Proceeds—For mining expenses. Underwriter—Bel-Air Securities Co., Provo, Utah.

• Gold Seal Dairy Products Corp. (7/30-8/1)

June 22 filed 200,000 shares of class A stock (par 10 cents). Price—\$5 per share. Proceeds—For expansion and to repay outstanding obligations. Office—Remsen, N. Y. Underwriter—All States Securities Dealers, Inc., New York.

★ Gordos Corp.

June 20 (letter of notification) \$40,000 5% five year convertible bonds. Proceeds—To reduce bank loans. Business—Gas filled electronic tubes and mercury switches. Office—250 Glenwood Ave., Bloomfield, N. J. Underwriter—None.

• Grain Elevator Warehouse Co.

May 28 filed \$6,302,950 of 5% convertible subordinated debentures due 1976, together with 126,059 shares of common stock (par 10 cents) being offered for subscription in units of \$50 of debentures and one common share by preferred and common stockholders of National Alfalfa Dehydrating & Milling Co. of record June 20, 1956 on the basis of one such unit for each preferred of National and one such unit for each 10 National common shares; rights to expire on July 16. Price—\$50 per unit. In exercising the subscription rights, credit will be given toward the subscription price on the basis of \$45 for each share of preferred and \$15 for each share of common stock of National tendered as a part of the subscription. Proceeds—For capital expenditures and working capital. Underwriter—None.

Gray Tool Co., Houston, Texas

May 3 (letter of notification) 3,270 shares of class B stock (no par), of which 1,000 shares are to be offered pro rata to the holders of class A stock and 2,270 shares are offered to employees of the company. Price—\$50 per share. Proceeds—For working capital. Office—6102 Harrisburg Blvd., Houston, Tex. Underwriter—None.

Growers Container Corp., Salinas, Calif.

May 28 filed 600,000 shares of common stock (par \$1) to be offered primarily to individuals and firms who are engaged in or closely allied to the growing and shipping industry. Price—\$3 per share. Proceeds—For working capital, capital expenditures and other corporate purposes. Underwriter—None.

Guaranty Income Life Insurance Co.

Dec. 30 (letter of notification) 24,000 shares of capital stock (par \$5) to be offered first to stockholders; then policyholders and the public. Price—\$10 per share. Proceeds—For working capital. Address—P. O. Box 2231, Baton Rouge, La. Underwriter—None.

Gunkelman (R. F.) & Sons, Fargo, N. D.

May 25 (letter of notification) 1,800 shares of 5% cumulative preferred stock (par \$100). Price—\$98 per share. Proceeds—For expenses incident to commercial grain business. Underwriter—W. R. Olson Co., Fargo, N. D.

Hard Rock Mining Co., Pittsburgh, Pa.

Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—To purchase machinery and equipment and for working capital. Office—377 McKee Place, Pittsburgh, Pa. Underwriter—Graham & Co., Pittsburgh, Pa.

★ Hardware Wholesalers, Inc.

June 25 (letter of notification) 2,200 shares of common stock (par \$50). Price—\$1,000 per unit (each unit consisting of 20 shares). Proceeds—To purchase and carry increase inventories. Office—Nelson Road, Fort Wayne, Ind. Underwriter—None.

Hidden Dome Exploration Co., Inc.

May 15 (letter of notification) 3,000,000 shares of capital stock. Price—At par (10 cents per share). Proceeds—For the development of oil and gas properties. Office—219 E. Fremont Ave., Las Vegas, Nev. Underwriter—National Securities Co., Las Vegas, Nev.

Hill & Hill 1956 Oil Exploration Capital Fund

March 13 filed \$450,000 of participations in this Fund to be offered for public sale in minimum units of \$15,000. Proceeds—For payment of various property and exploratory well costs and expenses. Business—George P. Hill and Houston Hill are engaged in exploration for and production of oil and gas as a joint venture. Office—Fort Worth, Tex. Underwriters—William D. McCabe and E. S. Emerson, South Texas Bldg., San Antonio, Tex.

Hiskey Uranium Corp.

May 31 filed 500,000 shares of common stock (par 30 cents). Price—\$1 per share. Proceeds—For drilling expenses, purchase of properties and working capital. Offices—Las Vegas, Nev., and Salt Lake City, Utah. Underwriter—Ackerson-Hackett Investment Co., Reno, Nev.

Holden Mining Co., Winterhaven, Calif.

April 13 (letter of notification) 250,000 shares of capital stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Address—P. O. Box 308, Winterhaven, Calif. Underwriter—Arthur B. Hogan, Inc., Hollywood, Calif.

Hometrust Corp., Inc., Montgomery, Ala.

Jan. 5 filed 125,000 shares of common stock (par \$1). Price—\$5 per share. Proceeds—To expand operations of subsidiary and increase investment therein. Underwriter—None.

Idaho-Alta Metals Corp.

March 7 (letter of notification) 120,000 shares of common stock (par 10 cents). Price—\$1.50 per share. Proceeds—For exploration and development expenses. Underwriter—Fenner Corp. (formerly Fenner-Streitman & Co.), New York.

Ideal-Aerosmith, Inc., Hawthorne, Calif.

Dec. 16 (letter of notification) 150,000 shares of capital stock (par \$1). Price—\$2 per share. Proceeds—For equipment, machinery, inventory, etc. Office—12909 So. Cerise Ave., Hawthorne, Calif. Underwriter—Samuel B. Franklin & Co., Los Angeles, Calif.

Illinois Power Co. (7/24)

June 27 filed \$2,000,000 first mortgage bonds due 1986. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman, Ripley & Co. Inc. and Glorie, Forgan & Co. (jointly); Union Securities Corp. Bids—Expected to be received on July 24.

Industrial Minerals Development Corp.

March 7 (letter of notification) 1,000,000 shares of common stock. Price—Five cents per share. Proceeds—For development and working capital. Office—Moab, Utah. Underwriter—I. J. Schenin Co., New York.

• Inglewood Gasoline Co.

May 18 (letter of notification) 175,725.9 shares of capital stock (par 50 cents) being first offered to stockholders of record June 30 on a 1½-for-1 basis (with an over-subscription privilege); rights to expire in days. Price—\$1.70 per share. Proceeds—For construction of an absorption type gasoline plant. Office—11950 San Vincente Blvd., Suite 207, Los Angeles 49, Calif. Underwriter—Bennett & Co., Hollywood 28, Calif.

★ Inland Steel Co., Chicago, Ill. (7/19)

June 29 filed \$50,000,000 of first mortgage bonds, series J, due July 1, 1981. Price—To be supplied by amendment. Proceeds—For expansion program. Underwriter—Kuhn, Loeb & Co., New York.

Insulated Circuits, Inc., Belleville, N. J.

Nov. 10 filed 100,000 shares of 6% convertible preferred stock (cumulative if and to the extent earned). Price—At par (\$5 per share). Proceeds—For general corporate purposes. Underwriter—Alexander Watt & Co., Inc., has withdrawn as underwriter; new one to be named.

★ Insurance City Life Co., Hartford, Conn.

June 28 (letter of notification) 15,805 shares of capital stock (par \$10) to be offered for subscription by stockholders of record June 8, 1956 on the basis of one new share for each share held. Price—\$16 per share. Proceeds—For capital stock and surplus. Office—750 Main St., Hartford, Conn. Underwriter—Putnam & Co., Hartford, Conn.

• Interlake Iron Corp.

June 4 filed 80,561 shares of common stock (no par) to be offered in exchange for common stock of Globe Metallurgical Corp. at the rate of 0.4666% of one share for each Globe share. Offer to expire on July 20, 1956, unless extended. Statement effective June 28.

International Basic Metals, Inc.

Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). Price—25 cents per share. Proceeds—For mining expenses. Office—155 West South Temple St., Salt Lake City, Utah. Underwriter—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Plastic Industries Corp.

Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). Price—\$2 per share. Proceeds—For advances to Arliss Co., Inc. for purchase of equipment, etc. Office—369-375 DeKalb Ave., Brooklyn 5, N. Y. Underwriter—Kamen & Co., New York.

Isthmus Steamship & Salvage Co., Inc.

May 4 (letter of notification) 100,000 shares of common stock (par 10 cents). Price—\$3 per share. Proceeds—For working capital and for purchase of a ship and equipment. Office—1214 Ainsley Bldg., Miami, Fla. Underwriter—Foster-Mann, Inc., New York, N. Y.

Israel-Mediterranean Petroleum, Inc. (Panama)

May 29 filed American voting trust certificates for 1,430,000 shares of common stock (par one cent), of which 1,000,000 certificates are to be offered for public sale, 180,000 shares and certificates therefor are subject to options and 250,000 shares and certificates therefor are to be offered for sale outside of the United States. Price—To be the market price on the American Stock Exchange. Proceeds—For carrying out the exploratory drilling and development of presently licensed acreage, operations and expenses of the company, and acquisition, exploration and development of additional acreage. Underwriter—H. Kook & Co., Inc., New York.

★ Jersev Central Power & Light Co. (7/31)

July 2 filed \$10,000,000 first mortgage bonds due 1986. Proceeds—To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros.

& Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated. Bids—Expected to be received up to 11 a.m. (EDT) on July 31 at the offices of General Public Utilities Corp., 67 Broad St., New York, N. Y.

★ **John Marshall Life Insurance Co.**

June 28 (letter of notification) 59,000 shares of common stock (par \$1). Price—\$4 per share. Proceeds—For operating capital and surplus. Office—1001 South 22nd St., Birmingham, Ala. Underwriter—None.

★ **Jurassic Minerals, Inc., Cortez, Colo.**

Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). Price—10 cents per share. Proceeds—For expenses incident to mining activities. Office—326 West Montezuma St., Cortez, Colo. Underwriter—Bay Securities Corp., New York, New York.

★ **Kansas Power & Light Co. (7/18)**

June 25 filed 270,000 shares of common stock (par \$8.75). Price—To be supplied by amendment. Proceeds—To repay bank loans and for new construction. Underwriter—The First Boston Corp., New York.

★ **Kay Lab, San Diego, Calif. (7/6)**

May 23 filed 364,280 shares of class A common stock (par \$1), of which 307,400 shares are to be offered to the public and 56,880 shares to certain stockholders. Price—To be supplied by amendment. Proceeds—\$2,455,361 to be applied to the repayment of notes and bank loans; \$343,700 to pay accounts payable and commissions payable; and the balance of approximately \$200,000 to be added initially to working capital to be used for general corporate purposes. Underwriter—Shearson, Hammill & Co., New York, and Los Angeles, Calif.

★ **Kirsch Co., Sturgis, Mich. (7/11)**

June 21 filed 120,000 shares of common stock (par \$5). Price—To be supplied by amendment. Proceeds—To selling stockholders. Business—Drapery hardware. Underwriters—Cruttenden & Co., Chicago, Ill.; and Smith, Hague, Noble & Co., Detroit, Mich.

★ **Knox Corp., Thomson, Ga.**

June 20 filed 150,000 shares of class A common stock (par \$1). Price—To be supplied by amendment (expected at \$4 per share). Proceeds—To pay loans from banks and factors; and for working capital and other corporate purposes. Business—Prefabricated homes, house trailers and lumber. Underwriter—Ira Haupt & Co., New York.

★ **Kropp Forge Co.**

June 4 (letter of notification) 18,804 shares of common stock (par 33½ cents). Price—At market (estimated at \$3.50 per share). Proceeds—To selling stockholder. Underwriter—Sincere & Co., Chicago, Ill.

★ **Lakeside Monarch Mining Co.**

June 20 (letter of notification) an undetermined number of shares of common stock (par 40 cents). Proceeds—For mining expenses. Office—Uranium Bldg., Moab, Utah. Underwriter—None.

★ **Lampar Co., Dallas, Texas**

June 28 (letter of notification) 100,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For inventory; financing of accounts receivable; expansion; purchase of raw materials; and working capital. Office—2727 W. Mockingbird Lane, Dallas, Tex. Underwriter—None.

★ **Lawyers Mortgage & Title Co.**

May 11 (letter of notification) 133,000 shares of common stock (par 65 cents). Price—\$1.50 per share. Proceeds—For working capital. Office—115 Broadway, New York 6, N. Y. Underwriter—None.

★ **Lay (H. W.) & Co., Inc.**

May 25 filed 200,000 shares of class A common stock (par 50 cents), of which 149,000 shares are to be offered by the company and 51,000 shares for account of certain selling stockholders. Price—\$5.75 per share. Proceeds—To repay \$300,000 of bank loans, retire 7,879 shares of 5.2% cumulative convertible preferred stock, and for working capital. Business—Produces food products. Office—Chamblee, Ga. Underwriter—Johnson, Lane, Space & Co., Inc., Savannah, Ga.

★ **Leeds & Northrup Co., Philadelphia, Pa. (7/24)**

June 28 filed 115,000 shares of common stock (par 50 cents), of which 100,000 shares are to be offered to the public and 15,000 shares to employees. Price—To be supplied by amendment. Proceeds—To reduce short-term bank loans and for general corporate purposes. Underwriter—Smith, Barney & Co., New York. Meeting—Stockholders on July 23 will vote on the proposed two-for-one split of the present \$1 par shares.

★ **Lester Engineering Co., Cleveland, Ohio**

Feb. 24 (letter of notification) 37,500 shares of common stock (par \$1) to be offered for subscription by common stockholders of record March 1, 1956 on the basis of one new share for each 4¼ shares held. Of the unsubscribed portion, up to 7,500 shares are to be offered to employees. Price—\$8 per share. Proceeds—For general corporate purposes. Office—2711 Church Ave., Cleveland, Ohio. Underwriter—None.

★ **Lewisohn Copper Corp.**

March 30 filed 100,000 shares of common stock (par 10 cents). Price—To be supplied by amendment. Proceeds—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. Office—Tucson, Ariz. Underwriter—George F. Breen, New York. Offering—Postponed.

★ **Lithium Developments, Inc., Cleveland, Ohio**

June 21 filed 600,000 shares of common stock (par 10 cents), of which 600,000 shares are to be sold for account of the company and 90,000 shares for selling stockholders. Price—\$1 per share, by amendment. Proceeds—

—For exploration and development and other general corporate purposes. Underwriter—George A. Searight, New York City.

★ **Lone Star Fund, Dallas, Texas**

June 1 filed 125,000 shares of Balanced Income Series; 125,000 shares of Insurance Growth Series; and 125,000 shares of Industrial Growth Series. Price—At market. Proceeds—For investment. Underwriter—All States Management Co., Dallas, Texas.

★ **Long Island Lighting Co.**

April 5 filed 120,000 shares of cumulative preferred stock, series G (par \$100). Price—To be supplied by amendment. Proceeds—To repay bank loans. Underwriters—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York. Offering—Postponed because of present unsatisfactory market conditions.

★ **Los Angeles Airways, Inc., Los Angeles, Calif.**

April 23 (letter of notification) 645 shares of common stock (par \$10). Price—\$54 per share. Proceeds—To Clarence M. Belinn, the selling stockholder. Office—5901 West Imperial Highway, Los Angeles 49, Calif. Underwriter—Dean Witter & Co., Los Angeles, Calif.

★ **Lost Canyon Uranium & Oil Co.**

Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). Price—10 cents per share. Proceeds—For expenses incident to mining operations. Office—Simms Bldg., Albuquerque, N. M. Underwriter—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

★ **Lumberman's Investment & Mortgage Co.**

May 2 filed 50,000 shares of common stock (par \$10). Price—\$12 per share. Proceeds—For working capital and general corporate purposes. Office—Denver, Colo. Underwriter—None.

★ **Magdalena Mining & Milling Co.**

June 26 (letter of notification) 50,000 shares of preferred stock (par \$4) and 50,000 shares of common stock (par \$1). Price—\$4 per share for preferred (with one share of common as a bonus). Proceeds—For mining expenses. Office—2040 South Navajo St., Denver Co. Underwriter—None.

★ **Malco Exploration Co., Inc.**

June 22 (letter of notification) 50,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Office—2010-C 24th St., Los Alamos, N. M. Underwriter—Malcolm I. Cole, Los Alamos, N. M.

