ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 184 Number 5556 | New York 7, N. Y., Thursday, August 2, 1956 | Price 40 Cents a Copy

EDITORIAL

As We See It

Congress has adjourned and its members have returned to their homes to mend their fences. It is at such a time that the politician takes most careful note of the trend of thought among his constituents. Even the statesman must give heed to the "sentiment" of those whose votes will send him back to the national capitol or retire him to private life. There are, of course, a few legislators who have very definite ideas of their own and as a rule try to persuade the voters to see things as they do rather than merely to sneeze when their constituents take snuff. Most of the office holders of this day and time, however, seek to find out what their constituents want and to get it for them if they can. What members of Congress or would-be members of Congress hear from their home folk during the next three months or so will largely determine what Congress will be prepared to do when it convenes at the first of the year.

This, in other words, is the time when the rank and file can most effectively influence or even control what is to go on at Washington next year. Both of the major political parties will, of course, soon be coming forth with platforms upon which their members will presumably stand for election, but, regardless of oratory, the individual voter can in large measure determine what his representatives in Washington do next year, and now is the time for the exercise of that influence.

If taxes continue mountain high, the individual voter must not complain unless he has done all that he can personally to let the candidates for office know unequivocally that he wishes and indeed demands that something be done to render

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Western Europe Today

By NORMAN BRASSLER
Executive Vice-President,
County Bank & Trust Company, Paterson, N. J.

On basis of first-hand investigation of Western European economic and political conditions, banker reports outstanding factors in Italy, Switzerland, Germany, Holland, France, and England. Concludes whole Continent is suffering from severe dose of inflation and no end in sight; its curtailment is obstructed by political pressures. Reports optimism about America's economic outlook, with present soft spots only temporary.

During the past four weeks I was very fortunate in again having the opportunity to conduct a first-hand survey of Western European economic and political conditions. Interviewed were leading bankers, economists, and business executives; the countries visited were Italy, Switzerland, Germany, Holland, France, and England. Obviously, the impressions I obtained were somewhat superficial inasmuch as time did not permit extensive discussions or surveys of all the multitude of complicated factors making up the Western European economic picture. I propose to discuss conditions in each country rather briefly and then draw certain overall conclusions as to the outlook for the European economy. Finally, a few brief comments are made as to the present economic picture in the United States as seen from abroad.

Norman Brassler

Italy, I found to be surprisingly prosperous. Only the textile industry appears in some degree of trouble; the balance of the economy is booming, and great progress has been made in diversifying industry, particularly in the northern part of the country. The government, having been deprived of colonies, is starting substantial internal colonization programs. The southern portion of the country is being slowly rehabilitated by irrigation and agricultural improvement programs designed to aid the very poor peasants. This program is being supplemented by United States assistance. Furthermore, Sicily, having independent laws, is

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Economic Consequences Of Disarmament

By DR. GROVER W. ENSLEY*
Executive Director, Joint Economic Committee,
United States Congress

Dr. Ensley points out that big defense spending causes substantial sacrifices in satisfaction of consumers' human wants; ample opportunities for raising our living standards exist when defense outlays can be reduced; these will affect the complexion of the nation's economy and call for basic changes in public policies; and urges that systematic thought be devoted to development of techniques, both private and public, for assuring effective adjustments. Concludes economic considerations support every feasible effort for disarmament.

A principal objective of U. S. foreign policy is securing the peace and prosperity of the world. As a major step in attaining this objective, the Nation has sought world disarmament whenever the objective bases for disarmament existed.

Grover W. Ensley

Disarmament was a major item in President Wilson's 14 points. During the 1920's the U. S. disarmed to a significant extent and maintained a minimum military establishment during the 1930's. Other nations increased armaments despite efforts by Presidents Hoover and Roosevelt to obtain their cooperation through the Disarmament Conference of the League of Nations. Following World War II, President Truman insistently worked for disarmament through the United Nations. The Communists' invasion of South Korea in the summer of 1950 found the United States and the Western World's military preparedness woefully inadequate. After the Armistice in Korea, the United States Senate passed unanimously on July 29, 1953,

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*An address by Dr. Ensley before the Fifteenth Stanford Business Conference, Stanford University, July 23, 1956. The views expressed are those of the speaker and do not necessarily represent views of the Joint Economic Committee or individual members of that Committee.

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 28.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

AARON B. FEIGEN
Research Department
J. R. Williston & Co., New York City
Members New York Stock Exchange

The Pittston Company

Important to the investor is the fact that the resurgence in the bituminous coal industry — and responsible for the exciting earnings gains of the coal companies—is not a short-lived, "flash-in-the-pan" upturn but rather marks the establishment of a major, long-term growth trend. The industry's poor record over the past decade has been due to a major re-alignment of markets — a period during which the industry absorbed the tremendous loss of tonnage resultant from railroad dieselization and the growth in home use of oil and gas. For example, from 1946 to 1955, the percentage of total domestic consumption accounted for by these two markets declined from more than 42% to 16.4%; railroad consumption experienced the most serious decline, falling from 22% in 1946 to 3.7% in 1955. Although two other major markets, the steel industry and electric utilities, expanded their consumption sharply during this period, it was not until 1955 that these gains were able to offset the loss and reverse the trend. As result, 1954 marked the industry's postwar low point, with total domestic consumption of 363 million tons off 27% from the more than 500 million tons consumed in 1946. During 1955, a sharp upturn in export demand supplemented the continuing increase in steel industry and public utility "takings," and mine output jumped from 392 million tons in 1954 to 470 million in 1955, an increase of 20%. This year, demand in these markets has again risen and overall production could reach or exceed 500 million tons, a gain of 6% or better.

Aaron B. Feigen

Significantly, it is the growth in demand visualized for the steel, utility, and export markets that supports the bright, long-term outlook for the industry. First, the electric utility companies are showing a preference, based on price and availability, for coal as a fuel. During the 12-month period through April, 1956, the electric utilities increased their coal consumption by nearly 23% over the preceding 12 months. This is in contrast with a 4.8% increase in consumption of fuel oil and 0.1% in natural gas. Moreover, it has been estimated that despite advent of atomic power, coal consumption by electric utilities will rise 230% over the next 20 years, indicating a rate of demand growth far exceeding the estimated doubling of production for the coal industry during the same period.

Second, steel industry consumption of metallurgical coal varies directly with steel production, for it takes roughly one ton of metallurgical coal to produce one ton of steel, in effect making this type of coal of equal importance with iron ore. In this connection, domestic steel production is expected to increase at an accelerating rate over the future. Witness the fact that the steel industry plans to expand its capacity by almost 15 million tons over the next three years—an increase of roughly 12% over the 128.4 million tons of capacity at the 1955 year-end and indicative of an average annual expansion rate of 5 million tons, compared with the past average of 3.6 million tons since 1946.

The third market, export demand, affords a particularly exciting potential. As result of lagging mechanization of mines, shortages of labor and, most important, lack of important deposits of metallurgical coal abroad, there has developed what is tantamount to a world-wide shortage of coal. Export shipments this year could easily rise 20% to near 50 million tons, of which Western Europe, riding its own industrial boom, may consume more than 40 million tons, compared with 27 million tons in 1955. On longer range view, the size of the growth potential is highlighted by the British estimate that, despite rising national production, England will alone require an additional 50 million tons per year of import coal within ten years.

There are many kinds and types of coal. However, while virtually all are showing sharp demand gains, the metallurgical grades are and should continue to "steal the show." Steel production in this country and "free" Europe was approximately 225 million tons in 1955 and expanding rapidly. In contrast, supplies of metallurgical coal are limited. Unlike iron ore, metallurgical coal is found in few places and the greatest reserves outside the Iron Curtain are concentrated in three States in this country: Virginia, West Virginia, and Kentucky. Thus, free-world demand for this type of coal will not only strongly bolster our domestic industry, but will also produce a magnified effect on the relatively few companies in this country that hold extensive, uncommitted reserves. And recently announced plans by the coal miners, mine operators, and coal-carrying railroads to form a joint coal shipping operation will help develop our export markets, for the objective is to hold freight rates at a reasonable figure and offset profiteering by foreign shipowner groups who have been exploiting the scarcity of coal-carrying vessels.

Against the industry background outlined above, The Pittston Company appears to present an outstanding investment opportunity. Although by nature a diversified holding company with interests in trucking, warehousing, and fuel distribution, the company's earnings outlook is dominated by bituminous coal mining. Coal earnings, which provided 41% of net income in 1955, will become still more important over the next few years; opening of new mines and expansion of existing facilities will provide a 25% increase in capacity to roughly 10 million tons by the 1956 year-end, and further expansion planned for 1957 should add another 2 million tons of capacity by early 1958. Currently, all mines are in full operation and, barring a prolonged steel strike, earnings on coal operations in 1956 could range between $3.50 and $4 per share, up from roughly $1.50 per share in 1955. Pittston's share in natural gas earnings of its Clinchfield Coal subsidiary—which first began contract sale of gas this year—is expected to contribute about 50¢ per share in 1956. Moreover, trucking, warehousing, fuel distribution and other miscellaneous activities should contribute about $2.50 per share, a satisfactory though less spectacular gain over 1955. Thus, after deduction of parent company expense of slightly more than $1 per share, net earnings of Pittston in 1956 could range between $5.50 and $6 per share, compared with $3.60 in 1955.

Equally important, 1957 could see a still larger earnings gain. Coal production will again rise sharply and much of this will be in highly profitable metallurgical types. Earnings on coal alone could conceivably rise to the $6-$7 per share range which would indicate net earnings of between $8 and $9 per share for Pittston even if other activities were to remain static. Obviously, the arithmetic could be affected by several factors, notably selling prices and labor costs, but as it stands at present, feeling is that any price changes would be in an upward direction and labor is more interested in a full work week than in higher rates *per se*—a condition which should not pose any serious problems in view of booming production. Moreover, while Pittston's export volume is outpacing the industry's showing—between 4 and 5 million tons will be exported in 1956 vs. roughly 3 million a year ago — only about 15% of this amount will be company produced coal. In other words, about 85% of export volume has been "subcontracted," affording a cushion for company operations should there be a setback in domestic demand.

Basic to Pittston's present prosperity and bright outlook is the company's 60%-owned Clinchfield Coal subsidiary. The other small coal mining subsidiaries, Lillybrook Coal and Amigo Smokeless Coal (both wholly-owned), are now contributing profits compared with loss or break-even operations a year ago, but it is Clinchfield, with its 300,000 acres of coal lands and estimated 1,000 million tons of all kinds of coal—including roughly 300 million tons of high-grade metallurgical coal—which contributes the dynamics to the Pittston picture. Management believes that this represents one of the nation's largest reserves of high quality, thick-seam metallurgical coal held commercially and not yet committed to the steel industry. Also, natural gas exploration is continuing, and growth, while gradual, should assume increasing importance over the years. Proven reserves total nearly 40 billion cubic feet although it is reported that only a small portion of the 400,000 acres of gas rights held by Clinchfield has been explored. In any event, the current earnings contribution is a "bottom" figure for it represents minimum deliveries under a 21-year contract with the Equitable Gas System.

Significantly, plans for merger of Pittston with the Clinchfield subsidiary are under study. The arrangement will likely be via an exchange of securities, and, should the merger be consummated, the

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The Dynamic Decade: 1956-1965

By PAUL MAZUR*
Partner, Lehman Brothers

Banker-Economist declares America's future economy possesses many powerful ingredients, as large continuing Government expenditures; support from foreign aid; quickening highway building; increased capital expenditures by industry; and the consumer's general desire for raised living standard. Concludes realization of nation's potentials over next decade requires adequate management and proper control by businessmen and government officials.

We have chosen the most difficult area of economic prophecy. A guess related to the future *immediately* ahead requires merely the use of simple observations. The variations within the economy of the next six months usually depend upon the government spending program and the accumulation or decumulation of inventories by American businessmen. It is not too difficult to equip oneself with the knowledge necessary to know what the government plans to do in the matter of spending, and what businessmen are doing in the matter of inventories.

Paul Mazur

To make a *long-term* economic guess, say for 20 to 25 years, is also reasonably feasible. The forces upon which the long term depends are fairly discernible. The time element within which one is to be right or wrong is far less narrow. And, finally, the memory of the listener or even the physical being of the prophet is not likely to last so long.

It is the *ten-year* period that presents the real difficulty. The factors of control have a much more limited area in which to operate. The whole problem of timing is greatly increased because many accidents which would not influence the longer trends can affect seriously developments within the shorter period. And, finally, there is inherent in a guess related to a medium period the much greater risk of the prophet being proven completely wrong *within* the memory of his listeners.

There is, however, one way to avoid the risks that are so great and so inherent in the implications of our theme "the dynamic decade." That is to avoid definitive prophecy—which is just what I have decided to do.

What I intend to do in place of sticking my neck out all alone is to present some of the most important ingredients out of which I believe the economy of the next ten years will be formed. Then, together, *all* of us can make prophecies.

Economic Maverick

However, cooks—whether they are economic or members of Cordon Bleu—can mix the same ingredients in different ways and with different results. Therefore, perhaps I should indicate what nature of economic cook I am. I was going to say I should indicate to what school of economics I belong—but I fear I am, together with a few associates, a maverick in the field of economics. In fact, to paraphrase the old story about the piccolo player, there are even those who ask, "Who says this banker is an economist?" I should confess that it is true also that among some of my banking friends. I have heard the obverse, when they ask, "Who says this economist is a banker?"

Be that as it may, I should confess that I believe economics should be defined as the study of the material relations among people. That means I place great emphasis on people, their needs, their desires, and their wishes—whether they be biological or sociological or psychological. This also means that I am not a quantitative economist. I believe the acts of people and not the facts of money rates are most important. I believe that, generally, not subtle monetary policy but the simple relationship between dollar wages and labor's productivity determines increasing or decreasing prices—inflation or deflation. I believe that production is important, but its *sustained* health and growth depend upon continuous and equal consumption. I believe that production is not the goose that lays the golden egg—for whether the goose lays a golden egg or just lays an egg will depend upon the ability of consumption to absorb the production offered. Production unrelated to consumption can fill the elevators with grain and the politicians with concern. It can fill the inventories and meadows with products and businessmen with worry and even panic.

The *accumulation* of inventory can give the sense of prosperity and create book profits. But it will also assure a *subsequent decumulation* with its companionate decrease of production and profits and a substantial loss of the previous sense of well-being.

Upon such precepts as these do my economic principles depend, and upon them you may find the basis of disagreement with the way in which I view what lies ahead.

Powerful Ingredients

The American economy as I see it stretching into the future decade possesses many powerful ingredients. Government expenditures (both local and Federal) should amount to at least $100 billion a

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*An address by Mr. Mazur before Annual Meeting, Bureau of Advertising, American Newspaper Publishers Assn., New York City.

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Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, Aug. 2, 1956

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C. England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $60.00 per year; in Dominion of Canada, $63.00 per year. Other Countries, $67.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $40.00 per year. (Foreign postage extra.)

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Midyear Construction Review Of Contract Awards for 1956

By GEORGE CLINE SMITH
Vice-President and Economist, F. W. Dodge Corporation

First half year contract awards for future construction is reported 10% above last year's record with each major category setting a new record by F. W. Dodge Economist who notes emphasis continuing in two main areas: new business facilities and public construction.

Contract awards for future construction in the 37 eastern states set all sorts of new records during the first six months of 1956 despite the fact that June got out of step with the other months and registered a slight decline. Coming at the end of the period as it does, the June drop makes it a little difficult to speak of the first half in a simple, cohesive way, but there are certain clear-cut facts which should not be lost to view.


Dr. George C. Smith

One of these is that the first half as a whole was a tremendously active period of contract awards, with all that this implies for the future of actual construction spending. Another is that the June total of $2.2 billion, even though it was below June of last year, as a huge figure, some 27% ahead of the third highest June on record. A third fact is that an extraneous situation, the steel strike, is probably the dominant influence on the **immediate** outlook both for actual construction and for contract awards.

Total contract awards in the first half of 1956 amounted to $13,199,000,000, the highest total in history and 10% above the record set last year. Each major category also set a new record. Non-residential building, at $4,608,000,000, was 11% ahead of last year; residential building, at $5,699,000,000, was up 5% (although the number of dwelling units represented by the contracts was down 3%) and heavy engineering, at $2,893,000,000, was up 21%.

The emphasis in the first half has continued to be on two main areas: business investment in new facilities, and public construction of all types. Business investment shows up in sharp gains in factory and commercial buildings and in utilities. Public construction is particularly strong in highways and schools. Shifts in the various categories have tended to balance out so that there is no change in the proportions of public and private contracts in the totals; as in the first half of 1955, private awards were 69% of the total, and public awards were 31%.

* * *

As is our custom in this midyear review, we are making available certain details of the Dodge contract award statistics which are not ordinarily made public. All figures below refer to the 37-state area, and are totals for the first six months of the year specified.

Commercial Building: Awards for commercial buildings made up the largest single segment of non-residential building in the first half of 1956. The total of $1,200,000,000 was 11% above the previous record set last year, and the physical volume as represented by floor area was also a record.

Schools: The educational and science building category (primarily schools) was the second largest non-residential type. At $1,156,000,000 the awards were 11% ahead of the record set last year. This marks a continuation of the steady growth which has resulted in an increase every single year since the end of World War II. Moreover, the 1956 figures indicate a considerable speed-up in the rate of growth. In 1955, even though a new record was set, the total was only 4% ahead of 1954, an increase which was so small compared to those of previous years that it aroused fears of a leveling off in school-building programs at a time when the number of children born was setting a new record.

Manufacturing Buildings: While this was not the largest class of non-residential building, and while it set no new records, it is perhaps the most significant of all at the moment because of its extremely sharp increase. Awards for manufacturing buildings totalled $1,096,000,000, an increase of 29% over last year and 88% above 1954. This year's figure is far below the record of more than two billion inspired by the Korean War in the first half of 1952, but it is far above any other first half in history.

Hospitals and Institutions: This group has not been doing so well in recent years, although the contract award totals are respectably large. The peak of $300,000,000 was set in 1950, and since then first-half awards have fluctuated at considerably lower levels. This year's total of $240,000,000 is 14% below last year's level.

Religious Buildings: The total of $277,000,000 for religious buildings was 3% below last year's record, but it was still far higher than any other earlier year. Strangely enough, the physical volume in the first half of 1956, measured in floor area, was the highest ever recorded.

Other Non-Residential Buildings: Public Buildings totaled $166 million, down 6% from last year, but well above any earlier year. Social and recreational buildings set a new record at $161 million, up 3% from last year. Miscellaneous non-residential buildings also set a new record. The total of $312 million was 18% above last year.

Residential Buildings: Awards for residential buildings totalled $5,699,000,000, a new record, a little less than 5% above last year. The number of dwelling units involved, however, declined by 3%. The differential reflects increased costs and larger size of housing units this year. The awards show a continuation of the trend away from apartments toward single family homes which was mentioned in last year's midyear review. Apartment contracts amounted to only $328 million, the lowest figure in 10 years, and 11% below last year. Contracts for two-family houses rose 31% above last year, but the total of $106 million was still only a very small fraction of residential building.

Public Works: Contracts for public works continued their almost unbroken rise since the end of World War II, reaching the tremendous total of $2,154,000,000 in the first six months of 1956. This is a new record 26% ahead of the previous record which was set last year, and it indicates the great emphasis being placed on such heavy engineering projects as highways and flood control. "Public works" as used in this classification refers to the nature of the project rather than to the ownership. Most of the category is, of course, under public ownership, but private projects of a similar character are also included.

Public Utilities: This group also set a new all-time record at $738,000,000, nearly 8% above last year's record. This category also refers to a construction type, and includes both privately and publicly owned utilities; so far this year, a little more than half the contracts for utilities have been under private ownership.

It should be clear from these facts that while practically all types of construction are at high levels, the principal boost this year has come from business investment in commercial, industrial and utility buildings, and public investment in schools, public works and also in utilities.

Joins Rudd & Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Don J. Zangger is with Rudd and Company, El Paso Lane, Town & Country Village.

Two With Cooley Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Chas. E. Wallace and Louis A. Rossi are now affiliated with Cooley & Company, 100 Pearl Street, members of the New York Stock Exchange.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
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Commodity Price Index
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Auto Production
Business Failures

A noticeable rise occurred in total industrial production for the country-at-large in the period ended on Wednesday of last week as many industries resumed normal operations after shutdowns for vacation periods.

On Friday last, a settlement came in the nationwide steel strike with the signing of an agreement assuring three years of uninterrupted labor peace in this basic industry.

The 650,000 striking members of the United Steelworkers of America are expected to return to work this week after individual contracts are completed with the 12 major steel companies.

With respect to the condition of employment in the United States it was reported that initial claims for unemployment insurance declined 19% last week, but were 11% higher than those of a year ago. There were numerous recalls in the automotive industry and many workers returned to work following the vacation shutdowns. Claims fell most noticeably in New York, New Jersey and Connecticut.

Initial claims filed by workers for unemployment insurance during the week ended July 21, last, dropped by 18,200 bringing the total to 239,900, the United States Department of Labor reported.

The agency said state employment security agency reports attributed the cut chiefly to fewer layoffs in food processing, apparel and textiles and a continued tapering-off in claims filed by workers ineligible for pay during plant vacation shutdowns.

Largest declines, the department stated, were reported by Massachusetts, with 6,800, and North Carolina, 3,900, due to the slackening in the auto industry and in a large refrigerator plant in Indiana brought a drop to 2,100 there. Pennsylvania, the agency said, reported that a drop in claims from apparel and food-processing workers more than offset claims filed by coal miners idled by the steel strike.

The agency reported that total insured employment during the week ended July 14, went up 33,000 to 1,259,900. The increase, the department declared, was attributed mainly to claims for benefits filed by workers ineligible for vacation pay. In a few states, recent layoffs in seasonal industries were responsible for reported increases, the department observed.

Pennsylvania, the agency said, reported a 19,300 increase in insured employment and added that most of it came from the secondary effects of the steel strike.

The steel strike left metalworking plants literally hanging on the ropes. It will be touch-and-go from a steel supply standpoint for many consumers for the balance of the year. The end of the strike touched off the worst scramble since the walkout of 1952, stated "The Iron Age," national metalworking weekly, the current week.

When the strike started, finished steel inventories in consumers' hands, including work in process, were at a record 21,500,000 tons. The strike cost a minimum of 11,000,000 ingot tons, or 8,250,000 finished tons. Meanwhile, consumers used an estimated 7,000,000 tons of finished steel, leaving inventories in a sad shape. Many mills will not turn a wheel until late this week due to the many details that must be cleared up before individual contracts are signed. After that, it will take some companies anywhere from two to three weeks before their production level returns to where it was before the strike.

Meanwhile, the cost of the strike to the steel industry was estimated at $335,000,000 including out-of-pocket expense during the shutdown and loss in net earnings based on what sales would have amounted to during the walkout. The wage loss to the steelworkers ran about $250,000,000.

The race to replenish inventories in the months ahead will embrace virtually all products, including sheet and strip, plate, structurals, bars, tinplate, and oil country goods. Automotive is back in the picture for 1957 model requirements. Oil and gas, construction and freight car building are hungry for steel. Structurals and plate are being snapped up at premium prices asked by importers, gray market operators and conversion sources, "The Iron Age" points out.

Although they laid in heavy inventories before the strike, tinplate consumers will be back in the market both to replenish stocks and to beat an expected price boost when their latest price contracts with steel firms expire in October.

On the labor front, steel mills braced themselves for new contract demands from John L. Lewis, head of the United Mine Workers. The mine workers will look for something equivalent

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Observations . . .

By A. WILFRED MAY

RIGHTS OFFERINGS AND THE SHAREHOLDER

The American Telephone and Telegraph Company's prospective offering of five and three-quarter million shares of new stock to its 1,409,000 shareholders serves to highlight the prevalent uncertain concepts concerning dilution and other impacts from the issuance of additional shares.

A. Wilfred May

The infliction of dilution of the shareholder's interest under certain conditions surrounding additional stock issuance is more easily discernible, in the case of closed-end investment companies with their activities concentrated on arithmetically-calculated money changes. But the principles and workings of rights offerings are similar to those pertaining to the industrial enterprise. Dilution by investment companies, because of its needlessness from the business operation requirement motivation, is, of course, less justified.

The crucial factor determining the presence or absence of dilution—and then only to the shareholder who does not exercise his rights—is the relation of the prevailing market price to the equity value.

(1) The "Discount" Stockholder Who Does Not Subscribe

Let us first calculate the result on the non-subscriber in the market-price-under-equity value situation. Assume that the book equity of the outstanding ATT shares were not the actual 150, but 250, and the stock's market price still at 180. With the 1-for-10 rights to subscribe at 100, the one right given each outstanding share is worth $7.50. But the book equity as a result of the offering would be reduced from 250 to 236 (1/11th of the difference between 100 and 250).

So in this "market discount" situation, the non-subscribing stockholder—

Has lost in book equity	$14.00 gross
Has received from the sale of his right	7.50
The resulting net loss being	$6.50

Such dilution loss similarly applies with clarity and easy arithmetical calculation in the case of investment companies dealing in exact money values, where new stock is offered below asset value and at less than market discount. Thus the shareholder may be said to suffer an "assessment" to protect his equity status.

(2) The "Premium" Stockholder Who Does Not Subscribe

When, on the other hand, the outstanding stock's market price *exceeds* its equity value, there is no dilution suffered, even by the non-subscriber. The recoupable market value of his rights will offset the gross dilution because the market price on which the price of the right is based, exceeds the book value. In the case of ATT, the 10-share holder sells 10 rights worth $7.27 each (representing the difference between the subscription price and the approximate market), grossing him $72.70. The dilution on his retained holdings, amounts to $45.50 (10 x $4.55 per share). Hence from a book equity viewpoint, our subscribing shareholder has actually gained an advantage of $27.20.

(3) The "Discount" Stockholder Who Subscribes

In the situation where the holder of stock which is selling below its equity value, subscribes to the new offering, he is not diluted and comes out even. This is so because the dilution on

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Knowledgeable Investment Brokers to Awaken Dormant Stocks

By FRANK M. CRYAN

Partner, McLaughlin, Cryan & Company

Writer attributes stock dormancy to lack of public acceptance or broker's inertia which, in turn, may be due to lack of proper knowledge. Mr. Cryan advises firms to secure backing and understanding of brokers to better interpret to individual and corporate clients their investments.

The question is: **Will your company's stock advance with the extraordinary growth of U. S. A.?**

We are living in a business age of intense specialization.* To name but only a few of the highly specialized professions in this push-button era, we immediately think of engineering, accountancy, medicine, and law. This can be largely attributed to the fact that we are living in a dynamic era.

Frank M. Cryan

Evidenced by the extraordinary rise in the stock market, which is considered to be the mirror of our dynamic economy, a rise of 124%* has been witnessed within the past eight years. In the same period consumers' debts have increased 292% while industrial production is up 56%, and personal income, before tax, up 75%, which seems to be only an introduction to what we can expect within the next 20 years.

Our forecasters are now projecting a six-hour working day against the present eight, with a 25% increase in take-home pay. The U. S. population is expected to increase to 213,000,000 people against the present 165,000,000. Employment should go up to 85,000,000 against 66,000,000 now employed.

Looking Further Through the Telescope

Mr. L. L. Colbert, President of Chrysler Corporation is projecting atom-powered automobiles by 1975. Mr. Frank M. Folsom of RCA looks for upwards of 100,000,000 TV sets, most of which are expected to be in color. Mr. John D. Zellerbach of Crown Zellerbach Corp. wrapped up the whole projections of the next 20 years into a nutshell when he stated: "I expect that the continued growth of the United States economy for the next 20 years will amaze the world, and very probably ourselves." Of course there are some "ifs"—the biggest one is "if free enterprise and free industry remains."

Can't Sell What's Hidden

There's an old saying "you can't sell a bag of diamonds if they are hidden under the carpet." You must take them out and display them in their proper setting. Many securities are laying dormant marketwise, largely because of lack of public acceptance, or brokers' inertia. This is frequently brought about through lack of proper knowledge of the company's securities on behalf of management.

The writer holds the conviction that it is physically impossible for financial analysts, underwriting firms, over-the-counter dealers, investment houses and brokerage firms throughout the country, to appreciate the true value of all the listed and unlisted securities. There are literally thousands of companies whose stocks are inactive because of lack of sponsorship and the need of some Stock Exchange firm to shake the dust off of these sleepers and extoll their virtures to the public and the brokerage fraternity.

Securities are inanimate things and move up or down, only because of public demand—or lack of it.

One Fundamental Principle

There is one fundamental principle which underlies all stocks in a free market, i. e.; when you have more buyers than sellers stocks usually advance and vice versa—when you have more sellers than buyers stocks decline. . . . Stocks usually discount their performance months in advance.

The writer takes the position that the success of any program for corporate development must be basic and progressive—new or additional financing depends on the soundness of a company's position, with respect to their present stockholders and potential stockholders, and especially those who are primarily responsible for influencing investors, namely; the nation's financial community, including financial periodicals, etc. A company in good standing with these particular groups certainly strengthens the stockholder's relations and builds a much greater acceptance for its security, provided, however, that such a program is well coordinated by qualified specialists in this field.

Combating Misinformation

It is just as important to combat misinformation about corporate management as it is to disseminate good information, in order to solidify the stockholders into management's corner. This is especially true if earnings are declining, and particularly at a time when the support of stockholders is needed by management. In the event that new capital is needed for expansion, or to replace insurance or bank loans, experience has taught us that the best way to facilitate the selling of securities at the best price is to have the backing and understanding, not alone of the stockholders but also of the brokers, who are to a large extent, responsible for public acceptance of securities offered through their good offices. Any good strong financial advisor's program should have specific objectives and should be carried out and planned to meet the needs of a particular company in a given industry. Such a program is particularly needed for corporations whose securities may be relegated into the category of second or third grade equities in different industries.

A recent survey made by the New York Stock Exchange shows that only 23% of the adult popularion could define a common stock adequately; only 10% of the population could consider a common stock as a way to invest extra money; only 24% of those interviewed were able to describe the function of the New York Stock Exchange.

What Is the New York Stock Exchange?

The New York Stock Exchange of and in itself is a modern arena, where fear and confidence, tangibles and intangibles conflict; where hunches are played off against basic knowledge; where tips are weighed against facts; where prudent judgment offsets simon-pure guesswork; where pessimism clashes head-on with optimism; where snap-judgment stocks up against intelligent research; where hope for the best and fears of the worst must balance each other; where inside information and outside expectations play a role; where inner emotions and high-powered reality are on opposite sides; where pocketbook economics and wishful thinking are ever-present and finally — where the fine line is constantly being drawn between investor and speculator.

The Rights of the Investor

Each American has every right in the world to become a partner in any available corporation which operates under the American system of free enterprise.

Continued on page 37

*Standard & Poor's.

LETTER TO THE EDITOR:

Says Unions Raise Wages

Reader takes issue with thesis advanced by Dr. Neil Carothers in recent "Chronicle" article that unions have effect of lowering general wage level. Charges him with ignoring observations of the classical economists on European pre-union conditions. Practical invalidities in marginal productivity theory cited.

Editor, Commercial and Financial Chronicle:

As a business and financial economist trained to use economic theories only insofar as not contradictory to reality, I must rise to refute the contentions of Dr. Neil Carothers in his article of July 19, 1956 in *The Commercial and Financial Chronicle:*

Theodore S. Kliston

Dr. Carothers urges a return to the *laissez-faire* practices of pre-union days, as advocated by the classical theorists. He argues that doing so would enable wages to rise to even higher levels than would be possible with unions. He chooses to ignore the wage subsistence theories, or observations, of the classical economists expressive of conditions prevailing in pre-union Europe.

Malthus, in his *"Essay on the Principle of Population,"* observed that wages tended to remain at subsistence levels. Ricardo stated, in his *"Principles of Political Economy and Taxation,"* in an often-quoted statement in the opening paragraph of the chapter on wages, that "Labor, like all other things which are purchased and sold, and which may be increased or diminished in quantity, has its natural and its market price. The natural price of labor is that price which is necessary to enable the laborers, one with another, to subsist and to perpetuate their race, without increase or diminution."

In France, Jean Baptiste Say was prompted to write that "Simple or rough labor may be executed by any man possessed of life or health; wherefore, bare existence is all that is requisite to ensure a supply of that class of industry. Consequently, its wages seldom rise in any country much above what is absolutely necessary to subsistence; and the quantum of supply always remains on a level with demand; nay often goes beyond it; for the difficulty lies not in acquiring existence, but in supporting it." Necker was moved to write, "Were it possible to discover a kind of food less agreeable than bread but having double its sustenance, people would then be reduced to eating only once in two days."

In a somewhat later period, Marshall, regarded by many present-day students of economic theory as the greatest modern theorist of all, wrote in his *"Principles of Economics"* that "if the economic conditions of the country remained stationary sufficiently long . . . both machines and human beings would earn generally an amount that corresponded fairly with their cost of rearing and training, conventional necessaries as well as those things which are strictly necessary being reckoned for." Also, "For throughout the greater part of the world the working classes can afford but few luxuries and not even many conventional necessaries; and any increase in their earnings would result in so great an increase in their numbers as to bring down their earnings quickly to nearly the old level at their mere expenses of rearing."

Congressional Investigation Required

Working conditions in the United States in the 1890's, before unions became strong, became so bad that Congress felt required to investigate in 1892. The following are two excerpts from a Committee report (U. S. House of Representatives 52nd Congress, 2nd Session, *Report No. 2309*):

"As to hours, there is practically no limit, except the endurance of the employee, the work not merely being paid for by the task, but the task being so adjusted as practically to drive from the shop each employee who is not willing to work to the limit of physical endurance, the hours of labor under this system rarely being less than 12, generally 13 or 14, and frequently from 15 to 18 hours in 24.

"Contagious diseases, which are specially prevalent among those people, thrive along with their work, and even death may detract from their occupation only the one or the few necessary to dispose of the body. As to wages, there practically is no compensation which could be properly so-called. The work has been secured by ruinous underbidding of even the tenement house sweat shops, or by subcontract from them, and is almost invariably piece work, involving several processes, part of which may be attended to by the head of the family, and the rest by its other members according to their capacity. Indeed as to this class of labor, it consists in so large part of those who are compelled to accept rather than to choose their work that it is taken without reference to the possibility of a livelihood being made thereby, the miserable workers getting simply all they can from it, begging as much as possible to supplement their below starvation wages, and dying or being taken charge of by the charitable authorities when they are driven to that extreme."

And, in 1892, a report of the State of Ohio *(Ninth Annual Report,* Department of Workshops, Factories, and Public Buildings), stated:

"The unfair advantage of the manufacturer employing this system over his fellow manufacturers is at once perceptible, for the more humane employ intelligent workmen, provide them with healthy, roomy and well ventilated factories to shelter them while at work, and pay them a fair compensation for their services. This unfair advantage and this inhuman system if permitted to go unmolested, will be the means of driving manufacturers who now oppose such mode of employment into its adoption, for they cannot compete with their unfair neighbor, and must from necessity employ cheap labor also."

Taussig's Views

Dr. F. W. Taussig, certainly one of the most noted American economists, and probably the leading American economist of the first quarter of the 20th Century, strongly advocated *laissez-faire* with regard to wage-setting except that he admitted that such a policy would tend to drive down all wages and that a bottom floor would therefore be necessary. In an article written for the May, 1916 issue of the *"Quarterly Journal of Economics,"* he admitted that it was impossible for a large group of workers to rise above the low-wage (subsistence) level. "The fundamental cause," he wrote, "is in the numbers of those seeking employment . . . Double the numbers of a group of workers having a given training, and their wages will go down even though their training has been excellent. The net usefulness or effectiveness of any one such worker becomes less. And even if you maintain the numbers of a given group at the same figure, and improve the training and personal efficiency of all, their wages will not necessarily rise." It is of interest to note that Dr. F. W. Taussig, a leading figure in the academic world while at Harvard, and one of the founders and Presidents of the American Economic Association, was widely quoted by Manufacturers' and other associations of employers, in the tenor of the period. In the same article referred to above, he wrote:

"Persons habituated to higher standards find it difficult to realize how bare are the absolute needs of those at the bottom; and the reckoning of the minimum of decent subsistence, when made by the more prosperous, may easily bring the total above the sum which the poor in fact find the minimum.

"The human frame can endure most wretched conditions; the race can propagate and maintain its numbers on very low terms. Wages that we figure to be below the barest minimum prove not to be so."

At least Dr. Taussig was frank in stating his position.

As late as 1948, a subcommittee of the Joint Committee on the Economic Report of the 81st Congress, 1st Session, found that over one-fourth (9.6 million) of the families of the United States had incomes of less than $2,000 for the entire year. In its report issued in 1949, *Low-Income Families and Economic Stability,* the subcommittee found that a large proportion of such families were headed by unorganized workers not covered by minimum wage laws.

Carothers Really Espousing Marginal Productivity Theory

Actually what Dr. Carothers espouses is popularly known among economic theorists as the marginal productivity theory of wages. Stated simply, the theory states that each worker receives the amount which his services add to production (or at least in direct proportion). If (according to this theory) a worker is paid less than he adds to production, other employers will bid for his labor at a higher rate and his wages will be increased.

It is highly doubtful that the marginal productivity theory of wages has practical application for the bulk of the workers.

Even the advocates of the marginal productivity theory of wages admit there are numerous assumptions that must first be accepted before the theory can be effective. John Bates Clark, one of the pioneers of this theory, took great pains to point out that the theory was applicable in its pure form only in a static state where the population was neither increasing nor decreasing, capital was constant, there was no change in the industrial arts (inventions and machinery), existing forms of industrial establishments were maintained and there was no change in demand. Professor (now Senator) Paul H. Douglas in his book *"The Theory of Wages,"* added the following assumptions: that employers are able to measure and to estimate in advance the added productivity that will accompany the employing of given workers; that there is free and complete competition among the employers for labor; that workers know their marginal productivities; that there is free and complete competition among the wage-earners for work; that capital is mobile; that labor is mobile; that all labor finds employment; that all capital is employed; that the bargaining powers of labor are equal to employers; and that working conditions and the terms of the wage agreement are left to the mutual decisions of workers and employers.

Peculiarly, Dr. Carothers indicates the weakness in his arguments almost at the beginning of his article when he states: "Economics is a science. But, admittedly, it is an inexact science. The reason for this is the complexity of the industrial system."

Productivity Theory Generally Doubted

It is of particular interest to note that neither employer groups nor labor groups admit the feasibility of the productivity theory. The National Association of Manufacturers in a thorough analysis of the theory titled *"Productivity, Gauge of Economic Performance,"* concluded: "A policy of basing wages on the productivity of particular plants and industries would be an economic monstrosity."

The wage-setting process for many of the non-union workers actually is usually circumstantial or haphazard. Determining factors are often such diverse elements as prevailing wages in the community, the trend and condition of local employment, relative prestige of the work, plant working conditions as compared to working conditions in the community, attitude of the employer, custom in the industry, the threat of unionization, profitability not only of the particular plant but of the company as a whole, amount of fixed investment, salability of the company, whether the employer lives in the community or not, sex and color and age of the employee, etc. Very often, the particular amount of the wage may depend on no more than the disposition of the employer at the time of hiring.

Advocates of the productivity theory of wages seem to ignore (as does Dr. Carothers) the sharp differences in rates of pay and productivity among the various plants in the same industry and the low correlation between the two factors as revealed in a number of studies made by various groups, including the United States Department of Labor. Also ignored is the control of management over the value of product output. For example, the Bureau of Labor Statistics conducted a study *(Productivity, Employment and Living Standards)* of two comparable groups of industrial equipment plants. The one group introduced improvements in production techniques, plant layout and work flow and replacement of inefficient machinery. The other group did not. Within the relatively short period of six years, output per man-hour for plants making improvements increased almost 15%, while for the second group output per man-hour declined nearly 20%. Another study was made of 21 leather manufacturing plants *(Productivity Trends in Selected Industries)*. Between 1939 and 1946, variations in changes in man-hours per unit of output ranged from a maximum increase of 47% to a decrease of 54%. Theoretically, the less efficient plants would be forced out of business, but in practice the payment of lower wage rates can enable the less-efficient employer to compete indefinitely. There is the classic example (discussed in various publications of the United States Labor Department and the subject of a special study by the WPA) of a pecan shelling plant in San Antonio that hired Mexican labor at unbelievably low wages in the mid-1930's and became the largest plant by far in the United States, forcing many of its mechanized competitors out of business.

Professor George Stigler of Columbia University, who in some early writings was a proponent of the marginal productivity theory of wages, conceded that employer control of wages was a flaw in the theory when he wrote *("The Economics of Minimum Wage Legislation")*:

"If an employer has a significant degree of control over the wage rate he pays for a given quality of labor, a skillfully-set minimum wage (presumably by union or government) may increase his employment and wage rate and, because the wage is brought closer to the value of the marginal product, at the same time increase aggregate output."

In closing, it might be stated that if Dr. Carothers is to be consistent in advocating a return to policies of bygone days he might repeat the words of Sir William Petty, one of the leading English economists of the 17th Century, who wrote in his *"Natural and Political Observations" mentioned in a following index, and made upon the "Bills of Mortality,"* first published in 1662:

"A law that appoints such Wages . . . should allow the Labourer but just wherewithal to live; for if you allow double that he works but half so much as he could have done, and otherwise would; which is a loss to the Publik of the fruit of so much Labour."

THEODORE S. KLISTON*

Securities and Exchange Commission,
Washington, D. C.

*The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication by any of its staff. The views expressed herein are those of the author and do not necessarily reflect the views of the Commission or of the author's colleagues upon the staff of the Commission.

Dunn Partner In Southwestern Secs.

DALLAS, Tex. — Timothy H. Dunn has joined Southwestern Securities Company, Mercantile Commerce Building, as partner and general manager, effective Aug. 1.

He has been associated with the securities business for more than seven years, and formerly spent three years in the United States Navy.

Mr. Dunn, a native of Kansas City, Mo., attended Culver Military Academy, Culver, Indiana, and the University of Texas where he received a degree in business administration.

Southwestern Securities Company operates six offices in Texas. They are located in Dallas, Houston, Fort Worth, Midland, Odessa, and Lufkin.

Thomas Call Rejoins Lilley & Co. Staff

PHILADELPHIA, Pa.—Lilley & Co., Packard Building, members of the Philadelphia-Baltimore Stock Exchange, announce that Thomas D. Call has become associated with their firm. Mr. Call, who in the past was with Lilley & Co., has recently been with Battles & Company, Inc.

Carll Tucker

Carll Tucker passed away July 29 at the age of 74 following a long illness. Prior to his retirement Mr. Tucker conducted his own investment business in New York.

Yeast of Suez

By IRA U. COBLEIGH

Enterprise Economist

Presenting some quite topical notes on the economic ferment resulting from Egyptian seizure of the Suez Canal, to get a dam-site more money.

Kipling set the background lyrics for the shocking Egyptian piracy of last week.

"Ship me somewhere East of Suez,
Where the best is like the worst,
Where there aren't no Ten Commandments
And a man can raise a thirst."

Let's translate. Nasser at his best, is like the worst of the strutting tyrants who have been cluttering up the pages of recent history with their conceits, their cruelties and crudities. Another Peron, he, a pint-sized Hitler, a poor man's Mussolini. "There aren't no Ten Commandments." Well, Nasser has surely forgotten all about the Eighth. "A man can raise a thirst." In Nasser's case the thirst is for power.

Ira U. Cobleigh

With this poetic reference as an opener, let's warm to today's task which is, swiftly, to appraise the economic consequences of the Suez Canal grab. (We'll prudently leave the better informed and more erudite commentators, a delineation of the political and military implications of this Hold-Up at the Toll House.) Why did this arrogant colonel do it? Elementary, my dear fellah! (A fellah is an Egyptian farmer.) He wanted to build a billion dollar dam. Egypt didn't have the money; Russia faked availability of funds, but ran out of ink when check-signing time came 'round The U. S. and Britain could have raised the dough, but excused themselves on the logical grounds that Egypt was (1) indigent and (2) belligerent. So like any other unprincipled gambler, whose stakes have gotten too big for him, he turned to stealing. No petty larceny this, but a big canal, grossing a $100 million a year. Now when this strategic ditch was built, there was a big policeman around to prevent thievery of this sort—the British Navy—which, from the end of the Napoleonic Wars to the beginning of World War I, patrolled (and controlled) the Seven Seas. The Cop has been taken off the Empire beat, however, and the United Nations has not effectively replaced him. So national burglars, including Nasser, are on the prowl.

Well what, specifically, has Nasser stolen, and from whom? He has appropriated the property of Compagnie Universelle du Canal Maritime de Suez (Suez Canal Co., to you). This is a private enterprise, with a home office in Paris, 800,000 shares of common stock listed on the Paris Bourse, of which 350,000 are owned by the British Government. It earned $47 million net in 1954; has about $85 million (of its $235 million assets) in Egypt and the balance in cash and securities elsewhere. Nasser has tried to soften his outright piracy here, by an offer to compensate shareholders according to "closing prices on the Stock Exchange." On July 26, this closing figure was $262.85. (It slipped to $205, next day.) But what will Nasser use for the purchase money—sell the Pyramids? Have the Sphinx as comaker?

How big and important is Suez? It's 103 miles long, it splits Asia and Africa; and is commercially and strategically the most important man-made waterway in the world. In 1955, it carried 118 million tons (2,000 lbs.), as against the Sault Ste. Marie Canal (only 1¾ miles long), 114½ million tons (mostly iron ore), and 50 million tons for the Panama Canal, in the same year. The big tonnage is oil. Of more than 14,500 ships passing through last year, above half were tankers. 1,200,000 barrels of Middle Eastern oil glide northward each day, ¾ of it for England and Europe, and the balance (300,000) barrels for the U. S. A T2 tanker from Kuwait to New York saves 3,600 miles (about 17 sailing days at roughly $2,500 a day) by coursing through the Canal, and pays about $7,500 in round trip tolls for this economy in time and money.

So you see, Suez is a big property. Built in 1869, and operating under a lease due to expire in 1968, it has been a fabulous earner. Its shares are, for the French peasant, roughly what American Tel. and Tel. common is to our stock buyers (although Suez suspended dividends during the war). Last year, the Canal netted $47 million and paid $16 million in dividends.

Running up the Jolly Roger over Suez really rocks the world economy. Suez is the life line of England, both for receipt of oils and minerals; and delivery of manufactured goods to such far away places as India and Malaya. Rubber, manganese, tin and lead bulk large in the traffic and vessels of 48 nations use the Canal.

Now what will happen? Two things, possibly. If Nasser wants more dough, he may try to raise the tolls. If he does that, the Canal may be boycotted; and instead of getting more revenue, Egypt will find itself on the short end of Operation "Golden Goose." Or Nasser may get tough and close the artery to ships of certain nations altogether. In any event, both economic and political disquetude are certain amid the shifting sands of Egypt and Araby.

What will all this mean to investors? First, fluttering markets, generally, since the Dove of Peace has some buck-shot on its wings. Next, expect strength in the bellicose shares. Aircrafts such as United, Boeing, Lockheed, North American and General Dynamics should gain substantially new followings. Shipping charter rates have advanced, and shipyards should get a powerful lift. If a tanker has to go round Cape of Good Hope instead of going through Suez, it will carry 40% less oil in a year. So as defense against Egyptian uncertainty, many more tankers may be built; and some tankers from our surplus fleet may come out of mothballs. If accelerated shipbuilding is indicated, then a couple of good companies to watch will be Bethlehem Steel and Newport News; and, of course, the German and Japanese shipyards will be humming.

Another important item in the tanker market is the new supertanker. This is too big a craft to go through Suez (it draws too much water fully loaded) but may be the long-term answer if Suez is to remain a trouble spot.

Among commodities, higher prices may be expected to result, particularly in tin, rubber and manganese. In petroleum, of course, higher delivery costs from the near East are possible, in which case the shares of British Petroleum, Burmah Oil, Shell Oil and Transport, Royal Dutch, Arabian American Oil (Texas and Standard of California each own 30% of this) and Gulf (which has a 50% interest in Kuwait) are most likely to be adversely affected.

Then, too, there has been considerable public clamor for reduction of the volume of oil imports; and on July 29, 31 Senators pleaded in Washington for limitation of oil imports to 16.6% of domestic production. This may be more easily arranged if Arabian oil deliveries become costlier or more difficult. (It would also favor imports from Venezuela.) Contrawise, if imports are curtailed, then the outlook for strictly American producers such as Standard of Indiana could be benefited.

There can be no doubt that ferment in the Middle East is being leavened by the Yeast of Suez. Having learned no lesson from Mexican oil expropriations in the 1930's, or from Mossadegh's near-wrecking of Iranian economy more recently, Nasser has now embarked on a program of arrant piracy which, should it be copied by other Arab nations, could indeed bring on a crisis in an already troubled world. While economic sanctions such as fund freezing may slow Nasser down, the only real solution for economic progress and peace in that part of the world, is the age old cure for all dictators—removal.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Louis F. Perez has become connected with Columbia Securities Company, Inc. of Florida, 3839 Biscayne Blvd.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Richard M. Holmes has been added to the staff of King Merritt & Co., Inc., Chamber of Commerce Building.

Eppler, Guerin to Be NYSE Member

DALLAS, Tex.—Eppler, Guerin & Turner, Inc., will be formed as a new corporation effective Aug. 9. The firm, located in the Fidelity Union Life Building, will be members of the New York Stock Exchange, with William B. Eppler holding the membership.

Officers will be John W. Turner, President; Dean P. Guerin, G. L. McCarthy, and Frank Rader, Vice-Presidents; William B. Eppler, Vice-President, Secretary and Treasurer; Norman J. Sitzenstatter, Assistant Vice-President; Earl A. Tyson and Alvin L. Feurbacher, Assistant Treasurers.

Harling Appointed By Goodbody & Co.

Edward J. Harling has been appointed a member of the municipal bond department of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, it has been announced. In the municipal bond business for the last 28 years, Mr. Harling has been with Gertler, Devlet Co.; Carr, Henry & Doyle; Manufacturers Trust Co.; Harvey Fisk & Sons; and, until recently, was a partner of J. A. Ritchie Co.

Two With Bieder & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Vernon H. Maurer and John D. Turrell are now associated with Bieder and Company, 1330 Dixie Lane South. Both were formerly with Security Associates, Inc.

Joins Davidson-Vink

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Milton F. Fischer has become affiliated with Davidson-Vink-Sadler, Inc., Florida National Bank Building.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter (No. 19) with comments on competitive atomic power, boron, lithium, nuclear weapons program, etc.—Atomic Development Mutual Fund, Inc., Dept. C, 1033 Thirtieth Street, N. W., Washington 7, D. C.

Automation—Study—Model, Roland & Stone, 120 Broadway, New York 5, N. Y. Also in the same quarterly review is a study of the **Air Transport Industry.**

Bache Selected List (Summer 1956)—Issues appearing attractive at mid-year—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on **Northern Pacific Railway.**

Bank Stocks—Review at Mid-Year 1956—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Banks and Trust Companies—Quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Bituminous Coal Industry—Review—with special reference to **Island Creek Coal, Old Ben Coal Corp.** and **United Electric Coal Companies**—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

8,630,000 Shareowners—Study in current issue of "The Exchange" magazine—published monthly by The Exchange, 11 Wall Street, New York 5, N. Y.—10 cents per copy, $1.00 per year.

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

Life Insurance Company Stocks—Bulletin with particular reference to **Aetna Life Insurance, Beneficial Standard Life Insurance, Connecticut General Life Insurance, Lincoln National Life Insurance, Gulf Life Insurance** and **Travelers Insurance**—George A. Searight, 115 Broadway, New York 6, N. Y.

Needs and Resources of intermountain area—News letter—First Security Bank of Utah, N. A., Salt Lake City, Utah.

New York City Bank Stocks—Comparison and analysis for second quarter—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oriental Economist—Monthly magazine (in English) reviewing business and economic conditions in Japan and the Far East—annual subscription $6.70; airmail $11.05—Oriental Economist, Nihonbashi, Tokyo, Japan.

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.

Philadelphia Banks — Comparison of 12 largest Philadelphia banks—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Pocket Guide for Today's Investor—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Price-Times-Earnings Ratios—Selected list of stocks at more than 19 times estimated 1956 earnings and at less than nine times 1956 estimated earnings—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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American Distilling Company—Bulletin—DeWitt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Hercules Galion Products, Inc.**

American Optical Company—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Barium Steel Corporation—Review—W. Keyser Manly, 11 West 42nd Street, New York 36, N. Y.

Celanese Corp. — Memorandum — Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Chemical Process Company—Study—Kalb, Voorhis & Co., 25 Broad Street, New York 4, N. Y.

Craig Systems — Memorandum — Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Dayton Rubber Company—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **Kimberly-Clark Corporation** and a memorandum on **U. S. Vitamin Corp.**

Electric Bond and Share Company—Analysis—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

Fanner Manufacturing Company — Analysis — Holton, Hull & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Florida Turnpike Authority — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y.

Flo Mix Fertilizers Corp.—Booklet—T. J. Feibleman & Company, Richards Building, New Orleans 12, La.

Foote Mineral Company—Analysis—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **Gerber Products Company,** and **Clark Oil & Refining Corp.**

Fraser Companies Ltd.—Analysis in current issue of "Investment Review"—Burns Bros. & Company Limited, 44 King Street, West, Toronto 1, Ont., Canada.

General Mills, Inc.—Annual report—Public Relations Department, General Mills, Inc., Minneapolis 1, Minn.

Houston Oil Field Materials Company—Bulletin—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

Joy Manufacturing Company—Bulletin—Georgeson & Co., 52 Wall Street, New York 5, N. Y.

LaClede Gas Company—Study—Newhard, Cook & Co., Fourth and Olive, St. Louis 1, Mo.

Marathon Corp.—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

McGregor-Doniger, Inc.—Analysis—Unlisted Trading Department, Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Ohio Turnpike and Bridge Bonds—Bulletin—Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y.

Page Hersey Tubes Limited — Review — James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Canada, and Royal Bank Building, Toronto, Canada.

Southland Racing Corp.—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Standard Packaging — Bulletin — J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also available is a bulletin on **Wagner Electric.**

United States Ceramic Tile Co.—Analysis—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y.

Western Casualty and Surety Company — Analysis — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

NSTA Notes

ADDITIONAL REGISTRATIONS FOR 23rd ANNUAL CONVENTION OF NSTA, EL MIRADOR HOTEL, PALM SPRINGS, CALIF., OCTOBER 24th to 27th, 1956

*Wellington Hunter	*Wellington Hunter Associates*	Jersey City, N. J.
*Fred S. Goth	*Irving J. Rice & Co.*	St. Paul, Minn.
*S. J. Sanders	*Foster & Marshall*	Seattle, Wash.
*Dan V. Bailey	*Foster & Marshall*	Portland, Ore.
*Robert M. Topol	*Greene & Company*	New York, N. Y.
P. A. Marcusson	*Investment Dealers' Digest*	New York, N. Y.
*John S. French	*A. C. Allyn & Co.*	New York, N. Y.
*Sidney Jacobs	*Signey Jacobs & Co.*	New York, N. Y.
Anne Trent	*A. Trent & Co.*	New York, N. Y.
*Robert Strauss	*Daniel F. Rice & Co.*	Chicago, Ill.
*Clarence A. Horn	*First of Michigan Corp.*	Detroit, Mich.
*Phillip J. Clark	*Amos C. Sudler & Co.*	Denver, Colo.
*J. Earle May	*J. Earle May & Co.*	Palo Alto, Calif.
*B. F. Kennedy	*Bosworth, Sullivan & Co.*	Denver, Colo.
*William W. Dorroh	*Shearson, Hammill & Co.*	Los Angeles, Calif.
*Roy C. Warnes	*Shearson, Hammill & Co.*	Los Angeles, Calif.
*Donald L. Summerell	*Wagenseller & Durst, Inc.*	Los Angeles, Calif.
*Richard R. O'Neil	*Fairman & Co.*	Los Angeles, Calif.
*Charles L. Ebner, Jr.	*Bateman, Eichler & Co.*	Los Angeles, Calif.
Thomas W. Price	*McAndrew Co., Inc.*	San Francisco, Calif.
*Josef C. Phillips	*Pacific Northwest Co.*	Seattle, Wash.
*Harry J. Peiser	*Ira Haupt & Co.*	New York, N. Y.
*Bertram M. Goldsmith	*Ira Haupt & Co.*	New York, N. Y.
*Gilbert M. Lothrop	*W. E. Hutton & Co.*	Boston, Mass.
*Ted D. Carlsen	*Harbison & Henderson*	Los Angeles, Calif.
*Garnett O. Lee	*Scott, Horner & Mason, Inc.*	Richmond, Va.
*Edward D. Muir	*Muir Investment Corp.*	San Antonio, Texas
Lester J. Thorsen	*Glore, Forgan & Co.*	Chicago, Ill.
*Trevor Currie	*Trevor Currie, Securities*	Denver, Colo.
*John W. Turner	*Eppler, Guerin & Turner*	Dallas, Texas
*Wallace H. Runyan	*Hemphill, Noyes & Co.*	Philadelphia, Pa.
*Robert Green	*Pledger & Co.*	Los Angeles, Calif.
*Sam Green	*Pledger & Co.*	Los Angeles, Calif.
*Leslie B. Swan	*Chas. W. Scranton & Co.*	New Haven, Conn.
*J. Robert Doyle	*Doyle, O'Connor & Co.*	Chicago, Ill.
*William A. Johnson	*Sutro & Co.*	Los Angeles, Calif.
*George M. McVey	*Lehman Brothers*	New York, N. Y.
*Harold S. Stewart	*Harold S. Stewart & Co.*	El Paso, Texas
*Eugene F. Willis	*J. W. Tindall & Co.*	Atlanta, Ga.
John Lathshaw	*E. F. Hutton & Co.*	Kansas City, Mo.
*Walter L. Burns	*Baumgartner, Downing & Co.*	Baltimore, Md.
Miss Alice Farr	*Hornblower & Weeks*	Detroit, Mich.
*William J. Zimmerman	*Bingham, Walter & Hurry, Inc.*	Los Angeles, Calif.
*John S. Barker	*Lee Higginson Corp.*	New York, N. Y.
A. Shane McOmber	*Revel Miller Co.*	Los Angeles, Calif.
Albert W. McCready, Jr.	*Revel Miller Co.*	Los Angeles, Calif.
*Robert F. Bates	*First California Co.*	San Francisco, Calif.
*Maxfield E. Brown	*Hemphill, Noyes & Co.*	Los Angeles, Calif.
*Walter L. Filkins	*Troster, Singer Co.*	New York, N. Y.

COMING EVENTS

In Investment Field

Aug. 2-3, 1956 (Denver, Colo.)
Bond Club of Denver-Rocky Mountain Group Investment Bankers Association annual summer frolic and golf tournament at the Columbine Country Club.

Aug. 23, 1956 (Omaha, Neb.)
Nebraska Investors Bankers Association annual frolic and field day at the Omaha Country Club. A cocktail party at the Omaha Club will precede the event on Aug. 22.

Sept. 1-2, 1956 (Minneapolis, Minn.)
National Association of Bank Women 34th Convention and annual meeting at the Hotel Radisson.

Sept. 14, 1956 (Chicago, Ill.)
Municipal Bond Club of Chicago 20th annual field day at the Medinah Country Club (preceded by a dinner Sept. 13 at the University Club of Chicago).

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.

Estate Planning and Its Tax Aspects

By WILLIAM W. VICINUS*
Vice-President, Wall Street Management Corporation
Partner, John H. G. Pell & Co., New York City

Investment advisor traces numerous factors affecting estate planning and the usable instruments; and examines progress in the field, its usefulness and general effects. Asserts inflation effects combined with tax system has produced an investment climate making current income less important than capital gain and loss. Maintains that mutual funds in combination with estate planning techniques make available a concerted program affording immediate and continuing benefits to the individual.

Introduction

Estate planning is a relatively new name for a service that has existed as long as personal property. The two essential branches of this art—planning for lifetime utilization, and planning for disposition on death—have frequently been separated in practice but essentially form only units of a single over-all problem. This problem for any individual entails the building of an estate, its utilization during his lifetime, and the efficient, orderly and advantageous disposition of the estate according to his wishes on death. The living estate plan is one which assists the individual to carry out these three objectives with inherent flexibility to meet changing times and changing demands.

Wm. W. Vicinus, Jr.

The most important factor in an estate plan will necessarily be the intangible benefits accruing to the family group in greater security, comfort and peace of mind. However, we are concerned today with the tangible aspects—primarily having to do with taxes—which affect estates.

Tax Interests

There are two major tax groups of interest and each with two subdivisions. The first may be considered those taxes concerned with growth of the estate—divided into income and capital gains taxes—and the second those taxes having to do with disposition of an estate—divided into gift taxes and estate taxes. In these fields, both the Federal and state governments have been active to a greater or lesser degree. To the extent that these taxes affect investment and that estate planning may alleviate their impact, a brief discussion of each follows. Primary emphasis is given to Federal laws, but it will be found that the problems and solutions afforded will generally apply to state taxes as well.

Income Tax

The Federal tax on income is possibly the most widespread, important and obnoxious impost. Revenues from this source constitute the major income for the Federal Government and, at the individual level, increase at a rate that has caused major sociological as well as investment changes in the last decades. One of the major effects of the tax has been to make the accumulation of capital for investment more difficult. Somewhat paradoxically, the increasing prosperity of the country coupled with the leveling effect of income tax has created a new and larger class of investor—the small investor saving from income that portion left after taxes, but frequently unable to utilize capital itself.

The so called "capital gains tax," while essentially a tax on principal, is closely connected with income tax. Current emphasis on capital gains may be traced to two primary causes—inflation and the greater value of the capital gains dollar. While a dollar of dividend income may be worth 80 cents in the lowest tax bracket to 9 cents in the top bracket, there is no such extreme variation in the capital gains dollar where the top tax is 25% It is unfortunately true that a large number believe that the capital gains tax is a flat 25%. However, this tax may be as low as 10%, and does not reach 25% until a relatively high income bracket. For example, a couple filing a joint return may have an income of $32,000 and realize a gain of $20,000 before reaching a 25% level. To place the advantage of a capital gains dollar in a different perspective—it is worth about 1¼ times a dollar of dividend income for a person earning $8,000 to $10,000 and increases to be worth $8.35 of dividend income at the top bracket.

Compensating for these tax advantages are tax aspects concerning losses. When a capital loss is taken, it is possible to charge against income a maximum of $1,000 per year for six years. For example, let us consider a man in the $8-10,000 tax bracket with a $10,000 loss and who became considerably more conservative because of his loss investing another $10,000 in a 3% fixed income bond. It would require him 41.6 years to replace the lost capital. In the meantime, the factor of inflation must be considered. In one 12 year period—from 1939 to 1951—the dollar depreciated 47% or better than 3% per year. Our investor, attempting to recover his loss through a 3% bond, would find himself rapidly losing ground in a period of inflation and might be said to be living on capital.

Combining the effects of inflation with the tax advantage of capital gain and the tax disadvantage of capital loss has produced an investment climate making current income less important than capital gain and capital gain less important than avoiding capital loss. This conclusion, however, is a general one and subject to individual financial positions and even to personal traits. It is a characteristic of most individuals to look primarily on the opportunities for gain and not to weigh or appreciate as thoroughly the possibility of loss. In an investment context, it is obvious that no one anticipates a loss—but it is equally obvious that some losses are sustained. Penny uranium stocks are an issue at point.

To return for a moment to the previously mentioned leveling effect of income tax, there has been a gradual change in investment facilities and securities to accommodate this trend. Saving and investing from income was perhaps first facilitated and stressed during the war with "E" Bonds. Mutual funds, while previously available under a few monthly purchase plans, saw the rapid expansion of this investment medium after the war. Institution of the Stock Exchange Monthly Investment Program followed this growth of small periodic investment plans. There is always a certain amount of speculative interest in small investors and one of the so-called bull market peak signs is the entry in large numbers of small investors. However, this speculative attitude is inconsistent with the regular investment of small amounts and with the use of mutual funds. The strength of this bull market has been added to by institutional investments of mutual funds and by other managed capital. We find, therefore, a reverse from previous climate where small investors signaled weakness. It is particularly important in this trend that the small funds are pooled for professional management.

There are a few methods of limiting the effect of income and capital gain taxes which fall into the sphere of estate planning. For a number of years residents of community property states alone enjoyed the privilege of splitting income between husband and wife. All U. S. residents now have this split income privilege—at the sole expense of a marriage license. The fundamental principal of the income tax saving realized is the division of income and a lower level on the graduated tax scale. This same advantage is available to a family group by division of income into additional units. As earned income is not available for further division, investment income is generally the only answer. To effect a transfer of such income it is necessary to transfer the income producing property. The outright gift or the gift in trust are the most convenient and generally used techniques. The outright gift is an obvious and frequently useful method although quite cumbersome in the case of minor beneficiaries. Two trusts area vailable — or, rather, two variations of the irrevocable trust. The straight irrevocable trust has considerable flexibility and may be tailored to fit individual requirements. However, the trust must be truly irrevocable with no retention of control by the donor. The reversionary trust is a method of having your cake and eating it too. Under this form of trust, as specified in the 1954 Code, the income from property may be transferred to another party for a period of 10 years or more and then revert to the donor. Thus an individual may divert income to other members of a family during a peak earning period with high taxes to a lower tax bracket and then regain control of the principal and income at a later period when earned income decreases. In most cases for minor children and depending on state laws for adults, income may also be accumulated within a trust with tax advantages. A trust acts as a separate entity for tax purposes and has its own exemption which is $100 in the case of a trust accumulating income. Assuming a trust of $12,000 and income at 4% or $480, the tax within a trust could be calculated:

Income	$480
Dividend Exclusion	50
Trust Exemption	100
Taxable	330
Tax	$66

As added income to an individual the $480 might be taxed at 20% at the lowest level, or $96, or at 91% at the top bracket—or $437.

Additionally, available within the irrevocable trust is the possibility of minimizing capital gain taxes. The method of calculating the tax on capital gain is to take 50% of the gain and add it to income, then calculating income tax in the regular manner. Using the same trust for illustration, let us assume that the securities transferred originally cost $8,000 and were sold for $12,000 for a long-term gain of $4,000. The tax might be calculated as follows:

50% of Capital Gain	$2,000
Income (as before)	480
Total	2,480
Less deduction (as before)	150
Taxable	2,330
Tax	$473
Tax on Income alone (as before)	66
Tax on Capital Gain	$407

or approximately 10% of the gain rather than 25%.

Capital gains taxes as well as income taxes are not paid by charitable, non-profit organizations such as a church, school or hospital. It is possible in the higher tax brackets to realize more by giving directly to such an institution rather than by sale. Consider a zero valuation on a property worth $1,000 at the present time. At a capital gain rate of 25%, $750 will be available after tax. However, by giving the property to the charity, a deduction may be made for its full value, the charity may sell the property and no capital gain tax would be paid. An individual with $50,000 taxable income is in the 75% tax bracket and would be able to deduct the $1,000 realizing an income tax saving approaching the $750 value of selling the property. An individual in the 91% tax bracket would realize a saving of about $910 or more than the value by sale.

Another method of avoiding the capital gain tax by gifts to charity is through the income reserved charitable trust. Thus, a gift may be made in trust to a charity, a deduction may be obtained for the present value of the gift and current income from the property may be retained for life. Additionally, since the principal will ultimately become the property of the charity, transactions in principal will not result in a tax. Capital gains may then be realized within the trust without tax and the whole principal kept working.

The last way to avoid capital gains tax is to die. This may, however, be a somewhat futile gesture aside from the improbability of the capital gains tax driving an investor to such lengths. On death and transfer to the survivors the estate assets may be valued for estate tax purposes and will retain such valuation in the hands of the beneficiaries. Thus, a new and higher valuation may result. This holding until death will avoid payment of capital gains tax but may unnecessarily freeze assets into an estate and lead to a higher estate tax. Taxable estates of $50,000 and over pay a tax of 25% or more and thus equal or exceeded the capital gains tax.

Estate and Gift Taxes

Both estate taxes and gift taxes are imposed on principal and limit the ability of an individual to distribute his estate. Their effect is less universal because of exclusions from the tax but nonetheless they form a serious block to transmission of estates and in the investment problems arising from them. Perhaps the most obvious case in point is the one of an extremely wealthy individual with a closely held corporation—such as was seen in the Ford case. The inability to retain control in the family through direct bequest of stock led, as in many other cases, to the establishment of a tax-free foundation to hold the bulk of the stock. While spectacular amounts of money were involved in the Ford Foundation, there are many more examples of this technique and its use is expanding. This tendency to effectuate control through use of tax free foundations has caused further investment sums to be placed in the

Continued on page 25

*A talk presented by Mr. Vicinus before the University of Vermont Extension Course in "Economics of Capital Formation," July 16, 1956.

Near-Term Revival Prospect Requires Business Vigilance

By ALFRED C. BONI

President, Boni, Watkins, Jason & Co., Inc. Management and Economic Consultants

Economic analyst near-term outlook is for a significant trade revival, with inflationary prospects, and necessity of continued vigilance by businessmen. Mr. Boni reviews the steel picture and concludes steel price may be higher than the recently added $4 per ton increased labor cost. Compares slightly higher inventory-sale ratio of 1955 to presently sluggish sales, and to increasing ratio of finished goods to inventories. Notes rising government expenditures, higher equipment demand than supply, and better farm income picture.

The midpoint of the year is a traditional time to pause and take the economy's pulse. It is time to look back at the first half and ahead at the second, and try to assess the year as a whole.

Alfred C. Boni

In doing so, we see no reason to change the forecast we made at the beginning of the year. We foresaw no substantial rise in total business volume beyond the first half, for business was then operating at or close to limits set by plant capacity and the supply of skilled labor. In the last half, we saw a considerably less clear picture. Numerous shadowy forces were then at work, and still are, to make the economy's course through the last half of the year hard to chart exactly.

Should Not Relax Vigilance

Numerous 1956 economic forecasts indicated a comfortable gain in the Gross National Product. They may have led many businessmen to believe that the underlying tide of economic events would be favorable enough to warrant relaxing vigilance. Experience thus far this year has shown the error of such a view, and the risks of adhering to it certainly have not abated.

Mounting inventories are rather more of a symptom than a cause of the current business letdown. Though their aggregate value is at a record level, some $6 billion higher than the mid-1955 figure, the inventory-sales ratio is only slightly higher than a year ago. But there are two big differences between the mid-1955 and the mid-1956 inventory position. First, sales were on the rise then; now they are sluggish, barely holding to a level course. Second, the proportion of finished goods in the total inventories has been steadily going up. That is not a good sign.

The Automobile Picture

On the other hand, the particular product of which finished goods inventories have piled up most strikingly is automobiles, and according to the latest reports, dealers are gradually working off their excess stocks. The severe cutbacks in production, with more than 200,000 employees laid off in the Detroit area alone, are helping mightily to effect this correction. But any substantial recovery of automobile sales volume will hinge on public reaction to the new models, which will be introduced mainly during the fourth quarter.

The drop in the demand for cars is probably caused in large part by the fact that consumers have loaded themselves up with instalment debts and home mortgage debts to about the limit of their present carrying capacity. Not all, by any means, of their record instalment indebtedness represents automobile purchases. Nevertheless, in view of the scale of their current obligations (including those on mortgages), consumers are unlikely to take on still more indebtedness by an early replacement of the "old car" which still looks and runs pretty well.

Government Expenditures and Equipment Demand

However, the over-all picture is not nearly so disturbing as the picture one gets from focusing on the consumers' durable goods sector of the economy alone. Not only are government expenditures rising once more, but the demand for heavy industrial, construction, and transportation equipment continues to outrun the supply. New orders keep piling up, and with the steady expansion of Federal and state programs for investment in roads, schools, hospitals, etc., production and sales in this general field bid fair to set new records in 1956. Furthermore, signs point to at least a stabilization of farm income, the persistent decline of which in recent years has been one of the most depressing factors on the economic barometer. Farm prices have been rising for six consecutive months, and in May, for the first time since 1951, farmers' cash receipts were actually higher than in the same month a year earlier.

On top of these factors that furnish a "defense in depth" for the economy now comes the fillip of a quite inflationary settlement of the steel strike. Though wage-hikes do not invariably lead to higher prices, in present circumstances the immediate rise in steel mills' wage costs alone, amounting to close to $4 a ton of output, is almost certain to be reflected in forthcoming revisions of steel price schedules. In fact, it would be surprising if steel prices were not boosted by substantially more than that amount.

Declining Steel Mill Profits to Sales Revenue

First, since the last price advance, other-than-wage costs of steel mills have risen to an extent substantially cancelling out the $7.50 per ton average addition to revenue that advance effected. As a result, the ratio of steel mills' profits to their sales revenues has been persistently dropping. Second, an even more solid ground for a more-than-compensatory price boost can be found in market conditions. After all, prices are regulated basically by supply and demand. There is no question but that demand for steel, taking all forms together, now far outstrips the available supply, and had been doing so for many months before the strike.

It is true that part of the pre-strike scarcity was attributable to anticipatory inventory build-up. But even those steel-consumers who were thus forehanded have, for the most part, used up so much of their accumulated stocks in the past month that they are now back in the market again. It is true, also, that the scarcity is greater for some items, notably plate, structural forms, and heavy pipe, than for others, such as flat-rolled products. But trying to fill the insistent demands of the construction, the mining, and the oil and gas industries for strike-delayed deliveries will almost inevitably mean a piling up of the mills' backlog of orders for sheet and other items on which consumers' durable goods industries are so vitally dependent.

In sum, despite the 20-25% postwar expansion of the country's steel-making capacity, it is still deficient for the requirements of the growing national economy. To finance further expansion of the industry, as well as to ration economically the short supplies available pending that expansion, a substantial rise of steel prices is clearly called for. Moreover, in view of the generally high level of employment in other sectors of the economy, getting the labor necessary for such an expansion is going to force up wages in other lines, quite independently of the "sympathetic" reaction of organized labor in those lines to the steel-wage boost. Thus, from both directions—a tightening of the labor market and higher cost of an essential material, steel—manufacturers in many other industries are quite likely to feel the pinch, impelling them to raise prices, too.

Fourth Quarterly Revival and Inflation Prospects

Furthermore, in an election year vigorous fiscal and monetary measures to counteract such inflationary developments are hardly to be counted on. In these circumstances, with a fair prospect of a resumption of full-scale production in the automobile industry at the outset, at least, of the 1957 model season in the fourth quarter, the near-term outlook is for a significant trade revival. Inventory accumulation all down the line, but particularly in consumers' goods trades as the holiday season approaches, is likely to reinforce the inflationary trend. Of course, the unfavorable factors cannot safely be neglected, and it should not be overlooked that inflation-bred prosperity is by no means an unmixed blessing. Nevertheless, the upshot of recent developments clearly points toward some lifting, in the next few months, of the damper of hesitancy and misgivings that held back the economy in the first half of 1956.

FHLB Notes on Market

Public offering of $77,000,000 Federal Home Loan Banks 3.20% series D-1957 consolidated non-callable notes, dated Aug. 15, 1956 and due May 15, 1957, was made yesterday (Aug. 1) by the Federal Home Loan Bank Board through Everett Smith, Fiscal Agent of the banks and a nation-wide group of securities dealers. The notes are priced at 100%.

Proceeds from the offering will be used to refund in part $125,000,000 of 3.20% series I-1956 consolidated notes maturing Aug. 15, 1956, and the balance will be retired from the cash resources of the banks.

Upon completion of the financing and the retirement of the notes due on Aug. 15, outstanding note obligations of the banks will total $871,000,000.

With Wachob-Bender

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Edmund P. Russell has joined the staff of Wachob-Bender Corporation, 3624 Farnam Street. He has recently been with John G. Kinnard & Company.

L. T. Thorburn With Preston, Moss & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Lewis T. Thorburn has become associated with Preston, Moss & Co., 24 Federal Street. Mr. Thorburn was formerly office manager for Minot, Kendall & Co., Inc.

From Washington Ahead of the News

By CARLISLE BARGERON

It would be most difficult to find a Republican anywhere in the country who isn't convinced Eisenhower will win reelection regardless of whom he has on the ticket with him. In fact, you will find Democrats all over the country who feel the same way.

Carlisle Bargeron

This makes Harold Stassen's adventure all the more amazing. In seeking to justify it to a group of Republican Congressmen who sent him a telegram demanding that he resign his job in the Eisenhower Administration, he said his concern was their own reelection; in other words that Nixon would drag the ticket down, not to the extent of jeopardizing the President's reelection but it would endanger individual candidates for Congress.

He picked the wrong group to address this message to. They happened to be from the Midwest where just the reverse would be true. To replace Nixon on the ticket under the circumstances would certainly affect their candidacies and adversely.

It may be that with Nixon on the ticket Eisenhower would not get quite the vote in some of the Eastern heavily populated industrial states that he would otherwise get. Even this is hard to see because it is difficult to understand why any voter wanting Eisenhower to remain in office would vote against him because of Nixon. I have certainly not run into anybody who admitted he would. As a matter of fact in all the babbling about Nixon I have yet to find anyone who can or will say what it is he has against the man.

But regardless of the possible situation in the Eastern industrial states, Nixon is highly regarded in the Mid and Far West.

Stassen's argument privately, the one he is making to his well-heeled internationalist friends in an effort to get them to finance him, is that in the event Nixon became President he wouldn't be as internationalist-minded as is Eisenhower. The despised isolationists would move back into influence. This has a telling effect on many very influential men in this country—men in position to wield tremendous influence on public opinion. They are the group who went to work on Bob Taft and crucified him. It does not follow that Stassen will succeed in arising them against Nixon but if he does succeed, the Republicans are in for an awful hog wallowing just at the time they thought they had harmony. The next few weeks are likely to prove most interesting, indeed.

Although Tom Dewey would be expected to show up in any revival of this internationalist group, the chances are that he will pass it up. He has no love for Stassen. Stassen, for some reason or another, has never been given the credit he is due for wrecking Dewey's campaign in 1948 when the New York Governor thought he had the Presidency in the bag.

It will be recalled that it was an unexpected revolt of Midwest farmers that threw this election to Truman. It has never been dwelt upon much the fact is that it was a major Republican farm speech by Stassen that started that revolt. Republican leaders were shocked by the speech at the time, but the tendency was to say little about it in the hope it would be smothered in the other campaign oratory. Certainly it was not a speech designed to sell Dewey's candidacy.

It is a commentary on the great job for peace that Stassen was doing that it is now to go begging for four weeks, while Stassen turns from this very noble enterprise to the dubious one of trying to kill off Nixon. And if he doen't succeed with Nixon it is a safe bet that his quest for world peace will be at an end altogether.

And as to his argument that the cause of internationalism would suffer a setback with Nixon in the White House, the prospects are that there is to be less of it next year regardless of whom is in the White House. I mean insofar as continued foreign aid is concerned. Sentiment against continued aid was strong in the session of Congress just ended. The aid that was voted was approved most begrudgingly. Any aid voted at the next session will be even more so.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Donavon J. Gerken is now with Harris, Upham & Co., 1904 Farnam Street.

Joins Smith, Clanton

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—George A. Phillips has joined the staff of Smith, Clanton & Co., Southeastern Building.

With Clement Evans Co.

(Special to THE FINANCIAL CHRONICLE)

AUGUSTA, Ga.—James F. Norvell is now associated with Clement A. Evans & Company, Inc., Marion Building.

With F. L. Putnam

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Timothy J. Donovan has become connected with F. L. Putnam & Company, Incorporated, 77 Franklin Street, members of the Boston Stock Exchange.

Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Robert J. Cogan is now affiliated with Gibbs & Co., 507 Main Street.

Joins Bache Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Russell M. Blando has joined the staff of Bache & Co., Penobscot Building.

With Baker, Simonds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Jack L. Hunter is with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

First of Michigan Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — John H. Schmidt has been added to the staff of First of Michigan Corporation, Buhl Building, members of the Detroit and Midwest Stock Exchanges.

To Form Pacific Coast Stock Exchange To Combine S. F. and L. A. Exchanges

SAN FRANCISCO, Calif.—Formation of the Pacific Coast Stock Exchange, which will become the controlling body of the present

William H. Agnew   Frank E. Naley

Los Angeles and San Francisco Stock Exchanges has been revealed today in a joint announcement made by Frank E. Naley, E. F. Hutton & Company, Chairman of the Board of Governors of the Los Angeles Stock Exchange and William H. Agnew, Shuman, Agnew & Co., Chairman of the Board of Governors of the San Francsco Stock Exchange.

Ballots have been mailed to the membership of both Exchanges requesting authorization for the formation of the Pacific Coast Stock Exchange.