★ **Mammoth Milling & Uranium Co., Inc.**

May 11 (letter of notification) 3,000,000 shares of capital stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Office—205 Carlson Bldg., Pocatello, Idaho. Underwriter—Columbia Securities Co., Inc. of California, Beverly Hills, Calif.

★ **Manufacturers Cutter Corp.**

Oct. 18 (letter of notification) 300,000 shares of class A common stock. Price—At par (\$1 per share). Proceeds—To repay loans, and for new equipment and working capital. Business—Cutting tools. Office—275 Jefferson St., Newark, N. J. Underwriter—Paul C. Ferguson & Co., same city.

★ **Marquardt Aircraft Co., Van Nuys, Calif. (7/18)**

June 25 filed 42,000 shares of capital stock (par \$1) to be offered for subscription by stockholders of record about July 18 on a pro rata basis; rights to expire on or about Aug. 7. Price—To be supplied by amendment. Proceeds—From sale of stock, together with funds from private placement of \$2,000,000 of first mortgage 5¼% bonds, for capital improvement, equipment and general corporate purposes. Underwriter—None. Unsubscribed shares will be bought by Olin Mathieson Chemical Corp., and Laurence S. Rockefeller, the two principal stockholders.

★ **Mica & Minerals Corp. of America (7/16)**

June 13 filed 570,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—To repayment of loans, to exercise option to purchase property now under lease, for construction of a plant, and for further exploration, working capital and other general corporate purposes. Office—Wilmington, Del. Underwriter—Peter Morgan & Co., New York.

★ **Michigan Wisconsin Pipe Line Co.**

July 2 filed \$25,000,000 of first mortgage pipe line bonds due 1976. Proceeds—To pay off short term bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Hariman Ripley & Co., Inc.; Blyth & Co., Inc. Bids—Expected at end of month.

★ **Mid-Continent Uranium Corp.**

May 31 (letter of notification) 100,000 shares of common stock (par one cent). Price—50 cents per share. Proceeds—For mining expenses. Office—728 Symes Bldg., Denver 2, Colo. Underwriter—General Investing Corp., New York, N. Y.

★ **Midland General Hospital, Inc., Bronx, N. Y.**

Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of \$6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, \$2,700,000. Price—\$100 per share. Proceeds—For construction, working capital, reserve, etc. Underwriter—None.

★ **Minerals, Inc., New York (8/1)**

June 22 filed 2,500,000 shares of common stock (par one cent). Price—\$1.50 per share. Proceeds—To acquire for \$2,400,000 the Chavin lead-zinc-copper-silver mine located in South Central Peru, and for general corporate purposes. Underwriter—Gearhart & Otis, Inc., New York.

★ **Mission Appliance Corp. of Mississippi.**

April 23 (letter of notification) 7,475 shares of preferred stock (par \$20) and 29,900 shares of common stock (par \$5) to be offered in units of one preferred and four common shares. Price—\$40 per unit. Proceeds—For purchase of machinery and equipment. Office—New Albany, Miss. Underwriter—Lewis & Co., Jackson, Miss.

★ **Modern Pioneers' Life Insurance Co.**

May 24 (letter of notification) \$300,000 of trust fund certificates. Price—At par (\$2 per unit). Proceeds—To provide capital and surplus funds for the activation of this insurance company. Underwriter—Arizona Mutual Benefit Insurance Co., Phoenix, Ariz.

★ **Mohawk Silica Co., Cincinnati, Ohio**

March 23 (letter of notification) 3,000 shares of 8% cumulative convertible preferred stock (par \$50) and 3,000 shares of common stock (no par) to be offered in units of one share of preferred and one share of common. Price—\$60 per unit. Proceeds—For mining expenses and processing silica. Office—2508 Auburn Ave., Cincinnati, Ohio. Underwriter—None.

★ **Montana Drilling & Mining Corp.**

June 25 (letter of notification) 500,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Office—Power Block, Helena, Mont. Underwriter—None.

★ **Mormon Trail Mining Corp., Salt Lake City, Utah**

Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). Price—10 cents per share. Proceeds—For mining expenses. Office—223 Phillips Petroleum Bldg., Salt Lake City, Utah. Underwriter—Frontier Investment, Inc., Las Vegas, Nev.

★ **Naptunalia Seaford Co., Thunderbolt, Ga.**

June 22 (letter of notification) 75,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For working capital and to construct and equip a processing plant. Underwriter—None.

★ **Nash Finch Co.**

June 7 (letter of notification) 1,000 shares of common stock (par \$10). Price—At market (estimated at \$18.50 per share). Proceeds—To selling stockholder. Underwriter—J. M. Dain & Co., Inc., Minneapolis, Minn.

★ **National By-Products, Inc.**

June 19 (letter of notification) 2,000 shares of common stock (par \$1). Price—\$5 per share. Proceeds—To pay Federal estate taxes. Office—800 Bankers Trust Bldg., Des Moines, Iowa. Underwriter—T. C. Henderson & Co., Inc., Des Moines, Iowa.

★ **National Consolidated Mining Corp.**

May 9 (letter of notification) 87,000 shares of common stock (par one cent). Price—\$3 per share. Proceeds—For mining expenses. Address—Salida, Colo. Underwriter—Pummill Enterprises, Houston, Tex.

★ **National Lithium Corp., Denver, Colo.**

Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). Price—\$1 per share. Proceeds—For mining expenses. Office—556 Denver Club Bldg., Denver, Colo. Underwriter—Investment Service Co., same city.

★ **National Metallizing Corp.**

March 5 (letter of notification) 24,000 shares of Class A stock (par \$1) and 40,000 shares of Class B stock (par \$1) to be offered for subscription by Class A and Class B stockholders of record Feb. 1, 1956 on a 1-for-4 basis. Price—\$2 per share. Proceeds—For vacuum metallizing, conditioning, slitting and inspection machinery. Office—1145-19th St., N. W., Washington, D. C. Underwriter—None.

★ **National Old Line Insurance Co.**

Nov. 15 filed 50,000 shares of class A common stock (par \$2) and 50,000 shares of class B common stock (par \$2). Price—To be supplied by amendment. Proceeds—To selling stockholders. Office—Little Rock, Ark. Underwriter—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. Offering—Indefinitely postponed.

★ **National Research Corp. (7/11-12)**

June 21 filed \$6,000,000 of convertible subordinated debentures due July 1, 1976. Price—100% of principal amount. Proceeds—\$3,000,000 in payments of capital stock of NRC Metals Corp., a wholly-owned subsidiary; for advances to said subsidiary and for general corporate purposes. Business—Scientific research and the commercial development of the results obtained. Office—Cambridge, Mass. Underwriter—Paine, Webber, Jackson & Curtis, Boston, Mass., and New York, N. Y.

★ **Niagara Uranium Corp., Salt Lake City, Utah**

April 3 (letter of notification) 2,400,000 shares of common stock (par 3¼ cents). Price—10 cents per share. Proceeds—For mining expenses. Office—345 South State St., Salt Lake City, Utah. Underwriter—Birkenmayer & Co., Denver, Colo.

★ **Nicholson (W. H.) & Co., Wilkes-Barre, Pa.**

Jan. 16 filed 20,000 shares of common stock (par \$5). Price—\$25 per share. Proceeds—For working capital. Underwriter—None. A. E. Nicholson Jr. of Kingston, Pa. is President.

★ **North American Coal Corp. (7/19)**

June 25 filed 250,000 shares of common stock (par \$1). Price—To be supplied by amendment. Proceeds—For mining machinery and working capital. Office—Cleveland, Ohio. Underwriters—Dominick & Dominick, New York; and Ball, Burge & Kraus, Cleveland, Ohio.

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Oak Mineral & Oil Corp., Farmington, N. M.
Nov. 8 (letter of notification) 2,000,000 shares of common stock (par five cents). Price—15 cents per share. Proceeds—For exploration and development and other general corporate purposes. Underwriter—Philip Gordon & Co., New York.

★ **Oceanium, Inc.**
June 26 (letter of notification) 25,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Office—1035 S. W. Fifth, Portland, Ore. Underwriter—None.

Pacific Finance Corp. (Calif.)
April 10 filed \$25,000,000 of debentures due 1971. Price—To be supplied by amendment. Proceeds—For reduction of short-term bank loans. Underwriters—Blyth & Co., Inc., and Hornblower & Weeks. Offering—Indefinitely postponed.

Pacific Power & Light Co. (7/11)
June 7 filed 341,550 shares of common stock (par \$6.50) to be offered for subscription by common stockholders of record July 11, 1956 at the rate of one additional share for each 10 shares then held; rights to expire on Aug. 2, 1956. Price—To be set by board of directors. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Lehman Brothers, Union Securities Corp., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Kidder, Peabody & Co. Bids—To be received up to 11 a.m. (EDT) on July 11 at Room 2033, Two Rector St., New York 6, N. Y.

Pan-Israel Oil Co., Inc. (Panama)
May 29 filed American voting trust certificates for 1,430,000 shares of common stock (par one cent), of which 1,000,000 certificates are to be offered for public sale, 180,000 shares and certificates therefor are subject to options and 25,000 shares and certificates therefor are to be offered for sale outside of the United States. Price—To be the market price on the American Stock Exchange. Proceeds—For exploration, drilling and development of oil and gas acreage in Israel. Underwriter—H. Kook & Co., Inc., New York.

Pinellas Industries, Inc., St. Petersburg, Fla.
Feb. 16 (letter of notification) 8,000 shares of class A common stock (par \$1). Price—At the market (maximum \$6). Proceeds—For working capital. Office—34th St. & 22nd Ave., North, St. Petersburg, Fla. Underwriter—Eisele & King, Libaire, Stout & Co., New York.

★ **Porter-Cable Machine Co.**
June 14 (letter of notification) 15,000 shares of common stock (par \$10) to be offered for subscription by stockholders of record June 20 at rate of one new share for each 14 shares held. Price—\$18.75 per share to stockholders; \$20 per share to public. Proceeds—For working capital and expansion program. Office—1714 No. Salina St., Syracuse, N. Y. Underwriter—George D. B. Bonbright & Co., Rochester, N. Y.

★ **Procter & Gamble Co.**
June 29 filed 300,000 shares of common stock (par \$2) to be offered for sale to certain employees pursuant to the company's Stock Option Plan.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). Price—Five cents per share. Proceeds—For mining expenses. Underwriter—Skyline Securities, Inc., Denver 2, Colo.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Office—573 Mill St., Reno, Nev. Underwriter—Utility Investments, Inc., Reno, Nev.

★ **Radalite Corp. (7/6)**
June 8 (letter of notification) 171,000 shares of capital stock (par 10 cents). Price—\$1.75 per share. Proceeds—To pay obligations, to buy equipment and inventory, and for working capital. Business—Manufacture and sale of color-illuminated interchangeable letter Radalite sign. Office—41-18 38th St., Long Island City, N. Y. Underwriter—Vickers Brothers, New York.

Radium Hill Uranium, Inc., Montrose, Colo.
June 14 (letter of notification) an undetermined number of shares of common stock which when sold at the market will bring in an aggregate amount of \$42,500. Proceeds—For mining expenses. Office—Bryant Bldg., Montrose, Colo. Underwriter—Shaiman & Co., Denver, Colo.

★ **Rare Metals Corp. of America (7/9-20)**
June 15 filed 1,400,000 shares of capital stock (par \$1) to be offered for subscription by common stockholders of El Paso Natural Gas Co. and Western Natural Gas Co. on the basis of one share of Rare Metals stock for each five shares or portion thereof of El Paso common stock and one share of Rare Metals stock for each 11 shares or portion thereof of Western Natural Gas Co. common stock. The offering is expected to be made during a two-week period commencing in July. Price—To be supplied by amendment. Proceeds—\$1,250,000 to be used to pay outstanding 4% short-term notes and the then outstanding 3½% and 3¾% subordinated notes of El Paso and Western. The remainder will be used to pay for exploration, acquisition and development of mining and milling properties and for working capital. Underwriter—White, Weld & Co., New York.

Rea (J. B.) Co., Inc., Santa Monica, Calif.
May 29 (letter of notification) 50,000 shares of common stock (par \$5) per share. Price—\$6 per share. Proceeds—For inventory and working capital. Office—1723 Cloverfield Blvd., Santa Monica, Calif. Underwriter—Shearson, Hammill & Co., Beverly Hills, Calif.

Reinsurance Investment Corp., Birmingham, Ala.
May 25 filed 2,985,000 shares of common stock, of which 2,485,000 shares are to be offered to public and 500,000 shares are to be reserved on exercise of options to be granted to employees of company. Price—To public, \$2 per share. Proceeds—The first \$3,000,000 will be used to purchase or organize a legal reserve life insurance company to be known as the "Reinsurance Company of the South"; the remainder will be used for other corporate purposes. Underwriter—Luna, Matthews & Waites.

Reno Hacienda, Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. Price—At par (\$1 per share). Proceeds—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. Underwriter—Wilson & Bayley Investment Co.

Republic Cement Corp., Prescott, Ariz. (7/18)
April 20 filed 965,000 shares of capital stock. Price—\$10 per share. Proceeds—For construction of plant, working capital and general corporate purposes. Underwriter—Vickers Brothers, New York.

Rogovin Industries, Ltd. (New York)
June 4 filed 75,000 shares of common stock (par \$100) and \$7,500,000 of 20-year 3% debentures due May 1, 1976. This includes 5,000 common shares and \$500,000 of debentures to be received by Beaunit Mills, Inc. in payment for rights to manufacture viscose rayon yarns. Price—At par or principal amount. Proceeds—For capital expenditures, working capital and other corporate purposes. Underwriter—None.

★ **San Jacinto Petroleum Corp. (7/13)**
June 20 filed 298,410 shares of common stock (par \$1) to be offered for subscription by common stockholders of record July 12 on the basis of one new share for each four shares held; rights to expire on July 23. Price—To be supplied by amendment. Proceeds—To discharge certain obligations and for general corporate purposes. Office—Houston, Tex. Underwriter—White, Weld & Co., New York.

Schwartz Carbonic Co., El Paso, Texas
Feb. 27 (letter of notification) 30,700 shares of common stock to be offered for subscription by stockholders on basis of 0.6158 new share for each common share held. Price—\$7.50 per share. Proceeds—For expenses incident to manufacturing and sales of carbon dioxide. Office—1600 East Eleventh St., El Paso, Tex. Underwriter—None.

Security Casualty Insurance Co.
May 10 (letter of notification) 30,000 shares of common stock (par 30 cents) and 90,000 shares of participating preferred stock (par 50 cents) to be offered in units of one share of common and three shares of preferred stock. Price—\$4 per unit. Proceeds—For working capital, etc. Office—257 Josephine St., Denver, Colo. Underwriter—Intermountain Securities, Inc., Denver, Colo.

Shangrila Uranium Corp.
Dec. 30 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Underwriter—Western States Investment Co., Tulsa, Okla.

Sierra Pacific Power Co.
June 1 filed 62,576 shares of common stock (par \$7.50) being offered for subscription by common stockholders of record June 21, 1956 at the rate of one new share for each ten shares then held (with an oversubscription privilege); rights to expire on July 6, 1956. Price—\$20 per share. Proceeds—To repay bank loans made for construction purposes. Underwriters—Stone & Webster Securities Corp. and Dean Witter & Co. (jointly).

Skiatron Electronics & Television Corp.
March 18 filed 470,000 shares of common stock (par 10 cents). Price—At the market. Proceeds—To selling stockholders. Underwriter—None.

Sonic Research Corp.
June 20 (letter of notification) 90,000 shares of common stock (par \$1). Price—\$2 per share. Proceeds—For cost of negotiating additional license agreements and the demonstration of equipment to be licensed. Office—15 Chardon St., Boston, Mass. Underwriter—Jackson & Co., Inc., Boston, Mass.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. Price—\$10 per share. Proceeds—For expenses incident to development of oil and gas properties. Office—801 Washington Bldg., Washington, D. C. Underwriter—None.

Southwestern Resources, Inc., Santa Fe, N. M.
June 8 filed 1,000,000 shares of common stock (par 25 cents). Price—\$5 per share. Proceeds—To exercise options, purchase additional properties and for general corporate purposes. Underwriter—Southwestern Securities Co., Dallas, Texas.