"If the memberships approve the plan," Chairman Naley said, "we believe the Pacific Coast Stock Exchange, through its two divisions, will be in an eminent position to give industry, investors, banks and other financial institutions the broader service this dynamic area must have to keep pace with its phenomenal growth. "It is interesting to note," he continued, "that contrary to the trend of most major Exchanges throughout the country, the combined volume of the two Exchanges for the first six months of this year, in both shares and dollar volume, is greater than for the similar period last year." "For example," he pointed out, "the combined number of shares traded in the first six months of 1956 exceeded the same period of 1955 by 1,885,075 and the combined value exceeded the 1955 period by $14,297,411."

	First Six Mos.—1956	First Six Mos.—1955
Combined Shares	23,577,334	21,692,259
Combined Value	$387,711,678	$373,414,267

Chairman Agnew emphasized the fact that each Exchange would remain unchanged except for the designation as a division of the Pacific Coast Stock Exchange. "The membership of the Pacific Coast Stock Exchange," he said, "will initially be 140. There will be 60 members from the Los Angeles Exchange and 80 members from the San Francisco Exchange. The proposed agreement for the new Exchange will be submitted to the Securities and Exchange Commission and no action will be taken contrary to the expressed wishes of the Commission."

A joint statement issued by Chairmen Naley and Agnew said: "From our study, it is our profound opinion that unification of the two Exchanges will result in sustained growth for this Pacific Coast Securities market which, in time, could rank as the largest regional Exchange in the country. The Pacific Coast Stock Exchange as proposed will provide distinct possibilities for added income to member firms and greater benefits to the investing public and industries whose securities are listed on either or both Exchanges."

According to information supplied all members of each Exchange, the government of the Pacific Coast Stock Exchange will be vested in a Board of Governors consisting of the Board Chairmen and Presidents of the two Exchanges and two members from each division's Board of Governors. These latter to be appointed by the Board of Governors of each division.

Chairmanship of Pacific Coast Exchange Board will alternate annually between the Chairmen of the Los Angeles and San Francisco Divisions.

During the past three months, joint committees from the two Exchanges have conducted comprehensive studies on the practicability of combining the activities of the two Exchanges under one entity but continuing present operations of the two markets.

The Los Angeles Exchange committee included the Chairman McClarity Harbison, Harbison & Henderson; Franz Osthaus, Bateman, Eichler & Co.; Chester L. Noble, Noble, Tulk & Co., and W. G. Paul, President, Los Angeles Stock Exchange.

The San Francisco Exchange committee consisted of Chairman Warren H. Berl, Edwin D. Berl & Sons; Charles H. Clay, Dean Witter & Co.; Calvin E. Duncan, Calvin E. Duncan & Co.; Mark C. Elworthy, Elworthy & Co.; Ronald E. Kaehler, President San Francisco Stock Exchange, and George J. Otto, Irving Lundborg & Co.; Richard P. Gross, Stone & Youngberg, and Marco F. Hellman, J. Barth & Co.

Chairmen of the two committees pointed out that both the Los Angeles and San Francisco Stock Exchanges were national security Exchanges registered with the SEC. And that the Pacific Coast Exchange is an association which will operate as a Stock Exchange for the purpose of conducting a market through its two divisions.

Kirsch Co. Announces New Appointments

Hirsch & Co., Members New York Stock Exchange, announce that Philip R. Gould has been appointed associate manager of the firm's office at 655 Madison Avenue, New York City, and that Robert E. DeFine has become associated with the foreign department in the main office, 25 Broad Street, New York City. Howard S. Shapiro and Morris Weinstein have become associated with the firm as registered representatives at the 499 Seventh Avenue office.

Geo. W. Brown Opens Office in Richmond

RICHMOND, Va. — George W. Brown has opened an office at 1620-A Hanover Avenue to engage in a securities business. Mr. Brown was formerly a Vice-President of Saunders, Stiver & Co. of Cleveland, Ohio.

Chic. Inv. Women Lunch

CHICAGO, Ill. — Investment Women of Chicago will hold their annual summer luncheon for members and guests in the Marquette Room of the Lake Shore Club on Saturday, Aug. 4, at 1 p.m. Entertainment is planned. Mrs. Agnes C. Burhans of Dean Witter & Co. is President of the group.

With Frank Newman Co.

(Special to The Financial Chronicle)

MIAMI, Fla.—Joseph C. Dries has become connected with Frank D. Newman & Co., Ingraham Bldg.

With John Harrison Co.

(Special to The Financial Chronicle)

ORLANDO, Fla. — E. Hobart Peters has become affiliated with John H. Harrison & Company, Florida National Bank Building.

Banks Prefer Compulsory Squeeze

By PAUL EINZIG

Dr. Einzig reports on the recent British Treasurer's precedent-making step in inviting and speaking directly to 30 bankers, including Bank of England heads, and his disinclination to impose compulsory credit squeeze along orthodox lines, which is preferred by bankers who are prepared to make the financial sacrifices required. Comments on the "striking revival of monetary orthodoxy," and the Chancellor's success in winning endorsement for the present voluntary credit squeeze system.

LONDON, Eng.—On July 24 the Chancellor of the Exchequer, Mr. Macmillan, created a precedent by inviting some 30 representatives of the London banking community to the Treasury. Hitherto it has been the established practice that the Chancellor communicated to the City through the intermediary of the Governor of the Bank of England. Even the Socialist legislation providing for the nationalization of the Bank of England allowed for this intermediary role of that institution. On the present occasion, however, Mr. Macmillan felt it would dserve a useful purpose to address the bankers directly. So some 30 bankers, headed by the Governor and Deputy Governor of the Bank of England, duly appeared at the Treasury. Many of them feared the worst, because of the unusual character of the arrangement. Their apprehensions were soon dispelled, however, by the Chancellor who, addressing them, made it plain that there was no question of announcing any new drastic measures. The main object of arranging the meeting was to impress the bankers with the necessity of making the existing measures of credit squeeze more effective.

Dr. Paul Einzig

Re-Affirms Disinflationary Drive

Mr. Macmillan considered it necessary to administer another dose of exhortation to bankers, because the volume of bank advances was inclined to creep up recently. Moreover, he felt that recent criticisms of the Government by bankers called for an answer which he could more conveniently give in the privacy of his office. A number of bankers, including the Governor of the nationalized Bank of England, pointed out recently with a varying degree of emphasis that the Government, while preaching disinflation, is itself practicing inflation. Mr. Macmillan gave his audience a lecture about the wide variety of disinflationary measures adopted by the Government, to show that there was no justification for the suggestion that the banks alone have to bear the burden of the disinflationary drive.

At the same time, Mr. Macmillan wanted to make it plain that, in the Government's opinion, there is every reason for an intensification of the credit squeeze. He considered it necessary to emphasize this, in view of the growing volume of criticism of the credit squeeze from two conflicting points of view. On the one hand, it is frequently argued that the existing form of credit squeeze is ineffective, and that other disinflationary measures should take its place. On the other hand, it has also been argued that, in view of the business recession in the automobile industry and in other industries, no further disinflationary measures of any kind are called for. Mr. Macmillan emphatically rejected this latter contention by pointing out that the inflationary wages spiral was continuing unabated. He had no difficulty in convincing his audience about the soundness of his argument, for he was, in fact, preaching to the converted.

Bankers Prefer Compulsory Squeeze

The more difficult task was to deal with the problem of whether the credit squeeze should continue in its present voluntary form, or whether it should give way to measures compelling the banks to cut credit, or indeed, whether it should be replaced or supplemented by measures of physical control. Under the existing system the Chancellor relies entirely on the loyalty and public spirit of the bankers to keep down the volume of credit below the level to which they would be in a position to expand it on the basis of their existing volume of cash and liquid assets. Strangely enough quite a number of bankers would prefer to be forced to cut their credit by means of a reduction in the volume of Treasury Bills which would lower their ratio of liquidity. Mr. Macmillan, however, has other methods of compulsion in mind. During the War the Treasury had legal power to commandeer the liquid resources of the banks against the issue of non-negotiable Treasury Deposit Receipts. Although the legislative power for mopping up excessive liquid resources by such means lapsed some years ago, the Government would be in a position to revive it. It would, of course, run against the Conservative policy of liberalization so that the Government would not resort to it unless compelled to do so by the ineffectiveness of the voluntary credit squeeze.

The bankers would prefer compulsory credit squeeze on orthodox lines in the form of higher bank rate and large-scale funding of the Treasury's floating debt. In order to be able to induce holders of Treasury bills to convert their holding into Bonds, the Government would have to offer a very high interest rate and this would lead to further criticisms and charges that the Conservatives, while trying to check wage increases, are paying higher interest to capitalists. So Mr. Macmillan hopes that with a little goodwill on the part of the banks such a course could be avoided.

Monetary Orthodoxy Revival

The trouble is that during the last year or two there has been in Britain a striking revival of monetary orthodoxy among bankers, Conservative politicians, financial journalists and economists. They seem to think that the Government could and should put the clock back by some 30 years and behave as its predecessors did during the days of the automatic gold standard. They are quite prepared to pay the price of such a return to orthodoxy in the form of higher charges on the public debt. What is even more remarkable, these spokesmen of the new orthodoxy are even prepared to make sacrifices at their own expense, which is always more difficult than preaching sacrifices at the expense of the community. After all, a further rise in interest rates means a further depreciation of the large amounts of Government Loans held by the banks, the value of which is already well under purchase price and shows a large bookkeeping loss. Nevertheless, the banks are quite prepared to suffer in the sacred name of orthodoxy.

Voluntary Squeeze to Continue

Mr. Macmillan is not inclined, however, to listen to such advice. Even though he is less unconventional than he was expected to be, on the basis of views expressed in the past, when he assumed his present office, it is impossible to visualize him as adopting a doctrinaire attitude and incurring unpopularity for the sake of principles he does not believe in. He would prefer to carry on the present voluntary credit squeeze, but if necessary he would resort to measures of control. Having made his attitude plain, he succeeded in impressing the bankers sufficiently to obtain their endorsement of the continuation of the present system. It remains to be seen whether the banks having had their warning will display more zeal in the future than they did in the past.

With FIF Management

(Special to The Financial Chronicle)

DENVER, Colo.—Paul C. Barrow, Joseph R. Curtis, Sam R. Sugarman and Richard E. Womack, Jr. have become affiliated with FIF Management Corporation, 950 Broadway.

Non-Resident Ownership Of Canadian Industry

By C. D. BLYTH and E. B. CARTY*

International Trade Division, Dominion Bureau of Department of Trade and Commerce, Statistics, Ottawa

In analyzing the changing extent and rate in non-resident ownership, control, and claims to future income of Canadian enterprises, Canadian officials reveal: (1) foreign control rose from 43% in manufacturing, and 40% in mining, in 1948, to corresponding 1953 ratios of 50% and 57%; (2) foreign ownership is now less than in 1926 but non-resident control is higher; (3) foreign control proportion is higher than in any other highly industrialized nation; and (4) close to half of corporate profits accrue to non-residents. Trend attributed to accelerated development pace, changing technology, and opening-up of large-scale enterprise—all requiring huge capital outlays. Authors observe such consequences as: effect upon development direction; increasing debit balance on income account in balance of payments; earning withdrawal and cumulative effect holding down Canadian equity participation; interrelationship between U. S. and Canadian economies.

In any study of Canadian industry today words like growth and development quickly come into their own. The very scope and rapidity of the changes have introduced a new pace which in many ways is unique. Some of the reasons for this are not hard to trace. Once growth reaches a certain stage it seems to accumulate momentum. Canadian proximity to the United States and access to the industrial technology of that country have also contributed greatly.

A large measure of the expansion of Canadian industry has been the result of extensions of United States corporate activity into Canada through the establishment or development of branches and subsidiaries. In this manner United States industrial technology supported by abundant sources of financing in that country has speeded and extended the process of Canadian development. And important parts of the growth which provide sources of supply for United States industry are in turn closely linking Canadian growth to growth in the United States economy. Participation by British and European enterprise and industry to a greater degree than formerly should also be noted, although it is much less in scale than the parts sponsored by United States industry.

Half Owned by Non-Residents

The pace of development would have been much less had there not been this borrowing of non-resident resources both technological and financial. In the past half dozen years or so over half the increase in investment in Canadian industry has been owned by non-residents. That suggests the degree of financial assistance. It would be very difficult to evaluate the borrowing of technology but in some industries it has been very great providing the indispensable "know-how" without which ventures would be much greater risks.

Most of this increased investment has taken the form of equity ownership and control which carries with it the potential claims to participate in subsequent growth in the rapidly developing commodity producing industries, manufacturing and mineral production.

In observing this rapid development under these special circumstances questions inevitably arise as to the price we are paying as a nation. The full evaluation of this would, of course, require a balance much more refined than any available to the statistician. We will, however, try to show the extent of some of the changes and point to some of the results.

A few very broad historical observations at the start may assist in putting into perspective the direction in which we are heading. It is perhaps platitudinous to point out the very rapid rate of industrialization and urbanization underway in Canada during the last decade or so. But that seems to lie at the heart of some of the problems of foreign ownership. Had it not been for this very pace of development of Canada's resources and industry we would not likely be discussing this topic today. The great rise in foreign investment in Canada has, of course, been most heavily concentrated in Canada's commodity producing industries where large aggregations of capital and special skills are essential. Manufacturing, mining, and petroleum are the areas of Canadian investment where the recent increases in foreign capital are so spectacular, and these are the areas of activity absorbing ever larger proportions of the gainfully employed.

The contrast with the structure of the Canadian economy only a few decades back is vivid and is closely related to the changed pattern of international indebtedness. The decline in the relative place of agriculture is symbolic of this change with less than one-fifth of the labor force engaged in agriculture compared with one-third even as recently as in 1931. In the more agricultural economy which preceded the First Great War the great investments of capital which exceeded Canada's capacity at that time were largely in steam railways and in spheres of social capital financed by government borrowing and not in the form of equities in new productive assets being developed.

Changing Ownership Composition

The consequence of much of the foreign investment in that earlier classic period of Canadian development, in the decade before World War I, also contrasts with some of the effects which are likely to occur from recent investments. In that earlier period one of the results of the foreign investment and immigration was the development of a vast new resource which was to be exploited by individual resident proprietors, the wheat growers. This created new wealth through the production of a commodity which was to be the leading source of Canadian international credits over an extended period. True, the non-resident capital invested in railways and government and municipal bonds had claims for income but these were for the most part fixed charges for which in the long-run the relative burden was reduced by a rising price level or by the reorganizations which resulted from the redundancy of railway investment. The important thing to remember about that earlier period of heavy investment is that the non-resident investor was not automatically getting an equity in a new resource which was being created. Instead the new productive resources were largely in the hands of Canadians.

In contrast today we are undergoing a great expansion of new resources and industries in which non-residents have an important proprietary interest through the companies which they control and this will give them the future claims to income which accrue to investors in equity forms in return for the use of the capital which they venture. In this corporate society in which we live an industrial company is a unit with extensive powers and privileges giving it a longevity and ability to grow.

It would, then, be a profound mistake to identify this change of the last half dozen years or so as a throw-back or reversion to the characteristics of an earlier era of rapid Canadian growth. While non-resident concerns have always played prominent parts in Canadian industry the more conspicuous economic development financed by non-resident capital in those earlier periods were railways and other public utilities, and although some of these undertakings were controlled abroad, the main means of financing them was through sales of bonds in foreign capital markets. The more characteristic industrial units for example, before the First War when Canada was highly dependent upon non-resident capital, were comparatively small concerns owned privately. Scattered throughout the towns of Eastern Canada were mills and factories with resident owners who usually played a part in the life of the communities in which they lived and where the product was "home-grown" insofar as industrial design entered.

Increasing Non-Resident Control

The extent of non-resident control has increased with the growth of Canadian industry. There is no other nation as highly industrialized as Canada in which there is such a large proportion of industry controlled by non-resident concerns. Historical parallels are not available. The industrial development of the United States, for example, was never so dependent upon external capital. In 1914 when the total of foreign long-term capital invested in the United States is believed to have been close to the peak, the amounts per capita in that country were only a small fraction of the Canadian per capita debt to other countries. In early periods of development in that country as in Canada much of the non-resident capital went into railways, other utilities and government and municipal bonds. Direct investments in industry were only a relatively small part of the known total of non-resident capital invested. Furthermore industrial growth in that country occurred most rapidly in periods when local entrepreneurs had resources permitting them to develop new industries or to take over non-resident owned industries where these may have existed. And in those periods industrial technology was simpler and the typical size of plants was smaller.

The increasing prominence of the United States and other non-resident capital in our industrial life is a new feature which can be associated with the modern highly mechanized industry and the opening up of large scale resources which characterizes the recent period of accelerated Canadian development. In this kind of business undertaking industrial technology and large amounts of capital are required. Consequently the non-resident corporate entrepreneur with know-how and resources behind him has many advantages which a small locally financed and organized concern would lack. The new Canadian industrial realm is one in which the greatest prizes go to the favorably situated. It is not surprising then that there has been a rapid development of the larger well equipped type of firm in manufacturing and of the wealthy technically advanced enterprise in our extractive industries. This kind of development has given impetus to the growth of non-resident controlled firms and the enterprise and resources of the latter have in turn hastened the process.

One of the outstanding features is the predominant part of these investments which is in the form of equities. Direct investments are characteristically in this form as they do not usually involve borrowing from sources outside of parent companies who own the equity securities. Consequently direct investments represent in the main a proprietary interest in the vital area of non-agricultural commodity production. In addition there has been a growing non-resident portfolio investment in the form of minority holdings of stocks of Canadian-controlled public companies. This has been accelerated of late by the establishment of a number of income accumulating investment funds to participate in Canadian growth. But the portfolio investments in industry are small in relation to direct investments although they are significant in relation to the limited supply of public securities available for investment in some Canadian industries.

Investments in industrial equities of these kinds, whether direct or portfolio, carry with them a participation in the industrial growth of Canada and in the accretion in values and in incomes which accompany growth. The direct investments, too, have the advantages which go with their close links with industrial technology of the older more developed industrial societies abroad to which the parent companies belong.

Comparative Results in Investments

While a close consideration of the technical advantages of the foreign-controlled group of companies lies outside of the scope of this paper there is plenty of evidence that it exists. In the field of manufacturing the similarities of products produced in Canada with those of the parents outside of Canada are a clear sign of this. Likewise in other fields such as many extractive industries indispensable knowledge of processes comes from the parent industry. The concentration of the non-resident controlled concerns in larger units can probably be taken as another general sign of industrial proficiency.

Statistical analysis of the foreign-controlled firms all points, as a general rule, to much larger and apparently more productive concerns in this group than in the Canadian-controlled group of enterprises as a whole. This may be partly because the non-resident controlled investments tend to be located in industries in which large investments of capital are necessary. And the Canadian-controlled sector of industry includes many small individually owned units. But whatever is the reason the non-resident controlled group of concerns appears to present a pattern of generally much higher output per employee than the Canadian - controlled group. The average amounts of capital invested per enterprise and per establishment and per employee are much higher. And perhaps for this reason the average earnings paid to employees are also substantially higher in the foreign-controlled group of firms. The same reason may partly account for the much smaller percentage of the labor force in Canadian manufacturing in the United States controlled group than the percentage of either gross or net production, and the smaller proportion which salaries and wages make up of the value added in manufacturing.

The comparison of average amounts of capital invested is particularly striking. While the average investment per establishment in the whole Canadian manufacturing industry a few years ago seems to have been approximately one-quarter million dollars, the average investment in all United States controlled establishments in Canadian manufacturing was close to $2 million. In the larger United States controlled firms with investments of $1 million or more the average value was some $4½ million. This group makes up some 90% of the investment in all United States controlled manufacturing concerns in Canada. The average earnings of employees in the larger firms were about $3,500 compared with just under $3,000 for all employees of Canadian manufacturing establishments. The value added per employee in this selected group of United States controlled establishments was some $8,300 compared with about $6,000 for all manufacturing.

New Data on Concentration

Extensive statistical details on the production and employment in the larger United States controlled manufacturing companies have recently been published revealing much new information on this sector of our industry. The study has been since extended and provides further clear evidence of the degree of concentration in larger establishments which was revealed in outline by the distribution by size of the capital invested. Available time only permits a summary of the new unpublished details on concentration. The study covered the manufacturing production and employment of the United States controlled concerns with an investment in Canada of $1 million or more and represented about 90% of the capital in all United States controlled companies in Canada. This study showed that these larger firms accounted for 30% of the selling value of factory shipments in 1953 and 21% of the employees although they represented only some 2% of the establishments. But in the larger concerns with employment of 1,500 or more, 20 United States controlled establishments in that group accounted for almost 52% of the factory shipments and 40% of the employment. And in the next largest group of concerns, those with between 1,000 and 1,500 employees, 25 United States controlled establishments representing 39% of the establishments in the group accounted for 45% of the factory shipments and close to 41% of the employment. In the next largest group with employment between 500 and 1,000 the ratio of the factory shipments in the 79 United States controlled establishments was over 39%, and the ratio of employment was about one-third. It is in the establishments with employment of 500 and over that the greatest rate of growth in Canadian manufacturing has occurred since before the war. In the groups of establishments with employment below 500 persons, the ratios in plants controlled in the United States were considerably less. For those groups precise figures are not at present available but it is evident that the ratio of selling value would be in the neighborhood of one-quarter when some allowance is made for the production of the many smaller United States controlled firms with an investment of less than

*A paper delivered by Messrs. Blyth and Carty at the meeting of the Canadian Political Science Association, Montreal, Que.

$1 million which were not taken into the more precise study.

The pattern that has just been described was the general type of pattern in most of the industrial subdivisions for which this special analysis was made. Likewise another analysis has been made showing that in 1953 45% of the production of establishments with factory shipments of $5,000,000 or more was in 212 United States controlled establishments.

The above data show a high degree of concentration of investment and of production in a small number of the larger non-resident controlled firms. Having in mind the relatively small Canadian market for many secondary products this is perhaps not unexpected. But the concentration has likely been accentuated by the advantages which the non-resident firms have in becoming established and in subsequent development.

In reviewing the actual distribution of ownership and control of Canadian industry here we will deal only with some of the highlights and underlying features. New detailed statistics which are not repeated here have recently been published in an official publication.[1]

Foreign Investment Direction

To begin with, while there are significant distinctions between non-resident ownership and control, the two bases of classifying investment coincide in a broad way in many industries. And the great growth in investments since World War II has mainly been in the direct investment group in which non-resident ownership usually carries with it control. But non-residents still own more investments in Canadian industry as a whole than they control chiefly because of their portfolio investments in railways and utilities. The opposite is the case however, in Canadian manufacturing where there is a larger value of investments controlled than is owned by non-residents. In either case some of the most important consequences of the investments spring from the claims to income from Canadian production gained by the existence of the investments, whether it be portfolio or direct.

The great growth which has occurred in the non-resident controlled group of companies in Canada in the postwar years has been widely distributed industrially. As a result in most areas of industry there are now important non-resident controlled units with a predominance of these in some industries and significant proportions in others. In manufacturing there has been a general growth in the United States controlled proportion of most of the industries in which non-resident control was significant at the end of World War. II. The industries in which non-resident control is most prominent tend to be those in which there is considerable complexity in the productive processes or where large amounts of capital are required. Accordingly direct investments are most important in Canada's industries producing durable goods and in basic resource industries. Outstanding examples of these two types are the automotive, electrical apparatus, and petroleum industries. And in some other basic industries like pulp and paper, chemicals, non-ferrous metal products, and mining, the control is divided between residents and non-residents. But there are important exceptions to this and the primary iron and steel industry may be one of the best examples of a Canadian controlled industry. Canadian control is still general in many secondary industries of which textiles, clothing, beverages, and many kinds of food processing are good examples.

In overall terms the most striking and persistent trends in non-resident ownership and control have been the increased proportions of capital invested in Canadian manufacturing and mining in enterprises which are controlled abroad. By 1953 this proportion had reached 50% in manufacturing, including companies engaged in pertoleum refining, while in mining including petroleum exploration and development it had risen to 57%. As recently as 1948 the corresponding ratios were 43% and 40%. In that intervening period between 1948 and 1953 well over half of the increased investment in these branches of Canadian industry was non-resident owned. The extent to which these rising proportions of non-resident control are a postwar development is indicated by the corresponding ratios of non-resident control in 1926, 35% in the case of manufacturing and 38% for mining. But while these rising trends in the control of industry producing commodities have been underway there have been reductions in the proportion of public utilities controlled or owned by non-residents. As a result the proportion of all industries including public utilities owned abroad is now less than in 1926 but the corresponding overall proportion controlled abroad is higher.

Resulting Business Management

This non-resident control of Canadian industry largely takes the form of majority holdings by non-resident business concerns of the equity securities of Canadian subsidiaries. There is thus usually the possibility of strong business management through the close link between ownership and management.

This large corporate element in the ownership of Canadian industry contrasts sharply with a well known feature of the ownership of corporations in the United States—the dispersal of ownership among many thousands of shareholders. The latter tendency has been very marked in the larger corporations in that country for decades. Consequently there are great differences in the concentrations of ownership of typical companies in the two countries which must lead to very different relationships between ownership and management. While there are, of course, Canadian public companies with a wide dispersal of ownership these occupy a relatively much less prominent place than in the United States because of the existence of the large group of Canadian concerns which are owned and controlled by non-resident companies.

Consequences of Foreign Investment

After outlining the variable but widespread extent of non-resident ownership and control of Canadian industry we come now to observing some of the con-

Continued on page 22

[1] "Canada's International Investment Position 1926-1954," Dominion Bureau of Statistics, Ottawa, 1956.

LETTER TO THE EDITOR:

Our Balanced Budget—And Our Further Responsibilities

Reader denies that currently balanced budget implies country's financial stability and sound fiscal condition; in the absence of dollar's return to Gold Standard. Urges Administration incorporate Gold Standard plank in its 1956 platform.

Editor, Commercial and Financial Chronicle:

For the past several years, as you well know, I have devoted considerable time and effort toward developing public interest in getting this nation back on the sound and reliable foundation of the gold standard. Results achieved to date, however, have been only moderately encouraging. Some of our Washington people have taken the position that we can't go back to the gold standard until the Federal budget has been balanced. That appears to be a very weak argument; for there would seem to be no sound reason why a budget can't be balanced in terms of *honest* dollars, instead of dishonest *printing press* dollars—all arguments to the contrary notwithstanding.

Frederick G. Shull

That fallacious view overlooks the fact that passage of a gold-standard bill, today, would not mean that we would be back on the gold standard immediately—for, as in the past, there would be a reasonable time-lag between passage of the act and its effective date. For example, the "Resumption Act of 1875" carried the effective date of Jan. 1, 1879—thus allowing time for the country to condition itself for the change before actually putting it into effect. And in legislation presented to the 84th Congress, such as the Bridges Gold-Standard Bill, S-1491, that same wise provision is included—the bill calling for an effective date "one year after the passage of the act."

Now, however, even if there had been any merit to the claim that the budget must be balanced before we can return to the gold standard, that argument can no longer be used; for the Administration has succeeded in balancing its budget. A current press report quotes Secretary Humphrey and Budget Director Brundage as having announced that "a balanced budget, to which this Administration has been pledged in the beginning, has now been achieved." To that extent these monetary leaders are to be congratulated. But they can hardly be "congratulated" on the following portion of their announcement, which reads: "This means a great deal to the people of this country, with such financial stability and sound fiscal conditions, the American people can go forward with their constructive individual plans looking toward better living and more and better jobs." It is to this latter portion of their announcement that I should like to offer some constructive comments:

The implication that we are now operating with "financial stability and sound fiscal conditions" is entirely without foundation; for it ignores the basic financial principles that were a part of our monetary set-up from 1792 right down to 1933 — principles religiously observed by such great Secretaries of the Treasury as Alexander Hamilton, John Sherman, and Andrew W. Mellon, to mention just a few; and principles strongly emphasized by such outstanding statesmen as Daniel Webster, Andrew D. White, Theodore Roosevelt, and others of like stature. Based upon the opinions of those great Americans, the United States has not had "financial stability and sound fiscal conditions" since the New Deal took us off the gold standard in 1933. And we shall never have a *sound and honest* currency until the dollar is restored to the gold standard, with its value firmly fixed at $35 a fine ounce of gold, and redeemability, on demand, is reinstated. Ample premise for my statement is as follows:

In 1792, Alexander Hamilton, chief architect of our currency system, initiated the dollar on a specie basis, with its value firmly fixed in terms of specific weights of both gold and silver. In 1834, Daniel Webster voiced these words of wisdom in the U. S. Senate: "All bank notes, to be safe, must be convertible into gold and silver at the will of the holder." And John Sherman, in the 1870's, was chief sponsor of the "Resumption Act of 1875," which restored our currency to the gold standard on Jan. 1, 1879, thus closing out the Greenback era of Civil War days.

During his occupancy of the White House, President Theodore Roosevelt, in various addresses, voiced the following sentiments in favor of sound and honest money: "An honest currency is the strongest symbol and expression of honest business life. . . . A permanent system of assured honesty is the first essential." In a later address he said: "This nation is on a gold basis . . . every dollar of our money is at par with gold." And, on being notified of his nomination to succeed himself, in 1904, Theodore Roosevelt used these words: "We know what we mean when we speak of an honest and stable currency. So long as the Republican party is in power the gold standard is settled, not as a matter of temporary political expediency, not because of shifting conditions in the production of gold in certain mining centers, but in accordance with what we regard as the fundamental principles of national morality and wisdom."

Well, "the Republican party is in power" but not one dollar of our currency is "at par with gold" (except insofar as our dealings with foreign banks and countries are concerned). But, in its 1952 platform, the Republican party promised to restore our currency to "a dollar on a fully convertible gold basis"—which plank has been ignored by the Administration as though it had never existed.

With the national conventions in the offing, it would be most helpful if the American people would deluge the Administration with letters demanding that there be a gold-standard plank in its 1956 platform; and that, this time, we shall expect them to carry out such a promise. Since Senator Bush, who is up for re-election, is Chairman of the National Platform Committee, I strongly urge that he be the chief target for the letters I have proposed. If as few as 100 people throughout this nation would take the trouble to write Senator Bush, as indicated, it is highly probable that we can again look forward to return of an *honest* dollar, in place of the dishonest *printing press* currency which has cursed us for the past two decades, and will continue to do so until it is replaced with gold-backed money.

FREDERICK G. SHULL

2009 Chapel Street,
New Haven 15, Conn.

Charters Exec. Dir. Of S. E. Firms Ass'n

James J. Lee, President of the Association of Stock Exchange Firms has announced with regret the resignation of Henry W. Putnam as Executive Director, effective July 31. Mr. Putnam has been a member of the Association staff since 1946 and senior staff officer since 1951. Mr. Lee said, "In presenting his resignation, Mr. Putnam stated he did so with very mixed emotions after 10 interesting and pleasant years but felt he would like to enter another phase of the securities industry. His future plans are not yet determined but we wish him the very best of fortune in any new undertaking."

R. Michael Charters

R. Michael Charters will succeed him as Executive Director, effective Aug. 1, Mr. Lee announced. He will also retain his title as General Counsel for the Association. Mr. Charters, a member of the Nebraska Bar and New York Bar, has been Secretary of the Association since 1948 and also General Counsel since 1951. He graduated from the University of Nebraska in 1933 and subsequently practiced law in Nebraska and later in California. During World War II he served in the United States Navy and saw active duty in the Paciifc Theatre. He left the Service as a Lieutenant Commander and became associated with Rogers, Hoge & Hills, attorneys, in New York prior to becoming a member of the ASEF staff. Mr. Charters resides with his wife and two children in Syosset, L. I., N. Y.

James H. Ording, a member of the staff as Assistant Treasurer since 1951, will become Secretary in addition to retaining his former title, effective Aug. 1. Mr. Ording was on the staff of the New York Stock Exchange from 1929 to 1950 with the exception of 1943 to early 1946 when he was on leave of absence while in the United States Army. Mr. Ording, married, lives in Wantagh, L. I., N. Y.

Mr. Lee stated plans for adding to the staff would be discussed at a meeting of the Board of Governors in Detroit, Oct. 4-6.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Lofton F. Vaughn and David B. Wright have become connected with King Merritt & Co., Inc., 849 Peachtree St., Northeast.

J. A. Hogle Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles E. Hackett is now affiliated with J. A. Hogle & Co., 507 West Sixth Street.

With Averly L. Eppler

(Special to THE FINANCIAL CHRONICLE)

REDWOOD CITY, Calif.—Raymond G. Taylor has joined the staff of Averly L. Eppler Company, 1839 Broadway.

Forms Whitney Inv. Co.

LOS ANGELES, Calif.—Melvin Whitney is engaging in a securities business from offices at 607 South Hill Street under the firm name of Whitney Investment Co.

Public Utility Securities

By OWEN ELY

Kansas Power & Light Company

Kansas Power & Light, with annual revenues of $42 million, serves electricity and gas in the northeastern and central portions of Kansas, the service area comprising about one-third of the state. The population provided with one or more services exceeds 650,000, of which about 30% live on farms and in rural areas. In addition to its electric and gas business, the company supplies steam heating service in Topeka and motor bus passenger service in Emporia. Revenues from sale of electricity approximate 68% of revenues and natural gas 31.5%, with miscellaneous operations contributing 5%.

The territory served includes large areas devoted to wheat and other farm products, oil and gas production and transmission, cattle and poultry raising and dairying. However, in recent years industrialization has been on the increase and personal income derived from industry now exceeds that derived from agriculture. Industrial activities in the area include flour milling, alfalfa dehydrating, mining, refineries, storage batteries, tires, iron and steel, chemical, meat packing, clothing, aircraft assembly and railway equipment.

Electric revenues are about 43% residential and rural, 30% commercial, 17% industrial and 10% miscellaneous. Electric properties are fully interconnected with the exception of the Parsons service area, which contributes only about 3% of electric revenues (it buys power from Kansas Gas & Electric Company). The company generates almost all of its electricity at 14 electric generating stations (ten of which are small) with a total nameplate capacity of 340,000 kw. A 90,000 kw. additional unit at Tecumseh is scheduled for completion a year from now. Kw. production cost is low at 3.7 mills, presumably due to use of natural gas as boiler fuel. The reserve of generating capacity at the end of 1955 was 14%.

About 49% of gas revenues are derived from residential customers while 20% are commercial, 20% industrial and 11% miscellaneous. About 97% of residential customers use gas for space-heating requirements—a very high saturation. Natural gas is purchased from Hugoton Production, Northern Natural Gas and Cities Service Company.

According to the prospectus issued in connection with the recent issue of common stock, Ralph E. Davis, independent engineer, has estimated presently-controlled proven gas reserves available to the company at 830 billion cf. He has estimated that adequate supplies will be available to meet estimated requirements of 600 billion cf. to serve future markets and the boiler fuel needs of certain electric generating plants up to Nov. 1, 1964. The prospectus states:

"Upon expiration of its contract with the Hugoton Production Company, the company, pursuant to the terms thereof, has first call upon the gas then available from acreage dedicated to it subject to prior option held by Panhandle Eastern Pipe Line Company. After 1964, the unused portion of the other present reserves will be available to the company and it is continuously attempting to arrange for additional reserves which would become available to aid in meeting its requirements in the years subsequent to 1964."

The company expects to spend about $15 million for construction this year and $14 million next year. Following recent sale of 270,000 shares of common stock at 23¼, the company estimates that it will require about $11.3 million additional funds (in addition to $15.4 million expected to be available from internal sources) in order to meet construction expenditures for 1956-7. Presumably this will be raised by sale of senior securities or by bank loans.

Earnings for the 12 months ended April 30 were $1.91 as compared with $1.73 for the calendar year 1955. Allowing for the dilution of about 12% resulting from the recent stock offering, earnings for the calendar year 1956 are estimated at $1.85. At the recent price around 24, the stock yields 5% and sells at 13 times estimated 1956 earnings.

		Common Stock Record		
Year	Revenue	Earned	Paid	Approximate Range
1955	$40,000,000	$1.73	$1.20	23—21
1954	36,000,000	1.56	1.12	25—21
1953	34,000,000	1.32	1.08	23—18
1952	32,000,000	1.53	1.12	21—17
1951	29,000,000	1.27	1.06	19—17
1950	26,000,000	1.67	1.06	18—16
1949	24,000,000	1.48	.55	19—15
1948	22,000,000	1.45	.57	17—14
1947	21,000,000	1.36	1.75	------
1946	19,000,000	1.40	1.75	------
1945	18,000,000	.66	.80	------

With West Fla. Secs.

(Special to THE FINANCIAL CHRONICLE)

TALLAHASSEE, Fla. — Curtis Penton has been added to the staff of West Florida Securities Co., Inc.

With Allied Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Grady Hutchison has been added to the staff of Allied Investment Company, Walton Building.

With Hincks Bros. Co.

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Albert B. Pellegrino is now with Hincks Bros. & Co., Inc., 157 Church Street.

E. M. Swartz Opens

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edward M. Swartz is conducting a securities business from offices at 151 Hallet Street.

Joins Thenebe Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Ida E. Bregman has joined the staff of Chas. E. Thenebe & Associates, 36 Pearl Street.

With Putnam & Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—William E. Kane and Richard Gibbons have become affiliated with Putnam & Co., 6 Central Row.

Securities Salesman's Corner

By JOHN DUTTON

Fundamentals of Security Salesmanship

ARTICLE VI,

—How To Read And Study—

During the past five weeks I have written articles on "What to Read" in order to become a competent security salesman and advisor. There are more articles on that subject to come but this week let us turn to the "How" of it rather than the "What." Here are my rules for time saving and for concentration.

I read with a pencil. Since I am looking for the "meat" of a subject I look for topic heads and I underscore the pertinent facts. I make mental notes of the important things in my daily paper, my news reports, and I underscore as I go along. I eliminate the unessential. Every news item, every column such as this, every factual report that you read is built around a central fact and the modifying facts. I look for these facts and waste no time on unessentials.

Concentrate. Learn to read hard and intensely. Let nothing go through your mind but the subject at hand. Develop the ability to put all your thought power into what you are doing at the moment. You can do this to the extent that you can read and RETAIN what you wish to retain even under the most trying conditions. You can read in a crowded train, a subway, and when there is noise and confusion if you will practice doing this.

Find a time to Read. Some people like to rise early and read before breakfast. It is a good way to start the day. One-half hour in the morning when your mind is refreshed from a good night's sleep will enable you to retain more from your study and reading periods than during other times of the day when you are somewhat let down physically, or when you must read under pressure.

I personally find that I can accomplish a great deal of work when I retire at night. I have a comfortable double pillow behind my head, a good reading lamp, and a handy night table with my books, periodicals, pencils and writing pads handy. I like a double end pencil; one end writes with red crayon and the other black lead. As I go along I make notes. Many a good idea comes out from this extra hour or more at night before I retire that can be used the next day. Early morning reading and reading before retiring are my favorites.

Learn to Connect Events. You read about soil conservation and a few days later an article appears suggesting that sales of fertilizers and farm equipment may be adversely affected. A logical development is it not? But how much effect will this have? Do the prices of farm equipment stocks react to this news, and do the fertilizer stocks show any change? What happens during the next week or two? Make a note of it in your mind. Possibly the farm equipments have already discounted such developments.

Is there a reduction in the interest rate on trade acceptances? Does this indicate a change in the policy of the Federal Reserve? Do long-term government bond prices reflect any forthcoming change? Is this the first straw in the wind regarding a change in credit policy of the Reserve Banks?

Everything that happens is in one way or another related to other facets of the economic and financial picture. It is a cumulative chain of events. Watch how the effects of change take place. Short-term developments are not too important—long range developments are more difficult to recognize when you are relating effect to cause. Learn to read with an eye for CAUSE AND EFFECT.

Use What You Have Read. Make a laboratory out of your work. You are studying the analysis of corporation statements, well and good. Your firm is participating in an underwriting. You have a prospectus given to you. Here is your chance to learn by doing. Don't skim over it. Don't hit the highlights. Take it with you and study it word by word. Read how the financing was put together, study the past history, read the financial statements and income accounts. Go to your manuals and pick out some other companies in the same industry. Compare this offering with other stocks in the same category as to ratio of price to current earnings, price to book, dollar of sales per share, growth past five years, and ten years, of book value, of earnings per share, leverage position of stock (ratio of common stock, preferred, bonds, other debt) net quick, and record of stock market-wise. After you have completed this study, try and determine what there is behind the figures in the particular offering your firm is making that might make it attractive to investors. Are there new products; will the new financing be helpful in reducing operating costs; what is the capital to provide; better tools, exploitation of markets, a new plant, expansion? Battle it out yourself. Would you buy this stock? Do you like it? Is it a good value comparatively? Is this a time to invest in this particular industry? Be your own analyst and work at it.

* * *

I am not advocating that neophyte salesmen displace the judgment of their more experienced superiors who have spent many years in the securities business when it comes to deciding what they wish to sell and what they do not care to offer. I am accepting the fact that well managed investment firms are fully aware of the responsibility that they have to their clients when it comes to the matter of selecting attractive offerings.

I am, however, convinced that there is no better way to learn than by doing, and any salesman starting out in this business who studies his offerings on the basis of comparative analysis, and a thorough reading of the offering prospectus, is certainly going to become a qualified investment man in a shorter period of time through such a course of reading and study right in the best laboratory of all—his own desk.

MORE NEXT WEEK

With Bache & Co.

Bache & Co., members of the New York Stock Exchange, have announced that Oliver B. Stone has become associated with the firm as a registered representative in their mid-town office at 724 Fifth Avenue, New York City. The Fifth Avenue office, which was recently opened by Bache & Co., has in addition to a securities brokerage department, the company's Mutual Funds Branch which was formerly located in the Chrysler Building.

D. L. Stern Opens

David L. Stern has formed D. L. Stern Agency with offices at 295 Madison Avenue, New York City, to engage in a securities business.

Pressing City Problems and Taxes

By ROGER W. BABSON

Traffic congestion, private and municipal real estate blight, and growing array of competing municipal expenditures—all entailing seriously increasing economic costs—are pointed out by noted head of Babson Park.

The Conference of Governors, meeting at Atlantic City recently, received a special report on the plight of American cities, which are now facing some peculiar and very difficult problems.

Roger W. Babson

Of course, the most pressing problem of cities, and especially of our larger metropolitan centers is traffic. For a good many years now, I have been telling my friends and readers that heavy traffic and insufficient parking spaces are choking our cities to economic death.

Traffic congestion is hastening the exodus of business enterprise from our large cities. But even more important, heavy traffic is slowing down our whole economy and limiting our Gross National Product. Millions of productive hours are lost because of traffic snarls. In Chicago, to cite but one example which could be multiplied by thousands, busses were stationary a few years ago only 10% of their trip time. Today, owing to more frequent and longer traffic delays, these busses are stationary 40% of their trip time. This is one important reason for the need of higher fares. Five cents of every bus fare which you pay is necessary because of unregulated automobile congestion.

Downtown Area Blights

A second urgent problem of our cities is the tendency for in-city public and private property to deteriorate too rapidly. The great cities of our country are centers of power and commerce which testify to the fulfillment of the American dream. Yet, as I travel around the country, I am often appalled at the shabbiness of so many of our urban communities. In too many cities, entire streets have been permitted to fall into a shocking state of disrepair. This condition is often dangerous to life and limb, and also creates fire hazards.

Some of our proudest municipalities are limping along with obsolete residential and business street lighting. Run-down parks and athletic fields are all-too-common sights. Even city halls, which should be the focal point of community pride as well as of community activity, are often inadequate as to capacity and down-at-the-heel in appearance.

The Increase of Taxes

When taxes on real estate and personal property were first broached in the United States as the basis of municipal revenue, tax dollars were spent chiefly on streets, street lighting, parks, athletic fields, and buildings for the proper transaction of public business. In more recent years demand for public-welfare projects financed by city government is becoming more insistent. Funds for their maintenance are now being voted at the expense of older and sometimes more basic services. In some cities, protective services are being cut. Even fire alarm systems are not being adequately maintained or extended.

I do not blame the cities entirely for the evils which have befallen them. I well realize that local governments today do not receive nearly so large a share of our total tax dollars as before World War II. Cities are feeling keenly the adverse effects of our sharply graduated Federal income tax. The more it costs to run the national government, the harder it is for local governments to raise needed funds. So the cities look increasingly to Federal and State grants-in-aid to pull them through. I forecast that such a policy will prove to be very short-sighted.

Increased central municipal control or inspection encourages waste and results in a heavier over-all city tax load. Economy alone can put our cities back on the path which will lead to true progress; but what are the chances for such economies? For politicians to bribe and to buy, votes with dollar bills is now illegal; but these same politicians are free to "bribe" voters by promising more aid to the unemployed, to the aged, to mothers and others. Much of the legislation to "protect" plumbers, carpenters, painters, and even barbers is merely bribery to get the votes of these groups. It is supposed to be enacted to protect the public; but the public should be made to pay directly for such "protection." No portion of such increased costs for inspectors and others should be added to taxes. If this welfare work continues to increase, more city sales taxes are inevitable.

Waldron Incorporates Kessler President

Maury J. Kessler

SAN FRANCISCO, Calif. — Waldron & Co., Russ Building, announces the incorporation of the firm and the election of Maury J. Kessler as president.

Francis X. Martinez Pub. Relations Office

PHILADELPHIA, Pa. — Francis X. Martinez has opened offices in the Land Title Building to conduct a public relations business. Mr. Martinez has recently been associated with Science and Nuclear Fund. Prior thereto he was with Albert Frank-Guenther Law, Inc.

To Form Zimmerman Co.

Zimmerman & Co., members of the New York Stock Exchange, will be formed as of Aug. 9 with offices at 63 Wall Street. Partners will be William G. Zimmerman who will acquire the Exchange membership, general partner, and Charles M. Miller limited partner.

Cecil Griffen

Cecil Griffen, member of the New York Stock Exchange, passed away on July 24.

Lunt Chairman of College Fund Drive

Samuel D. Lunt, partner of Hamlin & Lunt, members of the New York Stock Exchange, has been named state industrial chairman for the 1956 - 57 campaign to raise funds for the Empire State Foundation of Independent Liberal Arts Colleges, an organization of 23 non-tax supported colleges and universities in New York state. Mr. Lunt's appointment was announced by Dr. M. Ellis Drake, Chairman of the Foundation board and President of Alfred University.

Samuel D. Lunt

The campaign for the Empire State Foundation will begin on Oct. 15 under Mr. Lunt's direction. He will be assisted by a statewide committee of industrial leaders who will help in raising funds to meet the $500,000 goal set for 1956-57.

The following colleges and universities are members of the Empire State Foundation: Alfred University; Bard College; Barnard College; Colgate University; D'Youville College; Elmira College; Hamilton College; Hartwick College; Hobart and William Smith Colleges; Houghton College; Keuka College; Manhattanville College; Nazareth College; College of New Rochelle; Russell Sage College; St. Lawrence University; College of Saint Rose; Sarah Lawrence College; Skidmore College; Union College; Vassar College; Wagner College; and Wells College.

White, Weld Group Offers El Paso Nat. Gas Preferred Stock

White, Weld & Co. is manager of an investment banking syndicate which yesterday (Aug. 1) offered publicly 250,000 shares of El Paso Natural Gas Co. 5.50% cumulative preferred stock ($100 par value) at a price of $100 per share, plus accrued dividends.

Net proceeds from the sale of the new preferred shares will be applied by the company toward the reduction of bank loans previously incurred to meet a part of its construction requirements.

The new first preferred stock will rank equally with the previously issued series of first preferred stock, with respect to dividends and liquidation rights.

El Paso Natural Gas Co. operates an extensive natural gas transmission system serving markets in California, Texas, New Mexico, Arizona and Nevada. At Dec. 31, 1955, the company's system included 6,419 miles of main and branch transmission lines. The delivery capacity of the company's main transmission pipe lines is about 1,888 million cubic feet of natural gas per day. The company is presently engaged in an expansion program involving expenditures of more than $196,000,000 and is planning further expenditures of approximately $85,000,000 for the next phases of expansion.

For the 12 months ended April 30, 1956 the company and its subsidiaries had consolidated operating revenues of $196,353,322 and consolidated net income of $22,510,243.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks finally worked up enough strength this week to break out of the 510-515 area which has stalled the advance for the rather protracted period of three weeks. There was little disposition on the part of the industrial average to proceed speedily with the task of testing the previous high, but it did wipe out the May decline and boost prices on average back to April levels in position to try for a new high on any show of sustained strength.

* * *

Metal shares were the leaders as the list finally chewed up the opposition in the resistance level. Strength was general among the non-ferrous and steel shares alike, somewhat clouding the implications of whether or not it was a celebration over the fact that the steel mills will be reopening shortly after their one month strike shutdown.

* * *

A couple of flaws spoiled the picture a bit. For one, strength was highly selective. For another, the rails showed little inclination to take over leadership, although they were the first to respond to the steel strike with dour action as their carloadings dropped off and workers were furloughed.

Pressure on Oils Lifted

One rather definite development was at least the temporary end of pressure on the international oils as a result of the new unrest generated by nationalization of the Suez Canal. The pressure on these oils for a couple of sessions, however, was mitigated by an active demand for selected domestic issues not involved in the dispute.

* * *

A combination that had merit both from its good operating results as well as its oil appeal was Northern Pacific Railway which was able to boost income moderately for the first half of the year with projections indicating about $4 a share for the issue for the ful year. At that level it would be a case of a market price of a modest 10-times-earnings. The road has some eight million acres of potential oil lands and its income from the producing wells on its lands are expected to reach $3,000,000 this year, which would double its income from this source last year. A rather long-range project, which for a couple of decades has been hailed as a worthwhile cost-reducing move, is merger with Great Northern which is again under study, although no decision is expected for at least a year.

* * *

Road building stocks have been anything but prominent. Profit-takers are apparently willing to settle for a near-term appreciation, although the highway construction programs promise benefits for years to come. Not only is the present vehicle population far ahead of the road situation but there is nothing to indicate any end to the constant growth in the number of cars registered, or that the highways will catch up in any nearby year. Apart from the highway work, expansion in other lines that require extensive road machinery is proceeding apace. So far, only a few of the issues in the highway machinery category have shown any definite favoritism, such as Caterpillar which worked down to less than a 2% yield while others in the group, such as Bucyrus-Erie, Gardner-Denver and Worthington were selling at a yield of 4% to as much 5%.

Diversifying Companies

Bucyrus-Erie, in fact, has one of the more diversified lines for all sorts of contracting and public works machinery while Worthington, in addition to its large machine line, is also an important factor in the air-conditioning field. Even the companies not primarily concerned with their highway products at present are expected to jump into the field once the road building program starts to get under way. Poor & Co., for instance, only credits around a fourth of sales to road machinery at present but there are some indications that the firm could double this rather readily.

* * *

Aluminum issues have been able to give a good account of themselves in the market's rebound, but are still rather widely favored as a group that could continue to forge ahead along with the rest of the growth situations. Output is running at record levels with a new peak expected for the entire year, yet expansion is the keynote with Kaiser Aluminum planning to add half again as much capacity in its expansion plan. Aluminum, Ltd. is projecting a better-than-40% increase in output as demand continues to expand sharply.

* * *

Louisville & Nashville has been something of a dormant rail, the suspense hinging on the favorable examiner's report recommending approval of its merger with Nashville, Chattanooga and St. Louis which now has to be settled by the full Interstate Commerce Commission. In the ponderous way of regulating authorities, it is considered unlikely that the plan will reach a head before next year. Operating economies have been estimated at some $3,000,000, with a benefit to profits of something approaching a dollar a share on L. & N.

Comeback for Westinghouse?

Westinghouse has had a rather mundane market life, beyond a temporary play when the earnings statement indicated that the company was making a good comeback. The stock, still a couple of dozen points below last year's high, was still favored in many quarters since it isn't burdened with excessive inventories like many other appliance makers and is still struggling to fill pipelines depleted by its strike earlier this year. The stock's earnings are bound to suffer this year, but the dividend seems reasonably secure and the backlog has built up considerably ahead of that of last year.

* * *

Motors shares, despite some rather widespread expectations that they would begin to move in anticipation of the introduction of new models, continue to loll around, although many market students favor them for a strong rebound when the new lines are introduced.

* * *

Considerable searching was being done for backward oils, with Chicago Corp. rather generally considered as lagging behind the others that have already gotten a bit of play. The company is rated as holding reserves which at even modest appraisal exceed the going market price of the stock by a considerable margin. The company, possibly because of its confusing name, is also a refiner and marketer of petroleum products since its acquisition two years ago of Champlin Refining Co. which since has had its capacity increased some 40%. In addition to its producing area of some 170,000 acres, the company also holds better than a million other acres on which an ambitious drilling program is underway this year at an expenditure of more than $13,000,000.

[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.]

McInnes Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Albert F. DuVerger is now connected with McInnes & Co., Inc., Huntington Building, members of the Pittsburgh and Philadelphia-Baltimore Stock Exchanges.

LETTER TO THE EDITOR:

Professor Slichter, Planned Economy and Inflation

Reader takes issue with Sumner Slichter's recently expressed views on the functioning of the price level. Maintains inflation, whether "creeping" or "galloping," is an economic disease.

Editor, Commercial and Financial Chronicle:

The speech of Dr. Sumner H. Slichter, made at the University of Wisconsin on July 3, 1956 and reported in your issue of July 12, 1956, discusses a "creeping, not galloping," continuance of inflation, under what appears to be "planned economy" that has been variously described as superior to free enterprise supply and demand economies that has imposed self-discipline to prevent or correct excesses in the economy.

When Professor Slichter avows that the Government cannot control the price level we are not dealing with "planned economy" in the singular sense, nor with "planned economy," in fact, at all. Failure of the Government to regulate the "price level" is significant of free enterprise and not planned economy.

Secondly, it is also to be noted that the term, "planned economy" with the variations of price level, monetary conditions that have defied Keynes and his adherents, should be called "planned economies" just as free enterprise supply and demand markets in their ebbing and flow may not be singularly referred to, and presumed to exist in the singular sense.

Whether or not creeping or galloping in the present and future course of inflation as described by Professor Slichter; again a singular word, inflation, creeps into the noted Professor's discussion, as a condition of progress, rather than economic disease. Thus, we again overlook there are many kinds of inflation, the most important, commodity inflation and monetary inflation. The impact of various kinds of inflation on even a "planned" economy does not bespeak of singular results, but diversified results. These diversified results defy a "planned economy" except to step up inflationary processes, while free enterprise supply and demand markets coordinated to gold convertibility of currencies uses these diversities to self-discipline, by inflation and deflation, the excesses of economic well-being. I predict that the continuance of "planned economies" will have all the surprises, without the corrective forces of free enterprise, for results are what one expects, but we always reap consequences of any situation, economic or otherwise.

What is not discussed by Dr. Slichter and many other outstanding economists is how, when and in what manner the large national debt of some $275 billion will be paid off and amortized, and the impact of payment or non-payment under the Keynes theory that we owe it to ourselves on variable annuities, for instance.

RICHARD SPITZ

Fortune's Rocks,
Biddeford, Maine.
July 20, 1956.

Bache & Co. Predicts Nation's Business Will Pick Up in Second Half of Year

Although all indications point to an upward move by business during the final six months of 1956, the stockmarket, in the near term, is "likely to move in a trading range pending appraisal of the impact of a new steel wage settlement," Bache & Co., members of the New York Stock Exchange, 36 Wall Street, N. Y. 5, N. Y., stated in their summer edition of "The Bache Selected List."

On the basis of such factors as vast projected outlays for plant and equipment in 1956 and in the next few years; the continued business boom in Western Europe and Canada, and the seasonal pattern of Federal finance which should add from $6 to $8 billion to the money supply in the second half of the year, "we anticipate that business will surge upward during the final half of 1956 with the American economy resuming its upward secular growth trend," the investment firm said.

However, it added, the stock market over the short pull will probably move within a trading range while the impact of the new steel wage settlement on the economy is appraised. "Even more so than in the past, because of the dynamic changes and diversity of action in the economy, investment policy should be highly selective," the study advised.

The brokerage firm reviewed the pattern of business thus far in 1956 and pointed out that "signs were apparent at the outset of the year that while the level of business activity would be high, the pattern would be altered from 1955." This was evident, it said, in the slowing of the rate of automobile output and residential construction as well as the worsening outlook for agriculture.

"Opposed to these weaknesses," it noted, "has been surprising strength in certain sectors of the economy: First, a strong upsurge in the capital expenditures of business from $28.7 billion in 1955 to a projected $34.9 billion in 1956. This affects the capital goods industries which are basic in the economy. Second, the high volume of industrial and commercial construction which has largely offset the decline in the rate of residential construction. Third, the higher level of consumer installment credit which has been recorded despite the drop in output by consumer durable goods industries, particularly automobiles."

It added that "the net effect of these opposing forces to date has been the maintenance of a high level of business activity generally with employment and production figures plateaued virtually at peak levels."

Investors, therefore, may be easily mislead by a cursory study of business indices without examining the components and this situation emphasizes the need for selectivity in investments, Bache & Co. declared.

In the current "Bache Selected List," all of the industrial classifications, as well as the securities of various companies in each group, are analyzed. These classifications include air conditioning, aircraft manufacturing, airlines, banks, building, chemicals, coal, drugs, electrical products, finance, food, glass, insurance, machinery, metal fabricating, mining, office equipment, oil, oil well equipment, paper, rails, rail equipment, retail trade, steel, tires and rubber, utilities, agricultural equipment, automotive, electronics and motion pictures.

Favorable Air Transport Outlook Cited

Commenting upon the indications of 15% gain in revenue passenger miles for 1956, Northern Trust Company reports air passenger traffic overtook both rail coach and long-haul bus travel in 1955; believes domestic air traffic will exceed all rail coach and Pullman passenger traffic—excluding commuter travel; and predicts new capital outlays may bring the grand aggregate of equipment commitments close to $2 billion.

The "optimistic forecasts for continuing rapid growth in air transport volume, combined with the heavy outstanding commitments for new equipment" is viewed by the monthly July bulletin of The Northern Trust Company, Chicago, as evidence showing "the industry's determination to capture a growing share of the travel market."

The publication "Business Comment," in analyzing the air transport industry, states that:

"In 1955 the airlines once again reported new peaks in traffic volume and further substantial gains have taken place so far this year. Revenue passenger-miles of the domestic trunk airlines, which account for most of the air mileage within the continental United States, increased from 16.3 billion in 1954 to 19.2 billion in 1955, a gain of 18%. Coach traffic was 25% higher and first-class traffic was up 14%. The entire scheduled airline industry, which includes the trunk lines, local services, international carriers, territorial lines, helicopter services and Alaskan lines, flew some 24.3 billion revenue passenger-miles last year against 20.6 billion the previous year. The total number of aircraft operated on scheduled domestic and international flights increased only slightly from 1954 to 1955, but larger seating capacity and greater utilization of faster planes permitted the substantial increases in passenger miles flown.

Vigorous Growth Trend

"This steady uptrend in passenger traffic," according to "Business Comment," continues the rapid growth which has been evident for many years. Revenue passenger-miles flown by domestic trunk lines have expanded 50 times in the last 20 years and nearly 6 times in the last 10. In 1955 passenger traffic of the scheduled trunk and local service airlines overtook both rail coach and long-haul bus travel. Domestic air traffic may soon exceed all rail coach and Pullman passenger traffic, excluding commuter travel. As a measure of the expansion in air service offered, over 2,000 flights were scheduled daily last year as compared with only 284 in 1938, and the number of passengers carried rose from 1.5 million to 41.6 million in the same period. Airline traffic, of course, has benefited from the rapid expansion in personal income and the steady growth in population over the postwar years. But the main factors accounting for the much sharper gain in airline volume relative to competing transportation media appear to be the improvements made in airline service, the increasingly favorable structure of fares, and the growing acceptance of this method of travel by individuals and businesses alike.

"In anticipation of future growth and to upgrade equipment, the trunk lines have in the past year or so embarked upon a tremendous new expansion program. Orders totaling about $1.2 billion have been placed for jet and turboprop transport planes, with deliveries scheduled for 1958 to 1961. In addition, more than $500 million worth of piston engine planes are on order. New purchases yet to come may bring the grand aggregate of equipment commitments close to $2 billion. By the end of 1961, deliveries of these planes will result in a capacity estimated at 53-69 billion seat-miles, depending upon equipment retirements, as compared with a 1955 capacity of only 30 billion. Moreover, the coming of the jet age raises important new problems for the airlines. A way is being sought to reduce further the noise made by the giant jets. Most existing airports are considered inadequate as regards length of runways and flying area, and present air traffic controls and communications channels are already outmoded. It will also be necessary to speed up the handling of passengers and baggage. All this, of course, will involve vast outlays of funds.

Profit Performance

"As might be expected of companies operating in a new and rapidly growing industry, operating results have varied considerably over a period of years. Since 1948, however, the trunk lines as a group have operated profitably and gross revenues and cash earnings (net income plus depreciation) have increased in each year. Last year, gross operating revenues of the trunk lines amounted to $1,133 million, 16% more than in 1954. Net profit rose from $51.5 mililon to $63.1 million, a new record for the industry. United States mail, once an important mainstay of the business, accounted last year for only 2.7% of the operating revenues of the domestic trunk lines. Most of the trunk lines are now subsidy-free, with only two or three of the small lines still receiving payments. Even including the other segments of the industry (mainly local and international lines), mail contributes only about 5% of total revenues.

Outlook for 1956

"Currently, revenue passenger-miles flown are substantially greater than in early 1955 and gains of up to 15% are indicated for the full year. Coach services are being expanded to include newer types of planes and deliveries of new aircraft will enlarge capacity for the big summer months. The Civil Aeronautics Board has authorized important route additions and extensions in various sections of the country. The Board believes that the additional competition will generate new traffic, although some industry observers fear that the net result may be to reduce the average number of passengers carried per plane. Wide use of newer cargo planes and a strong business situation presage a further increase in freight ton-miles and express business in 1956, and the CAB has authorized the airlines to experiment with a slower but cheaper deferred air freight service which is intended to compete more directly with railway express.

Long-run Prospects

"According to leading spokesmen for the industry, air transport will account for over 50% of the common carrier passenger market by 1965, compared with one-third in 1955. It is believed that a substantial amount of new traffic will result from the application of coach service to shorter hauls and possibly from the use of helicopter service between cities. Air travel also will tend to become increasingly attractive as the growing traffic volume permits speedier schedules, more frequent service, and still more competitive fares. Air freight, which currently accounts for less than 5% of operating revenues is expected to double or even triple in volume by 1965. These optimistic forecasts for continued rapid growth in air transport volume, combined with the heavy outstanding commitments for new equipment, underscore the industry's determination to capture a growing share of the travel market. The additional improvements in comfort, speed and safety to be realized as the new equipment is delivered, as well as more intensive promotion of special segments of the mass transportation market (such as coach, tourist and family travel) will play an important part in the industry's drive toward this goal."

Tabell to Give Course In Mkt. Forecasting

The Bernard M. Baruch School of Business and Public Administration, The City College of New York has announced that Edmund Tabell of Walston & Co., Inc., will give a course this fall in "Stock Market Forecasting Techniques" (Economics 1764).

Edmund W. Tabell

Mr. Tabell will not only discuss his own methods but provide a critical evaluation of other techniques.

The course will meet once a week for 14 weeks on Monday evenings from 6:20 to 8:00 p.m. at the College's 21st Street Center, 330 East 21st Street. The first session will be held on Monday, Sept. 24, 1956. The course is open to the general public.

Registration forms are included in the Class Schedule that may be obtained upon request to the Evening Session Office at 17 Lexington Avenue (ORegon 3-7700—Ext. 76) or to Professor Jerome B. Cohen, Supervisor of Finance and Investments, at the same address.

The total fee for the course is $25 (this includes a $5 registration fee). Those wishing to register in person may do so on Sept. 18 or 19 at the Baruch School, 23rd Street & Lexington Avenue, from 6:00 to 8:00 p.m.

IBA Correspondence Course In Inv. Banking

CHICAGO, Ill.—The Education Committee of the Investment Bankers Association of America is offering a correspondence course in investment banking in cooperation with School of Business and the Home-Study Department of the University of Chicago. The New York Stock Exchange will accept the course in partial satisfaction of the requirements necessary to qualify individuals as registered representatives.

Registrations are accepted at any time. A special enrollment form may be obtained from the Educational Director, Investment Bankers Association of America, 425 Thirteenth Street, N. W., Washington 4, D. C. This should be sent with tuition ($45.00) to the Home Study Department of the University of Chicago, 1375 East 60th Street, Chicago 37, Ill.

Included in the course will be Financing of Business Enterprise, Security Analysis, Problems in the Financing of Corporations, Marketing of Securities, and Investment Policy.

Joins FIF Management

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Olin S. Sheppard has become connected with FIF Management Corporation, 950 Broadway.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

No great acumen was required to forecast higher bank stock earnings for the 1956 second quarter. For a number of quarters there has been a steady trend of higher operating earnings; and with increasing volume of loans and the higher rates applying to more and more loans as they matured under the old rates there could be only one way: a continuation of the trend.

Bank stocks are getting to be better values on several important tests. First, in the important consideration of the price-earnings ratios, only two of the 13 leading New York City bank stocks showed a less favorable ratio for the 12 months ended with June, 1956, than for the like period a year earlier. In other words, the market is pricing these bank stocks more favorably to the investor now than it did a year ago when the ratios were nearly 10% less in his favor.

Then there is the matter of the proportion of operating earnings disbursed in dividends. In the 12 months ended June 30, 1955, this averaged out about 58%, while at the later period the ratio stood at 55%, or an average of 5% less. This augurs some dividend increases for it must be borne in mind that the banks have long been on a relatively scant pay-out basis, as a result of which reserves and retained earnings have been greatly increased. So much so in fact, that there is now every justification that some increases be made. Certainly, with deposit ratios generally as conservative as they are, the need to build up capital funds is not urgent or pressing, and hence dividend increases are a logical expectation.

Of our 13 banks, 11 showed a lower pay-out ratio for the 12 months ended June 30, 1956, than in the similar earlier period, while the remaining two showed the same ratio as in the earlier 12 months.

Another important ratio is the rate of operating earnings on book value, or stockholders' equity. Here all 13 banks showed a greater rate of earnings on book, using the same 12 months' figures. Some of the gains over the earlier period were really sizable percentakewise. It will be seen in the accompanying tabulation that J. P. Morgan & Co.'s 1956 figure of 9.1% (earned on June 30, 1956 book value) compared with the 1955 rate of 6.9%, a gain of nearly 32%. Irving's gain was nearly 24%; First National City's 19%; Bank of New York's 22%. For all 13 banks the improvement averaged out at 13%. When it is realized that they had working assets larger to only a minor degree, it will be clear how effective the higher interest rates and the shift from governments to loans were in building up earnings.

As to the shift from governments to loans, in the 12 months to June 30, 1956, government holdings declined among the 13 banks by $1,773,000,000; but loans increased by $2,376,000,000. While government holdings declined 23%, loans increased 18%. Banks surely are back in business, their traditional business.

Thirteen New York City Banks
Twelve Months Ended June 30

	Price: Earnings Ratio		% Earned on Book Value		% Earnings Paid in Dividends	
	1955	1956	1955	1956	1955	1956
Bankers Trust	14.4	13.2	6.7	8.1	59	58
Bank of New York	14.7	12.1	6.8	8.3	59	47
Chase Manhattan	14.6	13.5	8.2	8.3	62	60
Chemical Corn	13.9	12.4	8.1	8.8	55	53
Empire Trust	11.7	11.8	10.1	10.7	22	19
First National City	15.3	13.3	6.8	8.1	60	64
Guaranty Trust	18.0	14.7	5.5	6.5	83	75
Hanover Bank	14.3	14.2	7.0	8.3	56	56
Irving Trust	15.5	13.8	7.6	9.4	68	66
Manufacturers Trust	13.4	12.1	8.1	8.4	52	52
J. P. Morgan & Co.	18.9	14.7	6.9	9.1	60	43
New York Trust	15.0	12.7	7.4	7.8	63	58
United States Trust	13.5	12.7	7.3	8.2	67	59

Adjustments have been made for capital changes. First National City Bank's data includes the affiliate, City Bank Farmers Trust Co. and the material is based on operating earnings only (except as to Empire Trust whose data is based on indicated earnings as it does not furnish interim income accounts).

Continued from first page

Western Europe Today

beginning to develop as a sort of American - Puerto Rico, giving preferential tax rates to new industries settling there. The discovery of oil on this island will also be of material assistance not only to Sicily but to all Italy, since up to this point oil has had to be imported into the country. As a matter of fact, there is a better than even chance that additional reserves exist in the middle of Southern Italy proper, but at the moment, there is lack of proper legislation to permit its exploration.

While the unemployment figure for Italy is given as 2 million, I was assured that this is not a true picture of affairs, since most of these people are working part time either as fishermen or farmers or are considered unemployable. There is actually a serious shortage of **skilled** workers. Some Italians, who previously had migrated to Argentina and other South American countries, are now coming back to take advantage of better conditions in their homeland. But Italy is exporting **unskilled** workers as fast as possible, although the birth rate has dropped lately. Agreements have been concluded with Western Germany for the employment of Italians there, and Switzerland has been using about 270,000 workers on a year around basis. With a net increase of some 450,000 persons per annum to be absorbed, the population problem is still severe and is further aggravated by the loss of Italy's colonies and the restrictions of the United States on immigration. Only Canada and Australia are currently accepting Italians in any numbers.

Inflation has thus far been kept fairly well in hand, but it is slowly becoming more acute because of the dwindling supply of high grade labor, a bad spring crop brought on by unfavorable weather conditions, and continued government deficits, financed through treasury bills ($2 billion outstanding at the end of 1955).

Generally speaking, international affairs are discussed at greater length in Italy than elsewhere. This is probably due to her location on the Mediterranean, the hot spot in the world today. The farther north I went, the less such topics were discussed. The dangers to the West in the loss of Cyprus were particularly emphasized since this would leave only Malta as a base for the United States or British Fleets to use in protecting the Suez and the entire Eastern Mediterranean. The position of France in Algeria was also described as precarious, since the granting of autonomy to Libya has set a precedent for the other peoples of North Africa. Thus, it was the Italian inclination to place the blame for the current French and British problems in Africa on the allied postwar policy of liberating Libya from Italy. Rightly or wrongly, they point out that in Libya there are only perhaps a million and a half people, 10% of whom are literate, and it is too much to expect that the Algerians who are on very much higher intellectual scale to remain subject to colonialism when illiterate Libyans ride around in Cadillacs and become Ambassadors to the various great powers. In Italy one senses a deep feeling of bitterness toward the French and English on this account.

Switzerland still continues to be the paradise of Western Europe. Everything seems to be going along smoothly, the currency is stable, prices are not out of hand, and bank loans have advanced less than the rise in incomes or the productivity of the country. Swiss banks, with typical prudence, are attempting to restrain loan advances to a rate no greater than the true savings of the public. Consumer Credit financing is frowned upon and every effort is being made to prevent its introduction into the country. Industrial expansion has largely been self-generated, but there now appears to be some evidence that productive capacity is topping out and private building reaching the saturation point. Generally speaking, there is every indication that stable operations on a high level will continue over the near-term future.

Germany was my next point of call, and this country must be considered the wonder child of Europe. Unfortunately, I had the opportunity to visit only Hamburg, but here the result of 10 years' hard labor were astounding. The city, which was 80% destroyed 10 years ago, has been almost completely rebuilt, the suburbs are expanding rapidly, and business is extremely active. The food was found to be excellent, hotel service superb, and prices very fair. The major problem facing Western Germany is continued inflation. What with full employment and wages increasing from industry to industry, the Bank Deutsche Lander (equivalent to our Federal Reserve Bank) recently saw fit to again raise the rediscount rate to 5½%. The two men principally responsible for economic actions are Messrs, Erhart and Schaeffer, who apparently are adamant in the belief that in order to control inflation, they should not hesitate, if necessary, to go to a rediscount rate of even 8%. This has led to a conflict in basic policies with Mr. Adenauer, the German Chancellor, who openly opposed the recent increase as being too restrictive. Mr. Adenauer finally had to back down, but this little problem is reminiscent of the recent discussion between Federal Reserve and Treasury Officials in the United States, when our rediscount rate was raised to 2¾ and 3%. Herr Erhart, Finance Minister, has also kept taxes extremely high and over the past few years has created a cash surplus fund of six billion marks, a policy with which Germans heartily disagree. Nevertheless, these rather drastic measures have tended to take the froth off the inflation, at least for the time being.

Pirating of workers continues, particularly in the building trades where tremendous shortages still exist. To keep men in the coal mines, wages have had to be raised there. Despite this production, Germany is importing coal at the rate of about a million tons a month. The high price of this commodity has increased the use of oil by leaps and bounds. Exports are still doing very well, but the general feeling is that with spiralling wage costs, prices of export goods may get too high, thus reducing the export surplus and possibly resulting in Germany's loss of position to other industrialized nations where prices may have been better maintained. Spending by U. S. tourists and members of the Armed Forces has also aided Germany materially in creating dollar reserves. Import duties are being reduced and there are virtually no restrictions on the volume of such imports except on certain farm products.

There is a definite feeling in certain quarters that while savings have increased remarkably over the past few years, more should be done to encourage this sector of the economy. Therefore, some thought is being given to reducing taxes on individuals in order to stimulate saving. (My own feeling is that this is perhaps dangerous since it might rather lead to increased consumption.) It is also suggested that corporation taxes be reduced in order to help companies repay very heavy short-term bank loans and to permit increased expansion of facilities through retained profits and special depreciation provisions.

Politically, all Western Germany thinks about is reunification with the Eastern Sector. Adenauer is being criticized more and more for not acting sufficiently independently of the West. Some feel that negotiations should be inaugurated directly with Russia to find out her price for releasing East Germany. This, of course, is part of Russia's policy to split the West, and I gather it is having some effect in Germany. Adenauer's position is that Russia cannot be trusted and that since the Allies split Germany, only they can put her back together again. If this develops into a full-fledged political fight, Adenauer may lose some of his control. His handling of the recent rediscount rate problem did not help him.

These impressions of this important country can be summed up briefly as follows:

(1) Germany is healthy and working very hard.

(2) Actually, **too much** of a boom is going on.

(3) No one seems willing to express a definite opinion as to the longer term outlook.

(4) No one expects war.

(5) Germany is currently worried about U. S. automobile production and about our high level of consumer debts which they do not approve of. They are concerned lest our market for their goods shrink through a recession.

(6) Germany has gone through several cycles in her recovery trend; the first, to get enough to eat; the second, to get sufficient clothing; the third, to build adequate housing; the fourth, to provide other necessities. All of these are now pretty well available. The country is currently entering into a travel cycle and it looks as though she will shortly enter into the stage of procuring better quality goods for her people.

(7) A major road building program is in the offing as it must be throughout the rest of Europe as well.

My next stop was **Holland**, which I also found to be doing very well. The Dutch are concerned chiefly about France and England, the former due to an adverse balance of trade, the deficits caused by the Algerian War and the continued heavy domestic social programs which may lead to further devaluation of the French franc. England is a source of worry because of her loss of gold, the high cost of production, and the loss of political prestige throughout the world.

In Holland, the problem of inflation is also present. Wages are increasing, workers are extremely scarce, and costs cannot be reduced. Since Holland must export all of its raw materials, any loss of exports because of uncompetitive production costs would obviously harm the balance of trade. In addition, productive capacity is being strained to the limit and cannot quickly be increased so that the check of increased production on the inflationary spiral is not present to the degree that it is, for example, in the United States. Holland is now very friendly with Germany as indeed she must be, since many of Germany's exports flow down the Rhine to Dutch ports. The country is not resorting to deficit financing and bank rates, while rising, are still low as compared with the rest of Europe. The Dutch, as usual, are most internationally minded and still pursue all sorts of triangular trades involving all types of currencies and/or commodities.

The loss of Indonesia hurt the Netherlands, and business with this area is still virtually at a standstill. The Dutch feel the new Indonesian Republic is not too stable and cannot be trusted. Indonesia, like all ex-colonial nations, is resorting to the old trick of playing Russia against the United States, thus seeking the best possible terms for assistance.

France—This lovely country is still one of the enigmas of Europe. Very wealthy in natural resources, France has problems peculiar to itself. Virtually self-sufficient in an economic sense, it is only lately that France has become export minded. It is still heavily dependent upon agricultural exports for foreign balance, but this year's extremely cold weather has cut crops very sharply, pointing up the need for diversification. It is a difficult problem to overcome, however, since costs are some 10 to 15% higher in France than elsewhere and the competitive position is not good.

Domestic prices, while high, have been relatively stable for some time, but all the evidence now points to impending inflation once again. Heavy expenditures for war in Algeria, running over a billion dollars a year, and the continued Socialistic programs fostered by a left wing government continue to create heavy deficits which are financed primarily through the nationalized banking system, taxes, and lotteries. There is no unemployment and wages have been rising very sharply (about 32% in the last three years against a 10% rise in the general price level). There seemingly is no end to this cycle.

The French Government continues to be a model of inefficiency. It is trying to carry on a war calling for stern economic policies, but because of its left wing policies, grants more and more social benefits at the same time. Nor can the administration decide what to do about Algeria: whether to get tough and fight a real war or turn soft and conciliatory to placate the Algerians as best it can. As a result, with no real policy, it follows the middle course and acccomplishes little or nothing. If such situations had occurred in any country other than France, it would have been bankrupt long ago. But here, despite the bungling of the administration, the long suffering businessman is doing an excellent job. Large electric power plants are under construction, oil is being exploited in the South, and atomic energy is making excellent strides. Left a little bit more to their own devices, the small and large businessman would be in a better position to help rectify the problems of the country. This unfortunately, does not seem to be a nearby likelihood.

The housing picture is still a mess. No homes are built for speculation or rental due to antiquated rent control laws dating back as far as 1913. Almost all homes are built on a cooperative basis where the tenant purchases a suite. Costs are currently running about $10,000 a room, excluding bath and small kitchen. Thus, a two bedroom apartment with living room would cost about $30,000 of which 70% can be currently financed on a mortgage basis.

Money is extremely tight, and while rates are supposed to be fixed, they vary greatly. Demand money on deposit with the banks nominally carries a return of ⅜ of 1%, but in actuality, rates as high as 3½% are being paid. Here, too, a capital shortage exists limiting the new expansion of plants needed to increase productivity.

My final stop on this tour was **England**. Unfortunately, I had only three days in London and was not able to see as many people as I might have wished, since the bank economists as a group were leaving for Toronto where an international meeting of such men was being held. However, it was easy to recognize that some of the same problems exist here as are present on the Continent. England has not enjoyed the price stability witnessed in the United States and France. Prices have been advancing constantly, and with more jobs available than people to fill them, wages are also going up rather consistently. The export problem is becoming more and more acute. Gold reserves suffered a rather sharp decline last year, and the current recovery rate is not sufficient to warrant confidence in a sustained build up. The loss of gold has so far been due to excessive imports which show no particular sign of abating. But competition from Germany is being felt keenly, since English costs appear to be somewhat higher. Also, about 30% of the English Governments' expenditures are for defense. Germany spends practically nothing on armament and has completely modern plants and equipment. Taxes are a killing burden, running about 50% to the individual with income of approximately 400 pounds Sterling. In addition, there are all types of sales taxes so that while there is no longer any rationing, people are still not living particularly well.

To combat the basic problem on inflation, the discount rate is currently at 5½%; down payments on consumer goods purchases were recently raised to 50% on cars and refrigerators, etc., with a maximum two year repayment; purchases taxes were raised on an increasing number of items (60% on cars, radios, etc., up to 90% on cosmetics and perfumes); the tax on undistributed profits to corporations has been increased to 27½%, and some government finance programs have been held in abeyance. The effectiveness of these steps still has to be demonstrated. The great fear of the British is that these measures may not be sufficient, and the question most generally asked is, "Where do we go from here?" So far, economists have been at a loss for an answer and they are deeply concerned that even additional controls may not be effective. The problem is particularly complex for England because London is still the center of the entire sterling area. For example, the effect of a wool shortage or surplus in Australia may have substantial repercussions on the London money market giving it funds for temporary investment if sales of wool are good or vice versa, and this without giving any consideration to the seasonal factors involved in wool production. My contacts professed dispair when asked for some solution. No easy panacea appears to be in the offing, but it is hoped that with higher interest rates (now 3½% paid by banks for 7 days' deposits) savings may increase and thus make more capital available for expansion of production. This is a slow process and not a quick answer. In the meantime, since the economy is now straining, additional expenditures for plant and equipment cannot be hastened even if the funds are available due to lack of sufficient materials.