Sperry Rand Corp. (7/10)
June 14 filed 2,570,846 shares of common stock (par 50 cents) to be offered for subscription by common stockholders of record July 9, 1956, on the basis of one new share for each 10 shares held; rights to expire on July 25, 1956. Price—To be supplied by amendment. Proceeds—To reduce bank loans and for capital expenditures. Underwriters—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

★ **Stevens (J. P.) & Co., Inc., New York (7/19)**
June 28 filed \$30,000,000 of debentures due July 1, 1981. Price—To be supplied by amendment. Proceeds—To reduce short-term loans, to retire \$950,000 of 4¾% first mortgage bonds and \$368,679 of 6% preferred stock of subsidiaries. Underwriter—Goldman, Sachs & Co., New York.

Strategic Metals, Inc., Tungstenia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. Price—25 cents per share. Proceeds—For expenses incident to mining operations. Underwriter—R. Reynolds & Co., Salt Lake City, Utah.

Suburban Land Developers, Inc., Spokane, Wash.
Feb. 2 (letter of notification) 920 shares of 6% cumulative non-voting preferred stock (\$100 per share) and 2,160 shares of common stock (par \$10). Price—Of preferred, \$100 per share; and of common, \$15 per share. Proceeds—For improvements and working capital. Office—909 West Sprague Ave., Spokane, Wash. Underwriter—W. T. Anderson & Co., Inc., Spokane, Wash.

Sun Oil Co., Philadelphia, Pa.
April 18 filed 229,300 shares of common stock. Price—At the market. Proceeds—To selling stockholders. Underwriter—None.

★ **Supercrete, Ltd., St. Boniface, Manitoba, Canada**
June 28 filed 245,000 shares of common stock (par 25 cents). Price—To be supplied by amendment. Proceeds—Approximately \$675,000 for acquisition of stock of Thomas Jackson & Sons, Ltd. and repayment of advances to Supercrete by John Jackson; approximately \$200,000 for expansion of production facilities; \$90,000 for payment of term bank loans; and approximately for working capital. Business—Manufacturer of concrete building blocks, concrete pipe, pre-cast and prestressed concrete building products, and other items. Underwriter—Straus, Blosser & McDowell, Chicago, Ill.

★ **Superior Oil Co., Los Angeles, Calif. (7/18-19)**
June 28 filed \$60,000,000 of debentures due July 1, 1981. Price—To be supplied by amendment. Proceeds—\$14,260,000 to purchase and retire the 2¾% debentures now outstanding, and \$40,000,000 will be used to prepay outstanding bank loans; also for construction of new building. Underwriter—Dillon, Read & Co. Inc., New York.

Sweet Corp. (Utah)
May 7 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Office—Continental Bank Bldg., Salt Lake City, Utah. Underwriter—Coltharp Investment Inc., Salt Lake City, Utah.

Target Uranium Corp., Spokane, Wash.
March 1 (letter of notification) 1,000,000 shares of common stock (par five cents). Price—20 cents per share. Proceeds—For mining expenses. Office—422 Paulsen Bldg., Spokane, Wash. Underwriters—Percy Dale Lanphere and Kenneth Miller Howser, both of Spokane, Wash.

Tennessee Gas Transmission Co. (7/10)
June 15 filed \$30,000,000 of debentures due Jan. 1, 1977. Price—To be supplied by amendment. Proceeds—Toward payment of outstanding short-term notes issued under the Revolving Credit Agreement. Underwriters—Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc., all of New York.

Teton Oil & Minerals Co.
May 29 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For mining and drilling expenses. Office—750 Equitable Bldg., Denver, Colo. Underwriter—Columbia Securities Co., Denver, Colo.

Tipton County Utilities Co., Inc.
June 21 (letter of notification) \$115,500 of 5½% first mortgage bonds dated Jan. 1, 1956 and due 1958-1980, inclusive. Price—100% and accrued interest. Proceeds—For construction program. Office—Dyersburg, Tenn. Underwriter—The First of Arizona Co., Phoenix, Ariz.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For working capital and general corporate purposes. Office—381 Fourth Ave., New York, N. Y. Underwriter—Federal Investment Co., Washington, D. C.

★ **Trylon Chemicals, Inc., Lock Haven, Pa.**
June 25 (letter of notification) 4,500 shares of common stock (no par). Price—\$10 per share. Proceeds—For working capital. Underwriter—None.

★ **Tull (T. M.) Metal & Supply, Inc.**
June 26 (letter of notification) 4,700 shares of common stock (par \$10). Price—\$60 per share. Proceeds—For working capital. Office—285 Marietta St., N. W., Atlanta, Ga. Underwriter—None.

U-Kan Minerals, Inc., Topeka, Kansas
June 19 (letter of notification) 599,600 shares of common stock (par 10 cents). Price—50 cents per share. Proceeds—For mining expenses. Office—204 Central Bldg., Topeka, Kan. Underwriter—E. R. Bell Co., Kansas City, Mo.

Union Chemical & Materials Corp.
May 25 filed 200,000 shares of common stock (par \$10). Price—To be supplied by amendment. Proceeds—To selling stockholders. Office—Chicago, Ill. Underwriters—Allen & Co., Bache & Co. and Reynolds & Co., Inc., all of New York. Offering—Temporarily postponed.

Union Electric Co., St. Louis, Mo. (7/17)
June 18 filed \$40,000,000 of first mortgage bonds due July 1, 1986. Proceeds—To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EDT) on July 17.

Union Tank Car Co.
June 4 filed 335,714 shares of capital stock (no par) being offered for subscription by stockholders of record June 22, 1956 on the basis of one new share for each seven

shares held; rights to expire on July 9, 1956. Price—\$29 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—Smith, Barney & Co., New York, and Blunt Ellis & Simmons, Chicago, Ill.

Union of Texas Oil Co., Houston, Texas

Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). Price—\$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office**—San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas.

U. S. Fiberglass Industrial Plastics, Inc.

March 19 (letter of notification) 150,000 shares of convertible preferred stock (par \$1) and 30,000 shares of common stock (par 10 cents) to be offered in units of five shares of preferred stock and one share of common stock first to stockholders. Price—To stockholders, \$9 per unit; and to public, \$10 per unit. **Proceeds**—For capital improvements and general corporate purposes. **Office**—Norwood, N. J. **Underwriter**—None.

United States Life Insurance Co. of N. Y.

June 1 filed 650,064 shares of capital stock (par \$2), of which 100,000 shares are being offered by the company for subscription by stockholders of record June 7, 1956 at the rate of one new share for each 10 shares then held; subscription warrants will expire at 3:30 p.m. (EDT) on July 9, 1956 (of the 100,000 shares, the Continental companies have agreed not to exercise their subscription warrants which total 75,006 shares). Of the remaining 550,064 shares which are presently outstanding, 310,476 shares are to be sold for the account of Continental Casualty Co. and 239,588 shares for the account of Continental Assurance Co. Continental Casualty is the owner of 510,476 shares (51.047%) and Continental Assurance Co. 240,000 shares (24%) of the outstanding United States Life Insurance Co. stock. Price—\$26 per share. **Proceeds**—To company, to be invested in income producing securities. **Underwriters**—William Blair & Co., Chicago, Ill.; and The First Boston Corp. and Carl M. Loeb, Rhoades & Co., both of New York.

Universal Fuel & Chemical Corp.

May 17 (letter of notification) 300,000 shares of capital stock. Price—At par (\$1 per share). **Proceeds**—For mining expenses. **Office**—825 Broadway, Farrell, Pa. **Underwriter**—Langley-Howard, Inc., Pittsburgh, Pa.

★ Universal Investors, Inc., Shreveport, La.

June 27 filed 300,000 shares of common stock (no par). Price—\$5 per share. **Proceeds**—To organize a new wholly-owned legal reserve life insurance company under Louisiana laws. **Underwriter**—Frank Keith & Co., Inc., Shreveport, La.

Uranium Exploration Co., Salt Lake City, Utah

Feb. 13 (letter of notification) 77,875 shares of common stock (par 25 cents). Price—\$1 per share. **Proceeds**—For mining expenses. **Office**—538 East 21st South St., Salt Lake City, Utah. **Underwriter**—Pioneer Investments, Salt Lake City, Utah.

Utco Uranium Corp., Denver, Colo.

Jan. 30 (letter of notification) 200,000 shares of common stock, which are covered by an option held by the underwriter. Price—10 cents per share. **Proceeds**—For mining expenses. **Office**—310 First National Bank Bldg., Denver, Colo. **Underwriter**—Amos C. Sudler & Co., same city.

Vance Industries, Inc., Evanston, Ill.

Jan. 24 (letter of notification) 7,000 shares of common stock (par one cent). Price—\$7 per share. **Proceeds**—To selling stockholders. **Office**—2108 Jackson Ave., Evanston, Ill. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

Ward Industries Corp.

March 9 (letter of notification) 12,000 shares of \$1.25 cumulative preferred stock, series A (par \$25) and 1,500 shares of common stock (par \$1) being offered in exchange for 5% cumulative preferred stock (par \$100) of The Prosperity Co. on the basis of four Ward preferred shares, one-half share of Ward common stock and \$1.05 in cash for each Prosperity preferred share. This offer, which is limited to acceptance by 3,000 Prosperity preferred shares, is alternative to the right to receive instead \$100 per Prosperity preferred share.

Washington Natural Gas Co.

June 18 (letter of notification) 187,500 shares of common stock (par 10 cents). Price—\$1.25 per share. **Proceeds**—For working capital. **Office**—217 Washington Ave., Clarksburg, W. Va. **Underwriters**—Barrett Herrick & Co., Inc., New York, N. Y. and Ross, Borton & Simon, Inc., Cleveland, Ohio.

West Jersey Title & Guaranty Co.

Jan. 23 (letter of notification) 10,000 shares of common stock (par \$10) of which 8,000 shares are first to be offered for a period of 30 days in exchange for outstanding preferred stock on a 2-for-1 basis; any shares remaining will be offered to common stockholders. Price—\$25 per share. **Office**—Third and Market Sts., Camden, N. J. **Underwriter**—None.

Western Massachusetts Companies

May 29 filed 102,237 shares of common stock (par \$1), of which 92,237 shares are being offered for subscription by common stockholders of record June 21 on the basis of one new share for each 12 shares held; rights to expire on July 9. The remaining 10,000 shares are being offered to employees. Price—\$37.50 per share. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—The First Boston Corp. and White, Weld & Co., both of New York.

Western Securities Corp. of New Mexico

Feb. 13 (letter of notification) 50,000 shares of common stock. Price—At par (\$1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

★ Westore Exploration Co., Osburn, Idaho

June 27 (letter of notification) 30,000 shares of common stock. Price—\$10 per share. **Proceeds**—For mining expenses. **Underwriter**—None.

★ Wheeling Steel Corp.

June 29 filed 100,000 shares of common stock (par \$10), to be offered under a restricted "Stock Option Plan" to key employees of company and its subsidiaries.

● Wheland Co., Chattanooga, Tenn. (7/9-13)

May 23 filed \$2,000,000 of convertible subordinated debentures due June 1, 1976, and 136,000 shares of common stock (par \$5). Of the latter, 75,000 are to be offered for the company's account and 61,000 shares for a selling stockholder. Price—To be supplied by amendment. **Proceeds**—Together with proceeds from private sale of \$1,500,000 4% first mortgage bonds and \$900,000 of 3-year unsecured 4½% notes to a group of banks, will be used to retire outstanding series A and series B 5% first mortgage bonds, and for expansion program. **Underwriters**—Hemphill, Noyes & Co., New York; Courts & Co., Atlanta, Ga.; and Equitable Securities Corp., Nashville, Tenn.

White Sage Uranium Corp.

Feb. 13 (letter of notification) 15,000,000 shares of capital stock. Price—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Williamson Co., Cincinnati, Ohio

Feb. 20 (letter of notification) 20,666 shares of class B common stock (par \$1) to be offered for subscription by class B common stockholders on a 1-for-7 basis. Price—\$6.84 per share. **Proceeds**—For working capital. **Office**—3500 Maison Road, Cincinnati, Ohio. **Underwriter**—None.

Wilmington Country Club, Inc., Wilmington, Del.

April 2 filed \$1,500,000 of non-interest bearing debentures, due 1991, to be offered to the members of the Club. Price—At par (\$1,000 per debentures). **Proceeds**—For construction of a golf house and other improvements. **Underwriter**—None.

Wisconsin Wood Products, Inc.

June 25 filed 74,016 shares of common stock (par \$5) to be offered initially for sale to the present stockholders. It is not expected that more than 42,500 shares will be sold immediately. Price—\$10 per share. **Proceeds**—For lease of plant and purchase of equipment. **Office**—Phillips, Wis. **Underwriter**—None.

Woods Oil & Gas Co., New Orleans, La.

Aug. 29 filed 400,000 shares of common stock (par \$1). Price—\$5 per share. **Proceeds**—To retire outstanding obligations. **Underwriters**—Woolfolk & Shober and Howard, Weil, Labouisse, Fredricks & Co., both of New Orleans, La. **Offering**—Tentatively deferred. Statement effective Feb. 28.

Wycotah Oil & Uranium, Inc., Denver, Colo.

Nov. 10 filed 1,500,125 shares of common stock (par one cent) to be offered only to the owners of percentages of working interests in certain oil and gas leases and to the owners of certain uranium properties, and in exchange for such working interests and properties. Price—Shares to be valued at an arbitrary price of \$4 per share. **Proceeds**—To acquire properties. **Underwriter**—None.

Yale & Towne Manufacturing Co. (7/6-9)

June 14 filed 271,167 shares of capital stock (par \$10) to be offered for subscription by stockholders of record July 6 on the basis of one new share for each seven shares held; rights to expire on July 23. Price—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Morgan Stanley & Co., New York.

Youngstown Sheet & Tube Co.

June 5 filed 22,977 shares of common stock (no par) being offered in exchange for common stock of Emsco Manufacturing Co. on the basis of one share of Youngstown for each three shares of Emsco; offer will expire on Aug. 8. Youngstown presently owns 388,853 shares, representing 84.94% of the 457,786 outstanding shares of Emsco common stock.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.

Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. Price—Around \$4.25 per share. **Proceeds**—For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

American Petrofina, Inc.

June 14 it was announced that following proposed merger with Panhandle Oil Corp., American Petrofina, Ltd. will offer to stockholders of Panhandle and Petrofina of Belgium and to Canadian Petrofina the opportunity to subscribe to additional "A" stock of American Petrofina. Price—\$11 per share. **Underwriters**—White, Weld & Co.; Blyth & Co., Inc.; and Hemphill, Noyes & Co.

Blackstone Valley Gas & Electric Co.

April 30 it was reported company plans to issue 25,000 shares cumulative preferred stock (par \$100). **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Stone & Webster Securities Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received sometime in July.

Braniff Airways, Inc.

April 11 company authorized an offering to stockholders of 1,105,545 additional shares of common stock (par \$2.50) on the basis of three new shares for each five shares held (with an oversubscription privilege). On May 24, the company announced the number of shares

to be offered is expected to be reduced and the offering date extended. **Proceeds**—For general corporate purposes. **Underwriter**—F. Eberstadt & Co., New York.

★ California Eastern Aviation, Inc.

June 25 it was reported that early registration is expected of \$2,900,000 6% convertible debentures due 1968. **Underwriter**—Crutenden & Co., Chicago, Ill.

California Electric Power Co.

May 14 it was announced company plans an offering of first mortgage bonds late in 1956, if market and other conditions are then favorable. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co.

Carolina Power & Light Co. (9/11)

March 22 it was announced company plans to issue and sell \$15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Sept. 11.

Central Illinois Light Co.

May 14 it was reported company plans to issue and sell \$18,000,000 first mortgage bonds in 1957. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Union Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly).

Central Illinois Light Co.

May 14 it was reported company plans to issue and sell about 80,000 shares of cumulative preferred stock (par \$100) later this year. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—May be Union Securities Corp., New York.

Central Illinois Public Service Co.

May 16, M. S. Luthringer, President, said the new money required to finance the company's 1956 construction program is estimated at about \$5,000,000 and will be obtained from the sale of securities in the second half of this year. The class of security to be sold and the exact timing of the transaction have not been determined. It is also possible, if favorable money conditions prevail at the time, that some portion of the 1957 requirements for new money may be obtained in the second half of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Salomon Bros. & Hutzler; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated; Equitable Securities Corp. (2) For preferred stock—Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and Union Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane. (3) For common stock—Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). Common stock will probably be offered first for subscription by stockholders.