General Inflation

As a result of this brief survey of conditions in Western Europe, it is very easy to see that the whole Continent is suffering from a severe dose of inflation with no end in sight. All of the major countries are attempting to introduce measures both quantitative and qualitative in nature to stop the spread of the disease. Politically, however, as was mentioned previously, this is not always easy to achieve because of the opposition from individual segments of the economy. The evidence of this inflation is easy to see and finds expression in figures on full employment; rising wage rates; rising prices of all types of commodities, including finished goods; and the inability to increase output by any substantial extent.

Each country has attempted variations of the same methods of control. In broad terms these have been described previously. Should the inflationary trend continue, (and frankly, I believe it will until the U. S. economy should show signs of decline), further steps present serious problems. It is questionable, for example, whether additional monetary policies alone will be effective. Supplemental thereto, England has already resorted to various quantitative controls such as higher sales taxes, increased down payments on consumer purchases, etc.

Doctor Arthur Burns, Chairman of the President's Council of Economic Advisers, placed his finger on another one of the factors involved in a recent speech in Boston, in which he stated, "Experience is also teaching the nations of the world that the effectiveness of traditional monetary restraints has been reduced as a result of growth in the economic scope of the public sector. Under modern conditions, an exacting fiscal discipline and some funding of the public debt may well have to accompany monetary restraints when inflationary pressures mount."

At least one of my contacts in England agreed with this suggestion, namely, to fund some of the short-term public debt into long-term obligations.

Generally speaking, my contacts continued to be optimistic on the outlook in the United States. They felt that overproduction of automobiles is only temporary and this industry should pick up in the Fall.

Despite this generally optimistic outlook, it is prudent to suggest several notes of caution. Frankly, while no one was willing to commit themselves too far ahead, those who did express an opinion as to the outlook for the U. S. beyond the next year or so, felt that some time in the future the administration will be faced with the prospect of introducing measures to combat a rather serious economic decline which will be caused by the very high level of consumer and mortgage debts outstanding, and our tremendous productive capacity. It is felt that the huge expenditures for new plant and equipment that have taken place in the past and are still taking place, are the finest anti-inflation medicine the country could have, but while this medicine may be helpful in curing the present disease, it carries with it certain dangers, the most important of which is possibly the inability of America and the rest of the world to consume the output of our factories indefinitely. To insure present prosperity, therefore, it would seem necessary for the United States to continue measures to prevent excessive production. This requires the U. S. maintaining its international mindedness, by continuing to strive for lower tariffs, as well as aiding backward countries economically through loans or direct grants. It also implies the continuation of proper monetary controls. Some commentators in Europe are of the opinion that thus far the Federal Reserve Bank has not taken sufficiently strong steps quickly enough. It is pointed out that the building industry has exerted too much influence in security easy mortgage terms at low interest rates. Furthermore, the stability of price level indices is deceptive since the substantial rise in the price of industrial products has been offset by a drop in prices of farm commodities. By inference, additional tightening of money rates is felt to be essential for continued economic stability, since economic crises in the future as in the recent past, probably will be caused by overproduction of capital goods and not commodity production excesses.

To quote Doctor Albert L. Hahn of Paris, writing in a German publication, "The United States finds itself in a real dilemma. Either one allows further credit expansion, permitting the boom to continue until a serious recession later takes place, or one stops it with the consequence of an immediate recession—which is particularly difficult in an election year. As far as I'm concerned, over the longer term, the latter way is by far the most healthy, since merely to postpone a crisis does not mean that it will not occur. Furthermore, 'Time won, everything gained' is in this field not a good recipe. But it is probably too much to expect of a political party that proper economic measures be taken that might lead to the suicide of the party."

In conclusion, therefore, it seems to me that for the immediate future, the outlook continues to be excellent, but, as in every inflationary period, the excesses of one type or another which are being created, sooner or later must be corrected. The extent to which agencies of the government, and for that matter, individual businessmen introduce corrective measures are of the greatest importance, and the degree to which these are effective will determine over the longer term the extent of the boom and subsequent recession.

Walter F. Merkel & Associates Formed

Formation of Walter F. Merkel & Associates at 92 Liberty Street, New York City has been announced. The firm will specialize in financial public relations and serve as consultants on shareholder relations.

Walter Merkel

Walter F. Merkel, head of the firm, has spent many years as financial and business writer for leading metropolitan newspapers including: "The Sun," "New York Herald-Tribune," "New York American," New York "Commercial and the Financial News Bureau. He also wrote a syndicated financial column for one of the leading wire services and served as Financial Editor of The "New York Daily News."

During most of the postwar years he has been active in the field of public relations. For the last seven years, Mr. Merkel has been a Vice-President and director of Gartley & Associates, Inc., financial public relations consultants.

With R. J. Connell

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—William F. Owens has become associated with Robert J. Connell, Inc., 818 Seventeenth Street. Mr. Owens was previously with FIF Management Corporation.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Lloyal H. Thompson has become affiliated with Hamilton Management Corporation, 445 Grant Street.

3 With Mountain States

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Edmund E. Bosin, Jr., Francis E. Lehr and Robert J. Paul have become associated with Mountain States Securities Corporation, Denver Club Building. Mr. Lehr was previously with American Securities Co.; Mr. Paul with Robert J. Connell, Inc.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Stockholders of **The Hanover Bank of New York** on Aug. 1 authorized the charter amendment providing 600,000 new shares of capital stock and increasing the capital from $30 million to $36 million. The action permits distribution of a stock dividend at the rate of one share for each five held, payable Aug. 31 to holders of record Aug. 3. It is anticipated that after payment of the stock dividend the regular annual dividend of $2 per share will be continued on the larger capitalization. Declared in June subject to approval of stockholders and the Superintendent of Banks, it is the fourth stock dividend voted in recent years. Stock dividends of one-for-seven, one-for-eight and one-for-nine were paid in 1951, 1954 and 1955 respectively. The four dividends have added $15 million to the bank's capital. As a result of the action on Aug. 1 there will be 3,600,000 shares of $10 par stock outstanding.

* * *

Edward Y. Baugeard, consultant in corporate finance and investment, has been elected a director of **Colonial Trust Company of New York**, it was announced on July 25 by Arthur S. Kleeman, President. Colonial Trust is a commercial bank with four New York City offices that specializes in international banking. In addition to his consulting responsibilities, Mr. Baugeard is Assistant Treasurer of Alleghany Corporation and a director of Webb and Knapp and Pathe Color Inc. His election brings the number of Colonial directors to 15. Colonial Trust is a subsidiary of Chesapeake Industries, Inc.

* * *

As of July 16, the **Franklin National Bank of Franklin Square, Long Island, N. Y.** reports a capital of $12,500,000, increased from $9,748,000 by a stock dividend of $2,752,000. The plans to enlarge the capital were referred to in our July 5 issue, page 80.

* * *

The Meadow Brook National Bank of Freeport, Long Island, N. Y. has declared a stock dividend of $169,810, as a result of which the bank's capital was increased effective July 17 from $6,792,440 to $6,962,250.

* * *

Plans of the **Central Bank & Trust Co. of Great Neck, Long Island, N. Y.** to increase its capital stock from $1,000,000, consisting of 100,000 shares, par value $10 per share, to $1,020,000, in 102,000 shares of the same par value were approved by the New York State Banking Department on July 19.

* * *

Approved by the New York State Banking Department a merger was effected as of July 2 of the **First National Bank of Greenwood, N. Y.** into the **Security Trust Company of Rochester, N. Y.** under the title of the trust company. The bank's location is now occupied as a branch of the Security Trust.

* * *

The capital of the **First National Bank of Poughkeepsie, N. Y.** became $880,000 as of July 13, having been increased from $660,000 by the sale of $220,000 of new stock.

* * *

The Andover National Bank of Andover, Mass. has increased its capital as of July 19 from $200,000 to $350,000 as a result of a stock dividend of $150,000.

* * *

John C. Barbour has been elected President of the Board of Directors of the **Passaic-Clifton National Bank & Trust Co. of Passaic, N. J.** according to advices to the Newark "Evening News" of July 28 from its Passaic staff correspondent. Mr. Barbour, Clifton City Council, according to the account in the "News," and former Circuit Court Judge & State Senate President, organized and was President of the **Clifton National Bank** from 1925 to 1949, when that institution consolidated with the **Passaic National Bank and Trust Co.** He had served since as Senior Vice-President. Mr. Barbour succeeds George Young Jr., President since 1935 who died on June 13, and who had been with the bank since 1921.

* * *

Action on the proposed consolidation of the **Keyport Banking Co. of Keyport, N. J.**, with the **Second National Bank of Red Bank, N. J.** will be taken by the stockholders of the two banks on Aug. 10, it it learned from Red Bank advices by a Staff Correspondent to the Newark "Evening News" as to which the July 24 issue of that paper reported:

"If approved by stockholders of both banks, the new institution will be known as the **Monmouth County National Bank of Red Bank**, with the **Keyport** bank becoming the Keyport office.

"The 520,000 shares now held by shareholders of Second National will remain outstanding, with the owners keeping all rights. The 1,000 shares of Keyport stock now outstanding will be exchanged for 190,000 shares of the new bank, on the basis of 190 shares of the new stock for each share of Keyport held. Keyport stock has a par value of $100, whereas Second National stock has a par value of $1. The new bank, which is to open for business as of Aug. 20, will have 710,000 shares outstanding, and a corresponding capitalization of $710,000. Its resources will be $33½ million, and its undivided profits approximately $1,400,000."

An item bearing on the proposed consolidation appeared in our issue of July 5, page 80.

* * *

The Hopewell National Bank of Hopewell, N. J., with common stock of $100,000, was merged with and into **Princeton Bank & Trust Co. of Princeton, N. J.**, under the charter and title of the latter bank effective June 29.

* * *

Charles W. Thompson, Vice-President of the **Peoples First National Bank & Trust Co. of Pittsburgh, Pa.** died on July 29, after a brief illness. The Pittsburgh "Post Gazette" reports that Mr. Thompson, a native of Newark, Ohio, attended Rutgers University and the University of Pittsburgh Business School prior to joining Peoples. As Vice-President, he was in charge of branch banking.

* * *

The First National Bank of Green Lane, Pa., with common stock of $50,000, was consolidated as of June 29 with the **Union National Bank & Trust Co. of Souderton, Pa.**, with common stock of $300,000, under the charter and title of the latter. At the effective date of the consolidation, the enlarged and continuing Union National Bank & Trust Co. of Souderton had a capital stock of $368,750, in 3,687½ shares of common stock, par $100 each, surplus of $1,100,000 and undivided profits, including capital reserves, of not less than $313,413.

* * *

Consolidation of both the **Macedonia-Northfield Banking Co. of Northfield, Ohio**, (with common stock of $100,000,) and the **Clinton Savings Bank Co. of Clinton, Ohio**, (with common stock of $40,000), with the **First National Bank of Akron, Ohio**, with common stock of $3,640,000, was effected as of June 30 under the charter and title of the last named. At the effective date of the consolidation the enlarged First National Bank of Akron had a capital stock of $4,000,000, in 400,000 shares, par $10 each; surplus of $5,500,000 and undivided profits of not less than $2,806,842.

* * *

An increase of $400,000 in the capital of the **First National Bank & Trust Co. of Tulsa, Okla.** by the sale of new stock to that amount, has brought the bank's capital up to $6,000,000 from $5,600,000. The last named amount became effective June 27.

* * *

A stock dividend of $250,000 has served to enlarge the capital of the **Union National Bank of Little Rock, Ark.** from $1,750,000 to $2,000,000 effective June 30.

* * *

The American National Bank in St. Louis, Mo. has increased its capital from $480,000 to $650,000. Part of the increase—$48,000—was brought about by a stock dividend, while the sale of new stock provided for an additional $122,000. The enlarged capital became effective July 19.

* * *

The sale of new stock to the amount of $500,000 by the **National Bank of Commerce of San Antonio, Tex.**, has increased the capital of the bank from $4,000,000 to $4,500,000 as of July 2.

* * *

After a long journalistic career, Fred Yeates, Vice-President of the **Bank of America, of San Francisco, Calif.** and for many years its director of publicity, retired on July 31 from the banking organization. Mr. Yeates joined the Bank of America in 1937 and soon was active in organizing its publicity department and in establishing its policies. His long career in the field of creative writing began for Mr. Yeats in his native England when he studied under Sir Arthur Conan Doyle. Since then he has written movie scenarios, radio scripts, etc. He has been a reporter, and drama-music critic as well as managing editor and city editor on various newspapers. In 1931 Mr. Yeates began writing the "Richfield Reporter" radio news broadcast and for six years was its editor and producer. In the field of financial journalism, he was selected in 1952 to serve on the faculty at the School of Financial Public Relations at Northwestern University. He was named Assistant Vice-President of Bank of America in 1946 and Vice-President in 1952. For the past year he has been serving in the Executive Department handling special assignments for President S. Clark Beise. The retiring bank executive is a member of the Public Relations Round Table of San Francisco, the California Newspaper Publishers Association, etc.

* * *

Wodan Handelsbank N. V. of Rotterdam announces that the general meeting of shareholders of the company on July 4 at their request approved the resignation of Miss H. Honigmann and Mr. Jhr. J. A. G. Sandberg as members of the Board of Directors, and that the same meeting they were appointed members of the Board of Supervision of the company.

Continued from first page

Economic Consequences Of Disarmament

Sen. Res. 150 which states: "That it continues to be the declared purpose of the United States to obtain within the United Nations, agreements by all nations for enforceable world disarmament."

Over a year ago, President Eisenhower appointed Harold Stassen, Special Assistant on Disarmament, with Cabinet rank. Mr. Stassen has been seeking agreement for an exchange of military information between the United States and the U.S.S.R. as a first step toward a comprehensive and effective system of inspection and disarmament. The continuing intense interest of the Congress in disarmament is reflected in its creation a year ago of a Special Senate Subcommittee on Disarmament under the Chairmanship of Senator Humphrey.

Sincere Hope for Disarmament

This record over four decades gives clear evidence of the sincere hope of Americans for disarmament and the use of our resources for peaceful purposes. Every effort toward this end should receive the wholehearted support of all citizens. We are not blind to the tremendous problems in international relations which must be overcome to make world disarmament feasible. On the other hand, it is surely not premature to give serious consideration at this time to the consequences of achievement of a truly peaceful world.

One of the most important of these consequences, I believe, will be a significant change in the character of the American economy. Such a change will present problems requiring adjustments both in public policy and in private management of economic affairs. More important, it will present us with opportunities for making tremendous advances in the material well-being not only of the United States but of all the world.

The American economy today is strongly influenced by the necessity for maintaining a large defense establishment. It is difficult to identify any area of public policy in which the formulation of those policies has not been determined, at least in part, by defense requirements. These requirements have affected the extent and character of our economic growth, by virtue of their emphasis on development of certain types of industrial capacity. Competitive relationships and other basic structural elements of American industry have reflected the impact of large-scale defense production.

Serious Repercussions

Defense needs have limited the extent to which all levels of government have been able to provide the public services demanded by a growing population. Technological advance has been extensively based upon and conditioned by the Federal Government's defense programs. Our tax and monetary policies have been influenced by the economic requirements of defense. The recent hearings on Defense Essentiality and Foreign Economic Policy by the Joint Economic Committee's Subcommittee on Foreign Economic Policy, developed the tariff policy issues raised by defense considerations. Clearly, the elimination of defense mobilization or its deemphasis will profoundly affect our economic life.

Some profess to see in this situation the basis for an alleged artificial emphasis in the U. S. on military preparedness. According to Soviet propaganda, the economy of the United States is dependent on substantial arms spending. In the words of the new Soviet Foreign Minister, Mr. D. T. Shepilov, the economy of the United States "demands constant militarist stimulation." Because of this the Soviets claim all peace efforts on our part are insincere. This propaganda is aimed particularly at the great uncommitted regions of the world.

Statements like this reflect ignorance of a basic characteristic of the American people. This is, as Congressman Mills, Chairman of the Joint Economic Committee's Subcommittee on Tax Policy, phrased it, "our perpetual dissatisfaction with present achievements, our alertness in recognizing problems and our welcome acceptance of the challenge they present, and the nearly universal conviction that better ways of living are to be had if we apply the proper effort, imagination, and creativeness in our undertakings—these attitudes are the well springs from which our material progress flows." Because of this characteristic we do not shrink from, but rather welcome, the challenges which disarmament poses. Our focus is primarily on the opportunities it will present.

The Economic Cost of Defense

We can get a broad perspective on the possible economic consequences of disarmament by examining the economic costs of defense.

In the 10 years since World War II, the Federal Government has spent $310 billion on goods and services for national security. Major national security expenditures are currently taking about 10% of Gross National Product. (See Table 1.)

Out of total budget expenditures of about $66 billion annual rate, some $41 billion (or 60%) is for national security, with about $12 billion going for procurement of aircraft, ships, tanks, and other military equipment.

Manpower requirements of our present defense effort total between 6 and 7 million persons. About 2,865,000 persons are in the armed forces and 1,180,000 civilians are employed by the Department of Defense and related agencies. In addition to these more than 4 million government employees, many millions in private industry spend all or part of their time on defense orders. The military aircraft, shipbuilding, and electronics industries alone would account for over one million full-time defense workers. On the basis of the average annual dollar output per worker, between 2 and 3 million workers were required to produce the $20 billion of military goods purchased by the Federal Government in 1955. (See Table 2.)

The real costs of armaments and defense, however, are better expressed in terms of the additional advances which might have been made in the civilian sector of the economy, had it not been necessary to allocate resources to defense production.

For instance, the cost of one destroyer is enough to provide new $10,000 homes for over 3,000 families. The price of one modern heavy bomber would provide hospital facilities for a population of over 125,000 people. The cost of one modern jet fighter would finance four years of college for over 100 young people. In 1955, about 2% of steel shipments, 3% of copper, and 9% of aluminum shipments went into defense production. Although these percentages are small, they represent the commitment of substantial quantities of resources to production that is not available for consumption and which does not add to our industrial capacity. (See Table 3.) Communist aggression, with the persistent threat of its renewal, has cost us—and the rest of the world — the higher real living standards, including leisure, educational, cultural, and recreational opportunities, which would have measured our economic potentials in a peaceful world.

In the broadest sense, therefore, the principal economic consequence of disarmament would be the opportunity for a major reorientation of economic activity toward more complete satisfaction of the virtually infinite variety of human wants. We must, realistically, expect that this reorientation will present significant problems and require major adjustments, both in macro- and micro-economic terms. By careful study of anticipated problems, we will better be able to employ the varied and highly effective instruments we now possess and to develop new instruments for effecting these adjustments.

Aggregate Adjustments to Reduced Defense Outlays

Significant reductions in military spending have occurred twice in the past decade. After World War II, defense spending was reduced by $54.7 billion between 1945 and 1946. Under the impetus of extraordinary domestic consumer demand, outlays for relief and capital requirements in many war-torn areas of the world, conversion was very rapid. Measured in current dollars, Gross National Product fell only $4.4 billion. (See Table 1.) In constant prices the decline was more significant, although full employment levels were maintained because of voluntary withdrawals from the labor force.

The second adjustment, occurring at the end of the Korean War in mid-1953, was complicated by a related inventory adjustment. Not only was the level of defense spending reduced from $51.5 billion in 1953 to $43.0 billion in 1954, but there was a significant shift to composition of defense expenditures from guns, ammunition, and tanks to larger outlays for research, development, and production of new offensive and defensive weapons. Gross National Product dropped $2.5 billion from 1953 to the recession year 1954, but production reached a new high of $390.9 billion in the following year. (See Table 1.) Monetary and fiscal action was helpful in easing the impact of reduced defense spending.

The successful post-Korea adjustment points up the strength of our overall economy in adjusting to lower levels of defense spending. It appears that Gross National Product for 1956 will be close to $410 billion. The largest portion of this product, roughly $265 billion, is being purchased by consumers. Federal, State and local governments are buying nearly $80 billion and business purchases of new capital goods are close to $65 billion. Net foreign investment will be small. It is clear that in the context of these Gross National Product components the economy as a whole could successfully adjust to quite substantial cuts in the current $41 billion level of defense spending.

The sheer magnitude and infinite variety of unsatisfied human wants which have been postponed because of defense demands are convincing evidence that our economy would have little difficulty in finding outlets for resources released by reducing defense outlays should disarmament ever become possible. Not only do these wants exist but we in America have demonstrated the know-how, ingenuity, and drive to translate wants into satisfactions.

Another significant factor underlying the expansion of the American economy is our rapidly growing population. But of even more economic significance than the growth is the changing age characteristics of the population. The demand forces set in motion by these population trends stagger the imagination. Business opportunities are unlimited if this challenge is translated into expansion programs.

It would, of course, be impossible to inventory or list all of the many private and public wants which might be taken care of in the happy contingency that defense outlays could be reduced. A few should be mentioned, however.

Additional housing is one of the most apparent wants growing out of the expansion of population in this and future decades. It is anticipated that in the years to come new family formation will give rise to demand for about 900,000 new nonfarm houses, while replacements will account for an additional 500,000 units, or a total of 1.4 million new nonfarm dwellings annually.

Public and private urban redevelopment programs might be expanded. Substantial expenditures might be made for slum clearance, improving housing standards through replacement and rehabilitation of substandard dwellings, and for streets, parks, playgrounds, and other community facilities.

The nation's school construction needs by 1960, according to estimates collected by the White House Conference on Education, vary from 200,000 classrooms to nearly 500,000. The amount which should be spend between now and 1960 for additional schools is estimated to range from $10 billion to $15 billion. Such a construction program would, of course, accentuate the present shortage of qualified teachers and intensify the demand for trained people in this profession.

Official State hospital plans prepared under the Hill-Burton Act of 1946 showed on Jan. 1, 1956, an estimated 1,118,000 acceptable hospital beds in non-Federal hospitals. This compared with the 1,968,000-bed standard set by the medical profession. To meet this standard would call for outlays of approximately $14 billion.

Since 1949, when the Joint Economic Committee published its inventory of need for highway facilities, totaling $40 billion, it has been evident that a highway improvement program is necessary. It is contemplated that annual Federal, State and local expenditures for roads and highways will be increased under the 1956 Highway Bill from the present level of $4.5 billion to about $8 billion per year. Additional billions will be needed to meet rising standards for highway transportation.

Federal support for research and development in a variety of areas is estimated to represent approximately 50% of total expenditures in this country for research today. Fiscal year 1957 Federal expenditures are estimated at $2.6 billion. Eighty-four per cent of this total is for major national security activities. One-fifth of this amount goes to the Atomic Energy Commission, with only a small fraction allocated for development of peaceful applications of nuclear energy.

Total research expenditures of the Department of Health, Education and Welfare in fiscal 1957 are budgeted at $116 million, representing about 5% of total Federal research expenditures. Government expenditures for military research exceed its medical research by 16 to 1. One can only speculate as to the benefits accruing to mankind throughout the world if this ratio could be reversed.

During the past decade there has been a clarification of responsibilities, the establishment of machinery, and the development of techniques whereby government and private industry can with greater confidence tackle aggregate economic adjustment problems in the future. Under the Employment Act of 1946 the Congress declared that it is the responsibility of the Federal Government to "promote maximum employment, production, and purchasing power" with the cooperation of industry, agriculture, labor, and State and local governments. The effects of this legislation have proved a stabilizing force in the economy by providing confidence both for business and consumers that maintaining high levels of economic activity is our common goal.

The changed complexion of the economy resulting from substantial reduction in the defense program might well occasion significant changes in both our tax system and monetary policy. Apart from these revisions, rapid reduction in defense spending would call for prompt compensatory fiscal and monetary action to the

TABLE 1

Gross National Product in Relation to Government Expenditures Actual, 1939-1955; Estimated, 1956

(Billions of dollars)

		Government Expenditure for National Product*					
				Federal			
	Gross	Federal, State, Local		Total		Major Nat'l Security	
Year	National Product	Amount	% GNP	Amount	% GNP	Amount	% GNP
1939	$91.1	$13.3	14.6	$5.2	5.7	$1.3	1.4
1940	100.6	14.1	14.0	6.2	6.2	2.2	2.2
1941	125.8	24.8	19.7	16.9	13.4	13.8	11.0
1942	159.1	59.7	37.5	52.0	32.7	49.6	31.2
1943	192.5	88.6	46.0	81.2	42.2	80.4	41.8
1944	211.4	96.5	45.6	89.0	42.1	88.6	41.9
1945	213.6	82.9	38.8	74.8	35.0	75.9	35.5
1946	209.2	30.9	14.8	20.9	10.0	21.2	10.1
1947	232.2	28.6	12.3	15.8	6.8	13.3	5.7
1948	257.3	36.6	14.2	21.0	8.2	16.0	6.2
1949	257.3	43.6	16.9	25.4	9.9	19.3	7.5
1950	285.1	42.0	14.7	22.1	7.8	18.5	6.5
1951	328.2	62.8	19.1	41.0	12.5	37.3	11.4
1952	345.2	77.5	22.5	54.3	15.7	48.8	14.1
1953	363.2	84.4	23.2	59.5	16.4	51.5	14.2
1954	360.7	76.5	21.2	48.9	13.6	43.0	11.9
1955	390.9	76.8	19.6	46.7	11.9	41.2	10.5
1956†	410.0	79.5	19.4	46.7	11.4	41.0	10.0

*For the purchase of goods and services. †Estimated.

SOURCE: 1939-1955, Department of Commerce 1956 estimates, Joint Economic Committee Staff.

TABLE 2

Estimated Value of Deliveries to the Military Departments and Value of Construction 1953-1955

(Billions of dollars)

Year	Total	Hard Goods	Soft Goods	Construction
1953	$28.8	$23.3	$3.0	$2.5
1954	21.7	17.7	2.3	1.8
1955	20.1	16.3	1.8	1.9

SOURCE: Department of Defense.
NOTE: Detail may not add to totals because of rounding.

extent required by inadequacy of private demand. The success of such compensatory policy over the past 10 years and the confidence that timely action would be taken to maintain employment have done much to minimize fluctuations in economic activity.

The most effective stabilization device to meet a substantial drop in aggregate demand is fiscal policy. If a cut in defense spending were to result in a deficiency in aggregate demand, other government outlays might be increased, taxes reduced, or both, depending on the value judgments of the country as a whole with respect to public as opposed to private spending. A decision to rely on expansion of private rather than public activity would call for tax reduction in order to increase business and consumer purchasing power. The effectiveness of such action in stimulating increases in private demand has been repeatedly demonstrated in the postwar era. Favorable budgetary conditions such as the $2 billion surplus in fiscal 1956, would facilitate tax reduction.

Alternatively, reduction in defense outlays would provide the opportunity for expansion of long-deferred public services and facilities, such as schools, hospitals, and highways, demanded by an expanding population. With the prior claim of Federal defense programs removed or reduced, State and local governments would better be able to solve major problems of financing public projects made possible by the material and human resources thereby released.

Expansion of private demand would be facilitated by making money and credit more readily available at lower interest rates. The Federal Reserve System can quickly increase bank reserves, thereby reducing the costs and increasing the availability of credit, by lowering rediscount rates, by reducing reserve requirements of member banks, and by purchases of government securities through the Board's Open Market Committee.

There is increasingly widespread appreciation of the built-in stabilizers which operate automatically to maintain disposable personal income. On the expenditure side are unemployment compensation, old age and survivor's insurance, agricultural payments, grants-in-aid to States, and other programs. Our progressive Federal income taxes are important automatic stabilizers on the revenue side.

Increased foreign investment in a period of reduced defense spending would provide an opportunity for economic growth and expansion of our own as well as the economies of other countries. Political and economic uncertainties created by international tension represent a major deterrent to private investment abroad. Substantial alleviation of these tensions is a basic requirement for a general reduction in armaments and deemphasis of our defense program. Accordingly, we may look forward to a higher level of private foreign investment when reductions in defense spending become feasible.

The Federal Government could contribute to expansion of this investment by such revisions of foreign economic policy as would be made possible and necessary by the changed international conditions. Direct participation by the government might also be desirable, at least initially. For example, pooling private capital and public funds to provide a worldwide industrial development fund might be a useful approach, particularly in connection with such types of industrialization programs as atomic energy development. Such industrial advance in the present under-developed countries would afford vast new opportunities for increased private foreign investment, with resulting improvements in levels of living. What President Eisenhower said in April 1953 is still true today:

"This government is ready to ask its people to join with all nations in devoting a substantial percentage of the savings achieved by disarmament to a fund for world aid and reconstruction. The purposes of this great work would be: to help other peoples to develop the underdeveloped areas of the world, to stimulate profitable and fair world trade, to assist all peoples to know the blessings of productive freedom."

We must anticipate that the change in the character of the economy resulting from substantial reduction in our defense program would require revisions in other areas of public policy. The implication of such a reduction for Federal policy with respect to the agricultural and natural resources sectors of our economy, for example, might well be of broad significance. These implications should receive the closest attention at all levels of government and by the executive and legislative branches of the Federal Government in particular.

Micro-Economic Adjustments

As I have suggested, we can be quite confident of the effectiveness of broad government policies in providing appropriate adjustments to fluctuations in total demand resulting from substantial cuts in defense spending. The more difficult problems, we must anticipate, will arise in connection with the short-run adjustments to be made by specific industries, localities, and sectors of the economy in response to basic changes in the economic setting.

As we all know, the economic impact of our high level of defense spending does not fall evenly on all segments of the economy. Similarly, the consequences of disarmament would vary widely. In some cases, required adjustments would be modest, while in others far-reaching adjustments would be called for. Apprehension about the impact of reduced defense spending on a particular industry, therefore, cannot be dismissed by assurances that, in the aggregate, the economy will continue to maintain a steady rate of growth.

There is a tendency, however, on the part of some members of the business community to express apprehensions about their own business in the broader terms of the entire economy. For example, the President of the General Dynamics Corporation recently said, "Now, I do not wish to imply that the defense industry is responsible for our present prosperity. But, I do wish strongly to emphasize again and again that if . . . there should be any sudden and drastic reduction of defense expenditures, we should have the most serious domestic repercussions." I do not suggest complacency about the possible severity of aggregate adjustments, but I do urge caution with respect to conclusions based upon the outlook for any one company, industry, or locality in the economy.

The type of problem and required adjustments which may well be faced in a particular situation are, perhaps, best illustrated by reference to the aircraft industry. Currently, military orders comprise about 90% of total sales in that industry. Drastic reduction in such orders, as part of a general reduction in defense spending, therefore, would pose the question whether non-defense demand would be adequate to maintain substantially full and profitable utilization of the resources now committed to aircraft production. If such demand would be forthcoming, the industry would, in general, be faced with only minor problems in shifting the use of present capacity.

On the other hand, in the apparently more likely case that civilian demand for aircraft output would not be adequate, the industry would be faced with the alternatives of major shifts in resource use, or if present resources are too highly specialized, liquidation of existing capacity.

Such adjustments cannot be lightly regarded. They may well have significant consequences not only for the management, employees, and shareholders of affected companies, but for entire communities.

On the whole, the best assurance that such adjustments will be most readily effected could be afforded by public policy aimed at substantially increasing the mobility of all types of industrial resources—labor as well as non-labor. This objective involves broad considerations of the effectiveness of antitrust policies and of our business and labor information and employment services. In the latter regard, various agencies of the Federal Government should be prepared to make information about investment, business, and employment opportunities widely available. Serious thought should also be given now to methods for assisting relocation of resources, both industry- and location-wise.

Area redevelopment programs may offer substantial assistance to localities faced with unemployment and unused industrial capacity as a result of reduction in defense spending. At the Federal level, legislation to provide a comprehensive approach to such local adjustment problems, introduced by Senator Douglas and others, is currently being studied by Congress. Such a program would provide for industrial loans, public facility loans and grants, technical assistance and information for business, and vocational training and retraining subsistence benefits for individuals. In many instances, major advances in the solution of local problems could be made by State and local development commissions. All such programs should, of course, give primary consideration to obtaining the most efficient use of resources. Subsidy programs immobilizing resources which could be more effectively employed elsewhere in the economy, should be avoided.

The cooperation of business, agriculture, and labor would also be helpful in readily effecting adjustments. Changes in the complexion of the economy resulting from deemphasis of defense may well be reflected in unevenly distributed changes in productivity, relative prices, and profits. A non-defense economy, in brief, will probably produce a significantly different product mix from the present. Resistance to change in economic relationships, insistence on the defense-produced *status quo* will serve only to increase the difficulty in effecting adjustments to attain maximum overall efficiency in the use of resources. Thus, even though broad government policies might, in such a situation, provide for full employment of these resources, we would not be realizing the Employment Act's objective of obtaining maximum results from economic inputs.

Clearly, a great deal of analytical work remains to be done in appraising the micro-economic impact of future reductions in defense outlays. The Executive Branch of the Federal Government could well undertake studies of the economic consequences of disarmament in this context.

One of the contributions which the Office of the Special Assistant to the President for Disarmament can make is to organize an active unit within the Executive Branch to integrate thinking on this subject so that the challenges which disarmament may make on the domestic scene may be viewed without fear or alarm. Such effort is called for now, even in advance of specific disarmament plans, sincere progress in military technology constantly results in innovations which make possible, desirable and necessary radical shifts in the type of manpower and material requirements of an adequate defense program. In recent days there has been growing talk in high places, both here and abroad, of significant reductions in military manpower requirements in light of the new weapons. Therefore, study of the implications for resource use of significant changes in the defense program is warranted, quite apart from questions of the practicability of overall defense reduction in the near future.

Conclusion

No one, I am afraid, is in a position today to tell us when disarmament may become a reality, nor even to characterize the process of reducing defense expenditures. Yet the appeal of attaining a peaceful world and the horror of failure is so compelling that we cannot overlook our responsibilities—as private citizens, members of the business community, public servants—in anticipating and preparing for the adjustments which will be required.

Our experience since World War II provides us assurance that as a nation we are capable of making these adjustments promptly. We are not complacent, but certainly we are not afraid to face a changing world. Rather we recognize that every step toward peaceful solutions of international problems offers us the challenges and opportunities upon which the nation has thrived and which is the true source of our leadership.

From our brief survey, the following conclusions may be drawn:

First, high levels of defense spending, although essential in today's uneasy world, necessarily involve substantial sacrifices in the satisfaction of human wants.

Second, abundant opportunities for further improving our living standards exist whenever defense expenditures can safely be reduced. Although our citizens as a whole enjoy the world's highest standard of living, an international situation which permits curtailment of defense requirements would make it possible, and would promptly be taken advantage of, to advance that standards.

Third, under the Employment Act of 1946, the nation has developed and will continue to develop effective skills, machinery and programs for dealing with adjustments and fluctuations in levels of economic activity. Substantial reductions in defense spending may significantly affect the complexion of the American economy and call for basic changes in public policies. Agriculture, labor, business, and consumers should have assurance that prompt government actions will be taken.

Finally, the impact of disarmament may fall very unevenly upon particular industries, localities, and groups within the economy. We recognize that readjustments and shifts of all kinds go on constantly in a dynamic economy such as ours. We may anticipate that in many respects major reductions in defense spending will magnify significantly such readjustments. It is necessary, therefore, that serious and systematic thought be devoted to the character of the adjustments which would be called for and to the development of techniques, both in the private and public spheres, for assuring that these adjustments will be effectively made.

It may be concluded, therefore, that economic considerations support every feasible effort for disarmament. Certainly the problems and adjustments occasioned by cuts in defense spending do not represent—and must not be regarded as—economic barriers in the way of disarmament or peace.

TABLE 3

Total and Defense Shipments of Steel, Copper and Aluminum Mill Products and Castings, 1953-1955

Item and Years	Total Shipments	Shipments for Defense Production	Defense as Percent of Total
Steel (Tons)			
1953	81,641,882	7,279,056	8.9%
1954	64,143,371	1,815,470	2.8
1955	85,937,689	1,582,319	1.8
Copper (Thous. lbs.)			
1953	5,048,226	758,604	15.0
1954	4,225,499	277,204	6.6
1955	5,129,573	166,926	3.3
Aluminum (Thous. lbs.)			
1953	3,211,158	773,640	24.1
1954	3,009,676	363,087	12.1
1955	4,007,315	345,388	8.6

SOURCE: Office of Defense Mobilization.

Chicago Municipal Bond Club Outing To Be Held on Sept. 14

CHICAGO, Ill.—Walter J. Fitzgerald, Blunt Ellis & Simmons, President, of The Municipal Bond Club of Chicago announces that the 20th Annual Field Day will be held Sept. 14, 1956 at the Medinah Country Club. The usual dinner on Thursday night preceeding the Field Day will be held at the University Club of Chicago.

Members of the committees for the Field Day are headed by Arthur E. Kirtley, General Chairman, The First Boston Corporation.

Arrangements: Robert E. Simond, Jr., Chairman, Halsey, Stuart & Co.; John X. Kennedy; Charles E. Lundfelt, McCormick & Co.; Raymond B. McCabe, Halsey, Stuart & Co.; George R. Smith, Glore, Forgan & Co.; Philip W. Sweet.

Reception: Walter J. Fitzgerald, Jr., Chairman, Blunt, Ellis & Simmons; Don G. Miehls, William Blair & Company; Pat G. Morris, Northern Trust Company.

Entertainment: Arthur M. Hoffman, Chairman, Mullaney, Wells & Co., John T. Boylan & Co., A. G. Becker & Co., Inc.; Eugene C. Travis, Harriman Ripley & Co., Inc.

Transportation: John Kenneth Clauson, Chairman, Goldman, Sachs & Co.; Clay Brown; William L. Christy, Braun, Bosworth & Co.; Thomas Shockey, Julien Collins & Company; John J. Walsh, Jr., Mullaney, Wells & Co.

Special: Charles A. Schoeneberger, Chairman, Central Republic Co.; Hugh W. Blair, Halsey, Stuart & Co. Inc.; William Brown, Arthur M. Krensky & Co., Inc.; William J. Corbett, Jr., Burns, Corbett & Pickard; William A. Grigsby, John Nuveen & Co.; Kenneth S. Ogden, Central Republic Company.

Prizes: Roland C. White, Chairman, Harris Trust and Savings Bank; Thomas W. Evans, Continental Illinois National Bank & Trust Co.; Elmer G. Hassman, A. G. Becker & Co., Inc.

Golf: P. Alden Bergquist, Chairman, First National Bank of Chicago; Gene A. Frantz, William Blair & Company; Clarke J. Robertson, Bache & Co.

Softball: William A. Noonan, Jr., Chairman, Continental Illinois National Bank & Trust Co.; James G. Brophy, Blyth & Co., Inc.; Andrew D. Buchan, Bacon, Whipple & Co.; Robert L. Myer.

Continued from first page

As We See It

lower taxes feasible. Of course, it would be folly for him merely to demand lower taxes while outlays continue at the astronomical figures that have characterized the Federal budget in recent years, and which continue to characterize it. Every category of expenditures are enormously greater than they were prior to Franklin Roosevelt and far greater than they need to be. They will without doubt remain so unless and until the politician is convinced that the voter means business when he demands a far more reasonable level of outlays.

Different Farm Policies

If voters in those states not particularly interested in farm subsidies do not let it be known in no uncertain terms that they expect revolutionary changes in the agricultural policies of the nation—changes designed to require agriculture to stand on its own feet, it will not lie in their mouths to complain if billions of dollars are taken from their pockets each and every year to provide the farmer largesse. The ordinary consumer, in whatever part of the country he may reside, will in the same circumstances be equally without standing in equity. The wage earner can hardly complain about the high cost of food if he condones, to say nothing of supporting, programs which take large sums from him to support the farmer and enable him to hold his produce for prices that are out of line with basic market levels.

The thoughtful citizen who understands and realizes the incredible extent to which the politicians have committed the future income and production of this nation to the support of all sorts and descriptions of projects and programs must now become vocal in his protests and convince himself that the candidate whom he supports this autumn will take heed. The vast number of employers and others who know full well that the tactics of many of the labor unions are costing them and their customers a great deal of money without really benefiting anyone can not afford not to make it known that they want a policy on the part of government which will not aid and abet such waste and injustice. The same is, of course, true of much of the so-called welfare legislation, the minimum wage and similar laws and much else that now renders it doubly difficult to get the work of the world done with dispatch and efficiency.