Coastal Transmission Corp., Houston, Texas

Feb. 29 it was announced an application has been filed with the FPC for construction of a 565.7 mile pipeline system to cost \$68,251,000. **Underwriters**—May be Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2)

Feb. 15 it was announced company may issue and sell \$30,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 2.

Commercial Credit Corp.

March 12 it was reported company plans early registration of about \$25,000,000 of junior subordinated debentures. **Underwriter**—Kidder, Peabody & Co. and The First Boston Corp., both of New York.

★ Commercial National Bank Shreveport, La.

June 26 stockholders approved a plan to issue and sell to stockholders 31,000 additional shares of capital stock (par \$25) on the basis of one new share for each 4.8064 shares held as of record June 26, 1956. Price—\$52 per share. **Proceeds**—To increase capital and surplus.

Consolidated Natural Gas Co. (8/28)

June 12 it was announced company plans to issue and sell \$30,000,000 of debentures due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 28. **Registration**—Now planned for July 16.

Consumers Power Co. (8/14)

June 19 company filed an application with the Michigan P. U. Commission for authority to issue and sell \$40,000,000 of first mortgage bonds to mature not earlier than June 1, 1986. **Proceeds**—For reduction of bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart

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& Co. Inc.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly). Bids—Scheduled to be opened at 11:30 a.m. (EDT) on Aug. 14. Registration—Expected on July 20.

Crane Co., Chicago, Ill.

F. F. Elliott, President, on March 18 stated in part: "To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary." Underwriters—Morgan Stanley & Co. and Clark, Dodge & Co.

Detroit Edison Co.

Feb. 20, Walker L. Cisler, President stated that "tentative plans are that about \$60,000,000 will be obtained from investors in 1956. Internal funds and bank borrowings will probably provide for the remainder of the \$95,000,000 necessary this year to carry forward the company's program of expansion of facilities." Financing may be in form of 15-year debentures to common stockholders. Underwriters—None. Offering—Tentatively expected in October.

Dolly Madison International Foods Ltd.

Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. Underwriter—Allen & Co., New York.

Du Mont Broadcasting Corp.

Aug. 10 it was announced that corporation, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing some years ago. Stockholders of Laboratories on Oct. 10 approved formation of Broadcasting firm.

Eastern Shopping Centers, Inc.

May 7 it was announced this company has been formed to locate and develop shopping centers east of the Mississippi, the funds to come from an offering of stock, one-third to Grand Union Co. and the balance to be offered to Grand Union stockholders. Office—East Patterson, N. J. Underwriters—Morgan Stanley & Co. and W. E. Hutton handled new financing by Grand Union Co. in 1954.

Eternalite, Inc., New Orleans, La.

May 28 it was reported company plans to issue and sell about 200,000 shares of class A stock. Price—Around \$4.50 per share. Underwriter—Vickers Brothers, New York.

Fairchild Camera & Instrument Corp.

June 11, John H. Clough, President, announced that working capital financing will be required in the near future. Underwriter—Glore, Forgan & Co., New York.

Fort Neck National Bank (L. I., N. Y.)

June 28 it was announced Bank plans to offer to its stockholders 79,560 additional shares of new capital stock (par \$5) on the basis of one share for each 2½ shares to be owned following 2½-for-1 split of the present outstanding \$12.50 par stock to be voted upon July 9. Proceeds—To provide additional banking facilities in Nassau and Suffolk Counties in Long Island, N. Y.

General Acceptance Corp.

April 2 it was reported company plans to issue and sell \$15,000,000 of debentures due in 1966, \$10,000,000 of capital debentures due in 1971 and about \$3,500,000 of common stock. Underwriters—Paine, Webber, Jackson & Curtis and Union Securities Corp. Registration—Expected late in May.

General Contract Corp., St. Louis, Mo.

April 18 it was announced that company plans \$5,000,000 additional financing in near future. Proceeds—To go to Securities Investment Co., a subsidiary. Underwriter—G. H. Walker & Co., St. Louis, Mo.

General Public Utilities Corp.

April 2, A. F. Tegen, President, said that the company plans this year to issue and sell \$28,500,000 of new bonds and \$14,000,000 of new preferred stock. It is also possible that a new issue of common stock will be offered for subscription by common stockholders before April, 1957. Proceeds—To repay bank loans, etc., and for construction program.

General Tire & Rubber Co.

Feb. 24 stockholders approved a proposal to increase authorized common stock to 2,500,000 from 1,750,000 shares and the authorized preference stock to 1,000,000 from 350,000 shares; also a proposal that any issue of debentures may include a privilege to convert into common stock and permit the company to issue warrants to purchase common stock, provided the total that may be outstanding at any one time does not exceed 600,000 shares. [The company expects to issue 23,000 additional preference shares—5,000 for acquiring stock and property and 18,000 for cash. Having completed long-term borrowing negotiations of \$30,000,000 from insurance companies, the company expects to sell not more than \$15,000,000 in debentures.] Underwriter—Kidder, Peabody & Co., New York.

Houston Texas Gas & Oil Corp., Houston, Texas

Feb. 29 it was announced an application has been filed with the FPC for permission to construct a 961 mile pipeline system to cost \$105,836,000. Underwriters—May be Blyth & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

Hudson Pulp & Paper Corp.

June 25 it was reported company may in the Fall do some public financing. Proceeds—For expansion. Underwriter—Lee Higginson Corp., New York.

Illinois Bell Telephone Co. (8/31)

June 29 it was announced the company plans to offer to its stockholders 580,531 additional shares of capital stock at rate of one new share for each eight shares held as of Aug. 31; rights to expire on Sept. 28. About 99.3% of the presently outstanding stock is owned by American Telephone & Telegraph Co. Price—At par (\$100 per share). Proceeds—To repay advances from parent. Underwriter—None.

Inland Steel Co.

April 26, Joseph L. Block, President, disclosed company will seek additional financing through sale of equity stock (the method and amount has not yet been determined). Proceeds—For expansion program. Underwriter—Kuhn, Loeb & Co., New York.

Kaiser Steel Corp.

May 21 it was announced that the company is arranging to borrow \$100,000,000 from institutional investors to finance its new major expansion program to involve approximately \$113,000,000. Underwriter—The First Boston Corp., New York.

Kansas City Power & Light Co.

April 24 stockholders approved a proposal increasing bonded indebtedness of the company by \$20,000,000. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined (probably not until first half of 1957).

Kimberly-Clark Corp., Neenah, Wis.

Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. Proceeds—To be used to pay for further expansion, estimated to cost an additional \$37,000,000. Underwriter—Blyth & Co., Inc., New York.

Long Island Lighting Co.

April 17 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: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Blair & Co., Incorporated and Baxter, Williams & Co. (jointly); Smith, Barney & Co.

Meadowbrook National Bank, West Hempstead, New York

June 25 it was announced that the stockholders on July 12 will vote on approving a proposal to offer to stockholders 104,500 additional shares of capital stock (par \$5) on a 1-for-13 basis. Proceeds—For expansion. Underwriter—Lee Higginson Corp., New York.

Metropolitan Edison Co. (11/13)

July 2 it was reported that company is considering the sale of \$10,000,000 first mortgage bonds due 1986. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp. Bids—Expected on Nov. 13.

Metropolitan Edison Co.

April 16 it was reported company may issue in July or August, depending upon market conditions, about \$5,000,000 of preferred stock (in addition to about \$5,000,000 of bonds). Underwriter—For preferred stock also to be determined by competitive bidding. Probable bidders: Smith, Barney & Co. and Goldman, Sachs & Co. (jointly); Salomon Bros. & Hutzler; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

Michigan Bell Telephone Co.

April 19 company applied to the Michigan P. S. Commission for permission to issue and sell \$30,000,000 of 40-year debentures later this year. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Minneapolis Gas Co.

April 16 stockholders approved an increase in the authorized common stock (par \$1) from 1,700,000 shares to 2,500,000 shares. Previous offer to stockholders was underwritten by Kalman & Co., St. Paul, Minn.

National Steel Corp.

March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of \$200,000,000. Underwriters—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America

Feb. 20 it was reported company plans to issue and sell late this Spring \$35,000,000 of first mortgage bonds due 1976. Underwriter—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly).

New England Electric System

Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a \$20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. Underwriter—May be determined by competitive bidding.

Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.

Jan. 3 it was announced company plans to issue and sell \$10,000,000 of first mortgage bonds during October of 1956. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Telephone & Telegraph Co. (8/29)

June 20 directors authorized an offering to stockholders of 613,010 additional shares of capital stock (par \$100) at the rate of one new share for each five shares held as of Aug. 29. American Telephone & Telegraph Co. owns 69.21% of outstanding stock. Proceeds—To repay temporary borrowings. Underwriter—None.

New York, Chicago & St. Louis RR. (7/11)

Bids will be received by this company in Cleveland, O., up to noon (EDT) on July 11 for the purchase from it of \$4,020,000 equipment trust certificates due semi-annually from Feb. 1, 1957 to Aug. 1, 1971, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

North American Aviation, Inc.

June 8, it was announced company plans to offer to its stockholders rights to subscribe for additional capital stock (following proposed 2-for-1 split up to be voted upon Aug. 3). Underwriter—Morgan Stanley & Co., New York.

Northern Indiana Public Service Co.

March 13 it was reported company plans to spend about \$52,000,000 for new construction in 1956 and 1957 (\$29,000,000 in 1956 and \$23,000,000 in 1957). Of the total about \$30,000,000 will be obtained from new financing, a part of which is expected to include 371,155 shares of preference stock (par \$20) to be offered first to common stockholders. Underwriters—For any preferred stock, Central Republic Co. Inc., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly). Bonds may be placed privately.

Northern Natural Gas Co.

March 12 it was reported company plans to finance its 1956 construction program (costing about \$40,000,000) through issuance of debt securities and treasury funds. Underwriter—Probably Blyth & Co., Inc.

Northern States Power Co., Minn. (9/12)

July 2 it was reported company plans to issue and sell \$15,000,000 of first mortgage bonds due 1986. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); and Glore, Forgan & Co. Bids—Expected to be received on Sept. 12.

Norwalk Truck Lines, Inc.

June 5 it was announced company has applied to the ICC for authority to issue and sell \$2,000,000 10-year 5% convertible debentures (to be convertible into class B common stock, par \$1, beginning June 15, 1957). Proceeds—About \$1,000,000 for working capital and the remainder to be advanced to Shirks Motor Express Corp., Lancaster, Pa. Underwriter—The Ohio Company, Columbus, Ohio.

Offshore Gathering Corp., Houston, Texas

Nov. 18 David C. Bintliff, President, announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately \$150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about \$40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). Underwriter—Salomon Bros. & Hutzler, New York.

Ohio Power Co. (10/17)

July 2 it was reported company plans to issue and sell \$28,000,000 of first mortgage bonds due 1986. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co. Inc.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly). Bids—Expected to be received up to 11 a.m. (EDT) on Oct. 17.

Ohio Power Co. (10/17)

July 2 it was reported company proposes to issue and sell 60,000 shares of cumulative preferred stock (par \$100). Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); Lehman Brothers. Bids—Tentatively expected to be received up to 11 a.m. (EDT) on Oct. 17.

Oklahoma Gas & Electric Co.

May 17 stockholders voted to increase the authorized preferred stock from 240,000 shares to 500,000 shares and the authorized common stock from 3,681,000 shares to 5,000,000 shares. Company has no immediate plan to do any equity financing. **Underwriters**—(1) for any common stock (probably first to stockholders) — Merrill Lynch, Pierce, Fenner & Beane. (2) For preferred stock, to be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.

Pacific Northwest Pipeline Corp.

March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par \$1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—\$10 per share. **Proceeds**—Together with funds from private sale of \$35,000,000 additional first mortgage bonds, and \$10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. **Registration**—Expected soon.

Pacific Telephone & Telegraph Co. (8/21)

May 31 the company sought approval of the California P. U. Commission to issue and sell \$78,000,000 of 32-year debentures due Aug. 15, 1988. **Proceeds**—To reduce temporary borrowings and for capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received up to 8:30 a.m. (PDT) on Aug. 21. **Registration**—Expected July 27.

Pacific Telephone & Telegraph Co.

May 31 company sought authority from the California P. U. Commission to offer 1,562,267 additional common shares to common and preferred stockholders on a 1-for-6 basis. American Telephone & Telegraph Co. owns an aggregate of 89.6% of the preferred and common stock. **Price**—At par (\$100 per share). **Proceeds**—To repay temporary borrowings and for new construction. **Underwriter**—None.

Pan Cuba Oil & Metals Corp. (Del.)

April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

Pittsburgh Rys. Co.

May 4 it was announced that Standard Gas & Electric Co. will offer to its stockholders rights to subscribe for 540,651.75 shares of Pittsburgh Rys. Co. **Price**—About \$6 per share.

Public Service Electric & Gas Co.

April 16, Lyle McDonald, Chairman, estimated that requirements for new capital this year will be approximately \$80,000,000 to \$85,000,000. The types and amounts of the new securities to be issued and the time of sale have not been determined. **Proceeds**—To help finance construction program. **Underwriters**—For any debenture bonds — may be determined by competitive bidding; probable bidders include Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly).

★ Puerto Rico Water Resources Authority (7/12)

July 2 it was announced that Authority is planning to offer \$22,000,000 of electric revenue bonds due July 1, 1958-1993, inclusive. **Proceeds**—For improvements. **Underwriters**—The First Boston Corp., Ira Haupt & Co. and B. J. Van Ingen & Co.

Puget Sound Power & Light Co.

Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to \$87,000,000, including \$20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

Rochester Gas & Electric Corp.

May 16 stockholders approved a proposal to increase the authorized preferred stock by 100,000 shares (par \$100), of which it is planned to issue 50,000 shares later in 1956. **Underwriter**—The First Boston Corp., New York.

Rochester Telephone Corp.

May 28 it was reported company has applied to the New York P. S. Commission for authority to issue and sell 40,000 shares of cumulative preferred stock (par \$100). **Underwriter**—The First Boston Corp., New York.

South Carolina Electric & Gas Co.

March 9, S. C. McMeekin, President, announced that it is expected that \$10,000,000 of new money will be required in connection with the company's 1956 construction program. The company proposes to obtain a part of its new money requirements from the sale of \$5,000,000 of preferred stock and the balance from the private sale of \$5,000,000 principal amount of bonds. **Underwriter**—Kidder, Peabody & Co., New York.

Southern Counties Gas Co. of California

Jan. 30 it was reported company may in the Fall offer \$15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Electric Generating Co.

May 18, it was announced that this company, 50% owned by Alabama Power Co. and 50% by Georgia Power Co., subsidiaries of Southern Co., plans to issue debt securities. **Proceeds**—Together with other funds, to construct and operate a \$150,000,000 steam electric generating plant on the Coosa River in Alabama. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly); Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.

★ Southern Nevada Power Co.

June 27 it was announced company plans to sell in the Fall of 1956 an estimated \$4,000,000 of first mortgage bonds, series C, due 1986. **Proceeds**—For construction. **Offering**—May be placed privately.

Southern Union Gas Co.

April 19 it was announced company is considering issuance and sale to stockholders later this year of some additional common stock on a pro rata basis (with an oversubscription privilege). **Underwriter**—None.

Southwestern Resources, Inc.

May 15 it was reported that the company plans to issue and sell 1,000,000 shares of common stock. **Price**—Around \$5 per share. **Underwriters**—Southwestern Securities Co., Dallas, Tex.; and Mountain States Securities Corp., Denver, Colo.

Spencer Telefilm Corp., Beaumont, Texas

Jan. 16 it was announced company plans to offer publicly to Texas residents 75,000 shares of capital stock. **Price**—\$1.50 per share. **Business**—To produce, sell and distribute syndicated films for television. **Underwriter**—Porter-Stacy Co., Houston, Tex.

Stevens (J. P.) & Co., Inc.

May 28 it was announced company plans to offer publicly sometime this summer \$30,000,000 of debentures. **Proceeds**—To repay short-term bank loans and for general corporate purposes. **Underwriter**—Goldman, Sachs & Co., New York.

Super-Crete, Ltd., Boniface, Manitoba, Canada

May 14 it was reported company plans sale of 255,000 shares of common stock late in June. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. sell some additional stock (probably at the end of May).

Tampa Electric Co. (10/1)

Feb. 18 it was reported company may issue and sell around Oct. 1, \$10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.

Tennessee Gas Transmission Co.

May 10, Gardiner Symonds, President, announced that company plans to sell \$30,000,000 of debentures in July (see a preceding column) and about \$50,000,000 of mortgage bonds late in the third quarter or early in the fourth quarter of 1956. **Proceeds**—For expansion program. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

Transcontinental Gas Pipe Line Corp.

April 17, Tom P. Walker, President, announced that negotiations had been completed for the sale of \$40,000,000 first mortgage pipe line bonds in May and \$20,000,000 of debentures in November. May be placed privately. **Proceeds**—To retire presently outstanding \$60,000,000 bank loan.

U-Kan Minerals, Inc. (Kansas)

May 28 it was reported company plans issue and sale of 600,000 shares of common stock. **Proceeds**—For oil and mineral development. **Underwriter**—E. R. Bell Co., Kansas City, Mo.

United Illuminating Co., New Haven, Conn.

May 29, William C. Bell, President, announced that the company proposes to issue not more than \$12,500,000 of cumulative preferred stock (par \$100), out of a proposed authorized issue of \$20,000,000. May be placed privately. **Proceeds**—Together with short term bank loans, will be used to complete the 1956 to 1958 construction program.

• United States Rubber Co.

June 29, H. E. Humphreys, Jr., Chairman, stated that issuance of convertible debentures is one of several possible methods the company has been considering for raising \$50,000,000 to \$60,000,000 which may be needed for plant expansion and working capital. He added that, if convertible debentures are issued, they will be offered pro rata to common stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

★ University Life Insurance Co., Norman, Okla.

June 21, Wayne Wallace, President, announced company plans in near future to offer to its 200 stockholders 500,000 additional shares of common voting stock at rate of not more than 2,500 shares to each stockholder. Un-subscribed stock will be offered to public. **Price**—\$2 per share.

Virginia Electric & Power Co. (9/25)

Feb. 6 it was announced company plans to issue and sell \$20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

Vita Food Products, Inc., New York

June 4 it was reported offering is expected in near future of over 70,000 shares of common stock. **Underwriter**—Granbery, Marache & Co., New York. **Registration**—Expected soon.

Washington Gas Light Co.

June 7 it was announced company proposes to finance proposed new construction of pipeline in Virginia to cost about \$3,380,000 from funds generated by operations, sale of common stock and temporary bank borrowings. **Underwriter**—The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

With E. F. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edgar T. Lindner is now with E. F. Hutton & Company, 160 Montgomery Street.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George F. Vanderbeek has joined the staff of B. C. Morton & Company, Russ Building.

H. J. Quinn Now With New York Hanseatic

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Hubert J. Quinn has become associated with New York Hanseatic Corporation, 110 Sutter Street, Mr. Quinn was previously with Hooker & Fay and Harris, Upham & Co.

Two With Reynolds Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Frank P. Aguirre and Harold T. Dover have become affiliated with Reynolds & Co., 425 Montgomery St.

Stern Douglass Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jesse M. Levy III has been added to the staff of Stern, Douglass & Co., Inc., 465 California Street, members of the New York and San Francisco Stock Exchanges.

With Supple, Griswold

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Charles A. Davis is now connected with Supple, Griswold & Co., 235 Montgomery Street. He was previously with Walter C. Gorey Co.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Thomas S. Watters is now with Walston & Co., Inc., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Opens Inv. Business

BROOKLYN, N. Y.—Regina Dlugash is engaging in a securities business from offices at 8856 Eighteenth Avenue.

Investors Counsel Formed

(Special to THE FINANCIAL CHRONICLE)

STATEN ISLAND, N. Y.—Investors Counsel, Inc. has been formed with offices at 243 Jersey Street to engage in a securities business. Officers are Louis S. Palace, president and treasurer; Florence Palace, secretary; and Morton Kurland, vice president. Mr. Palace was previously with Bruns, Nordeman & Co.

Willis D. Piper Opens

(Special to THE FINANCIAL CHRONICLE)

DES MOINES, IOWA—Willis D. Piper is conducting a securities business from offices in the Insurance Exchange Building, under the firm name of Willis D. Piper Co.

Join Crowell, Weedon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Ralph E. Mayer and Robert W. White have become associated with Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Mayer, who has been in the investment business for many years, was formerly with Hill, Richards & Co. and Witherspoon & Co.

Bill Parey Opens

JACKSON, MISS.—Bill Parey is engaging in a securities business from offices at 232 Wacaster Street.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, CALIF.—Alan E. Adams has joined the staff of Daniel D. Weston & Co., Inc., 9235 Wilshire Boulevard.

McCormick Adds Two

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, CALIF.—Maxine P. Morgan and Gale W. Roberts have become affiliated with McCormick and Co., Security Building. Mr. Roberts was formerly with Lester, Ryons & Co.

Two With Bache on Coast

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, CALIF.—John Shiokari and Logan G. Wilshire have become affiliated with Bache & Co., 445 North Roxbury Drive. Mr. Wilshire was formerly with J. Henry Helsler & Co.

Columbia Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, CALIF.—Arnold Sukonick has been added to the staff of Columbia Securities Company Inc. of California, 225 South Beverly Drive.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Gordon C. MacLean is now with Dempsey-Tegeler & Co., 210 West Seventh Street.

Joins FIF Management

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Walter A. Green is now with FIF Management Corp., of Denver. Mr. Green was previously with Real Property Investments, Inc.

Two With Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Alec Fuller and Patrick J. Shea have become connected with Samuel B. Franklin & Company, 215 West Seventh Street.

Portfolio Changes

During the stock market's recent periods of weakness, Delaware Fund has been able to complete new investment positions in the stocks of the following companies: American Smelting & Refining, Anaconda, Columbia Broadcasting, Northern Natural Gas, Jones & Laughlin, Oklahoma Natural Gas and Sunray Mid-Continental Oil. It also completed the final sale of the last of our Standard Brands, Trane and Pacific Gas & Electric.

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By ROBERT R. RICH

Half of College Funds in Stocks

An analysis of investment holdings of a large group of colleges and universities with total endowments of over \$1,200,000,000 as of June 30, 1955, shows that the ten most popular common stocks, based on total market value, were Standard Oil of New Jersey, Christiana Securities, General Motors, General Electric, Du Pont, Standard Oil of California, Texas Co., International Paper, Union Carbide and American Telephone.

Seven of these issues are also among the ten stocks most widely held by 175 investment companies. In the latter group, however, Amerada Petroleum, Bethlehem Steel and United States Steel appear, whereas Christiana Securities, Union Carbide and American Telephone do not.

These comparisons are among the facts set forth in the 21-page "Study of College and University Endowment Funds" just published by Vance, Sanders & Company, principal underwriters for shares of Massachusetts Investors Trust, Boston Fund and other mutual investment companies.

Overall figures included in the study cover 42 college and university endowments ranging in size from \$3,000,000 to \$442,000,000. Among the larger endowments are those of Harvard, Yale, University of Chicago, University of Rochester, Princeton and Massachusetts Institute of Technology.

Aggregate endowment funds of the 42 colleges and universities were \$2,230,935,078, of which 56.0% was in common stocks. Of the 31 of these institutions for which comparable figures were made available as of June 30, 1954, the proportions of common stock holdings were increased for 27 during the following 12 months.

The Vance, Sanders study includes analyses of endowment diversification for each of the 42 institutions covered, figures showing endowment income for the year ended June 30, 1955 for each of 32 of the group, and tables of yield statistics by types of holdings.

May 31. The portfolio is now fully invested in common stock.

Net assets at May 31 were \$12,691,947, equal to \$4.57 a share on the 2,779,042 shares outstanding. After adjusting for the capital gains distribution of 45 cents per share paid early this year, the per share value was 8.4% higher than at the beginning of the fiscal year, Mr. Morton pointed out. The Fund increased its outstanding shares by 13% between March 9, the date the company was fully opened for the offering of new shares, and May 31.

As of May 31 last, the Fund had over 25% of its assets invested in six companies, but these companies were diversified geographically and industrially, Mr. Morton said. In decreasing order of market value, the largest holdings are: (followed by their principal place of operation): Borax (Holdings), Ltd. (California), Anglo-Ecuadorian Oilfields, Ltd. (Ecuador), Beral Tin & Wolfram, Limited (Portugal), Royal Dutch Petroleum Company (world wide), Potgietersrust Platinums, Ltd. (South Africa) and Aluminium Ltd. (Canada). Oil and natural gas was the most favored industry, accounting for 28% of total investments.

DIF Fund's Assets at New Record

Diversified Investment Fund, Inc. semi-annual report to shareholders reveals net assets of \$62,463,961, the highest so far reported. Net assets per share on May 31 amounted to \$9.24 compared to \$9.27 on Nov. 30, 1955 and \$9.17 on May 31, 1955.

Income dividends of 20 cents per share were paid during the first half of the current fiscal year compared with 18½ cents last year. This gain resulted from larger income from the Fund's common stock investments. So far this year, 42% of the common stocks held by the Fund on May 31, 1956 have paid higher dividends than in the same period of 1955.

International Resources Fund, Inc. had 98.31% of its assets in common stocks on May 31, 1956, up from 84% three months earlier and 56% six months earlier, President Coleman W. Morton said today in a report to shareholders for the half year ending

Railroad Earnings May Decline With Rising Costs, Bullock States

Since methods of saving money from operating improvements and other rehabilitation projects are now largely exhausted, future increases in costs will have to be offset by increased rates and traffic volume to a greater extent than heretofore, if net operating results are to be maintained at present rates, according to an analysis by Calvin Bullock.

In a thorough review of current developments in the railroad industry, the review points out that in the past, improvements in physical operating efficiency has allowed the railroads to hold the line against sharply rising operating costs with only modest gains in traffic and rates. But such improvements are no longer on the horizon, and accordingly substantially larger proportions of increases in wages and other costs must be offset by higher rates and increased traffic than has been the case in the postwar period to date.

If railroads are not able to increase rates, net operating results will be adversely affected. The analysis points out that while rates increased 73.6% between 1939 and 1955, the average ton-mile revenue rose only about 41%. "This smaller increase" points up the fact that railroads were forced to make selective rate reductions in an attempt to stem the tide of traffic losses.

Nevertheless, the railroads experienced constant erosion of traffic to other transport agencies. Even Class I railroads share of traffic declined about five percentage points between 1951 and 1953, at a time when both industrial and farm output rose.

There are two significant trends in the labor cost picture, Calvin Bullock, says. On the asset side is the fact that between 1939 and 1955 employee hours paid for rose only 0.6%, despite a gain of 49.3%.

in gross ton-miles—a net gain in gross ton-miles per employee hour of 48.4%. On the other hand, there is also an item of extreme importance on the liability side—a rise of 166.4% in hourly wages per hour paid for over the same period. With employee hours up slightly, the total wage bill rose 168%. Taking into account the rise in gross ton-miles, the work performed for each dollar of wages dropped 44.3% between 1939 and 1955, which is in direct contrast with the trend in labor productivity.

The net effect of these tendencies is that with respect to operating margins, the railroad industry is slightly worse off now than it was under prewar conditions. In 1939, net railway operating income before Federal income taxes was 15.6% of gross revenues. In 1955 the same figure was 15.3% of gross revenues.

Just when the railroad industry may come face to face with a rather serious problem in offsetting future increases in operating costs depends in large measure on the timing and the amount of the next wage boost and the then outlook for traffic.

Most certainly, if the next rise in costs were to be followed by a decline in general business, railroad earnings could fade quite sharply.

Developments in the railroad industry in general do not affect individual companies in exactly the same way, Calvin Bullock points out. Careful analysis will uncover a number of companies whose outlook is brighter than the outlook for the industry as a whole. "The common stocks of such companies are still considered suitable as holdings in diversified portfolios," the review concludes.

M.I.T. Growth Assets Now \$98 Million

Massachusetts Investors Growth Stock Fund reports total net assets of \$98,289,648 on May 31, 1956, end of its second quarter, a new high, compared with \$71,658,308 at the same time last year. Shareholders and shares outstanding, also new highs, totaled 27,385 and 9,417,832 respectively, compared with 18,751 and 7,773,243 a year ago.

Net assets on May 31 were equal to \$10.44 per share. This amount together with a capital gain distribution of 58 cents per share in December is equivalent to \$11.02 compared with \$9.22 per share at the same time last year.

Johnston Mutual Fund, Inc. reports net assets on June 30, 1956, of \$5,423,573, equivalent to \$21.83 per share on the 248,494 shares outstanding. This compares with \$4,194,496, or \$20.92 per share, a year ago on the 200,483 shares then outstanding.

Group Reports Net Assets of \$97 Million

Group Securities, Inc. reports total net asset of \$97,464,107 on May 31. This represents a slight decline from Nov. 30, 1955, and an increase of \$7,502,045 over the 1955 mid-year figure. Dividends paid from net investment income during the past six months totaled \$2,074,604.

Total net assets of The Common Stock Fund, now the largest of Group Securities' 21 funds and industry classes, are listed at \$20,829,099 at May 31, or 24.6% above the \$16,722,241 figure on the same date in 1955, and compares with assets of less than \$400,000 when the fund's present name and policy were adopted in 1950.

All three of Group's broadly invested funds employing common stocks, The Common Stock Fund, The Fully Administered Fund and The Capital Growth Fund, enjoyed modest increases in per-share asset values for the 6-month period under review although, as the report points out, "stock prices in general, as measured by well-



Fundamental Investors, Inc.



Diversified Investment Fund, Inc.



Manhattan Bond Fund, Inc.



Diversified Growth Stock Fund, Inc.

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known indexes, ended the period lower than at the beginning and many individual stocks declined by substantial amounts."

In addition, the dip in the bond market, according to the report, "provided an opportunity for The Fully Administered Fund to shift its substantial holdings of short-term government issues into longer-term, higher-yielding corporate bonds of top quality at prices which have already proved favorable."

The total value of shares now held in Group's Periodic Investment Plan, through which payments of \$25 or more may be made after an initial investment of \$100, is now about \$3,000,000.

Wellington Assets Up \$100 Million For Year

Wellington Fund closed the first half of this year with new records established in sales, total net assets and number of shareholders.

A. J. Wilkens, Vice-President, reported that for the six months ended June 30, 1956, new investments in Wellington Fund amounted to \$54,019,000, the highest total for any six months in the fund's 27-year history. This compared with new investments of \$32,542,000 in the first half of 1955.

At June 30, last, net assets at market reached a new all-time high of \$559,500,000, an increase of \$100,000,000 over net assets at the close of June last year.

Wellington Fund now has 181,000 shareholders on its books, placing it among the 10 largest companies in the country in number of shareholders. This is an increase of 32,000 over the number of shareholders on the books at the end of June last year, Mr. Wilkens reported.

Financial Industrial Fund, assets have increased during the recent quarterly period to a level exceeding that reported at the end of any previous quarter. The total net assets of \$53.1 million at May 31, 1956, represented an increase of \$16.3 million over the \$36.8 million a year earlier. The management of the fund is continuing its emphasis on the oil and natural gas industry by adding to the portfolio during the three months period the shares of Amerada Petroleum Corporation and Royal Dutch Petroleum Company and increasing its holdings of Atlantic Refining Company, El Paso Natural Gas Company and United Gas Corporation.

Broad Street Takes Over Personal Trust

Assets of Brae Tarn Corporation, a personal holding company, have been acquired by Broad Street Investing Corporation.

This was the fourth acquisition of its kind made by Broad Street Investing during the past two and one-half years. It raised total net assets of the mutual fund to about \$90,000,000.

Assets taken over in this and previous transactions have been in the form of marketable securities, and they have been acquired in exchange for shares of Broad Street Investing of equivalent value in tax-free transactions.