The Securities Acts

The securities acts do not directly affect a very large proportion of the people of the country, but their influence is pervasive. Certainly, many a man and woman who never buys or sells a security, could do much worse than let it be known now that they disapprove of such enactments as these and that they would like to see them removed from the statute books, or at the very least very drastically altered. Laws and regulations thereunder are throttling the very vital industry engaged in raising funds to enlarge and improve our plant. When this happens and to the degree that it occurs, all of us, whatever our calling or occupation, suffer the consequences. Were members of Congress convinced that a majority of the people of this country held this opinion, it would not take very long to get constructive results. Without such a conviction, there is little or no likelihood that this burden will be lifted from the shoulders of the nation.

And so we might go on through a long list of programs which have been brought into being by the New Deal and the Fair Deal and which are not consonant with the traditions and the philosophy which brought this country to a position that is and has long been the envy of the world. Creeping socialism, it has been termed, and it is certainly a far cry from the individualism, the self-reliance, and the initiative of the founding fathers. If one may believe half what he hears said daily, a great many of the people of this country, quite possibly a majority of the people, are deeply distrustful of all this collectivism and paternalism. An active and aggressive minority who are pleased to call themselves liberals, and who have imported many of their ideas, make the welkin ring in support of all this folderol, and an increasing number of citizens have acquired and are acquiring a vested interest in it all. It is a situation which is in crying need of correction.

The correction will not come so long as the rank and file do not make the politicians understand that they want something quite different. If they do not want something quite different, and can not be persuaded to want something quite different, they will be obliged at one time or another to pay through the nose for their ignorance or indifference. They will sooner or later be required to pay similarly if they merely fail to make their wants and wishes known effectively when the politicians are seeking election or re-election. Professional politicians may be and are able to control a great deal in the field of government and the like, but they must yield way to the mass opinions of the actual voters—when those voters are aroused and determined. Now is the time to attend to this matter.

Continued from page 13

Non-Resident Ownership Of Canadian Industry

sequences. These observations will be limited to those which appear to statisticians primarily concerned with Canada's international accounts. Some of our colleagues in Ottawa with a more intimate knowledge and contact with industry can penetrate further into some aspects of this subject and we, of course, leave the evaluation of what these changing forces may have upon our future national life to the Royal Commission on Canada's Economic Prospects.

This analysis has pointed to the importance of non-resident ownership and control, potential or actual, over a vital area of corporate life in Canada. It is not our purpose to pursue all the aspects of this elusive question of control in this paper or to attempt to elucidate fully what it may mean. While the corporation occupies an influential place in the everyday lives of mid-twentieth century man it should be kept in mind that there are many offsets to these influences. In fact there seems to be a dilution of power in modern life when one searches for its actual locus. That is one of those elusive subjects which the sociologists and others reserve as part of their preserves.

But some of the economic aspects and consequences of control are fairly clear-cut. Most of the direct investments which are described above are owned by parent companies located outside of Canada. This in itself will often determine the degree to which decisions affecting the policy of the subsidiary will rest with the owners. And no one can deny that the power of decisions which ultimately rests with parent companies over investment and over productive processes can have far-reaching effects upon the course of Canadian life and development. The rate and direction of much of our technological growth has been influenced in this manner. Likewise the sales campaigns and methods of distribution of the Canadian branches or subsidiaries will usually be modelled after the parent company activities in this field and may have penetrating influences upon fashions in Canadian consumption.

Among the consequences of the great extension of non-resident ownership and control into Canadian industrial equities which lend themselves to some statistical analysis are those springing from the ownership and control of a substantial portion of Canadian corporate income and from the special sources of financing open to this group of companies. These factors will have special effects upon the balance of payments in the future and upon subsequent investment in Canada. Corporate savings occupy a prominent place in sources of Canadian savings, accounting for almost two-thirds of total national savings in the last half dozen years. Leading elements in these corporate savings are undistributed corporation profits and depreciation allowances and similar business costs.

Earnings Flow

Close to half of the profits of Canadian corporations accrue to non-residents, and well over this in the case of manufacturing concerns which generate the major part of corporate earnings. And in the larger Canadian companies the proportion of earnings accruing to non-resident controlled companies is significantly greater than the portion accruing to Canadian controlled companies. This element in the Canadian financial structure has far-reaching effects. For a very large part of Canadian corporate earnings are not available for extending Canadian ownership and control, being at the disposal of non-residents either for withdrawal as dividends or for further investment on their account in Canada. And this non-resident controlled sector of industry is rapidly growing. In some spheres of recent non-resident investment like mining and petroleum, the potential levels of earnings have not yet been realized as developments are still underway. And, of course, the non-resident controlled concerns have as well the much larger financial resources of parent companies. Consequently this group is generally more favorably situated than the Canadian controlled group with respect to sources available to it for financing new undertakings requiring large amounts of capital.

The need for capital in certain areas of Canadian development is unusually large in relation to the population for the reason that our resources are so great and sometimes require expensive ancillary investments like railways and other utilities to bring them to fruition. And when the pace of development is added to this primary need, the current requirements for capital are increased further. The high dependence in Canada on capital invested by non-resident companies cannot then be traced entirely to a natural conservatism in the Canadian character. It is the size of the job to be done and the peculiar opportunities open to non-resident capital that have contributed to some of the results we have been examining today.

Invested Undistributed Profits

Recent development has thus been influenced greatly by the present institutional framework of this continent. More of the sources of financing business expansion have been through corporate savings than used to be the case. It is not surprising then that the giant corporations of the United States have had such an important share in the development of Canadian industry when so many exceptional opportunities for investments by established concerns have presented themselves. Many of these concerns have had well established subsidiaries in Canada while others have only recently entered. Many energetic Canadian concerns show the same tendencies to expand their activities beyond the boundaries of their own country as is witnessed by the sharp increase in Canadian direct investments abroad.

We have heard much of the special functions of "risk capital" of late. But investments which might entail great risks for some kinds of investors may be safe and sure undertakings for others. The contrasting elements of risk involved for differently situated investors stand out clearly in many of the situations imposed by Canadian development. For example, to develop a new Canadian resource involving very large and sometimes indeterminable expenditures of capital without assurance of satisfactory markets would be a risky undertaking for a group of Canadian investors. But a similar resource developed by a group of American companies requiring the resources as a raw material is hardly an investment falling in the same category of risk. Or special technical knowledge combined with large reserves of capital may be essential to the development of a resource, likewise giving advantage to the non-resident company. Somewhat similar advantages rest with the non-resident in manufacturing where the product is the complex result of much research and design, and where successful production lies in the use of extensive processes. For these reasons certain types of non-resident capital have special advantages over resident capital.

Non-Resident Concerns Are Larger

The larger sources of financing open to the non-resident controlled concerns are an importan element in their success in som kinds of investment. These con cerns themselves tend to be mucl larger than the average concer in Canadian industry. It has al ready been noted that this ma be partly because they tend to b concentrated in some branches c industry where large amounts c capital investment are necessar But it also may work towarc ensuring their success in subse quent expansion because of the larger earnings as well as th possibility of using parent sourc of financing.

It is not the purpose here t examine closely the Canadia channels for financing new co porate ventures which may l undertaken by Canadian co trolled companies. It is a we known characteristic of the Can dian capital market that faciliti for financing equity investmen fall far short of our needs. F various reasons affecting both tl supply and the demand for capit the range of public issues Canadian stocks available Canada has never been wide a markets for equity securities a usually narrow. The amount capital from Canadian sourc available for investment in i dustry has been reduced by t prominence of non-resident i vestments in Canadian indust for this has meant that a smal portion of income from divider accrues to Canadian investo This is consequently a factor work tending to moderate the s of incomes of Canadian in viduals and consequently th margin of savings, which may available for further investm in equity securities. Moreov there have been other equaliz factors at work since the c covery of the personal income in Canada in 1917. And th structural elements in the ba ground of the pattern of Canad savings tend to have cumulat effects acting to hold down p ticipation in the equity own ship of Canadian industry.

Long Run Equity Features

Equity ownership of indus has special features particul for the long-run. The owners of equity securities carries v it future claims to profits an especially important when it in areas of production with namic possibilities of expansion. It is not necessary here to emphasize the importance in Canadian expansion of the groups of industries in which non-resident investment is so prominent. The very industries in which the element of risk seems initially to lie are often those with the greatest prospect of growth. Those in control of the future income of these areas of our economic life will have the earnings at their disposal whether for further reinvestment or expansion in Canada or for remittances to non-resident owners. And the large provisions for depreciation which are made by non-resident controlled companies provide another means of at least maintaining their position in Canada.

Whether the corporate savings of this group of companies are retained in Canada or are transferred abroad they are not at the disposal of Canadians. They may affect either the size of income flows in the future or the debit balance on income account in our balance of payments. The debit balance of income account has been consistently the largest single source of Canada's deficit on current account in recent years. And the deficit from this and other current account invisibles has already become so large that it would require very large export balances on commodity account in the future in order to produce substantial overall current account surpluses. It would, of course, require current surpluses which were large by historical standards to make possible any large scale overall repatriation of ownership of Canadian industry and it seems likely that there will be further growth of non-resident investments through re-investments of earnings.

Cumulative Aspect

Looking ahead it is possible to see a certain self-perpetuating aspect to the industrial structure which has been described. It is a means of importing advanced industrial techniques under circumstances where financial stringencies are no limitations. In coming decades the United States is likely to continue to be a centre of industrial innovation. Already the word on everyone's tongue is "automation" implying a new mysterious area in the application of new advanced techniques to processes of production. This kind of industrial growth occurs under the aegis of the corporation. We may be assured it will spread to Canada most rapidly through the network of direct investments which extends throughout our industry. The most favorably situated companies for developing further in this direction will often be the subsidiaries of the United States companies which will have already moved in this direction. These concerns will have the technical and financial resources of their vast parent organizations to draw upon.

The fact that already over one-half of the corporate income of the larger companies in Canadian industry is under non-resident control gives us a rough gauge of the possible strength of some of the factors which are likely to be at work in maintaining and perpetuating the non-resident ownership and control of Canadian industry. This kind of institutional structure which we have acquired certainly accelerates our industrial development. It seems likely to ensure that Canada will be close to the forefront of industrial progress and that Canadians will have the labor incomes which go with that position. We leave it to an articulate audience like this to estimate the cost in economic, social, and political terms.

Perhaps the most important change which has been greatly influenced by the recent growth of non-resident financed industry has been the increasing contact between the Canadian and United States economies.

Increasing U. S.-Canadian Contact

The ways in which the Canadian economy is becoming linked with the United States are manifold. This is becoming more apparent all of the time and is too large a subject to attempt to explore here. These changing relationships have been observable for some years and are, we believe, still continuing to increase at an important rate.

Prominent among the closer relationships with the United States is the higher proportion of Canadian trade with that country than formerly. In the case of Canadian exports some 60% for several years have gone to the United States market, and with imports not far from 75% have been bought in that country.

Structural changes in the economy are taking place which in many cases have been caused or hastened by the non-resident investment and the investment decisions themselves have often greatly influenced the course of Canadian development. Original investment decisions are made by the non-residents who are risking large investments of capital. And the natural thing is for them to seek to integrate the investment with that of the parent enterprise. Thus a criterion of interest lying outside of Canada is likely to be set up at the time of the original investment in making basic decisions of vital importance to Canada.

Much of the developing role of Canada as a supplier of industrial materials to the United States has been due to the establishment of subsidiaries or branches by United States companies to ensure a source of raw materials. Whole new industries have been developed by United States capital whose sole or principal external market is in the United States. And other parts of the increased exports to the United States have been made possible by the enlargement of the capacity of the existing industries controlled in that country.

And much of the apparent growing Canadian tastes for goods of United States design can be traced to the important place which United States controlled producers of American designed goods have in many industries in Canada. This is particularly notable in the durable goods industries, but is characteristic of other fields as well. Of course, advertising publicity and mass communications have all had their pervasive influences in this direction. But much of this can be also traced to the close industrial relationships which are growing up.

Likewise many of the new industrial developments have affected Canadian imports from the United States. The United States is often the source of capital equipment directly or indirectly required for the industrial development, and subsequent demand for equipment is influenced by preferences for that source. But the relationships go much further than this.

Increasing Trade

Growing Canadian imports have occurred even though many subsidiaries have been established in Canada by United States companies in order to produce for the Canadian market. The establishment of a plant in Canada does not bring an end to Canadian imports from the United States. Often components are brought from parent sources or other suppliers in the United States. And sometimes the existence of the branch in Canada developing the Canadian market widens the demands for products of the parent concern not made in Canada.

Likewise the business climate in Canada is opened more to the influence of the prevailing atmosphere in the United States. Decisions to expand or contract operations on a long- or short-term basis will be affected by prevailing non-resident atmosphere both for reasons of ownership and because of market relationships.

There are other important effects which cannot more than be mentioned here. For example, the existence of a large group of firms with parent sources of financing has effects upon capital markets and the application of monetary and fiscal measures which are different from those connected with Canadian business firms having no external financial links. The existence of potential money flows in either direction between subsidiary and parent companies is a further factor keeping the Canadian economy more open than is the case with economies in which such close relationships do not exist.

Conclusion

In this paper we have sought to draw attention to the extent and rate of recent changes in non-resident ownership and control of Canadian industry and the degree to which these are associated with the accelerated pace of Canadian growth. While Canada has gained immeasurably in speed of industrial development through receiving advanced industrial technology as well as types of capital of which Canada is deficient, the non-resident controlled concerns in turn have the exceptionally favorable conditions under which to become established in security with prospects of continued participation in Canadian growth. The resulting closeness in industrial and other economic interrelationships with the United States seems to be a unique feature of Canada's recent stage of development which deserves closer attention than it has been given. But usually a price is paid for unusual benefits and time alone will clarify what this may have been. In many ways the new structure of the Canadian economy which is taking shape has complementary although contrasting features to those of our neighbors. Our continental relations, however, must be worked out in relation to our national aspirations. I suppose that a role of the statistician as such in all of this is to wait and try to measure what comes of these conflicting trends.

Barth Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Gilbert L. McCune has become affiliated with J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With Blyth & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Samuel C. Register is now with Blyth & Co., Inc., Russ Building.

Two With FIF

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Marjorie M. Olson and Karey D. J. Starmer have become connected with FIF Management Corporation.

H. L. Jamieson Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Frederick A. Murchall has joined the staff of H. L. Jamieson Co., Inc., Russ Building.

With Bosworth, Sullivan

(Special to The Financial Chronicle)

DENVER, Colo.—James C. Cohig is now connected with Bosworth, Sullivan and Company, 660 Seventeenth Street.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market has been going through sinking spells and rallies on very light volume. It appears to be pretty much of a professional affair, with the quoting down of prices and a small amount of selling being largely responsible for the declines, and the raising of quotations and some short covering being responsible for upward price movements. Investor interest in Treasury obligations seems to be at a low ebb, aside from the near-term issues. The attractiveness of non-Government investments compared to Treasureries is one of the main reasons for the lack of interest in Government securities.

The inflationary implications of the steel strike settlement is not expected to take any of the pressure away from the money market. This condition will most likely continue to bring funds into the short-term liquid Government securities. A modest amount of switches for tax purposes is providing some volume to the market.

No Let-Up in Money Market Pressure

The settlement of the steel strike brought with it higher wages and higher prices, which will set the pattern for wage and price increases in other industries, and this condition is not a deflationary one. Accordingly, it is the opinion of money market followers that there will be no let-up in the pressure on the money market as long as the inflationary forces are in the ascendancy. Credit is quite likely to be as restricted as it has been in the past.

The demand for loanable funds is still very sizable (even though some let-up in new financing is to be expected in the next month or so). This means that the Government market is going to continue to feel the competition of the other forms of investment, and with income and yield on many of these offerings more favorable than those of Governments, this is not expected to improve the lot of Treasury obligations very much.

Short-Term Issues Dominate

Interest in Government securities continues to be mainly in the short-term liquid obligations because there is still a supply of funds that are seeking an outlet in these issues. Corporations, according to advices, are the largest buyers of such securities, even though the amount of money going into these issues has not been quite as large as it was not too long ago. A fairly impressive amount of funds are now being put to work in tax-exempt issues of short maturity by these concerns.

The intermediate-term Treasury obligations have had a modest amount of activity, according to reports. It is indicated that tax losses are being taken in non-Government obligations and a large part of this money is being reinvested in the middle maturities of Treasuries. These swaps have not been too large in size, but it is evident that the number that are being made does, however, add up to a fair amount of volume.

Long Treasuries in Divergent Trend

The longer maturities continue to be moved about rather readily in both directions, with the small amount of buying coming mainly from public pension funds. It is reported that the 3s of 1995 have been the leading Treasury issue with these buyers. The 3¼s of 1978/83, according to advices, have been coming into the market in fair amounts, with the sellers, reportedly, institutions, that are putting the funds to work in new issues of corporates. The 2½% bonds have not been getting very much attention because there does not appear to be any important buyers or sellers operating in these bonds at this time. Some tax losses are being taken in certain of the 2½s, but in these instances also the size of the trades do not make them too important market-wise.

New Corporate Issues Waning

The defensive tone in the government bond market has not helped the distribution of certain of the new corporate issues which have come along recently, although some of these offerings have been well received. The flotation of corporate securities will slow down somewhat during August, which may be favorable to the placing of some of the issues which have been on the stale side. Whether prices will have to be shaded or not on these securities will depend on the course of the money market.

New Government Borrowing

It is believed the government financing will take the form of tax anticipation securities and it is expected to get a favorable reception. Corporations, according to advices, will be large buyers of the new money offering. There is still considerable of a feeling around that the weekly offering of Treasury bills will be increased and, in this way, part of the new money needs of the Treasury will be taken care of.

Harris, Upham to Show Industrial Films on Coast

BEVERLY HILLS, Calif.—Harris, Upham & Co., 9860 Wilshire Boulevard, nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange, has launched a 15-week program of film showings depicting the operations of listed companies on the New York Stock Exchange each Monday from 7:30 to 9:30 p.m. in Harris, Upham's Beverly Hilton Hotel offices.

Frank L. Patty, Harris, Upham, resident partner in charge of the Beverly Hills office, in announcing this new service to investors, said that "Harris, Upham is proud and pleased to initiate this series of sound and color films of major, publicly owned American corporations." He said that "the films, we feel, will serve a useful purpose in effectively presenting the work of listed companies for the benefit of investors and potential investors who are naturally and properly interested in the acting workings of their investment dollar."

The Beverly Hilton has validated free parking facilities for those attending the showings, and is also notifying all guests by box enclosures of coming exhibits which include films of Louisville & Nashville RR.; Southern California Edison Company; TWA; Alcoa; Southern California Gas Co.; Coca Cola; Southern Pacific; RCA, and the Texas Company.

Continued from page 3

The Dynamic Decade: 1956-1965

year. It is impossible to assume that, until we are certain of peace, we will again make the error of possessing inadequate protection. There is no present basis of foreseeing in the next ten years any certainty of peace. And it is clear that advancing technology creates with increasing speed the obsolescence of existing weapons of war; and it demands ever-changing, improving, more technical and more expensive war weapons. This means support to the economy.

Support comes also from foreign aid—and it appears this should and will continue.

Our highways are inadequate, and our program for building and improving them appears too little and too slow. Its pace must be quickened to meet the needs of our growing population and the changing patterns of living and working. This also means support for the economy.

It is obvious that as elements in our economy, government expenditures have become far more important than they were a generation ago.

Purchasing Power Supported

In the past 20 years, particularly in the past ten years, we have developed systems of pensions, of social security and unemployment compensation. These devices assure the existence of purchasing power even when the participants are not contributing production or receiving wages therefrom. These elements of assured purchasing power also represent an important factor of support to the consumption of products and services; and they contribute substantially to the stability of the economy.

However, more than stability is necessary if an economy is to prove dynamic. Therefore, one must determine whether or not the economic recipe for 1956-65 possesses ingredients that, like yeast, will create ferment and expansion.

The record of capital expenditures over the past ten years has been indeed impressive; and in every month since July, 1955 industry has spent more dollars on capital investment than for the same month of the previous year. Generally, three reasons exist for increased capital expenditures by industry:

First, there is a need for more capacity to create the products to satisfy the indicated sales for future years.

Second, there is a requirement to improve both the location of plant and also the machinery equipment either to meet competition or to surpass competition in the matter of costs.

Third, there is indicated a desirability of seeking new or additional locations to serve old or new markets better, to distribute the risks, and to tap new labor markets.

Growth, changing patterns of living, and automation give every evidence of promoting a continuation and even an increase of capital expenditures by American industry and commerce. The movement has been evident over the past decade, 1946-1955—which, by the way, certainly was not *undynamic*. However, there are indications that over the next decade the same factors may prove to be even more potent forces for growth of the economy.

Economists seem too often to neglect the men, women, and children who make up the economy. May I be so bold as to suggest that the only reasons for the existence of either the economy or the state are the people of whom it is composed. And what they seek as services and goods to satisfy their needs and desires bulks three times as great as government expenditures, eight times as large as industry's annual capital investment.

The factors that relate to the men, women, and children of a nation are all important in its economy.

How many men, women and children are there likely to be? Into how many households will they be formed? What purchasing power will they possess? What desires, patterns, and living standards will they insist on fulfilling, either spontaneously or through persuasion?

Our Undynamic Decade

During the early part of the thirties (our one undynamic decade), the birth rate declined. However, starting in the forties that trend was reversed. Presently, four million babies are being born annually. We are increasing in population by nearly three million per year. The babies who were born in the early forties will begin to create their own households and their own babies late in the fifties and early in this sixties. If the present increased birth rate per family continues, the American population trend of the next decade will experience a most significant acceleration.

Individuals consume food, services, and clothing. And the population probabilities of the sixties promise to produce important growth factors in those segments of our economy.

However, it is the *household* rather than the individual that represents the most significant and powerful consumer of goods and services. The telephone, radio, and television are purchased by the family. So are the car and the home and its furnishings, its modern kitchens, and its comfortable air-conditioning.

There is indeed impressive evidence that family formations will, during the next decade, experience a very significant increase —and with that increase the products that are desired by those households should have available enlarged markets for sales.

As a nation, we have become increasingly educated to new and better products and methods. Currently, there is being spent for research within our country a sum of more than $5 billion annually. Some of that fund is spent to learn to produce more effectively so that labor can receive higher wages without paying an equivalent increase in prices. Some of that fund is expended on new materials, new designs, new products.

The annual sales volume of today's business done with products that had no market ten years ago is impressive, if not staggering. The probabilities are that this experience will be repeated in part if not in whole in the next decade.

These new or better products will unquestionably serve as stimuli to the desire of individual persons and family units to replace the old with the new—or possess the new if it does not replace the old.

And, above all, a most significant phenomenon affecting the needs and desires of the consumer both as individuals and household units is the fundamental change in the living pattern that is taking place in the United States.

There has developed during the past decade decentralization of the pattern of living and working. American families are moving to new areas in the nation and to the areas of suburbia and exurbia which surround our cities. The movement is already most significant but appears to be in the earlier stages of its development.

The causes are many. Crowded traffic conditions and lack of housing in the cities would rank high as reasons for decentralization. But also responsible is the system of superhighways that reduce so greatly in terms of time the physical distances of the outside areas.

But probably chiefly responsible for the decentralization of living is the almost national acceptance of the five-day week.

I have been puzzled by the lack of emphasis placed by economists and businessmen upon the shorter work week as a factor in expanding our domestic markets. For me, the five-day week, or rather its unmathematical result of the two and one-half day weekend, Friday afternoon to Monday morning, ranks high indeed in the economics of consumption.

It is not the shorter work week inherent in the 40-hour week that is significant, but rather the increase of the "leisure time" in the period from Friday afternoon to Monday morning that gives the explosive force to the power of consumption. It is during our so-called leisure rather than our working time that we require most of our consumer goods and services.

It is this long week-end that makes country or suburban living attractive to the father of the family. It has changed his relationship to his family—even made him an active if a bad cook.

It has meant new housing, new sewers, new electricity, new roads,, and new schools. It has promoted new shopping centers to service the family units and has launched a fundamental change in the design of retailing. It is changing the locations of industrial plants.

There has been a great deal of debate and analysis related to the effect of nuclear energy upon gasoline consumption. May I venture the opinion that there will take place over the next decade (and longer) much more impact upon the oil and the automotive industry from decentralization than from nuclear energy.

It is said that we, as a nation, live on rubber. How much more will this be true with the greater need of moving by car from home to work, home to school, home to shop, and home to home? Mileage requirements for the family unit promises to increase. What effect will this have upon the family ownership of automotive transportation? At present, there are 50 million households and 50 million passenger cars—one car to each household. Will this ratio of car population to households increase? To the degree that family formations increase, the automotive market will be a beneficiary. To the extent that the ratio of car ownership per household increases above one car per family, there will exist a further and very important factor of dynamics for the automotive industry.

The same element of increased radius in the areas of living will have a marked influence on the petroleum industry. The dimensions of the likely effect have not been measured, but their probabilities offer interesting possibilities, if not definitive conclusions.

It would certainly appear that there are available for this next decade ingredients out of which we can brew a potent potion. However, something more is needed to assure the desired result.

Necessary Conversion Factors

To transform economic and human needs and desires into the purchases necessary for employment, wages, sales, and profits, two factors of conversion must exist and be active. The first of these is purchasing power and the second relates to those forces which convert that power to purchase into actual purchases.

By and large, purchasing power is the result of wages that come from production and active employment. Profits, pensions, and social security also contribute purchasing power. But these are far less important than wages as a source of purchasing power.

There is, however, another source of purchasing power that is not directly related to production. This is the plan of installment selling that is presently creating so much discussion. The sale of a product upon an installment plan actually creates the purchasing power by the grant of credit at the time of purchase. The transaction is consummated by the making of a small down payment and the giving of a promise to make future payments until there is repaid the entire purchase price plus interest.

Of course, in the long run when the repayment of past debts equals the credit for new purchases, there is no addition to purchasing power. And if the repayment is greater than the credit granted for new purchases, installment selling may serve as a deterrent rather than a stimulus to the economy.

However, it should be noted that very often installment purchases are made by people who have the savings sufficient to allow them to make the purchase for cash. Installment buying or fractional selling has become an integral part of the American pattern of buying — and now it seems to be spreading abroad. In the United States, the device has been an essential factor in the building of our huge mass markets for large ticket items like cars, television sets, appliances, and homes.

Currently there is concern because of the level of our installment debt. This concern is natural and valid. However, what represents a proper level is not easily determinable. But surely what should be clear is that it is indeed dangerous to raise serious concern about the level of consumer credit and to raise *no question* about the credit available for production. For if an action proves to be a deterrent to the use of credit by the consumer and as a consequence a reduction in purchases takes place, then, if there is no equivalent and coincident decrease in production, the rapid growth of inventories would clog the meadows and convert prosperity into recession.

It is desirable to review constructively and critically the level of the flow of credit. But it is unwise, even dangerous, to look only at one side of the economic medallion (consumption) and fail to concern oneself with the other (production).

Moreover, it must never be forgotten by businessmen or government officials that the plan of installment buying is basically a selling device—by fractionalizing a total large unit price into much more easily digested small bites. It is an essential part of the mechanism that has built the phenomenal domestic mass markets upon which American industry and prosperity depend. Installment buying or fractional selling is one of the very important tools by which desire and purchasing power are being converted into actual purchases and sales.

Fundamental to a growing consumption rate per person and per family is the desire for a rising standard of living. This is the force needed to accelerate the individual consumption rate sufficiently to offset the almost certain 3½% annual increase in the rate of individual productivity.

Raising the Standard of Living

How does this increase in standard of living take place? It is not the result of spontaneous combustion; it does not just happen. Of course, the potential of unlimited human desires is always present. Moreover, the social customs of our nation powerfully promote the urge for better and better living for American men and women for themselves and particularly for their children.

However, to transform potentials into realities, just as we use research and highly technical improved methods for production, so must we learn better how to sell better. We must do a far more effective job by learning more about our markets, the people who comprise them, and the means to improve the sales technique with which we appeal to those people.

Not the least of these is the education force that our press represents. Not only does it educate and influence by the "news" which it presents and the manner in which it is presented, but the advertising which is offered to its readers will play a vital role not only in the volume of sales and purchases of products but also in the cost of selling and even producing those items.

The guarantee of an ever-quickening pulse of our productive mechanism demands for the necessary maintenance of production, employment, and prosperity that there be a continuous and equivalent increase in the levels of consumption.

This will not come for the asking. Intensive and improved effort must be applied to every aspect of the problems related to the distribution segment of our economy. There should be a more realistic and valid understanding of how our economy works. Although there should continue to be an adequate appreciation of the importance of production, there must also develop a realization that it is the continuous flow of goods into our mass markets that allows mass production to maintain its delivery of low costs and high wages and attractive profits. And there must be developed better tools and the more effective use of those tools for improved selling. It is by increasing volume through improved sales technique that we can avoid one portion of our problems of inventory accumulation. It is by limiting our production to actual sales results that we can avoid the other cause of inventory accumulation.

The decade of 1956-1965 holds great promise and powerful potentials. However, great promise and significant potentials can be injured and even cancelled by inadequate management and improper control. It would appear indeed that the chief economic problems that lie ahead in the next decade relate not so much to opportunities but rather to what we as businessmen and government officials do to advance or injure the prospects that appear so clearly to exist.

With Mason-McDuffie Co.

(Special to THE FINANCIAL CHRONICLE)

BERKELEY, Calif. — Carter Collins has joined the staff of Mason-McDuffie Co., 2101 Shattuck Avenue.

Skaife Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BERKELEY, Calif.—Donald A. Jacobus is now with Skaife & Company, 3099 Telegraph Avenue.

Bernard J. Harriman

Bernard J. Harriman, Assistant Chief Examiner of the New York Stock Exchange, passed away on July 25.

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Estate Planning and Its Tax Aspects

hands of so-called institutional investors. Occasionally, limited by law but more frequently by motives of prudence and the fiduciary relationship, a conservative attitude has been dominant in the investment handling of such funds.

The Federal estate tax is imposed upon the taxable estate of a decedent determined by reducing the gross estate by various deductions and exclusions allowed by law. The gross estate includes the value of all property (except real property situated outside the United States) to the extent of the decedent's interest therein at the time of his death. Deductions of general interest and applicability are: expenses and claims against the estate, charitable bequests, the $60,000 specific exclusion, and the marital deduction. While the $60,000 personal exemption removes a large majority of individuals from the tax, it has been estimated that over 1,000,000 people earn $15,000 per year and can be expected to leave estates over $60,000. Adding to this figure those having less income, but a sizable estate, leads us to believe that there is considerably over $100 billion of estates that will feel this tax impact and should plan to mitigate its effect. The marital deduction is possibly the most useful strategy and significant deduction available for this purpose. In general, the gross estate may be reduced by the value of any interest in property which passes or has passed from the decedent to the surviving spouse, limited to 50% of the adjusted gross estate.

The following illustration indicates the estate tax impact on an estate which is entitled to one or more of the three major deductions previously discussed: marital deduction, various claims and expenses, and charitable bequests:

Mr. Smith died leaving a gross estate of $350,000. He bequeathed $25,000 to an exempt charity, and the estate was subject to claims and expenses of $20,000.

A. If Mr. Smith were not married or did not take advantage of the marital deduction, his Federal estate tax would be as follows:

Gross estate		$350,000
Allowable deductions and exemption:		
1. Claims and expenses	$20,000	
2. Charitable gifts	25,000	
3. Specific exemption	60,000	105,000
Taxable estate		$245,000
Federal estate tax payable thereon		$64,200

B. If Mr. Smith were married and bequeathed at least half of his adjusted gross estate to his wife, thus taking full advantage of the marital deduction, his Federal estate tax would be as follows:

Gross estate		$350,000
Less claims and expenses		20,000
Adjusted gross estate		330,000
Marital deduction (50%)		165,000
Remainder		$165,000
Less other deductions and exemption:		
1. Charitable gifts	$25,000	
2. Specific exemption	60,000	85,000
Taxable estate		$80,000
Federal estate tax payable thereon		$15,100

The estate tax saving in this case represents $49,100.

The Federal gift tax is imposed primarily for the purpose of supplementing the estate tax and to restrict passing an estate tax free through gifts to avoid later estate tax. However, gift tax rates are substantially lower than estate tax rates—generally 25%—and the gift tax has its own exemption. Major factors of interest are the $30,000 lifetime exclusion, the $3,000 annual exclusion, and the gift splitting privilege. It is possible, therefore, to make gifts of $3,000 annually to any number of individuals tax free, to make extra gifts totaling $30,000 tax free during life, and to double these tax free allowances by making the gifts jointly with the wife. For such joint gifts it is not necessary that the principal come from both parties but only that both parties join in making the gift. This privilege may be thought of as the gift tax equivalent of a joint return on income tax.

Inasmuch as gifts during life may be considered as coming from the top estate tax bracket of an individual, sizable tax savings may result from a program of lifetime gifts. For example:

Mr. Jones has a net estate worth $200,000 which he wishes eventually to transfer to his son. In case A below Mr. Jones' son receives the entire estate by will or devise:

A

Gross estate	$200,000
Net estate (after exemption)	140,000
Federal estate tax on $140,000	32,700

In case B below Mr. Jones decides to transfer by gifts the major portion of his estate to his son during a ten-year period. Taking advantage of his wife's option to split the gifts, the tax results would be as follows:

B

Outright gifts of $60,000 against lifetime exemption—	
($30,000 for each spouse)	$60,000
Ten years annual exclusion of $6,000	
($3,000 for each spouse)	60,000
Total gifts	$120,000
Gift tax	0
Final gross estate at Mr. Jones' death	$80,000
Net estate after exemption	20,000
Federal estate tax on $20,000	1,600

The tax saving in this case equals $31,100.

It should be recognized that so-called "death bed" gifts will not be recognized and that the Federal Government extends for three years before death the period in which gifts may be said to be in contemplation of death and to avoid taxes.

Gifts may be made, as has previously been mentioned, outright or by means of a trust. While there are some limitations on gifts made by trust, the trust instrument is flexible and ideally suited to most cases. Additionally, by spelling out terms and conditions, considerable care may be given to reflect individual talents and needs. It is appropriate, therefore, to outline briefly the qualities of a trust.

A trust may be established under a will—known as a testamentary trust—or by means of a trust agreement—known as a living trust or *inter vivos* trust. In all cases, the grantor of the trust in a special manner sets aside certain property for specific purposes. There are a number of terms in general use in connection with trusts. The creator of the trust is generally known as the "grantor" or settlor." The person to whom the income is to be paid is referred to as the "income beneficiary." The principal of the trust is referred to as the "corpus." The person who receives the corpus on termination of the trust is referred to as the "remainderman" or "ultimate beneficiary."

Three Main Groups of Trust Agreement

Although there are a wide variety of possible forms, a trust agreement will generally be included in one of three main groups: (a) irrevocable, (b) revocable, and (c) reversionary. An irrevocable trust is one which is essentially a completed gift at its execution and cannot be revoked thereafter. A revocable trust permits the retention of substantial control by the grantor, and he may retain the ability to regain possession of the corpus. A reversionary trust constitutes a compromise between these extremes since the trust may be irrevocable for a period of time with the corpus thereafter reverting to the grantor or the trust becoming revocable by the grantor. A great deal of the conflict in trust planning arises as a result of an attempt on the part of the grantor to obtain the tax advantages of an irrevocable trust while he still retains all or a part of the control permitted by a revocable trust.

This has been a rather rapid run through of a few of the factors affecting estate planning and the instruments used. It is pertinent also to examine progress in the field, its usefulness and the modern practice of estate planning and its effects. The technical aspects of the field including the drafting of instruments has naturally devolved on the legal profession. Many lawyers find themselves in the position of providing the impetus as well and following through with advice and, in some cases, assuming of the trustee's position. However, not everyone has an established relationship with a lawyer and not all lawyers are equipped to handle estate planning problems.

Bank trust departments are another source of estate planning advice leading generally to trust accounts. Greater emphasis and certainly more alert and intelligent advertising in recent years has led to a wider scope and better understanding of such activities in the estate planning field. The advantages of a corporate trustee are numerous although they have drawbacks as well, and bank personal trust accounts have shown steady increases in recent years.

Perhaps the most widespread and familiar approach to estate planning has been made by the insurance industry. Insurance agents have stressed for many years in their sales activities the estate planning approach, using it with considerable success in sales of insurance from straight term to more sophisticated policies. It should be realized in this context that while insurance is designed primarily to provide protection against premature death, most policies combine this protection aspect with varying degrees of investment—an investment in fixed income securities and guaranteed to a certain extent by the insurance company. Needless to say, the estate planning techniques used by this industry tend to lean heavily upon insurance.

There has been in the last decade, the development of a number of firms specializing in the estate planning field. Generally, these firms have developed from insurance backgrounds and continue to lean heavily on insurance, from which they receive sizable commissions. Many of these firms have achieved considerable size and success.

* * *

I mentioned at the beginning of this talk the three phases of a living estate plan—the growth period, the use period, and the disposition problem. Mutual fund shares offer periodic purchase programs ideally suited to systematic investment from surplus income together with easy and automatic reinvestment of dividends for growth of principal. The professional management of such funds must be of particular importance to the individual spending the major portion of his time on his own job. During the use period a number of plans are available to assist the investor—a monthly dividend plan enabling him to budget monthly, a withdrawal program to supplement retirement income by planned withdrawals of principal, and continued relief from investment problems which might burden a retired individual.

Mutual funds are a convenient and highly liquid investment for transfer during life or by testament. They continue to provide professional management for survivors who, in most cases, are inexperienced in investments. For trust investment they offer a number of advantages and economies. Whereas personal trusts were for many years considered an instrument available only to the wealthy, their advantages may be extended to all investors at low cost with the use of mutual fund shares. We have here seven simplified sample trusts utilizing mutual fund shares, designed to cover some of the most commonly recurring estate planning trust problems.

In our mutual fund activities we have, therefore, extended on a broad scale our estate planning service and facilities. A fundamental concept of this approach has been that the investment dealer is part of a service industry. By offering service in the estate planning field, he is able to provide greater assistance and benefits to his client and, with mutual funds, offer a flexible and convenient investment medium for that appropriate part of the estate. Aside from the benefits to the investor, the dealer may through this approach realize more sales and larger unit sales, will increase his professional standing and ability and, competitively, will improve his position in respect to the insurance agent.

* * *

To conclude, we feel that the estate planning field offers investment dealers an opportunity to provide increasing vital service to their clients. The practice of estate planning techniques may alleviate the impact of income, gift and estate taxes, providing substantial savings to an individual, or it may, by establishing a regular program, contribute to the growth of an estate and its effective utilization. Growth of the field and its importance is forced on us by the growing complexity and impact of taxes and also by the increasing problems associated with wise investing. Estate planning techniques contribute in many cases to the growing importance of the professional or institutional investor. While they may mitigate the tax effect, it does not eliminate taxes and the effects noted previously in balancing income, gains and losses will still contribute to an investment climate requiring adequate and continuous supervision to maximize benefits. Mutual funds offer many of the requirements necessary for prudent investing. Estate planning offers techniques which no investor can afford to neglect, and the two together offer a concerted program that will afford immediate and continuing benefits to the individual.

Seaboard Drug Class A Offering Completed

The public offering of 283,750 shares of class A stock of Seaboard Drug Co., Inc., which was made earlier this year at $1 per share, through Foster-Mann, Inc., has been completed, all of said shares having been sold.

The net proceeds are to be used to purchase inventories of drugs, for working capital and general corporate purposes.

Seaboard Drug Co., Inc., with its office at 21 West 45th Street, New York, N. Y., was organized in Delaware on Jan. 5, 1956, for the purpose of acquiring the rights to certain proprietary drugs and engaging in marketing and distributing them, and particularly to exploit the exclusive right to sell "Mericin" without prescription as a pain alleviating durg.

Tulane Tax Inst. To Be Held in Nov.

NEW ORLEANS, La. — The Sixth Annual Tulane Tax Institute will be held at the St. Charles Hotel on November 14-17. The program will cover the business tax planning problems of C. P. A.'s, attorneys and tax executives. Special sessions will be devoted to partnerships, corporations and problems of specialized industries such as oil and gas, timber, real estate and farming. Features of the program will include two panel discussions at which maximum audience participation will be achieved.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Robert G. Campbell has joined the staff of King Merritt & Co., Inc., 817 Seventeenth Street.

Joins Walston & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Kenneth E. Linscott has become affiliated with Walston & Co., Inc., Mile High Center. Mr. Linscott was formerly with Boettcher and Company.

With Filosa Securities

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo.—R. Louis Lawrence is now affiliated with Filosa Securities Company, 407 Main Street. Mr. Lawrence was previously with Hamilton Management Corporation and Columbia Securities Company.