Investment Trust of Boston reports total assets on May 31, 1956 of \$42,253,473, an increase of 75.7% over \$24,054,989 on May 31, 1955. Shares of the Trust outstanding increased from 2,324,460 to 3,907,927, or 68.1% after adjustment for a 100% stock distribution paid on Aug. 6, 1955.

Investors Selective Fund, Inc., mutual fund affiliate managed by Investors Diversified Services, Inc., rose from \$20,854,888 as of Nov. 30, 1955 to \$21,641,269 as of May 31, 1956, an increase of \$786,381 for the first half of the current fiscal year. Joseph M. Fitzsimmons, Chairman of the Board, disclosed. These assets were the highest recorded at the close of any annual or semi-annual fiscal period, the Chairman stated.

Net asset value per share of the Fund was \$10.33 as of May 31, 1956, compared with \$10.50 on Nov. 30, 1955, reflecting the increase in money rates and the consequent decline in bond and preferred stock prices during the past six months, the report showed.

Dividends of 20 cents per share were paid or declared in the first half of fiscal 1956 compared with 19 cents per share in the corresponding year-ago period, and were derived entirely from investment income.

Canada General Fund (1954) Limited, largest Canadian investment company owned predominantly by United States investors, reports that during the three months ended May 31 total net assets increased by more than \$3,600,000 to a new quarter-end high of \$69,552,576. Net asset value per share was \$12.48, which compares with \$11.95 three months earlier and \$10.63 on May 31 of last year. During the quarter, the number of shares outstanding increased from 5,507,627 to 5,573,481, which compares with 5,416,539 shares on May 31, 1954 when total net assets were \$57,612,372.

Henry T. Vance, President, notes that at the close of the latest quarter, the Fund's investments were diversified among 96 issues

of securities in 19 industry classifications, of which the largest were oils and pipelines with 25.2%; forest products, 14.8%; mining, 10.5%; utilities, 10.2% and stores, 8.7%.

Continued from page 6

What About Real Estate Credit?

as 1956 wears away. But before your bank gets too far along with this program, you'd better call in your lawyer and find out if you're on legal ground in your State and make sure that you can write an iron-clad contract. The "open-end" clause offers an opportunity for personal loans which is beneficial to both owner and lender. BUT — new advances should be made on a sound basis so that depreciation will not get out of line with amortization. New advances should be made on improvements which absolutely contribute to the livability, utility, marketability, and value of the property. For instance, they should never be made to buy a new Mercury or to send junior to college.

We'd probably be better off though, to run modernization financing through the Installment Loan Department. We could use FHA Title I, or better still, a Modernization Loan Plan of our own so as to save the cost of insurance.

Many factors point encouragingly to the underlying strength in the housing market for the long pull.

Underlying Strength for the Long Pull

For example, the slogan, "1956 — the Year to Fix," is bobbing up more and more in national and local advertising, and is increasingly in the thinking of both building trades and government housing agencies. Designed to promote home repair and improvement all over the country, this productive program is the kick-off of the important stop-gap project dubbed "Operation Home Improvement" which promises to contribute so much to the near future of the building industry.

Turning from the immediate problem of modernizing the individual home to the new vista of rehabilitating an entire blighted neighborhood, we run head-on into the Urban Renewal Program, brainchild of the Administration. First proposed last year and acclaimed by government and Free Enterprise alike, the Urban Renewal Program is the glamorous approach to slum clearance and undoubtedly will be much in the limelight for quite a spell. It's possible to spend billions in all parts of the country on new construction and on reconstruction of run-down houses. This growing program, as it captures the imagination of the American public, is a big deal, and will offer the banker unusual opportunities for investment, community development, and service in the years to come.

Our accelerated birth-rate and our steadily growing population spell out additional housing in a big way. New families need new homes and big families need bigger homes. Moreover, family income is on the upgrade, so people can afford bigger and better homes.

People are on the move! They're moving from one part of the country to another. They're moving from the farm to the small town, from the small town to the big town, and from city to suburb. They all need a place to live. And they want to own it!

We've talked a lot about the VA mortgage loan; we've talked a lot about the FHA mortgage loan; but the loan I'd like to plug here is the Conventional mortgage loan.

To begin with, the Conventional mortgage loan "ain't what she used to be, many long years ago." No longer is it the ONLY means

of buying a home on time. As a matter of fact, it's been loosing ground steadily ever since the early '30s when the insured loan first saw the light of day.

Conventional Loan Re-examined. Now just why has the Conventional loan taken a back seat in mortgage lending?

There are two reasons.

First, in the old days, the Conventional mortgage was a Model T. It got you to your destination, all right, but it was a bumpy ride, all the way, and far from satisfactory, according to today's standards. For instance, it carried a maturity of one to five years, and was often drawn on demand. Interest and principal were payable in annual or semi-annual lumps, which is the hard way! And the initial loan, itself, was low in relation to the value of the property, which usually called for a high-rate second-mortgage.

To be brutally frank, the old-style Conventional mortgage was a pretty sorry loan for the borrower and for the lender. Because it took a 50% down-payment to buy a home in those days, a married couple was generally middle-aged before they could afford such a luxury. (A far cry from today!) Then, too, it wasn't easy to scrape up the large interest and principal payments which were due each six months or each year.

Second, on June 27, 1934, FHA Title II appeared on the scene to set a new pattern for mortgage lending. Here was a mortgage loan, fully insured by an agency of the government, a loan that was fully amortized with terms up to 20 years, a loan based on an appraisal of 80% of the property value and at a fair rate of interest, with taxes and insurance also collected on a monthly basis. No wonder this kind of a mortgage went to town. So, down through the years, hundreds of banks have followed the path of least resistance by taking the route of the insured and guaranteed loan. And some of these banks don't even bother to examine the property, but rely solely on Uncle Sam. Nevertheless, we can't overlook the fact that FHA has turned in a tiptop pay-record.

As far as the Conventional mortgage is concerned, FHA has taught us how. Although it's somewhat like locking the barn door after the horse has been stolen, even so, the Conventional mortgage, by a gradual process, has emulated the example set by FHA, which is definitely to FHA's credit. As it stands today, the Conventional mortgage is quite a desirable loan as to amortization, terms, appraisals, and loan value.

It's Worth It

Of course, the Conventional mortgage adds exposure and more risk to your portfolio. And as a consequence it takes more time and energy on the part of the mortgage officer to appraise each case judiciously, as to the value of the property and the credit tracts of the borrower. But it's worth it, because you not only came out with a safe loan, but a loan that's tailored to the individual needs of the borrower.

Then there's the important matter of interest rates! In the case of the Conventional mortgage, they're flexible and generally higher; they follow the money market; you've got something to

say about them; and they're not tied to any artificial restrictions dictated by politics.

Other factors come into the picture.

For instance, the cost of acquisition is less. Your year-to-year income is more stable and more continuous. You don't have all the red tape of paper work and the constant handling that take so much time and cost so much money and are so characteristic of the insured and guaranteed loan.

As a rule, the borrower has more equity in his home and because he's a better credit risk and better pay, servicing is less expensive and there's less chance for foreclosure.

Furthermore, you don't have the regimentation, so typical of the insured and guaranteed loan, so you've got a golden opportunity to get close to your borrower and to give him some good, sound advice. He likes the idea of standing on his own feet and not having to fall back on a paternalistic government. And you get the credit! Also the chance — to rent him a Safe Deposit Box, to make him an appliance loan, and to get his Savings Account. In fact, once each month, you get another chance to sell this mortgage customer of yours on the idea that the thing to do is to dial "B" for Banking. We spend worlds of money on advertising to get this job done, and here we've got it for free.

Now why am I up on a soap-box, in support of the Conventional mortgage?

Simply because I think it's the best loan!

But to keep the record straight, I'm certainly not advocating that we plow under all insured and guaranteed loans. Far from it! Both have a legitimate place in a bank's lending activity, because worthy loans can't always make the Conventional mortgage grade.

Be that as it may, the time has come to emphasize the Conventional loan and deemphasize the Insured and guaranteed loan. Let the pendulum swing back! Don't take on insurance or a guaranty when you don't need it. Bankers should act like bankers! It's time to restate our faith in the Free Enterprise System and to prove that we're plenty able to paddle our own canoe.

It might be a good idea for every bank to analyze its own mortgage operation, in an effort to re-evaluate the two types of loans as far as its own shop is concerned. It's a tall order, but one that each individual bank could very well take to heart. By comparing the risks and benefits of both types of loans, by calculating the impact of each on the community, by surveying its particular mortgage market, and by examining its own investment blueprint, each bank should be able to decide for itself where it wants to go, which is the best way, and how it expects to get there.

When all the evidence is in, chances are that the Conventional loan will come out on top, as the major mortgage mechanism. The bandwagon will start to roll and as a result, the lender, the borrower, and the country will all benefit, accordingly.

With F. I. du Pont

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif.—Thomas C. Albright is now with Francis I. du Pont & Co., 1412 Seventeenth Street.

Joins Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Nullo Caravacci is now with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

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Milton D. Blauner & Co., Inc., of New York City, is offering publicly, as a speculation, an issue of 400,000 shares of class A stock (par 10 cents) of Union Mines, Inc. at \$2 per share.

Organized under Delaware law on April 21, 1955, Union Mines has no operating history but proposed to explore and develop properties acquired from its predecessor, Urado Uranium Corp. Its properties are in the exploratory state of development and with one exception, upon which the company has a royalty arrangement, has no known or proven bodies of commercial ore.

Of the proceeds, assuming only a minimum of 125,000 shares are sold, Union Mines will pay off \$17,200 of notes evidencing borrowings by Urado Uranium, \$60,197 will be used to meet accounts payable which were incurred by Urado Uranium in the acquisition and development of properties and \$9,377 to pay off miscellaneous accounts payable; and \$80,000 will be used for exploration and development work. Assuming all the shares are sold, an additional \$38,267 will be used to complete payments to Mineral Engineering Co. for drilling services. The company may purchase equipment in the sum of not more than \$25,000. The balance of the proceeds has not been allocated to specific projects. This amount (\$459,302) is not sufficient to explore and develop all the properties. The company intends, however, to use such funds, as they can be efficiently expended, in exploring and developing the most geologically favorable areas indicated by preliminary exploration. The directors reserve the right to use a portion of the proceeds for the acquisition and development of additional mineral properties.

Waldron Officers

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Waldron & Company, Russ Building, has been incorporated under the firm name of Waldron & Co., Inc. Officers are Maury J. Kessler, President and Ben L. Goldberg, Vice-President and Treasurer. Mr. Goldberg was formerly sole proprietor. Prior to joining Waldron & Company, Mr. Kessler was with the Wells Fargo Bank.

Form Mason McDuffie Co.

(Special to THE FINANCIAL CHRONICLE)

BERKELEY, Calif.—Mason-McDuffie Co. has been formed with offices at 2101 Shattuck Avenue to engage in a securities business. Among the partners are Maurice G. Reed, Ward D. Armstrong, Donald B. Campbell and Gerald H. Hagar.

Olaf J. Jorgenson

Olaf J. Jorgenson, Peters, Writer & Christensen, Inc., Denver, passed away June 26 at the age of 60. Mr. Jorgenson had been in ill health for the past few months.

F. W. Maisel Opens

(Special to THE FINANCIAL CHRONICLE)

WALNUT CREEK, Calif.—F. W. Maisel is engaging in a securities business from offices at 2901 Mt. Diablo Boulevard.

With W. E. Hutton

(Special to THE FINANCIAL CHRONICLE)

Orin R. Dudley, Jr. has become associated with W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, as a registered representative.

David H. Coddington

David H. Coddington, member of the New York Stock Exchange, passed away June 26th at the age of 70.

Continued from page 4

The State of Trade and Industry

from his viewpoint, to avoid a strike. The cost of last-minute union proposals would have been prohibitive, it adds.

There are several reasons behind the firm stand taken by steel companies for a long-term, medium-cost contract. First, the producers are tired of being blamed for each new wave of inflation. They want to get out from under the label of pace-setter for wage-price increases, and second, they figure this is the year for the union to give a little, to make collective bargaining what it should be, a two-way street, this trade authority asserts.

Before a three-year contract is agreed upon, some fringe will fall by the wayside to bring the cost to around 20 cents an hour. Steel management will not buy a package that would compromise it with the public and the government from an inflation standpoint, "The Iron Age" further states.

When the strike is settled, there will be a steel price boost of \$8 a ton or more with subsequent advances as each contract year passes, probably of lesser amounts—this trade weekly points out.

A recent report from the Bureau of Labor Statistics of the United States Department of Labor states, the cost of living during May equalled the record high set in October of 1953 with indications that the consumer price index will keep climbing to new records this summer.

At the same time, the Bureau stated a 46-cent drop in the weekly take-home pay of factory production workers from April to May due to a shorter work week. The pay decline and the rise in consumer prices over the month brought a 1% cut in the buying power of the average factory worker, the agency reported.

The increase in the consumer price index meant a one-cent an hour wage increase for more than 100,000 workers, mainly in the aircraft industry, whose pay is tied to the indicator.

In the automotive industry shutdowns which began last Friday at several General Motors assembly plants were largely responsible for a 4.5% decline in car production the past week, said "Ward's Automotive Reports."

Programming this week will take an even steeper drop because of the July 4th holiday. "Ward's" estimated auto output the past week at 101,467 units compared with 105,243 last week, with truck building at 19,712 units compared with 21,688 in the preceding week.

Idled on Friday last, were the Buick and Cadillac divisions of General Motors, along with five outlying Buick-Oldsmobile-Pontiac assembly plants. The facilities will be down until July 5. Two more B-O-P plants will cease activity for three days beginning on Monday of this week, while Chevrolet, Pontiac and Oldsmobile divisions will cease activity July 3-4.

Also figuring in last week's production drop was Packard's runout of its 1956 model and Studebaker's one-week halt on car making and four-day shutdown of truck lines for inventory adjustment.

Mercury's Metuchen (N. J.) plant will be inactive this week from Wednesday through Friday. However, Ford Motor Co. and Chrysler Corp. planned car volume at slightly higher levels than last week, while American Motors boosted output 325% by resuming Rambler building following a week of inactivity.

Production in June will bring output for the first six months of 1956 to an estimated 3,190,800 cars and 597,200 trucks; the figures are 25% and 7%, respectively, behind the 4,257,154 cars and 642,413 trucks produced during January-June, 1955, "Ward's" concludes.

The number of new corporations being formed in the United States continue to break all previous records, according to Dun & Bradstreet, Inc. Concerns chartered during May reached an all-time high for the month of 13,142, representing an increase of 9.3% above the 12,029 listed in May last year and marking a rise of 5.3% above the April count of 12,475.

New business incorporations during the first five months of 1956 rose to a record high of 64,305. This exceeded the year-ago figure of 61,752 by 4.1%, and was one-third more than the 48,142 recorded in the corresponding 1954 period.

Steel Strike Delays Weekly Steel Production Report

The weekly steel production report usually issued on Monday will be delayed until later in the week, the American Iron and Steel Institute announced on Monday last. As a result of the nation-wide steel strike which became effective on July 1, some of the steel companies have reported temporary delays in getting figures from some of their plant offices.

Steelmaking costs immediately go up about 40 cents a ton for every penny per hour in higher wage costs, "Steel" magazine reported this week.

The metalworking publication pointed out that this figure does not include the higher expense of goods and services purchased that is reflected from basic steel boosts.

Here are average steel price increases in recent years: \$7.35 a ton in 1955 (after a 15-cent hourly wage grant); \$3 in 1954; \$4 in 1953; \$5 in 1952; \$5.50 in 1950; \$4 in 1949 and \$8 in 1948 (after a 13-cent pay hike).

In spite of certain price increases, the trade journal said that high income, a high rate of business in general and good business prospects for consumers of large amounts of steel are insurance against a broad reduction in steel buying. Neither will there be a general inventory recession, such as in the last half of 1953.

It pointed out that the metalworking industry's current annual rate of sales is 14% above that of mid-1953. Businessmen's plans for plant and equipment expenditures this year exceed those in 1953 by 29%. The current annual rate of the gross national product is 7.5% over that of mid-1953. Personal income is running 12% above the level of mid-1953.

Inventories are not heavy in all consuming industries. It is estimated there are 18,000,000 to 20,000,000 tons of finished steel in inventory, a three-month supply if it were evenly distributed as to products and consumers. But distribution is uneven.