Joins Guss Staff

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo.—Mervin E. Bruce has become affiliated with Guss Securities Company of Salt Lake City.

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The Security I Like Best

net effect would be a sizable increase in the above earnings projections for the Pittston common.

But there are other plus factors in the Pittston equation. The non-coal subsidiaries, though less dynamic, provide an important, gradually rising earnings base and interesting long-range possibilities. Pittston, in enlarging its oil distribution business over the past few years, has become the country's largest independent bulk purchaser of oil, distributing at wholesale nearly 40 million barrels annually. While margins on this business are slim, profit spreads have been rising. Furthermore, the company is now concentrating on the consolidation of the many acquisitions in this area. Operating profits should benefit, and relative to the large volume handled, this could exert important upward leverage on future earnings. Trucking activities, though relatively minor, have been very successful. Heretofore, almost exclusively a local operation in metropolitan New York via the company's U. S. trucking subsidiary, the proposed acquisition of Brink's nation-wide armoured car system, now awaiting ICC sanction, if effected would mean an important short-cut for expansion of Pittston's general trucking business on a national basis.

Financial position is satisfactory and no equity financing is expected despite the large capital expenditures required by coal mine expansion. Dividends will likely continue to include a 5% annual payment in stock and there is a strong possibility that the $1.20 yearly cash rate may be increased again later in the year. Interim period earnings will make highly favorable year-to-year comparisons and the small normal dilution from preferred stock conversions should not be a noticeable factor. In short, the company's near- and long-term prospects appear brilliant and, since current operations alone seem to substantiate the price rise of the common stock over the past year, I favor new purchases at the present level of about 54. The stock is listed on the New York Stock Exchange.

SAMUEL WEINBERG
Partner, S. Weinberg & Co., New York City

Wisconsin Central Railroad Company

Now legal for Savings Banks in New York State, the Wisconsin Central Railroad First Mortgage 4% bonds due 2004 present a most timely and attractive investment opportunity for the private, as well as the institutional investor.

Samuel Weinberg

Since the road emerged from bankruptcy in 1954, many favorable and highly important events have taken place. The Wisconsin Central Railroad Company owns 1,045 miles of "main line" track running northerly out of Chicago. It is operated by the Minneapolis, St. Paul & Sault Ste. Marie Railroad under a very favorable operating agreement recently concluded, and although not really a part of the "Soo Line," it is considered, for all practical purposes, as its Eastern extension. Wisconsin Central Railroad is controlled by the Canadian Pacific Railroad and thus gives Canadian Pacific its entrance into Chicago.

Listed on the New York Stock Exchange and currently selling about 78 (a discount of 22% from par), this senior issue offers investors a handsome return of 5.13%. The 1st 4s are extremely well secured as to protection of principal and have always had more than adequate coverage of the annual fixed charges on that principal.

This issue is outstanding in the comparatively small amount of $14.1 million par value. At the prevailing price of 78%, the aggregate market value of the entire issue outstanding is less than $11 million. The total assets of the Wisconsin Central Railroad are approximately, $69 million.

The market value of the 1st 4s, therefore represents only slightly more than 11% of the total assets. The net current assets of the Wisconsin Central Railroad (about $5.5 million) represents about 50% of the market value of all 1st 4s.

Net working capital as of March 31, 1956 was $6,793,423 or 47% of the value (at par) of the 1st 4s outstanding. The First Mortgage 4% bond is not only well protected as to earnings but also as to assets. On March 31, 1956, the reported equity in equipment, after deducting both normal and quick depreciation, was $17,509,309 or 121% of par value of the First 4s.

Working capital combined with equipment equity was 168% of value (at par) of the First 4s. The issue is outstanding at the low rate of $16,400 per mile, a figure far below the average of all railroads in the United States ($33,400). The sinking fund of the First 4s is small ($73,535 a year) and depreciation charges take care of the property replacement fund. The company has retired approximately $685,000 in the past two years.

The aforementioned facts speak boldly for themselves in attesting to the remarkable safety of the bond. On the basis of projected earnings for 1956, it is estimated that interest on the First 4s for 1956 will be earned at least four times over!

	Gross	% Gross Saved for Int. & Fed. Taxes	Times Int. Earned First 4s Due 2004 (Pre Ttax)
Reported___1955	$30,385,000	11.73%	3.90
Pro Forma 1954	28,825,000	6.82	2.16
Pro Forma 1953	31,873,000	10.30	3.60
Pro Forma 1952	21,205,000	9.78	3.25

The Wisconsin Central Railroad has a junior issue of 20 million General Income Mortgage 4½% bonds due 2029. This issue, also listed on the New York Stock Exchange is currently selling around 76 and therefore has a present aggregate market value of $15.2 million, $4.5 million in excess of the underlying senior issue. The interest on these bonds has been earned 1.88 times and the company his retired approximately $400,000 in the past 18 months.

There are, furthermore, 207,955 shares of $100 par common stock outstanding, currently quoted at about $66 per share. The market value of the entire common stock issue being therefore about $13.5 million. The total market value of junior securities (stock and 4½% bonds) is almost $29 million, or about 2½ times the market value of the senior issue.

Capitalization

	Outstanding Mar. 31, '56
Equipment obligations	$7,546,916
First mtge. 4s of 2004	14,105,000
Income 4½s due 2029	20,066,000
Shares of capital stock	207,955

Allowing for all prior charges, pretax coverage of interest on the junior issue (Wisconsin Central Railroad 4½s due 2029) in 1955 was 1.88 times with a margin of safety equal to 5.49% of gross revenue. The Wisconsin Central Railroad 4½s due 2029 also seems to be an attractive "buy" around current levels.

Income 4½s	Pretax Coverage	Margin Safety %
Reported___1955	1.88 times	5.49
Pro Forma 1954	1.04 times	0.25
Pro Forma 1953	1.73 times	4.36
Pro Forma 1952	1.61 times	3.71

Considering the prime underlying position of the mortgage, the more than ample earning coverages, the high yield (over 5%), and the favorable long range outlook plus the fact that the First 4s have been made legal for Savings Banks in the State of New York, I believe them to be a bond of investment stature with excellent price appreciation possibilities.

Knickerbocker Investors

(Special to The Financial Chronicle)

SAN MARINO, Calif.—Knickerbocker Investors Co. is engaging in a securities business from offices at 2486 Huntington Drive. Officers are Jack G. Quade, President; Richard O. Tufts, Vice-President, and Walter F. Pettit, Secretary.

Huffman Opens Office

FORT LEE, N. J.—Sylvester Huffman is conducting a securities business from offices at 420 Fairview Avenue. Mr. Huffman was formerly with Oppenheimer & Co.

J. Logan Co. Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Leonard G. Gover, Jack Hobbs, Murray J. Rogoff and George P. Stefani have joined the staff of J. Logan & Co., 2115 Beverly Boulevard.

Join J. D. Creger Co.

(Special to The Financial Chronicle)

WHITTIER, Calif.—Charles A. Derrick, Jr., Jean DeWees, Frank J. Sarn and Gordon R. Wittington are now associated with J. D. Creger & Co., 124 North Bright Avenue.

With Samuel B. Franklin

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Clement F. Brophy, Edward J. Cleven, Ted F. Conner, Richard D. Johnson, Irving M. Kopf, Frank E. McLaughlin, Genevra E. Tremaine, Arnold Whitaker and Carl J. Winder are now with Samuel B. Franklin & Company, 215 West Seventh Street.

Four With Allen Inv.

(Special to The Financial Chronicle)

DENVER, Colo.—Oscar S. Herrick, John D. Marks, Sterling H. Marks and Maurice L. Snider are now with Allen Investment Company, Mile High Center. Mr. Herrick was formerly with Greenberg, Strong & Co. Mr. Marks and Mr. Snider were with Shelley, Roberts & Co.

Join Securities, Inc.

(Special to The Financial Chronicle)

DENVER, Colo. — Joseph H. Bietler, Hale V. Davis, Jr., Leo J. McCarty, Harold J. Miller, Carl T. Pilgrim, Paul F. Siegfried, and Roger S. Whitaker are now with Securities, Inc., Farmers Union Building.

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The State of Trade and Industry

to what the steelworkers got and can threaten shutdown of steel company captive pits to enforce their demands.

The scrap market is literally running wild. Prices shot up again in virtually all consuming areas. Industrial scrap was bid higher than pig iron in some centers. The upsurge anticipated strong mill demand for steelmaking furnaces to speed production pending resumption of hot metal production by blast furnaces, this trade authority concludes.

A recent report of the Federal Reserve Board disclosed that about 63% of all families were in debt early this year.

About 9% owed on mortgages alone, the board's July bulletin said, while about 17% owed mortgage and personal debt and about 37% had only personal obligations outstanding. One-fifth of those surveyed owed on an automobile.

Most of the personal debt outstanding is of the instalment type, the bulletin added. About 45% of all those surveyed reported they had some regular weekly or monthly instalments.

Persons making $3,000-$7,500 a year owed personal debt more frequently than spending units at other income levels, the survey noted, while a large proportion of consumers in income brackets of $7,500 or more had mortgage debt.

In the automotive industry a strike at DeSoto and a parts shortage at Chrysler Division in Detroit were responsible for a shallow drop in car production last week.

However, "Ward's Automotive Reports" said on Friday of last week that the industry would hit its July car production target dead center with 450,000 completions, or 4½% more than June's total of 430,100.

Estimated by the statistical publication the past week was production of 112,013 cars and 21,397 trucks compared with 113,416 and 21,706 last week.

Although all other companies scheduled production increases over last week, "Ward's" noted, Chrysler Corp. output fell to 16,000 cars from 18,200. Causing the decline were a strike which has idled DeSoto since Tuesday a week ago and a lack of parts at Chrysler Division which closed plants the past Thursday and on Friday.

Although through Friday no companies other than Packard had ceased 1956 model making, August will be spotted with shutdowns. American Motors, for one, is expected to end its current model run at the conclusion of this week. Chrysler Corp.'s divisions will all halt activity next month, while such action by various Ford Motor Co. divisions appears imminent.

Through Friday, said "Ward's," United States car builders had turned out 3,598,000 cars and 673,800 trucks in calendar 1956 compared with 4,917,700 cars and 750,800 trucks through the comparable week a year ago. Automobiles are accounting for 84% of total vehicle production this year compared with 87% in 1955.

Steel Production Placed This Week at 17.5% Of 1956 Capacity

Buyers are set to scramble for steel during the recovery period after the strike, "Steel" magazine stated on Monday of this week.

It pointed out that it will take three to four weeks for mills to make a substantial comeback, so the big problem is to fill the pipeline for users until then.

Two surveys made by the metalworking publication last week indicate that while purchasing agents are standing in line for steel at the mills, demand will be partially met by stocks on hand.

It said a survey of metal users disclosed that it will take almost one-third of the respondents 30 days to get inventories back to the pre-strike level. Twenty-five per cent expect to rebuild inventories in 30 to 60 days, 19% in 60 to 90 days and 14% say it will take more than 90 days. Twelve per cent do not intend to build back to pre-strike levels.

Until mills make the comeback, metals users will depend on what they have on hand or can get from warehouses and what they can get from nonintegrated mills which do not produce steel ingots themselves but buy them from primary steelmakers for processing into products.

Warehouses are estimated to have a six-week supply of overall steel supplies, but there are a few notable exceptions—such as heavy plates and structural shapes.

A "Steel" survey taken among 130 nonintegrated mills shows that about 20% of the respondents have a 30-day or less supply of steel on hand. The other 80% will be able to carry their customers through the recovery period with a minimum of difficulty.

The scramble for steel, plus price increases certain to come, add up to a frantic fourth quarter, the magazine said. The inflationary impact of the strike will be felt into 1957. Another significant effect will be on other wage negotiations. Watch for other metalworking unions to jack up their asking price.

The metalworking authority estimated the strike's cost to the nation at $1,118,000,000. The loss in steel product sales amounts to $880,000,000; in steelworkers' wages, $200,000,000 and, in other wages, $38,000,000.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry was scheduled at an average of 17.5% of capacity for the week beginning July 30, 1956, equivalent to 431,000 tons of ingot and steel for castings as compared with 17.0% of capacity and 419,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 12.3% and production 302,000 tons. A year ago the actual weekly production was placed at 2,098,000 tons or 86.97%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Shows Further Expansion In the Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 28, 1956, was estimated at 11,295,000,000 kwh., according to the Edison Electric Institute.

This was an increase of 170,000,000 kwh. above that of the previous week. It increased 568,000,000 kwh. or 5.3% above the comparable 1955 week and 2,156,000,000 kwh. over the like week in 1954.

Car Loadings in the Latest Week Advance 4.6% Notwithstanding Steel Strike

Loadings of revenue freight for the week ended July 21, 1956, which were affected by the steel strike, increased 28,500 cars or 4.6% above those of the preceding week, when they were affected not only by the steel strike but also by one day of the coal miners' annual vacation, the Association of American Railroads reports.

Loadings for the week ended July 21, 1956, totaled 648,492 cars, a decrease of 133,416 cars or 17.1% below the corresponding 1955 week, and a decrease of 35,789 cars, or 5.2% under corresponding week in 1954.

U. S. Car Output Mildly Affected by DeSoto Strike and Chrysler Division Parts Shortage

Automotive output for the latest week ended July 27, 1956, according to "Ward's Automotive Reports," dipped slightly due to a strike at De Soto and a parts shortage at Chrysler Division in Detroit.

Last week the industry assembled an estimated 112,013 cars, compared with 113,416 (revised) in the previous week. The past week's production total of cars and trucks amounted to 133,410 units, a decrease of 1,712 units below the preceding week's output, states "Ward's."

Last week's car output dropped below that of the previous week by 1,403 cars, while truck output declined the past week by 309 vehicles. In the corresponding week last year 161,370 cars and 26,108 trucks were assembled.

Last week the agency reported there were 21,397 trucks made in the United States. This compared with 21,706 in the previous week and 26,108 a year ago.

Canadian output last week was placed at 9,550 cars and 2,156 trucks. In the previous week Dominion plants built 9,313 cars and 2,513 trucks, and for the comparable 1955 week, 10,095 cars and 2,187 trucks.

Business Failures Rise to Highest Level In Six-Week Period

Commercial and industrial failures climbed to 274 in the week ended July 26 from 223 in the preceding week, Dun & Bradstreet, Inc. reported. At the highest level in six weeks, the toll considerably exceeded the 201 in the similar week a year ago and the 195 in 1954. However, failures remained 6% below the prewar level of 291 in the comparable week of 1939.

Failures involving liabilities of $5,000 or more increased to 225 from 189 last week and continued above the 160 a year ago. Among small failures with liabilities under $5,000, there was a mild rise to 49 from 34 in the previous week and 41 in the similar week of 1955. Twenty businesses failed with liabilities in excess of $100,000 as compared with 12 in the preecding week.

All industry and trade groups except wholesaling had higher failures during the week. The toll among manufacturers jumped to 55 from 25, while retail failures rose to 136 from 124, construction to 40 from 32 and commercial service to 25 from 18. In contrast, the toll among wholesalers dipped to 18 from 24 last week and was below the 1955 level of 20. All other lines reported more failures than last year.

Five of the nine major geographic regions reported an increase. Most of the week's rise occurred in the Middle Atlantic States where failures climbed sharply to 108 from 59 and in the New England States with 19 failures as against 10 a week ago. Slight increases were reported in the South Atlantic, West North Central and Mountain States. Failures declined during the week in four areas, including the East North Central Region, down to 29 from 39, and the Pacific Region, down to 63 from 66. More businesses failed than last year in all except two regions, the East North Central and East South Central States.

Wholesale Food Price Index Records Highest Level In 5-Week Period

Reversing the downward movement of the previous week, the Dun & Bradstreet wholesale food price index rose 7 cents last week to stand at $6.08 on July 24. At the highest level in five weeks, the current figure represents a drop of only 1.5% below the corresponding 1955 index of $6.17.

Higher in wholesale price the past week were wheat, rye, barley, beef, lard, sugar, coffee, tea, cocoa, eggs, potatoes, raisins, steers, hogs and lambs. Lower were flour, corn, oats, bellies, cottonseed oil, beans and peas.

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

Wholesale Commodity Price Index Held to Irregularly Lower Trend the Past Week

Commodity price movements were very irregular last week. The Dun & Bradstreet daily wholesale commodity price index fluctuated in a narrow range and closed at 286.48 on July 24. This compared with 286.87 a week previous and with 274.80 on the corresponding date a year ago.

Price trends in leading grain markets were mixed. Values were generally firm the greater part of the week but there was some reaction at the close due to heavy receipts in cash markets and favorable crop growing weather.

A sharp rise in wheat early in the period was influenced by the Department of Agriculture announcement of the previous week that wheat sales for export would be drawn from "free" stocks rather than from government-owned wheat beginning Sept. 4.

With a smaller yield indicated, rye prices were relatively firm in most markets. New crop receipts of oats showed considerable increase but producer marketings of corn remained very meager. Corn and soybeans made excellent progress under generally favorable weather and crop conditions. Purchases of grain and soybean futures on the Chicago Board of Trade last week rose to a daily average volume of about 61,000,000 bushels from 57,000,000 the previous week and 52,300,000 in the same week last year.

As a result of recent heavy purchasing when most bakers and jobbers covered their needs for some time, demand for hard wheat bakery flours was extremely slow the past week. Order backlogs in soft wheat flours showed some expansion as buyers covered for rather limited periods. Raw sugar prices were steady to firm in moderate trading.

Coffee was somewhat irregular but closed on a firm note aided by a slight improvement in roaster buying of Columbian milds.

Cocoa prices drifted lower reflecting a lack of dealer and manufacturer demand. Warehouse stocks of cocoa declined slightly for the week and totaled 420,722 bags, as compared with 247,582 bags a year ago. Demand for lard was active and prices worked irregularly higher. Steer prices advanced sharply toward the close under improved demand. Butcher hogs closed steady to firm. Swine receipts were the smallest for a five-day period since last September.

Cotton prices continued to trend downward and closed sharply lower than a week ago.

Bearish influences included generally favorable advices on the growing crop, and news that the Department of Agriculture did not intend to change the structure of the cotton export subsidy program.

Reported purchases in the 14 spot markets were up sharply and totaled 318,100 bales, compared with 34,800 in the preceding week and 46,400 in the like week a year ago. Consumption of cotton during the June period, as reported by the Census Bureau, totaled 812,330 bales, or a daily average of 32,493 bales. The latter compared with a daily rate of 35,697 bales in May and 33,977 in the corresponding 1955 period.

Trade Volume Lower the Past Week But Registered Moderate Gains Over 1955 Period.

Although numerous mid-Summer clearance sales encouraged consumer buying of Summer apparel, outdoor furniture and housewares last week, total retail volume fell below that of the previous week. However, retailers reported moderate year-to-year gains.

While sales in new automobiles decreased slightly, consumer interest in used passenger cars expanded appreciably; total automobile volume continued under the comparable 1955 level.

The total dollar volume of retail trade in the period ended on Wednesday of last week was unchanged to 4% 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, Middle West and Southwest 0 to +4; East +2 to +6; South and Northwest —1 to +3 and Pacific Coast +1 to +5%.

Cool weather slowed the sale of air coolers and fans in many areas last week. The volume in television sets and major appliances was somewhat reduced. Consumer response to reduced-price sales of metal lawn tables and chairs was favorable, but best-sellers in furniture were upholstered living room chairs and bedroom sets.

Consumer purchases of women's Summer apparel continued at a high level, with sizable gains reported in sportswear, accessories and toiletries. There were substantial gains in the buying of Fall dresses, skirts and sweaters. Retail stocks of men's Summer sportswear and lightweight suits were limited and sales were under those of the preceding week.

Grocery stores reported an appreciable rise in the call for canned fish, frozen juice concentrates and baked goods the past week. Popular dairy products were ice cream, butter and eggs. Volume in fresh meat and poultry was unchanged.

The volume of wholesale orders expanded moderately last week and remained above that of last year.

Although re-orders for Summer apparel and furniture were sustained at a high level, buyers were more interested in Fall merchandise.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended July 21, 1956, increased 2% above those of the like period last year. In the preceding week, July 14, 1956, an increase of like amount was reported. For the four weeks ended July 21, 1956 an increase of 3% was reported. For the period Jan. 1, 1956 to July 21, 1956, a gain of 4% was registered above that of 1955.

Cooler weather and store promotions lifted retail sales volume for New York City the past week from 4% to 6% above the like period a year ago, trade observers report.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended July 21, 1956, registered an increase of 9% above those of the like period last year. In the preceding week, July 14, 1956, an increase of 4% (revised) was recorded. For the four weeks ended July 21, 1956, a gain of 7% was recorded. For the period Jan. 1, 1956 to July 21, 1956, the index recorded a rise of 4% above that of the corresponding period in 1955.

Business Man's Bookshelf

Chambers of Commerce in the United States—List of those in all cities of 5,000 population and over—Chamber of Commerce of the State of New York, 65 Liberty Street, New York 5, N. Y. (paper) $1 per copy (quantity prices on request).

Changing Environment of International Relations, The—A Major Problem of American Foreign Policy — Brookings Institute, Washington 6, D. C. (cloth) $2.50.

Exchange Restrictions—7th annual report—International Monetary Fund, Washington, D. C. (paper).

Factors Influencing Plant Location in West Virginia, 1945-1956 — James H. Thompson and Thomas S. Isaack—Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va. (paper).

Growing Shortage of Scientists and Engineers — Proceedings of the Sixth Thomas Alva Edison Foundation Institute — New York University Press, Washington Square, New York 3, N. Y. (paper) $4.

Oriental Economist — Monthly magazine reviewing business and economic conditions in Japan and the Far East—annual subscription $6.70; airmail $11.05 — Oriental Economist, Nihonbashi, Tokyo, Japan.

Postwar Changes in California Unemployment Insurance Experience 1946-1950 to 1951-1955 —Michael T. Wermel — Industrial Relations Section, California Institute of Technology, Pasadena, Calif. (paper) $1.

Public Control of Economic Enterprise — Harold Koontz and Richard W. Gable — McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York 36, N. Y.—$7.

Schedule of Retention and Destruction of Bank Records — Pennsylvania Bankers Association, Box 152, Harrisburg, Pa. —$1.50.

Standards of Education and Experience for Certified Public Accountants — Bureau of Business Research, University of Michigan — University of Michigan Press, Ann Arbor, Mich. (paper) $2.50.

There's Safety in Numbers—Booklet describing order control system to assure billing for every shipment — Cummins-Chicago Corporation, 4740 North Ravenswood Avenue, Chicago 40, Ill.

Trends in Equipping the American Worker — Council for Technological Advancement, 1200 Eighteenth Street, N. W., Washington 6, D. C. (paper). Single copies free; additional copies 25c each.

Joins Hemphill, Noyes

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Brice Toole, Jr. has become connected with Hemphill, Noyes & Co., 510 West Sixth Street. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Gerard Jobin Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—David L. Dupre, Jr. has been added to the staff of Gerard R. Jobin Investments Ltd., 242 Beach Drive, North.

With Sheffield & Co.

(Special to THE FINANCIAL CHRONICLE)

NEW LONDON, Conn.—Earl B. Hick is with Sheffield & Company, 325 State Street.

John Melcher

John Melcher, partner in Dick & Merle-Smith, passed away July 27 at the age of 61 following a brief illness.

Harry G. Fraser

Harry Gordon Fraser passed away at the age of 71 following a short illness. Mr. Fraser was senior partner of Fraser, Phelps & Co., Providence, R. I.

Join First Southern

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—John M. Bowler, Charles R. Braxton and William F. Ward have joined the staff of First Southern Corporation, 350 Lincoln Road.

Wm. R. Staats Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles F. O'Connor has been added to the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Able Mining Co.
July 2 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—7119 E. Camelback Road, Scottsdale, Ariz. **Underwriter**—The Fenner Corp., New York, N. Y.

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) being offered to stockholders on a basis of one new share for each 4 1/6 shares held as of July 23; rights to expire Aug. 13. **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.

Allis (Louis) Co., Milwaukee, Wis.
June 29 filed 47,729 shares of common stock (par $10) being offered for subscription by common stockholders of record July 18, 1956 at the rate of one new share for each five shares held; rights to expire on Aug. 6. **Price**—$38 per share. **Proceeds**—To repay bank loans, and for expansion and working capital. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Wis.

★ **American Buyers Insurance Co. of Utah**
July 13 (letter of notification) 10,000 shares of common stock to be offered to policyholders, unsubscribed shares will be purchased by the Board of Directors, or other salesmen and employees. **Price**—At par ($10 per share). **Proceeds**—For initial capital to convert corporation from a mutual benefit insurance association to a stock legal reserve life insurance corporation. **Address**—P. O. Box 247, Salt Lake City, Utah. **Underwriter**—None.

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 Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

American Investors Corp., Nashville, Tenn.
July 13 filed 4,962,500 shares of common stock (par $1), of which 962,500 share are to be reserved for the exercise of options by company employees and 4,000,000 shares are to be offered publicly. **Price**—$2 per share. **Proceeds**—To purchase all of the common stock of American Investment Life Insurance Co., to be organized under Tennessee law. **Underwriter**—None.

Amphenol Electronics Corp. (8/14)
July 23 filed 120,000 shares of common stock (par $1), of which 20,000 shares are for the account of a selling stockholder and 100,000 shares for the company's account. **Price**—To be supplied by amendment. **Proceeds**—To retire $1,000,000 short term bank loans and to reimburse treasury funds for recent capital expenditures. **Underwriter**—Hornblower & Weeks, New York.

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 being 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 being offered for subscription by common stockholders at the rate of one share for each 10 shares held as of July 10; rights to expire on Sept. 25. **Price**—For debentures, 100% per $100 principal amount; for stock, $12.50 per share. **Proceeds**—To repay bank loans. **Underwriter**—None. Statement effective July 10.

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. (8/6-10)**
May 31 filed $9,250,000 of convertible subordinated debentures due July, 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.

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.

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.

• **Bahamas Helicopters, Ltd., Nassau, B. W. I.**
July 13 filed 300,000 shares of ordinary (common) stock (par £1 sterling), of which 265,000 shares are to be sold for account of company and 35,000 shares for selling stockholders. **Price** — To be supplied by amendment. **Proceeds** — To purchase a 49% stock interest in Aero Technics, S. A., for approximately $500,000, to make a $200,000 down payment on three S-58 Sikorsky helicopters to cost a total of $1,025,000, and to retire $175,000 of indebtedness. **Underwriter**—Blair & Co. Incorporated, New York. **Offering** — Not expected until the end of August.

★ **Bancroft Mines, Ltd., Northern Rhodesia**
July 25 filed, through Schroder Trust Co., New York, 1,000,000 American depositary receipts for ordinary shares.

Bentomite Corp. of America
June 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For mining expenses. **Office**—290 N. University Ave., Provo, Utah. **Underwriter**—Thomas Loop Co., New Orleans, La.

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.

★ **Bliss & Laughlin, Inc., Harvey, Ill.**
July 30 filed 29,500 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To certain stockholders. **Underwriter**—Kalman & Co., St. Paul, Minn.

• **Braniff Airways, Inc. (8/7)**
July 12 filed 1,105,545 shares of common stock (par $2.50) to be offered for subscription by common stockholders on the basis of three new shares for each five shares held as of Aug. 7 (with an oversubscription privilege); rights to expire on Aug. 21. **Price**—To be supplied by amendment. **Proceeds**—Together with funds to be derived from $40,000,000 long-term loan, and with company funds, to defray cost of new aircraft, flight equipment and other facilities. **Underwriter**—F. Eberstadt & Co., New York.

Brown Investment Co., Ltd., Honolulu, T. H.
July 11 filed 60,075 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Business**—A diversified, open-end investment company of the management type. **Underwriter**—None.

★ **Burma Shore Mines, Ltd., Toronto, Canada**
July 26 filed 600,000 shares of capital stock, of which 500,000 shares are to be offered publicly, and 100,000 shares to promoters. **Price**—At par ($1 per share). **Proceeds** — For equipment, exploration, drilling, working capital and other general corporate purposes. **Underwriter**—To be named later.

California Eastern Aviation, Inc. (8/6)
July 13 filed $2,900,000 6% convertible sinking fund debentures due Aug. 1, 1968. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, working capital and general corporate purposes. **Underwriter**—Cruttenden & Co., Chicago, Ill.

Canadian Husky Oil Ltd., Calgary, Alta., Canada
June 29 filed 71,563 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.

★ **Centers Corp., Philadelphia, Pa.**
July 30 filed $8,000,000 of 5½% sinking fund debentures due Aug. 1, 1971, and 1,600,000 shares of common stock (par one cent) to be offered in units of $50 of debentures and 10 shares of stock (neither of which will be separately transferable until Aug. 1, 1958). **Price** — $50 per unit. **Proceeds**—About $4,100,000 will be used to acquire seven shopping center sites and a Penn Fruit supermarket adjacent to one of them; the balance will be used to develop shopping centers at the seven sites and to acquire and develop additional sites for related real estate activities, and for general corporate purposes. **Underwriter** — Blair & Co. Incorporated, Philadelphia and New York. Latter has agreed to purchase an additional 300,000 common shares and reoffer them to persons selected by it at $1.10 per share.

★ **Central Illinois Light Co. (8/16)**
July 27 filed 80,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Union Securities Corp., 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.

Christian Fidelity Life Insurance Co.
July 12 filed 20,000 shares of common stock (par $10) to be offered first and for period of 30 days to stockholders. **Price**—$26 per share. **Proceeds**—For capital and surplus, including $200,000 to be invested in securities common to the life insurance industry. **Office**—Waxahachie, Tex. **Underwriter**—None, sales to be made through Albert Carroll Bates, President of the company.

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.

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.

★ **Commercial Credit Co. (8/14)**
July 31 filed $50,000,000 of notes due Sept. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term loans and for working capital. **Underwriters**—The First Boston Corp. and Kidder, Peabody & Co., both of New York (latter handling books).

Commercial-Life Insurance Co. of Missouri
June 21 (letter of notification) 50,000 shares of common stock being 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.

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.

Consumers Power Co., Jackson, Mich. (8/14)
July 20 filed $40,000,000 of first mortgage bonds due 1986. **Proceeds**—For reduction of bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly). **Bids**—Scheduled to be received up to 11:30 a.m. (EDT) on Aug. 14 at office of Commonwealth Services, Inc., 800 Park Ave., New York 22, N. Y.

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.

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.

Crestmont Oil Co.
June 28 (letter of notification) 8,000 shares of common stock (par $1). **Price**—$6.25 per share. **Proceeds**—To selling stockholders. **Office** — 2201 West Burbank, Calif. **Underwriter**—Neary, Purcell & Co., Los Angeles, Calif.

Dalmid 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.

NEW ISSUE CALENDAR

August 2 (Thursday)
Southern Pacific Co.__________Equip. Trust Ctfs.
(Bids noon EDT) $9,660,000

August 3 (Friday)
Popular Plastic Products Corp.__Class A Common
(Lepow Securities Corp.) $300,000

August 6 (Monday)
Armstrong Rubber Co.______________Debentures
(Reynolds & Co., Inc.) $9,250,000

California Eastern Aviation, Inc.______Debentures
(Cruttenden & Co.) $2,900,000

Gold Seal Dairy Products Corp.__________Class A
(All State Securities Dealers, Inc.) $1,000,000

Macinar, Inc._______________________Common
(C. A. Montague, Inc.) $300,000

Mica & Minerals Corp. of America______Common
(Peter Morgan & Co.) $570,000

Trinity Equipment Corp.__Debentures & Common
(Schuster & Co., Inc.) $290,000

August 7 (Tuesday)
Braniff Airways, Inc.__________________Common
(Offering to stockholders—to be underwritten by F. Eberstadt & Co.) 1,105,545 shares

August 8 (Wednesday)
Delaware, Lackawanna & Western RR.
Equip. Trust Ctfs.
(Bids noon EDT) $3,510,000

Republic Cement Corp._______________Common
(Vickers Brothers) $9,650,000

August 9 (Thursday)
Eastern Shopping Centers, Inc.__________Common
(Offering to Grand Union Co. common stockholders and debenture holders—no underwriting) $4,280,000

General Acceptance Corp.____________Debentures
(Paine, Webber, Jackson & Curtis and Union Securities Corp.) $20,000,000

Hollander (A.) & Son, Inc. (Del.)________Common
(Offering to stockholders of New Jersey company—no underwriting) $292,400

August 13 (Monday)
Vita Food Products, Inc.________________Common
(Granbery, Marache & Co.) 89,480 shares

August 14 (Tuesday)
Amphenol Electronics Corp.____________Common
(Hornblower & Weeks) 120,000 shares

Commercial Credit Co.____________________Notes
(The First Boston Corp. and Kidder, Peabody & Co.) $50,000,000

Consumers Power Co.______________________Bonds
(Bids 11:30 a.m. EDT) $40,000,000

Universal Match Corp.________________Debentures
(A. C. Allyn & Co. Inc. and Scherck, Richter Co.) $6,500,000

Warner & Swasey Co._____________________Common
(Blyth & Co., Inc.) 120,000 shares

August 15 (Wednesday)
Municipality of Metropolitan Toronto__Debentures
(Harriman Ripley & Co. Inc.) $33,591,000

Pennsylvania RR.____________Equip. Trust Ctfs.
(Bids noon EDT) $6,873,000

August 16 (Thursday)
Central Illinois Light Co.______________Preferred
(Union Securities Corp.) $8,000,000

Mack Trucks, Inc.______________________Debentures
(Offering to common stockholders—underwritten by Dominick & Dominick) $19,212,000

August 21 (Tuesday)
Minneapolis-Honeywell Regulator Co.__Debentures
(Union Securities Corp.) $25,000,000

Pacific Telephone & Telegraph Co.____Debentures
(Bids 8:30 a.m. PDT) $78,000,000

August 25 (Saturday)
Detroit Edison Co.___________________Debentures
(Offering to common stockholders—no underwriting) $59,778,900

August 28 (Tuesday)
Consolidated Natural Gas Co.__________Debentures
(Bids 11 a.m. EDT) $30,000,000

August 29 (Wednesday)
New England Telephone & Telegraph Co.__Com.
(Offering to stockholders—no underwriting) $61,301,000

Tampa Electric Co._________________________Bonds
(Bids 11 a.m. EDT) $10,000,000

August 30 (Thursday)
Devall Land & Marine Construction Co., Inc.__Com.
(Vickers Brothers) $300,000

August 31 (Friday)
Illinois Bell Telephone Co.______________Common
(Offering to stockholders—no underwriting) $58,053,100

September 5 (Wednesday)
Industrial Limerock, Inc.________________Common
(M. S. Gerber, Inc. and James N. Toolan & Co.) $600,000

St. Louis-San Francisco Ry.____Debens. & Common
(Exchange offer to preferred stockholders—Union Securities Corp. will be dealer-manager) $61,600,000 of debentures and 154,000 common shares

Southern California Edison Co.______________Bonds
(Bids to be invited) $40,000,000

September 10 (Monday)
Gulf States Utilities Co.____________________Bonds
(Bids to be invited) $13,000,000

Gulf States Utilities Co.__________________Common
(Bids to be invited) 90,000 shares

Minerals, Inc.___________________________Common
(Gearhart & Otis, Inc.) $3,750,000

September 11 (Tuesday)
Blackstone Valley Gas & Electric Co.____Preferred
(Bids to be invited) $2,500,000

September 12 (Wednesday)
General Telephone Co. of California________Bonds
(Bids to be invited) $20,000,000

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)
American Telephone & Telegraph Co._____Common
(Offering to stockholders—no underwriting) about $575,000,000

October 2 (Tuesday)
Columbia Gas System, Inc.____________Debentures
(Bids to be invited) $30,000,000

October 9 (Tuesday)
California Electric Power Co.______________Bonds
(Bids to be invited) $8,000,000

October 16 (Tuesday)
Public Service Co. of Indiana, Inc.__________Bonds
(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

November 27 (Tuesday)
Carolina Power & Light Co.__________________Bonds
(Bids to be invited) $15,000,000

• Detroit Edison Co. (8/25)
July 24 filed $59,778,900 of 3¾% convertible debentures due Sept. 14, 1971, to be offered for subscription by stockholders of record Aug. 17, 1956 at the rate of $100 of debentures for each 21 shares of stock held; rights to expire on Sept. 14. **Price**—100% of principal amount. **Proceeds**—To repay short term bank loans and for construction and other purposes. **Underwriter**—None.

Devall Land & Marine Construction Co., Inc. (8/30)
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 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.
July 27 filed 4,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For exploration, development and acquisition of properties and for working capital. **Underwriter**—Columbia Securities Co., Denver, Colo.

Eastern-Northern Explorations, Ltd., Toronto, Canada
June 4 (regulation "D") 500,000 shares of common stock (par $1). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Underwriter** — Foster-Mann, Inc., New York.

• Eastern Shopping Centers, Inc. (8/9)
July 20 filed 3,140,000 shares of common stock (par $1), of which 2,140,000 shares are to be offered for subscription by holders of common stock and 3½% convertible subordinated debentures, due 1969, of Grand Union Co. on the basis of one share of Eastern for each Grand Union share held and on basis of 4.8216 shares of Eastern for each $100 of debentures held as of about Aug. 9, 1956 (rights to expire on or about Aug. 30). The remaining 1,000,000 shares are to be sold to Grand Union Co. **Price**—$2 per share. **Proceeds**—To locate and develop shopping centers East of the Mississippi. **Underwriter**—None.

First Colony Life Insurance Co., Inc.
July 12 filed 315,000 shares of common stock (par $2.25). **Price**—$12.50 per share. **Proceeds**—For working capital, etc. **Office**—Lynchburg, Va. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; and Scott, Horner & Mason, Inc., Lynchburg, Va.

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.

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 Acceptance Corp., Allentown, Pa. (8/9)
July 20 filed $20,000,000 of senior debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—Approximately $16,000,000 will be used to liquidate Securities Credit Corp.'s liability for notes receivable discounted; and for working capital. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston and New York; and Union Securities Corp., New York.

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) being offered in exchange for 5% preferred stock and common stock of Graflex, Inc. in the ratio of one-quarter share of General preference and one-quarter share of General common stock in exchange for each Graflex common share, with each share of Graflex preferred stock being treated as if it were five shares of Graflex common stock. The offer will expire on Aug. 6. **Underwriter**—None. Statement effective July 16.

General Tire & Rubber Co., Akron, O.
July 5 filed 134,717 shares of $5 cumulative preference stock (par $100) and 134,717 warrants to purchase a like number of shares of common stock (par $2.50) to be offered in exchange for common and preferred stock of A. M. Byers Co. on the basis of one share of General's preference stock and a warrant to purchase one common share for each 3⅓ shares of Byers common stock. The exchange ratio in respect to the Byers preferred stock is to be supplied by amendment. The General company has also agreed to purchase from J. F. Byers, Jr., and

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B. M. Byers a total of 60,000 shares of Byers common stock for an aggregate price of $1,800,000. If certain conditions are not met, the company is obligated to purchase the 60,000 shares for an aggregate of 18,000 shares of General's cumulative preference stock of a series containing similar terms and provisions to the company's outstanding $5.50 series A shares.

★ General Tire & Rubber Co., Akron, Ohio
July 27 filed 26,068 shares of $5 cumulative preference stock (par $100) to be offered in exchange for common stock and 6% promissory notes of Carlon Products Corp. The exchange offer will be subject to acceptance by owners of all of the outstanding $1,060,000 notes and by not less than 39,400 of the 63,837 shares of Carlon stock. **Underwriter**—None.

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.

● Gold Seal Dairy Products Corp. (8/6-10)
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.

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.

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.

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.

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.

● Hollander (A.) & Son, Inc. (N. J.) 8/9)
July 20 (letter of notification) 23,392 shares of common stock to be offered for subscription by common stockholders of A. Hollander & Son, Inc. (Del.) on the basis of one new share for each 10 shares of the Delaware company held as of Aug. 8, 1956; rights to expire on Aug. 30. **Price**—At par ($12.50 per share). **Proceeds**—To purchase certain assets of the Delaware company and for working capital. **Office**—Newark, N. J. **Underwriter**—None.

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.

Industrial Limerock, Inc., Miami, Fla. (9/5-6)
July 23 filed 300,000 shares of common stock (par one cent), together with 75,000 common stock purchase warrants. **Price**—$2 per share. **Proceeds**—For equipment, working capital and general corporate purposes. **Underwriters**—M. S. Gerber, Inc. and James M. Toolan & Co., both of New York.