The automobile industry is believed to have the largest steel inventories of any consuming group and a large portion of it is cold-rolled carbon sheets. In contrast, supplies of plates, particu-

larly the thicker sizes and structural shapes, particularly wide flange beams, are in short supply. Other products, like high alloy steel tubing, also cannot fill demand.

An indication that consumers' steel inventories are not top heavy came quickly in the Birmingham area when a major steel producer was closed down by a railroad strike. Some of this producer's customers soon ran out of steel, the above trade weekly reports.

Car Loadings Declined 0.2% Below Preceding Week

Loadings of revenue freight for the week ended June 23, 1956, decreased 1,970 cars or 0.2% under the preceding week, the Association of American Railroads reports.

Loadings for the week ended June 23, 1956, totaled 799,461 cars, an increase of 5,034 cars or 0.6% above the corresponding 1955 week, and an increase of 86,301 cars, or 12.1% above the corresponding week in 1954.

U. S. Car Output Declined 4.5% Due to Shutdowns In Latest Week

Automotive output for the latest week ended June 29, 1956, according to "Ward's Automotive Reports," declined 4.5% in car building, due to shutdowns at several General Motors assembly plants.

Last week the industry assembled an estimated 101,467 cars, compared with 105,243 (revised) in the previous week. The past week's production total of cars and trucks amounted to 121,179 units, a decrease of 5,752 units below the preceding week's output, states "Ward's."

Last week's car output declined below that of the previous week by 3,776 cars, while truck output fell off the past week by 1,976 vehicles. In the corresponding week last year 158,402 cars and 26,282 trucks were assembled.

Last week the agency reported there were 19,712 trucks made in the United States. This compared with 21,688 in the previous week and 26,282 a year ago.

Canadian output last week was placed at 9,777 cars and 2,451 trucks. In the previous week Dominion plants built 10,393 cars and 2,494 trucks, and for the comparable 1955 week, 8,331 cars and 2,056 trucks.

Electric Output Continues Upward Course for Fourth Straight Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 30, 1956, was estimated at 11,498,000,000 kwh., the fourth straight week of improvement, according to the Edison Electric Institute.

The week's output rose 20,000,000 kwh. above that of the previous week. It increased 1,360,000,000 kwh. or 13.4% above the comparable 1955 week and 2,673,000,000 kwh. over the like week in 1954.

Business Failures Rose Slightly the Past Week

Commercial and industrial failures edged up to 249 in the week ended June 28 from 245 in the preceding week, Dun & Bradstreet, Inc., reported. This increase raised the total above the 231 last year and the 192 in the similar week of 1954. Continuing below the prewar level, the toll was 6% below the 264 of the comparable 1939 week.

Failures involving liabilities of \$5,000 or more rose to 206 from 197 a week ago and 194 last year. Among small business failures with liabilities under \$5,000, there was a dip to 43 from 48 in the previous week, but the level remained above the 37 in 1955. Twenty-one concerns failed with liabilities in excess of \$100,000 as against 26 last week.

Manufacturing accounted principally for the week's rise where the toll climbed to 45 from 33. Slight increases brought wholesaling to 26 from 25 and commercial service to 21 from 19. In contrast, retail failures dipped to 126 from 131 last week and construction to 31 from 37. More businesses failed than a year ago in all lines except retailing. Tolls among wholesalers and contractors rose most sharply from the 1955 level.

Five geographic regions reported higher failures in the week just ended; the toll in the Pacific States rose to 77 from 67, in New England to 20 from 11, in the East North Central to 38 from 36 and it advanced slightly in the East South Central and Mountain States. Slight declines occurred in four areas, including the Middle Atlantic States, down to 66 from 79 and the South Atlantic States, down to 22 from 28. Failures equalled or exceeded last year's level in all regions except the Middle Atlantic.

Wholesale Food Price Index Falls for Third Straight Week

The Dun & Bradstreet wholesale food price index fell to \$6.03 on June 26, from \$6.09 the week before. This was the third successive weekly drop since the year's high point of \$6.18 registered on June 5. It marked the lowest level since May 8 when it also stood at \$6.03, and it represented a decline of 6.1% from the \$6.42 recorded at this time a year ago.

Commodities advancing in wholesale cost last week were oats, beef, coffee, cocoa, raisins and hogs. Lower in price were wheat, rye, barley, hams, bellies, lard, cheese, sugar, cottonseed oil, peanuts, eggs, steers and lambs.

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

Wholesale Commodity Prices Eased Further the Past Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., went slightly lower last week in narrow day-to-day movements. The index finished at 236.68 on June 26, comparing with 287.49 a week earlier and with 272.68 on the corresponding date a year ago.

Grain prices were irregular and generally lower for the week with some support at times induced by varying reports from Washington to the effect that more of the export trade during the coming season would be turned over to regular trade interests.

Export trade in wheat was fairly active. Total exports of wheat and flour as wheat for the current crop year to May 31

were reported at 249,200,000 bushels as against 204,800,000 in the same period last year. Harvesting in the Southwest was nearing completion with much wheat said to be going into the loan. Corn fluctuated sharply on conflicting announcements of the CCC of intentions to resume sales of lower grades on the spot markets which had been restricted for sometime past. Purchases of grain and soybean futures on the Chicago Board of Trade the week before averaged about 59,400,000 bushels against 60,300,000 the previous week and 30,300,000 in the same week last year.

Business in the domestic flour market continued routine with most buyers of hard wheat bakery flours showing extreme caution in the belief that pressure upon prices will increase as harvesting nears completion. Export interest in flour was at a low ebb with only scattered small-lot sales reported.

Roaster demand for green coffee continued active and prices again trended upward to reach new highs for the season. Further advances in roasted coffee prices were announced during the week.

Cocoa prices advanced sharply to new highs for the current move. Trading was active with bullish sentiment influenced by the reported statement of the British Marketing Board that the sales of the 1956 British West African cocoa crop had been completed. Warehouse stocks of cocoa were up sharply to 396,151 bags, from 376,134 last week and 241,855 a year ago. Lard prices were irregular with a somewhat firmer tone at the close. Livestock and wholesale meat prices were depressed most of the week as the result of slow demand due to hot weather.

Cotton prices finished slightly lower after showing considerable strength in the forepart of the week.

Firmness in early trading was attributed to buying by spot houses, trade price-fixing and short covering. Bearish factors included continued favorable conditions for the growing crop over most of the belt and reports of mill curtailments.

Inquiries from foreign sources continued fairly numerous for cotton under the surplus export program. Reported purchases in the 14 spot markets totaled 1,384,200 bales with CCC sales under the export program accounting for the record high weekly total. Purchases last week compared with 40,600 bales in the preceding week and 39,300 in the corresponding week a year ago.

Trade Volume Registered A Slower Pace the Past Week

Although consumer buying slackened somewhat a week ago, total retail trade was moderately above that of last year. Increased volume was reported in men's Summer apparel, air coolers and automobile supplies.

Sales in new and used passenger cars expanded slightly, but remained under the corresponding 1955 level.

The total dollar volume of retail trade in the period ended on Wednesday of the past week was 3 to 7% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England and Middle West +3 to +7; East +5 to +9; South +2 to +6; Northwest 0 to +4; Southwest +1 to +5; Pacific Coast +4 to +8%.

Purchases of men's sportswear continued to mount with principal gains in walking shorts and swimsuits. Volume in Summer neckwear, sports shirts and hosiery expanded somewhat. However, the buying of men's lightweight suits declined moderately. While interest in women's fashion accessories and cotton dresses remained at the level of the previous week, the call for sportswear and beachwear rose noticeably.

Clearance sales encouraged consumer buying of outdoor furniture last week, but volume in upholstered chairs and bedding was moderately reduced.

Appliance stores reported an increased call for air conditioners and fans, noticeably diminishing dealers' inventories.

While the total dollar volume of wholesale orders remained at the level of the previous week, it moderately exceeded that of the similar 1955 week.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended June 23, 1956, increased 6% above those of the like period last year. In the preceding week, June 16, 1956, an increase of 12% was reported. For the four weeks ended June 23, 1956 an increase of 8% was reported. For the period Jan. 1, 1956 to June 23, 1956, a gain of 4% was registered above that of 1955.

Retail trade volume in New York City the past week rose 6 to 8% above the like period a year ago.

Best gains were registered in vacation goods, air conditioners, fans and men's summer apparel.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 23, 1956, registered an increase of 9% above those of the like period last year. In the preceding week, June 16, 1956, an increase of 13% was recorded. For the four weeks ending June 23, 1956, a gain of 10% was recorded. For the period Jan. 1, 1956 to June 23, 1956, the index recorded a rise of 4% above that of the corresponding period in 1955.

DIVIDEND NOTICE:

Our Reporter's Report

The holiday at midweek slowed things down to a walk in the current period, but investment bankers were preparing in the interval for the major undertakings that shape up in the period ahead.

Topping all else in the forward calendar is American Telephone & Telegraph Co.'s \$250 million of 34-year debentures which will be up for competitive bidding on Tuesday.

As is customary in large-scale operations of this kind the bidding will be limited to two huge banking syndicates which will number among them the rank and file of underwriting and dealer capital.

The last several issues of new securities by the parent of the Bell System have been of the convertible variety which involved offering first to shareholders of the issuer. In this case, however, there is no conversion feature involved, thus eliminating the need for such procedure.

The current issue will be marketed to the general public since it does not involve any potential dilution of the equity of the stockholder. Considering the scope of the business it should provide a rather severe test for the new structure of the general investment market.

The company will use the funds derived for advances to its subsidiary operating units, and associated companies and for financing additions and improvements to its properties.

Next in Line

The week's second largest offering, most of the others are on "rights" or the remnants of similar prior undertakings, is Tennessee Gas Transmission's \$30 million of 21-year debentures, also scheduled for marketing on Tuesday.

One of the nation's major transporters of natural gas via pipeline systems, Tennessee Gas plans to use the funds for reduction of its

outstanding short-term indebtedness incurred under a revolving credit agreement.

This funding operation is being handled through the negotiated route, which, in the opinion of most investment bankers, permits of more realistic pricing than is possible under competitive bidding.

Several Standby Deals

Rounding out the week from a corporate standpoint will be several "standby" operations; and a projected offering of \$9,250,000 of debentures of Armstrong Rubber Co., the latter a negotiated deal.

Pacific Power & Light Corp.'s offering of 341,550 shares of additional common to be offered to holders of record July 11 at the rate of one share for each 10 held, tops the list of "rights" offerings. Bankers will submit bids for the privilege of "standing-by" on this business on Wednesday.

Sperry-Rand Corp., is also slated to launch its offering of 2,570,846 shares of additional stock to holders of record June 9, at the rate of one new share for each 10 held, using the proceeds to reduce bank loans and finance capital expenditures.

Florida Power 3½s

Evidently potential buyers of new corporate debt securities were more interested in getting away for the holiday than in looking over new material the early part of this week.

At any rate word around was that Florida Power Corp.'s \$20 million of new 30-year first mort-

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY
New York, N. Y., June 26, 1956.
The Board of Directors has this day declared a dividend of One Dollar and Twenty-five Cents (\$1.25) per share, being Dividend No. 177, on the Common Capital Stock of this Company, payable September 1, 1956 to holders of said Common Capital Stock registered on the books of the Company at the close of business July 31, 1956.
D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

COMBUSTION ENGINEERING, INC.

Dividend No. 211

A quarterly dividend of twenty-eight cents (28c) per share on all the outstanding stock of the Company has been declared payable July 26, 1956 to stockholders of record at the close of business July 12, 1956.

OTTO W. STRAUSS,
Vice President and Treasurer

DIVIDEND NOTICES

A regular quarterly dividend

of 30c per share has been declared by Daystrom, Inc. Checks will be mailed August 15th to shareholders of record July 27th.

DAYSTROM, Inc.
Elizabeth, N. J.
Electrical and electronic products
Modern furniture

THE AETNA-STANDARD ENGINEERING COMPANY

Notice of Dividend

The Board of Directors has declared a dividend of ten percent (10%) on the outstanding common stock of the Company, payable July 20, 1956, in common stock, to stockholders of record at the close of business July 10, 1956.

Full share certificates will be mailed to all stockholders. No fractional shares will be issued and checks in payment of fractional shares will be sent with full share certificates.

J. J. GUY, Secretary
Pittsburgh, Pa., July 2, 1956

gage bonds, brought out on Tuesday at 100.977 for a yield of 3.82%, got off to a slow start when books opened.

Market observers were inclined to await developments today to see to what extent the holiday may have been a factor. A feature of this offering was the fact that three syndicates among the competing groups, had submitted identical bids. These were 101.909 for a 4% coupon rate as compared with the winning tender of 100.269 for 3½s.

With Federated Plans

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Donald A. Fox is now associated with Federated Plans, Inc.

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On June 26, 1956 a quarterly dividend of fifty cents per share was declared on the Common Stock of this Company, payable August 15, 1956 to Stockholders of record at the close of business July 26, 1956. Transfer books will remain open. Checks will be mailed.

JOHN R. HENRY, Secretary

TITLE GUARANTEE

and Trust Company

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 30 cents per share designated as the third regular quarterly dividend for 1956, payable August 24, 1956 to stockholders of record on August 6, 1956.
WILLIAM H. DEATLY, President

LUDMAN CORPORATION

NORTH MIAMI, FLORIDA

The Board of Directors of Ludman Corporation has declared a 2 percent stock dividend payable July 24, 1956 to stockholders of record July 6, 1956.

MAX HOFFMAN
President

VANADIUM CORPORATION OF AMERICA

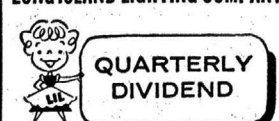


420 Lexington Avenue, New York 17

Dividend Notice

At a meeting of the Board of Directors held June 26, 1956, a dividend of fifty cents per share was declared on the capital stock of the Corporation payable August 14, 1956, to stockholders of record at the close of business August 3, 1956. Checks will be mailed.
D. A. SHRIVER, Secretary
Dated June 26, 1956.

LONGISLAND LIGHTING COMPANY



COMMON STOCK

The Board of Directors has declared a quarterly dividend of 27½ cents per share payable on the Common Stock of the Company on August 1, 1956, to shareholders of record at the close of business on July 13, 1956.

VINCENT T. MILES
Treasurer

June 27, 1956

The DIAMOND MATCH COMPANY

75th CONSECUTIVE YEAR OF DIVIDENDS

The Board of Directors of The Diamond Match Company on June 28, 1956, declared a regular quarterly dividend of 45c per share on the Common Stock. At the same meeting the Board also declared a quarterly dividend of 37½c per share on the \$1.50 Cumulative Preferred Stock.

Both dividends are payable August 1, 1956 to stockholders of record July 10, 1956.

PERRY S. WOODBURY, Secretary and Treasurer

MATCHES • PULP PRODUCTS • LUMBER • BUILDING SUPPLIES • WOODENWARE

Beneficial Finance Co.

109th CONSECUTIVE QUARTERLY CASH DIVIDEND

The Board of Directors has declared a quarterly cash dividend of

\$2.25 per share on Common Stock

payable September 29, 1956 to stockholders of record at close of business September 14, 1956.

July 2, 1956

OVER 1,000 OFFICES



Wm. E. Thompson
Secretary,
IN U. S. AND CANADA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—What has happened respecting housing legislation is that the Eisenhower Administration has lined itself up with the conservatives in Congress in a "war of nerves" against going to such extremes in liberalizing government-sponsored housing and housing mortgage credit as was passed by the Senate and proposed by the House Banking Committee.

This column has previously reported on the broad liberalizations proposed in the legislation voted by the Senate. They included a loosening of the terms for FHA insurance all up and down the line, special new types of insured loans, a new section of FHA insuring the most generous types of loans for elderly housing, and an opening up of the Federal National Mortgage Association; i.e., the Treasury of the U. S., to a broad undertaking to support government-sponsored mortgage loans.

As voted by the House Banking Committee, housing legislation varies in considerable detail with the Senate version, but not in the soft credit direction. The House proposed 50,000 units a year of public housing, for instance, to the 135,000 units per year which may be ordered by the President under the Senate bill. On the other hand, the House bill perhaps makes even more liberal the access to the Treasury via FNMA than does the Senate bill.

What confronted the Rules Committee of the House last Friday when it faced the question of whether to clear the way for passage of the House Banking Committee version of this legislation, was what would be the attitude of the Eisenhower Administration?

The Banking Committee, as is customary with Eisenhower's "middle of the road" or "liberal" proposals, moved much farther to the left. Yet its proposals included, even though they went far beyond, the proposals backed by Dwight D. Eisenhower ("Repubocrat," Pa.).

Since the alleged conservative Democratic-conservative Republican "coalition" has never existed so far in 1956 on the Rules Committee, the key question was whether the White House staff substituting for the President, would be willing to take the Committee housing bill as the price of getting the White House proposals, or would oppose the Committee bill.

Decision to Oppose

The decision was made to oppose. Consequently the key Republicans lined up with the key conservative Democrats and the Committee bill was refused a rule by a vote of 6 to 4. Previously the "Repubocrats" had gone along with the White House on the "Repubocrat" party issues of Federal school aid and "civil rights," so that the latter two proposals were cleared for House votes.

With the White House blessing, the Republicans on the Rules Committee, in one of the comparatively rare instances during the 84th Congress, voted with the conservative Democrats, or Chairman Howard W.

Smith of Virginia and William Colmer of Mississippi.

Bill Or No Bill

Theoretically, the refusal of the Rules Committee to clear the way for House consideration of the Banking Committee version of a broad housing bill means NO housing bill this year. That is what the despondent observers of the credit-subsidized speculative housing industry are fearing. It would be possible but most difficult to hurdle this road-block of the Rules Committee in the short time remaining.

On the other hand, the Rules Committee action is actually only a part of the process of political negotiation. So long as the Rules Committee clears a bill for floor consideration, it clears itself of any power to control the outcome. Once both House and Senate "liberal" versions are on the floor, there is no stopping the final bill from becoming broad, "liberal," and expensive.

However, by controlling the road-block the Rules Committee can, in the queer jargon of today, "negotiate from strength." It can determine within some limits the degree to which housing credit will be liberalized, before clearing it for action—even if this negotiation is unofficial.

In 1955 the Rules Committee, in good faith, cleared a "bare bones" bill merely extending the FHA and certain allegedly necessary powers, for House consideration. In conference with the Senate, the members of the House Banking Committee, who were conferees, "yielded" to most of the Senate bill. This is what is understood in politics as a "double cross." This the Rules Committee does not intend to happen again.

Unless the "liberals" insist upon all or nothing and get tacit White House backing ultimately there WILL be a relatively broad housing bill by conservative standards, and it WILL pass. However, what moderation is achieved in the involvement of the Treasury for future housing loans will be due to Chairman Smith and member Rep. Colmer of the Rules Committee, and Rep. Jesse P. Wolk of Michigan, the ranking Republican on the Banking Committee.

Donovan Book

This correspondent, who has been privy to many of the developments discussed and/or related in the Donovan book ("Eisenhower, the Inside Story," by Robert J. Donovan, Harper, \$4.95) has not as yet had this book in hand long enough to study it, but IF a study reveals information not previously brought out, will later discuss it.

Meanwhile, however, the FRAME for reading the book may be outlined. It has been a custom for many years for Presidential candidates of both parties to inspire a few months prior to their election, the publication of books which show the candidates as knights in shining armor.

The Donovan book was intended to be this. One distinguished correspondent was approached by the White House but declined to lend his name to this political chore. A second

BUSINESS BUZZ



"Any reaction from Mr. Bulldozer on our Poodle's preferred prospectus?"

was then substituted. He was Mr. Donovan. As is customary, the "files were bared" for the enterprise. It remains to be seen, however, after a study, whether this was the customary sugary job of a professional adulator or an earnest analysis and presentation of information from the standpoint of the author. The point is that its original auspices were that of a campaign document.

Bank Merger Fight Looms

Last Friday the Banking subcommittee of the Senate Banking Committee reported out a bill which would require the Federal bank supervisory officials to consider the competitive and monopoly aspects as well as the financial aspects, involved in a proposed merger of banks.

Previously the House, with the Eisenhower endorsement, had passed the Celler bill giving the Department of Justice a veto over any bank merger which was adjudged to lessen competition or tend toward a monopoly in any locality.

It is probably that the full Banking Committee, before this is published, has voted in favor of the subcommittee-approved bill, introduced by Chairman J. William Fulbright (D., Ark.) of the Banking Committee.

Meanwhile, the Senate Judiciary subcommittee on monopoly, under the Acting Chairmanship of Senator Joseph C. O'Mahoney (D., Wyo.) was readying itself to report to the full Judiciary subcommittee the Celler anti-bank merger bill as

part of the pre-merger notification bill, affecting all businesses as well as banks. Under conditions as yet undisclosed by the subcommittee, businesses proposing to merge would have to give 90 days advance notice to the Federal Trade Commission and the Department of Justice of the prospective merger, and submit all information which these agencies requested about the prospective merger.

This means that if the Judiciary Committee finally decides to legislate on bank mergers, it faces a direct challenge from the Banking Committee on its jurisdiction to legislate on bank matters.

Area Redevelopment Aid Sure

President Eisenhower earlier this year backed proposals to provide Federal aid for the bootstrap assistance of the Federal Government in boosting the economies of these so-called "depressed areas," such as the coal regions of West Virginia or the textile manufacturing centers of New England and the Carolinas.

Again, as with "middle of the road" housing programs, the Congress, confronted with the White House demand for Federal aid, is going the White House several times better than it proposed.

Renegotiation Modified

In an election year, it is almost impossible to kill off any such organized nonsense as the Contract Renegotiation Act, which purports to prevent contractors, especially defense con-

tractors, from reaping "high profits" on their production for the government.

However, the Congress this year, with the aid of a careful study made by the Congressional Joint Committee on Internal Revenue staff, is actually moderating considerably the rigors of what the informed regard as this patent boondoggle.

The minimum contract subject to renegotiation is raised from \$500,000 to \$1,000,000, the number of agencies whose contracts may be renegotiated is narrowed moderately, and the Congress is tightening up on the exemption from renegotiation for standard commercial articles.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

Business Man's Bookshelf

American Bureau of Metal Statistics—35th Annual year book—American Bureau of Metal Statistics, 50 Broadway, New York 4, N. Y. (paper), \$3.00.

Hong Kong Sales and Credit Guide—Financial and credit reference book for Hong Kong—descriptive circular and specimen page on request—American Foreign Credit Underwriters Corp., 253 Broadway, New York 7, N. Y.

Industrial Corporations—Card index of 1,000 largest industrial corporations showing address, name of top corporate executive, latest figures on sales, assets and net profits—in hard-wood file case—Marketing Facts, Inc., 424 Madison Avenue, New York 17, N. Y., \$50.00.

Key to the Future—Brochure describing services of the Southwest Research Institute and Southwest Research Center—Southwest Research Institute, 8500 Culebra Road, San Antonio, Texas.

Outlook for Business for the Last Six Months of 1956—Panel report—First National Bank of Chicago, Chicago 90, Ill. (paper).

Outlook for Business in An Election Year—Proceedings of third annual Dean's Day Homecoming Conference of New York University's Graduate School of Business Administration Alumni Association—Graduate School of Business Administration, Dr. Harold W. MacDowell, New York University, 115 Broadway, Room 610, New York 6, N. Y. (paper), \$2.00.

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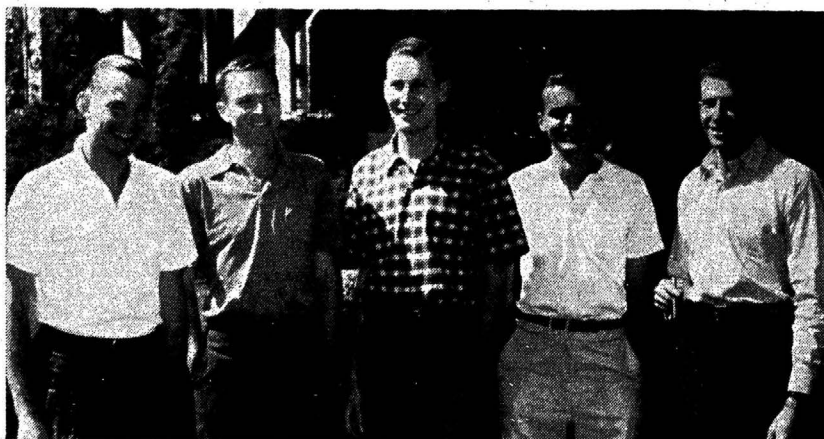
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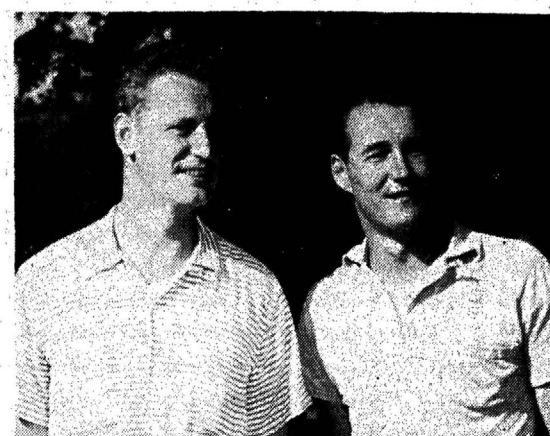
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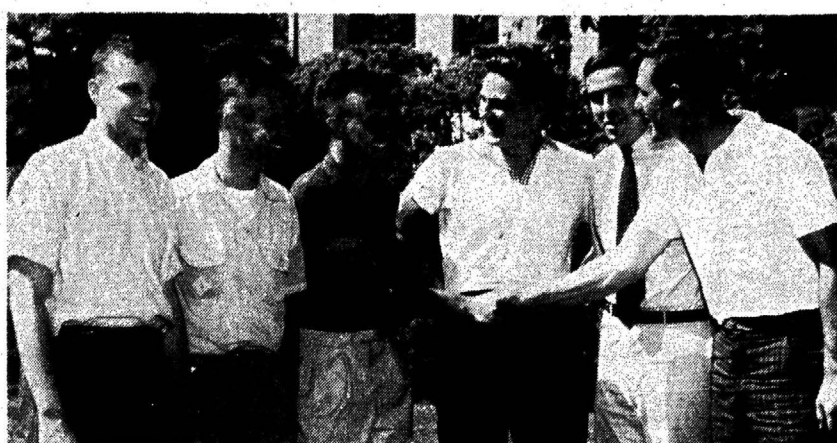
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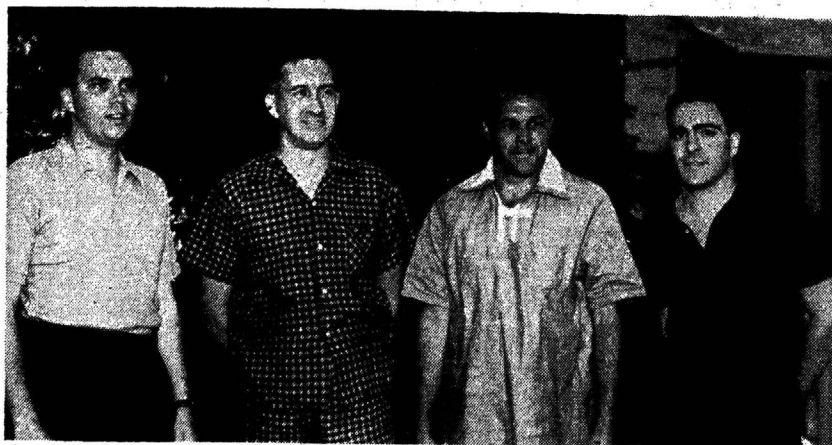


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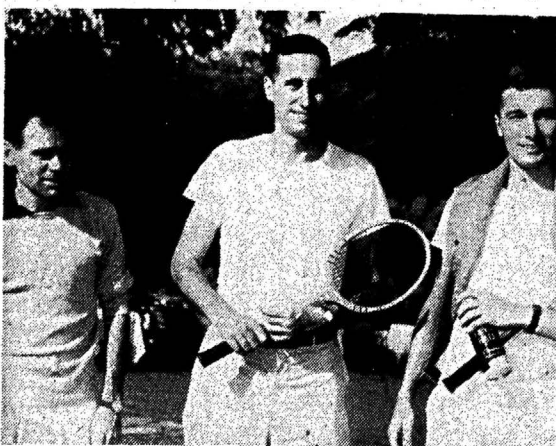
Friday, June 29, 1956



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Dick Vivian, *First Boston Corporation*; Vernon Lee, *American Stock Exchange*; Fred Owen, *First Boston Corporation*



Lloyd Harbeck, Jr., *White, Weld & Co.*; Douglas Delaney, Jr., *Aubrey G. Lanston & Co., Inc.*; John B. Roll, Jr., *Clark, Dodge & Co.*; Stuart L. Murdock, *Brown Brothers Harriman & Co.*; John D. Lelong, *New York Hanseatic Corporation*



William McIntire, *Dominick & Dominick*; William Roome, *Dominick & Dominick*; Don Kenney, *Harriman Ripley & Co. Incorporated*; Lorrin C. Mawdsley, *D'Assern & Co.*; Paul Hood, *Kidder, Peabody & Co.*; Dave Hamilton, *Equitable Securities Corporation*; Jack Harned, *Glore, Forgan & Co.*



William Schill, *Reynolds & Co.*; Jack Kelsey, *Union Securities Corporation*; Bill Burton, *Harriman Ripley & Co. Incorporated*; Joe Wise, *Dean Witter & Co.*



Frank Cullum, *W. C. Langley & Co.*; Henry Willems, *Hornblower & Weeks*; Peter Burr, *F. S. Moseley & Co.*; Jack Toolan, *Hornblower & Weeks*

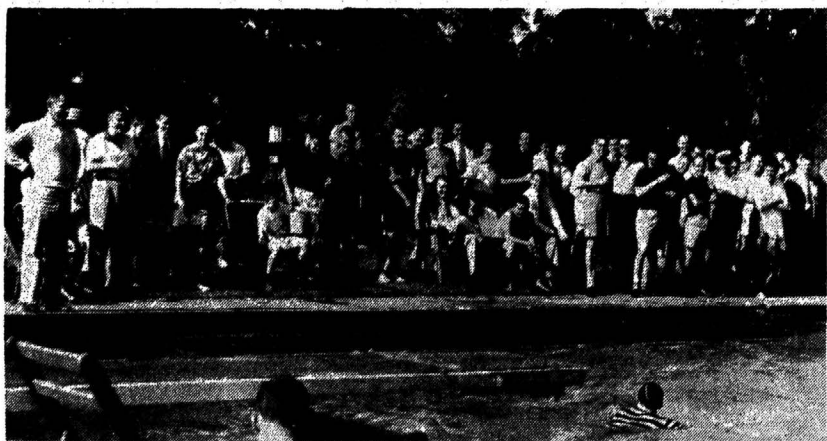
At Sleepy Hollow Country Club



Phil Allatta, American Securities Corporation; Herb Mathiasen, Schoellkopf, Hutton & Pomeroy, Inc.; Nick Harris, R. W. Pressprich & Co.; John Hood, R. W. Pressprich & Co.



Hugh Petersen, Hemphill, Noyes & Co.; Bill Middendorf, Wood, Struthers & Co.; Austen Colgate, Wood, Struthers & Co.



Watching the water show



Some of the boys jazzing it up at the outing



Jim Sherwood, Sherwood & Co.; Edward Johnson, Van Alstyne, Noel & Co.; Charles I. Petschek, Kuhn, Loeb & Co.



Donald Stone, E. H. Stern & Co.; John Hilson, Wertheim & Co.; John Weinberg, Goldman, Sachs & Co.; Jack Shepherd, Goldman, Sachs & Co.; Jerry McNamara, Goldman, Sachs & Co.



Dudley Cates, Kidder, Peabody & Co.; Fred Carleton, Blyth & Co., Inc.; Dick Karrenbrock, Blyth & Co., Inc.; Bud Treman, Dillon, Read & Co.



John Maxwell, Jr., Tucker, Anthony & Co.; James Cooper, First Boston Corporation; Bill Steen, First Boston Corporation