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.

Insurance City Life Co., Hartford, Conn.
June 28 (letter of notification) 15,805 shares of capital stock (par $10) being offered for subscription by stockholders of record June 8, 1956 on the basis of one new share for each share held; rights to expire on Aug. 3. **Price**—$16 per share. **Proceeds**—For capital stock and surplus. **Office**—750 Main St., Hartford, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

★ Insurance Enterprises, Inc.
July 23 (letter of notification) 200,000 shares of class A common stock (par $1—with prior dividend rights of seven cents per share) and 20,000 shares of class B common stock (no par) to be offered in units of 80 class A shares and eight class B shares. **Price**—$100 per unit. **Proceeds**—For expenses and working capital. **Office**—U. S. National Bank Bldg., Denver, Colo. **Underwriter**—None.

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.

Investment Life & Trust Co., Mullins, S. C.
July 9 filed 1,800,000 shares of common stock (par $1), of which 1,200,000 shares are to be offered publicly and 600,000 shares on exercise of options. **Price**—$2 per share to public. **Proceeds**—To be added to general operating funds to enable the company to maintain proper insurance reserves required by law. **Underwriter**—None.

★ Investment Trust of Boston
July 31 filed (by amendment) 2,000,000 additional shares of beneficial interest in the Trust. **Price** — At market. **Proceeds**—For investment.

★ Investors, Inc., Denver, Colo.
July 24 (letter of notification) 400,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For expenses and operating capital. **Office**—4535 Jason St., Denver, Colo. **Underwriter**—None.

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.

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.

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.

★ Kerr Income Fund, Inc., Los Angeles, Calif.
July 30 filed 100,000 shares of capital stock (par $1), of which 9,300 shares will be initially sold at $10.98 per share. Additional shares will be offered at a price equal to the net asset value of the Fund, plus a sales load of 8½% of such price. **Proceeds**—For investment. **Investment Manager** — California Fund Investment Co., of which John Kerr is also President.

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 33⅓ cents). **Price**—At market (estimated at $3.50 per share). **Proceeds** — To selling stockholder. **Underwriter**—Sincere & Co., Chicago, Ill.

★ Lazere & Co., Inc., New York
July 27 (letter of notification) $50,000 of 5-year 8½% subordinated debentures. **Price** — At par (in units of $5,000 each). **Proceeds**—For working capital and general corporate purposes. **Business** — Commercial financing. **Office**—101 Park Ave., New York, N. Y. **Underwriter**—None.

★ Leadville Lead & Uranium Corp.
July 17 (letter of notification) 150,000 shares of common stock (par $1) to be offered to stockholders; the balance to go to certain persons in certain jurisdictions to be decided upon. **Price**—$2 per share. **Proceeds**—For exploration and development and to purchase additional stock of its subsidiary, leadville Explorations, Inc. **Office**—308 Colorado Bldg., Denver, Colo. **Underwriter**—None.

● Leetronics, Inc.
July 3 (letter of notification) up to 25,000 shares of common stock (par 50 cents) to be issued upon exercise of stock option warrants. **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 30 Main St., Brooklyn 1, N. Y. **Underwriter**—S. D. Fuller & Co., New York. No general offering planned.

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.

★ Lucky Mining Co.
July 16 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For expenses, working capital, exploration and drilling. **Office** — 114 North Third St., Las Vegas, Nev. **Underwriter**—None.

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.

★ Macinar, Inc. (8/6)
July 23 (letter of notification) 400,000 shares of common stock (par 50 cents). **Price**—75 cents per share. **Proceeds**—For general corporate purposes. **Business** — Manufactures steel and aluminum specialty products. **Underwriter**—C. J. Montague, Inc., 417 Lexington Ave., New York 17, N. Y.

★ Mack Trucks, Inc. (8/16)
July 27 filed $19,212,000 of sinking fund subordinated debentures due Sept. 1, 1968 (with warrants to purchase 192,120 shares of common stock) to be offered for subscription by common stockholders of record about Aug. 15, 1956, in the ratio of $500 of debentures to each 50 shares of stock held (with an oversubscription privilege); rights to expire on Aug. 30. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Dominick & Dominick, New York.

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.

● Marquardt Aircraft Co., Van Nuys, Calif.
June 25 filed 42,442 shares of capital stock (par $1) to be offered for subscription by stockholders of record Aug. 3, 1956, on the basis of one new share for each five shares held (with an oversubscription privilege); rights to expire on Aug. 24. **Price** — $36 per share. **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 Mathiesen Chemical Corp., and Laurence S. Rockefeller, the two principal stockholders.

★ Mascot Mines, Inc.
July 9 (letter of notfication) 280,000 shares of common stock (par 17½ cents). **Price**—25 cents per share. **Proceeds**—For payment on properties; repayment of advances; exploration and development and working capital. **Office**—508 Peyton Bldg., Spokane, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

Mica & Minerals Corp. of America (8/6)
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.; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. **Bids**—Three bids were received yesterday (Aug. 1), all for 4¾s, but were turned down. No new date for bids has been set.

● 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. **Offering**—Has been withdrawn.

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 (9/10)
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.

★ Minneapolis-Honeywell Regulator Co. (8/21)
Aug. 1 filed $25,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—Union Securities Corp., 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 Business Machines Corp.
July 19 (letter of notification) 138,750 shares of common stock (par 10 cents) to be sold privately to Milton J. Shuck of New York City. **Price** — For an aggregate of $50,000. **Proceeds**—To selling stockholder. **Office**—944 Halsey St., Brooklyn 33, N. Y. **Underwriter**—None.

Mohawk Silica Co., Cincinnati, Ohio
March 23 (letter of notification) 3,000 shares of 8% cumulative convertible preferred stock (par $50) and 3,000 shares of common stock (no par) to be offered in units of one share of preferred and one share of common. **Price** — $60 per unit. **Proceeds** — For mining expenses and processing silica. **Office**—2508 Auburn Ave., Cincinnati, Ohio. **Underwriter**—None.

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.

★ Municipality of Metropolitan Toronto (Canada) (8/15)
July 26 filed $33,591,000 of sinking fund debentures maturing respectively, in 1961, 1966, 1971, 1976 and 1986, and $2,863,000 of instalment debentures due 1957-1975, inclusive. **Price**—To be supplied by amendment. **Proceeds**—For improvements, etc. **Underwriter**—Harriman Ripley & Co. Inc., and six other firms.

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.

Niagara Uranium Corp., Salt Lake City, Utah
April 3 (letter of notification) 2,400,000 shares of common stock (par 3⅓ 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.

★ Nixon's Inc., Whittier, Calif.
July 16 (letter of notification) 27,000 shares of common stock (par $10). **Price**—$11 per share. **Proceeds**—For equipment for new supermarket, and for construction of new Drive-In at Anaheim, Calif. **Underwriter**—Morgan & Co., Los Angeles, Calif.

North American Finance Co., Phoenix, Ariz.
July 9 filed 500,000 shares of class B non-voting common stock (par $1). **Price**—$3 per share. **Proceeds**—To expand business operations. **Underwriter**—None, sales are to be made by Eugene M. Rosenson, President, of Pheonix, and Marcus T. Baumann, Vice-President and Treasurer, of Tucson, Ariz.

● North Carolina Telephone Co., Matthews, N. C.
July 24 filed 828,572 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of two shares for each share held; rights to expire Aug. 29. **Price**—To be supplied by amendment. **Proceeds**—To acquire physical properties and franchises of the Norwood and Marshville (N. C.) exchanges of the United Telephone Co. of the Carolinas, Inc.; to reduce short term indebtedness; for construction and modernization program; and for working capital. **Underwriters**—R. S. Dickson & Co., Inc., Charlotte, N. C. and McCarley & Co., Inc., Asheville, N. C.

Northern Indiana Public Service Co.
July 10 filed 370,894 shares of 4.40% cum. preference stock (convertible through Dec. 1, 1966—par value $40 per share) being offered for subscription by common stockholders of record July 13 on the basis of one preferred share for each 10 common shares held; rights to expire Aug. 8. **Price**—$40 per share. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Central Republic Co., Inc., Chicago, Ill.; and Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

★ Northern States Power Co. (Minn.) (9/12)
July 26 filed $15,000,000 of first mortgage bonds due 1986. **Proceeds**—For repayment of bank loans and for additions and improvements to property. **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.

NYPA Gas Corp., Buffalo, N. Y.
July 11 (letter of notification) 5,586 shares of common stock (no par) to be offered to present stockholders. **Price**—$8 per share. **Proceeds**—For oil and gas drilling expenses. **Office**—606 Root Bldg., 84 W. Chippewa St., Buffalo 2, N. Y. **Underwriter**—None.

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.

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 Telephone & Telegraph Co. (8/21)
July 27 filed $78,000,000 of 32-year debentures due Aug. 15, 1988. **Proceeds**—To reduce temporary loans from parent and to repay bank loans. **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.

★ Pacific Telephone & Telegraph Co.
July 27 filed 1,562,267 shares of common stock to be offered for subscription by common and preferred stockholders in the ratio of one share for each six shares (common and/or preferred stock) held. American Telephone & Telegraph Co., the parent, owns 90.70% of the outstanding common stock and 78.17% of the preferred stock, and intends to purchase 1,399,824 shares of the new stock which represents its pro rata portion of the offering. **Price**—At par ($100 per share). **Proceeds**—To repay temporary borrowings and for new construction. **Underwriter**—None.

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.

● Popular Plastic Products Corp. (8/3)
July 9 (letter of notification) 150,000 shares of Class A stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—East Northport, L. I., N. Y. **Underwriter**—Lepow Securities Corp., New York.

Prestole Corp.
July 3 (letter of notification) $300,000 of 6% convertible sinking fund debentures due July 1, 1971 to be issued in denominations of $20 or any multiple thereof. **Price**—100% and accrued interest. **Proceeds**—To pay short term note and to buy equipment. **Office**—1345 Miami St., Toledo, Ohio. **Underwriter**—Baker, Simonds & Co., Detroit, Mich. **Offering**—Being postponed. Larger deal expected in near future.

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.

★ Puerto Rican Jai Alai, Inc.
July 27 filed $1,100,000 of $1,000,000 12-year 6% first mortgage bonds due July 1, 1968, and 220,000 shares of common stock (par $1). **Price**—100% of principal amount for debentures and $1.75 per share for the stock. **Proceeds**—For construction of fronton and related activities. **Office**—San Juan, Porto Rico. **Underwriters**—Vrerie & Co., Houston, Texas; and Dixon Bretscher Noon, Inc., Springfield, Ill.

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**—575 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

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.

● Rea (J. B.) Co., Inc., Santa Monica, Calif.
May 29 (letter of notification) 60,000 shares of common stock being offered for subscription by stockholders of record July 17 on a 1-for-2 basis; rights to expire in 15 days following July 24. **Price**—At par ($5 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.

Republic Cement Corp., Prescott, Ariz. (8/8)
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.

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.

★ Security Loan & Finance Co.
July 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For expansion program. **Office**—323 So. State St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., also of Salt Lake City.

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.

★ Shoni Uranium Corp.
July 13 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For expenses and working capital. **Address**—Box 489, Riverton, Wyo. **Underwriter** — Carroll & Co., Denver, Colo.

Skiatron Electronics & Television Corp.
March 16 filed 470,000 shares of common stock (par 10 cents). **Price** — At the market. **Proceeds** — To selling stockholders. **Underwriter**—None.

Southwest American Houses, Inc.
July 13 (letters of notification) 20,500 shares of common stock (par 10 cents). **Price** — At market (estimated at

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$2.375 per share). **Proceeds**—For the account of selling stockholders. **Office** — 1200 Givens St., Houston, Tex. **Underwriter**—Aetna Securities Corp., New York, N. Y.

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.

Statesman Insurance Co., Indianapolis, Ind.
July 3 filed 200,000 shares of common stock (par $2.50) to be offered to agents and employees of Automobile Underwriters, Inc., "Attorneys-in-Fact for the Subscribers at the State Automobile Insurance Association." **Price**—Proposed maximum is $7.50 per share. **Proceeds**—To obtain a certificate of authority from the Insurance Commissioner of the State of Indiana to begin business. **Underwriter**—None.

Sterling Precision Corp., New York
July 9 filed 379,974 shares of 5% cumulative convertible preferred stock, series C, to be offered for subscription by holders of outstanding common stock and series A or series B preferred stock in the ratio of one share of new preferred stock for each four shares of series A or series B preferred stock and one share of new preferred for each 10 shares of common stock held. **Price**—At par ($10 per share). **Proceeds**—To repay a $1,400,000 note held by Equity General Corp., a subsidiary of Equity Corp.; to liquidate existing bank loans and for general corporate purposes. **Underwriter**—None, but Equity General Corp. has agreed to purchase at par, plus accrued dividends, up to 290,000 shares of the new preferred stock not subscribed for by stockholders. Latter already owns 137,640 shares (3.23%) of Sterling common stock, plus $1,800,000 of its convertible debentures.

Stevens (J. P.) & Co., Inc., New York
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. **Offering**—Temporarily deferred.

Strategic Metals, Inc., Tungstonia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co., Salt Lake City, Utah.

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.

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.

Texas Calgary Co., Abilene, Texas
June 29 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For drilling for oil and gas expenses. **Underwriter**—Thomson Kernaghan & Co., Ltd., Toronto 1, Ont., Canada.

Thermoray Corp.
June 29 (letter of notification) 380,000 shares of common stock (par 10 cents). **Price** — 75 cents per share. **Proceeds**—For inventory, working capital, etc. **Business**—Electrical heating. **Office**—26 Avenue B, Newark, N. J. **Underwriter**—Eaton & Co., Inc., New York.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

● **Trinity Equipment Corp. (8/6-7)**
July 20 (letter of notification) $250,000 of 6% subordinated debentures due July 1, 1976 and 40,000 shares of common stock (par $1) to be offered in units of $500 of debentures and 80 shares of stock. **Price**—$580 per unit. **Proceeds**—For expansion and working capital. **Business**—Manufacture and sale of thermowells. **Office** — 472 Westfield Avenue East, Roselle Park, N. J. **Underwriter**—Schuster & Co., Inc., New York.

★ **Twentieth Century Life Insurance Co.**
July 23 (letter of notification) 100,000 shares of capital common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion and operation. **Office**—3336 E. Van Buren St., Phoenix, Ariz. **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 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. **Offering**—Put off indefinitely.

★ **United States Mining & Milling Corp. (N. Y.)**
July 16 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration and drilling costs and for working capital. **Underwriter**—N. R. Real & Co., Jersey City, N. J.

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.

Universal Match Corp. (8/14)
July 20 filed $6,500,000 of convertible subordinated debentures due Aug. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To finance diversification program. **Underwriters**—A. C. Allyn & Co., Inc., Chicago, Ill., and Scherck, Richter Co., St. Louis, Mo.

★ **Universal-Rundle Corp., New Castle, Pa.**
July 27 filed 50,000 shares of common stock (par $10). **Price**—$18.50 per share. **Proceeds**—To Sears, Roebuck & Co., the selling stockholder. **Underwriter**—None.

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.

● **Vita Food Products, Inc., New York (8/13-14)**
July 20 filed 89,480 shares of common stock (par 25 cents), of which 69,480 shares are to be offered to public and 20,000 shares to 27 selected executives and key employees. **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriter**—Granbery, Marache & Co., New York.

Warner & Swasey Co., Cleveland, Ohio (8/14)
July 19 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For proposed expansion program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

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.

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.

★ **Westland Oil Co., Minot, N. D.**
July 23 (letter of notification) $300,000 of 5% subordinated debenture bonds in $1,000 denominations. **Price**—At par, plus interest from Aug. 1, 1956, to date of purchase. **Proceeds**—For payment of current accounts and notes payable principally short time temporary financing. **Underwriter**—None.

Wheland Co., Chattanooga, Tenn.
May 23 filed $2,000,000 of convertible subordinated debentures due June 1, 1976, and 136,000 shares of common 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 4¾% 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. **Offering** — Temporarily postponed. Not expected until sometime in September or October.

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, Fredrichs & Co., both of New Orleans, La. **Offering**—Tentatively deferred. Statement effective Feb. 28.

Wyoming Oil & Gas Co.
July 9 (letter of notification) 200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For development of oil and gas properties. **Office**—1529 South Forest St., Denver, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

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. Statement effective June 25.

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 Louisiana Pipe Line Co.
July 2 it was announced company plans issue and sale of $15,000,000 of cumulative preferred stock. **Underwriter**—May be determined by competitive bidding. Probable bidders: White, Weld & Co.; The First Boston Corp. **Offering**—Expected in fourth quarter of 1956.

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.

American Telephone & Telegraph Co. (10/1)
July 18 company announced stockholders will vote Sept. 5 on increasing the authorized capital stock from 60,000,000 shares to 100,000,000 shares of which about 5,750,000 shares are expected to be offered on or about Oct. 1 for subscription by stockholders on the basis of one new share for each 10 shares held on a record date in September to be fixed by the directors. Rights are to expire on Nov. 5, 1956. **Price**—$100 per share. **Proceeds**—For expansion of plant. **Underwriter**—None.

Appalachian Electric Power Co.
May 31 it was announced company plans to issue and sell in December $24,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Kuhn, Loeb & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co., Inc.

● **Blackstone Valley Gas & Electric Co. (9/11)**
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 on Sept. 11. **Registration**—Planned for Aug. 15.

Boulder Acceptance Corp., Boulder, Colo.
July 16 it was announced company plans to offer and sell 3,000,000 shares of its common stock. **Price**—At par ($6 per share). **Proceeds**—To construct hotel; set up instalment loan company; and for working capital and general corporate purposes. **Underwriter**—Allen Investment Co., Boulder, Colo. Stock to be sold in Colorado.

California Electric Power Co. (10/9)
July 16 it was announced company plans to sell $8,000,000 of first mortgage bonds. **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. **Bids**—Expected to be received on Oct. 9.

Carolina Power & Light Co. (11/27)
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 Nov. 27.

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.

Central Wisconsin Motor Transport Co.
July 9 it was reported early registration is expected of 34,600 shares of 6% convertible preferred stock (par $10) and 66,500 shares of common stock (the latter to be sold by certain stockholders). **Proceeds**—From sale of preferred to provide funds for expansion. **Office**—Wisconsin Rapids, Wis. **Underwriter** — Loewi & Co., Milwaukee, Wis.

Chippewa Plastics, Inc.
July 16 it was reported company plans to issue and sell 15,000 shares of 6% cumulative convertible preferred stock (par $10) and 28,000 shares of common stock. **Proceeds**—For expansion. **Underwriter**—Loewi & Co., Milwaukee, Wis.

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.

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.

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.

Delaware, Lackawanna & Western RR. (8/8)
Bids will be received by the company up to noon (EDT) on Aug. 8, at Room 2008, 140 Cedar St., New York 6, N. Y., for the purchase from it of $3,510,000 equipment trust certificates, series N, to be dated May 15, 1956, and to mature in 30 equal semi-annual instalments of $117,000 each from Nov. 15, 1956 to May 15, 1971, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

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.

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 Merchandising of Milwaukee
July 30 it was reported company plans in the near future to issue and sell 180,000 shares of common stock (par $2.50). **Price**—About $11 or $12 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

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 Telephone Co. of California (9/12)
July 10 company announced plans to issue and sell about $20,000,000 of first mortgage bonds, series F. **Proceeds**—To discharge bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Tentatively expected to be received on Sept. 12.

Great Southwest Corp. (Texas)
July 16 it was announced this corporation is planning a 5,000-acre industrial development on two sites midway between Dallas and Fort Worth, Tex. Carl M. Loeb, Rhoades & Co., New York, who has acquired a substantial interest in the corporation, may handle any new financing that may be necessary.

Gulf States Utilities Co. (9/10)
July 14 it was announced company plans to issue and sell $13,000,000 of 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; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Tentatively scheduled to be received on Sept. 10.

Gulf States Utilities Co. (9/10)
July 14 company announced that it intends to offer publicly 90,000 shares of common stock (no par). **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Carl M. Loeb, Rhoades & Co. **Bids**—Tentatively scheduled to be received on Sept. 10.

Haskelite Manufacturing Co.
July 16 it was reported company may be considering sale of about $1,000,000 to $1,500,000 bonds or debentures. **Underwriter**—May be G. H. Walker & Co., St. Louis and New York.

★ Herold Radio & Television Corp.
July 25 it was announced stockholders on Aug. 10 will vote on increasing the authorized common stock from 400,000 shares to 1,000,000 shares, in order to provide options (to officers and employees), and for future financing. **Underwriters**—Weill, Blauner & Co., New York, and Hallowell, Sulzberger & Co., Philadelphia, Pa.

High Authority of the European Coal and Steel Community, Luxembourg
July 9 this Authority announced that an American banking group consisting of Kuhn, Loeb & Co., The First Boston Corp. and Lazard Freres & Co. has been appointed to study the possibility of a loan to be issued on the American market. The time, amount and terms will depend on market conditions. **Proceeds** — To be loaned to firms in the Community for expansion of coal mines, coking plants, power plants and iron ore mines.

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. Hearing on this project started on July 9. **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.

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).

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.

Marsh Steel Co.
July 3 it was reported company plans to issue and sell some additional common stock. **Proceeds**—For expansion program. **Underwriter**—The First Trust Co. of Lincoln, Neb. **Stock Increase**—Stockholders will vote on increasing authorized common stock from 100,000 to 200,000 shares.

May Department Stores Co.
July 19 it was announced that this company may undertake financing for one or more real estate companies. **Proceeds** — For development of branch stores and regional shopping centers. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, New York.

Meadowbrook National Bank, West Hempstead, New York
July 24 stockholders were offered 104,500 additional shares of capital stock (par $5) on a basis of one new share for each 13 shares held as of July 12; rights to expire on Aug. 13. **Price**—$21 per share. **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 Pool Equipment Co., Birmingham, Ala.
July 23 it was reported early registration is expected of 200,000 shares of common stock. **Price**—Expected at $3 per share. **Proceeds** — For general corporate purposes. **Business** — Manufactures swimming pools and related equipment. **Underwriters**—Mid-South Securities Co. and Clark, Landstreet & Clark, Inc., Both of Nashville, Tenn.

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).

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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.

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 Natural Gas Co.
July 19 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debentures and treasury funds in latter part of year. **Underwriter**—Probably Blyth & Co., Inc.

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 Corp., Oklahoma City, Okla.**
July 26 it was announced company has been authorized by the Oklahoma Securities Commission to issue and sell in the State of Oklahoma $20,000,000 of its capital stock ($10,000,000 within organization and $10,000,000 publicly). **Proceeds**—To organize or acquire seven subsidiaries. **Business**—A holding company. **Underwriter**—None.

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.

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.

★ **Pennsylvania RR. (8/15)**
Bids will be received up to noon (EDT) on Aug. 15, at Room 1811, Suburban Station Bldg., Philadelphia, Pa., for the purchase from it of $6,873,000 equipment trust certificates, series FF, to be dated April 1, 1956, and to mature in 29 equal instalments of $237,000 each from April 1, 1957 to and including April 1, 1971. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

★ **Pocahontas Fuel Co., Inc.**
July 27 it was announced that following 100% stock distribution to stockholders of record Aug. 28, 1956, a public offering of approximately 200,000 shares of capital stock, consisting of shares held in the treasury and by certain stockholders. **Underwriters**—Morgan Stanley & Co. and F. S. Smithers & Co., both of New York. **Offering**—Expected in September.

Post Publishing Co., Boston, Mass.
July 16 it was announced that a public offering of $4,000,000 5% three-year notes is planned if John S. Bottomly, a Boston attorney, does not exercise his option to purchase the physical assets of the Boston Post by July 31. **Underwriter**—Lamont & Co., Inc., Boston, Mass.

Procter & Gamble Co.
July 16 the company announced plans to negotiate the borrowing of $70,000,000 probably through a public offering of 25-year debentures sometime after Labor Day (Sept. 3). **Proceeds**—For expansion program. **Underwriter**—Goldman, Sachs & Co., New York.

★ **Public Service Co. of Indiana, Inc. (10/16)**
July 30 it was reported company may issue and sell about $30,000,000 first mortgage bonds. **Proceeds** — To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Glore, Forgan & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly). **Bids**—Expected to be received on or about Oct. 16.

Public Service Electric & Gas Co.
April 16, Lyle McDonald, Chairman, estimated that requirements for new capital this year will be approximately $80,000,000 to $85,000,000. The types and amounts of the new securities to be issued and the time of sale have not been determined. **Proceeds**—To help finance construction program. **Underwriters**—For any debenture bonds — may be determined by competitive bidding; probable bidders include Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly).

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

Racine Hydraulics & Machinery, Inc.
July 9 it was reported that company plans to issue and sell some additional common stock. **Underwriter**—Loewi & Co., Milwaukee, Wis. **Offering**—Expected in Sept.

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.

★ **St. Louis-San Francisco Ry. (9/5)**
July 20 the Interstate Commerce Commission authorized the railroad to issue not exceeding $61,600,000 of 50-year income 5% debentures, series A, due Jan. 1, 2006, and not exceeding 154,000 shares of common stock (no par) in exchange for not exceeding 616,000 shares of 5% preferred stock, series A (par $100) on the basis of $100 of debentures and one-quarter of a share of common stock for each share of preferred stock. The exchange will begin early in September and expire at 3 p.m. (EDT) on Oct. 1, 1956. The Chase Manhattan Bank, of New York City, has been designated as exchange agent. **Dealer-Manager**—Union Securities 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 California Edison Co. (9/5)
July 5 it was announced company plans to sell not exceeding $40,000,000 of first and refunding mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Blyth & Co., Inc.; Kuhn, Loeb & Co. **Bids**—Tentatively expected to be received on Sept. 5.

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 Pacific Co. (8/2)
Bids will be received by this company up to noon (EDT) on Aug. 2 for the purchase from it of $9,660,000 equipment trust certificates, series UU, to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

Tampa Electric Co. (8/29)
July 9 it was reported company plans to issue and sel $10,000,000 of first mortgage bonds due 1986. **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. **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 29

Tennessee Gas Transmission Co.
May 10, Gardiner Symonds, President, announced tha company plans to sell about $50,000,000 of mortgag bonds late in the third quarter or early in the fourt quarter of 1956. **Proceeds** — For expansion program **Underwriters**—Stone & Webster Securities Corp., White Weld & Co. and Halsey, Stuart & Co. Inc.

United States Rubber Co.
June 29, H. E. Humphreys, Jr., Chairman, stated tha issuance of convertible debentures is one of sever possible methods the company has been considering fo raising $50,000,000 to $60,000,000 which may be neede for plant expansion and working capital. He added that, convertible debentures are issued, they will be offere pro rata to common stockholders. **Underwriter**—Kuh Loeb & Co., New York.

University Life Insurance Co., Norman, Okla.
June 21, Wayne Wallace, President, announced compa plans in near future to offer to its 200 stockholders 500 000 additional shares of common voting stock at ra of not more than 2,500 shares to each stockholder. Righ will expire on Aug. 1. Unsubscribed stock will be o fered to residents of Oklahoma only. **Price**—$2 per sha **Underwriter**—None.

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and s $20,000,000 of first and refunding mortgage bon **Underwriter**—To be determined by competitive biddi Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Lo & Co., American Securities Corp. and Wertheim & ((jointly); Salomon Bros. & Hutzler; Stone & Webs Securities Corp.; White, Weld & Co.; Union Securit Corp. **Bids**—To be opened on Sept. 25.

Washington Gas Light Co.
June 7 it was announced company proposes to fina proposed new construction of pipeline in Virginia cost about $3,380,000 from funds generated by operatio sale of common stock and temporary bank borrowin **Underwriter** — The First Boston Corp., New York; a Johnston, Lemon & Co., Washington, D. C.

Government "Social Responsibility" Projects Generate Rather Than Alleviate "Evils"

Guaranty Trust "Survey" measures the self-defeating popular governmental pursuit of "social responsibility" being conducted in contravention to the prerequisite principle of financial responsibility. Full employment and other social service pressures, inducing anchorless currencies instead of deflation, uncontrollable budgets, excessive tax burdens, are found to "make a mockery of any plan for economic security or 'social justice'."

Many projects undertaken by overnments in the name of "soial responsibility" are not only ailing to achieve their purpose out are generating worse evils han they aim to alleviate, either ecause public opinion forces govrnments to violate the timeested rules of financial responsiility or because the projects hemselves are in basic conflict vith those rules, according to the ugust issue of "The Guaranty urvey," published by Guaranty rust Company of New York.

inancial Responsibility Is Needed

Declaring that "financial reponsibility is the beginning of eal social responsibility," the Survey" points out that most of e sweeping changes in the relaons between people and their overnments during the past genration have been adopted in the ame of "social responsibility." Governments have been called pon to assume the 'social responbility' of regulating economic fe and protecting or indemnifyg individuals against a wide nge of hazards. How many of ese safeguards properly lie ithin the field of social rather an individual responsibility is ebatable, and whether governental compulsion is the best eans of dealing with them is en more so. What is certain is at the 'social' responsibility nnot be met without a higher nse of financial responsibility an most peoples have shown in e recent past, or are showing day.

'More specifically, uncontrolle budgets, excessive tax burns, inflationary monetary polis, and currency depreciation ke a mockery of any plan for onomic security or 'social juse'," the "Survey" declares.

jecting Sound Money Discipline

"The most important single step ward financial irresponsibility was taken when the people of the world rejected the discipline of sound money and accepted the concept of 'managed' currency.

The importance of the step did not lie so much in changes in the terms and conditions of specie redemption as in the fact that devaluation replaced deflation as the preferred method of correcting financial maladjustments."

Against this background of anchorless currencies, numerous forms of "social responsibility" are operating in a positive way to undermine the purchasing power of money, according to the "Survey." "Certainly one of the most powerful is the political pressure for continuous 'full employment.' Governments and central banks are expected to maintain economic conditions in which all persons desiring to work shall always be able to find jobs at 'fair' wages. The only instruments of major importance with which governments and monetary authorities can endeavor to meet this requirement are inflationary."

Deficit Financing Habit

The inflationary pressure is intensified by the various "social services" which present-day governments are expected to supply. "The cost of these services is so great that the tax burden grows very oppressive, and the demand for tax relief becomes almost irresistible. Deficit financing offers the easy way out, and this tends to develop into national habit.

"In so far as the aim of continous 'full employment' is achieved, it aggravates the upward pressure on prices exerted by the constant demands of powerful labor unions for wage increases exceeding the rise in the productivity of industry. Thus organized labor, which has attained its present position of power with aid and encouragement furnished by government in the endeavor to fulfill its 'social responsibility,' has become one of the most potent instruments of inflation.

"The strange combination of 'social responsibility' and financial irresponsibility can be seen on the international as well as the national scale. It is probably fair to say that most of the international 'cooperation' since World War II has been calculated to make it unnecessary, or less urgently necessary, for nations to put their financial houses in order."

W. E. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Harry C. O'Brien, Jr. has been added to the staff of W. E. Hutton & Co., First National Bank Building, members of the New York and Cincinnati Stock Exchanges.

With Gottron, Russell

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Raymond W. Rooney, Jr. has become connected with Gottron, Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Joins Merrill, Turben

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Barrant V. Merrill is now with Merrill, Turben & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

P. T. Bollinger With Smith, Hague, Noble

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Paul T. Bollinger has become associated with Smith, Hague, Noble & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges. Mr. Bollinger in the past was a partner in Bollinger, Harris & Co.

Our Reporter's Report

Aside from a smattering of nominal sized equity offerings which could reach market, along with a small issue of Delaware, Lackawanna & Western equipment trust certificates, next week's new issue calendar is literally a blank.

And considering the steady downdrift in prices for Treasury issues underwriters probably will be more or less satisfied with the slender proportions of the list of prospects.

The hiatus will afford them an opportunity to go to work on odds and ends that have been piling up from recent emissions as investors have been reluctant to come into the market with any real enthusiasm.

What a sponsoring group can encounter in the prevailing situation was brought out quite vividly toward the close of last week when the syndicate which took down Mountain States Telephone & Telegraph Co.'s issue of 3½s back at the end of May, decided to close out its agreement.

The bonds, which had been brought to market originally priced at 100.996, slipped to a low of 97¼ bid and 97½ asked. They have not gotten far away from that low range in the interval since and have improved only a bare fraction.

The fact of the matter is that most of the new offerings brought out over a period of weeks have settled back from their initial prices, a few rather substantially.

Paying the Going Rate

Reflecting the gradual hardening which has been evident in basic money rates, Jersey Central Power & Light Co.'s $10 million of new 30-year first mortgage bonds came to market carrying a 4⅛% coupon rate this week.

The company drew a total of five bids all of them fixing the foregoing rate, and ranging from the winning tender of 101.57 down to a low 101.217. The bid of the runner-up, however, at 101.516 was only 54 cents a bond under the winning tender.

Priced for public offering to yield 4% to the buyer, this issue the first to carry a 4⅛% rate in the current phase of firmer money, met a real reception with books closing shortly after they had been opened yesterday.

Keeping Heat On

Major insurance companies, still the largest potential outlets for new debt securities remain adamant in their ideas as regard what constitutes a proper return on investment money.

Underwriters and dealers alike run into the same "not interested" sign almost invariably at the moment on anything in the way of new material yielding less than 4.25%.

The situation is pointed up by what happened in the Mountain States Telephone issue late last week and just yesterday in the case of Union Electric Co.'s $40 million of 3¾s, brought out just a fortnight ago at a price of 102.367. Turned loose by the syndicate, this issue found a level almost a full three points under the original price dipping to a low of 99⅝ on the bid side

Meantime the recently offered Illinois Power Co. 3⅜s, a $20 million undertaking was reported as still lagging.

Borrower Bristles

With the insurance industry holding on for its own ideas of "fair return" it remained for a prospective corporate borrower to get its hackles up on the other side of the picture.

Michigan Wisconsin Pipe Line Co. received three bids for its $25 million of 20-year bonds yesterday, all prescribing a 4¾% coupon rate.

The best bid was 100.65 with the group making preparations to reoffer at 101.685 for a yield of 4.62%. Other bids ranged down to 100.13 and 100.049.

Public offering never developed, however, since Michigan, Wisconsin subsequently turned down all three bids.

Continued from page 5

Observations . . .

the book equity of the old shares accrues to the value of his new shares.

(4) The "Premium" Stockholder Who Subscribes

In our fourth and last situation, the subscribing stockholder under the assumption of the outstanding stock selling "at a premium," that is, above the equity value (the actual present ATT case) he is protected. In the case of American Tel and Tel he already owns 10 shares with book equity worth $1,500. The effect of the offering is to reduce the book value by $4.50 to $145.50 per shares (1/11th of the $50 differential), or $45 on his 10 shares. But on the new shares which he purchases for $100 he has a gain in equity of the $45. So he is even on the transaction equity-wise.

Thus, we see that the *subscribing* stockholder is protected against dilution in each situation.

Gravy for the Shareholder

Where the old dividend is continued on the new capitalization, typified by the ATT's repeated policy, the subscribing stockholder gains the benefit of an effective increase in his dividend yield, because of the maintenance of the former dividend payout on the reduced book value.

The result of ATT's financing through seven convertible debenture issues during the past 10 years, with the $9 dividend maintained, it is calculated, has been to increase the effective cash dividend by an average of $1.47 annually.

The realistic implication of the present American Tel and Tel financing arrangement is that the management is combining the double purpose of giving a slight boon to the existing shareholders, who have been deprived of a dividend rise throughout the years; and is at the same time constructively raising needed capital.

* * *

Summary and Conclusions

(1) Where the outstanding stock is selling at a "discount," that is, below its equity value, the stockholder who does not exercise his rights to subscribe to a new stock offering suffers a dilution of his equity.

(2) Where the outstanding stock is selling at a "premium," that is, above its equity value, the non-subscribing shareholder not only escapes dilution, but enjoys a net overall gain on the transaction.

(3) The subscriber in "discount" (market price below asset value) situations comes out even.

(4) The subscriber in "premium" (market price above asset value) situations escapes dilution and comes out even.

(5) The shareholder who subscribes thereby protects himself in each situation.

(6) Where, as typically with ATT, the old dividend is continued on the new capitalization, the subscribing shareholder gains the boon of an increased dividend yield on his equity.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — George J. Frangoulis is now connected with Dempsey-Tegeler & Co., Tenth and Locust Streets, members of the New York and Midwest Stock Exchanges.

Joins Morfeld, Moss

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Charles F. Corley has become associated with Morfeld, Moss & Hartnett, 721 Olive Street. Mr. Corley has been associated with C. J. Devine & Co. for 20 years.

With Minn. Secs.

(Special to THE FINANCIAL CHRONICLE)

ROCHESTER, Minn. — John G. Smith has become connected with Minnesota Securities Corp., First Avenue Building.

Mid Continent Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Jack F. Allen has been added to the staff of Mid-Continent Securities Corporation, 3520 Hampton Avenue.

Right!!!

"Save by exploitation of loopholes and palliative devices, the economy cannot grow without income tax rate reforms. The present steep progression, as personal income levels rise, will progressively suffocate the economy as a whole just as it already is suffocating opportunities for the singularly gifted and skilled individual.

"Tax reforms need to be specifically patterned to induce more creation of equity or risk capital. This can be done by (a) lowering the 52% corporate income tax rate and thus relieving pressures on prices and on profit plow-back; (b) moving further to relieve double taxation of dividends; and, most pressing of all, (c) flattening the steep personal income tax progression which wipes out opportunity for unincorporated business either to enlist wealthy partners or to grow by plow-back of taxable profits.

"All of these actions can spur the savings flow and support confidence in the future value of money. That the dollar, while shrunken, has held value better than almost any other currency in the world, goes far to explain the sustained savings supply in the United States. Borrowers must be prepared to pay interest rates which afford the saver a better break. But, if we can be granted sound money policies, and reasoned fiscal policies, we need fear no lack of money to finance growth and progress."—First National City Bank

Let us all — voters and politicians alike — take heed.

Now With Boren & Co.

BEVERLY HILLS, Calif.—Melvin A. Lewison is now with Boren & Co., 9640 Santa Monica Boulevard.

Joins Calif. Investors

LONG BEACH, Calif.—Paul E. Malmuth has joined the staff of California Investors, 40 Atlantic Boulevard.

Prov. American Appoints

The appointment of Hy Pearl as Manager of the new Board Room of Provincial American Securities, Inc., 176 Broadway, New York City, has been announced.

Mutual Funds

By ROBERT R. RICH

Inflationary Aspects of Steel Settlement

Settlement of the 27-day steel strike will result in the acceleration of production to near capacity rates to replenish depleted steel inventories and to make up for the loss of about 8,000,000 tons of output, National Securities & Research Corporation, declared. It is believed that production lost by the strike will be made up prior to the year end, it added.

"The wage hike called for by the three-year contract, with automatic increases from year to year, is sure to be followed by an advance in steel prices and should accelerate the trend toward periodic wage increases in other industries," according to National Securities & Research, sponsors and managers of the National Securities Series of mutual funds with assets in excess of $290,000,000.

This will add to the inflationary pressures that have already lifted the Consumer Price Index to a new peak and point to a further rise in the months ahead, it was stated.

In a follow-up to its 1956 Forecast, National Securities & Research Corp. said "While the drop in the year's automobile production will exceed the decline projected last December, expenditures for plant and equipment are now estimated at over $35 billion, almost $7 billion more than the preceding year's record outlays and considerably above our earlier estimate for a new record this year. This alone more than offsets the drop in auto production."

"Credit continues tight and we expect no material change in credit conditions between now and the end of the year," it said.

In conclusion, the study said: "Now that a long-term settlement has been achieved in the steel industry and some of the 'soft spots,' notably agriculture and the auto industry, are starting to look better, business can look forward with confidence to a high average level of activity for the balance of the year. With new records in sight for national income, personal income, employment, construction, plant and equipment outlays, consumer-spending, industrial production and gross national product, we see no reason to modify the view we expressed in our Forecast last December that 1956 in many respects will be the best year in our economic history with combined earnings and dividends of all U. S. corporations establishing all-time highs."

* * *

The Year To Date

On the surface the first half of 1956 presented a smooth over-all pattern of economic activity at high levels, Selected American Shares reports. Employment rose, value of the national product moved slowly upward, as did personal income and expenditure. Industrial output was more than 5% above the first half of 1955. Stock prices were again higher.

But underneath this smooth surface there was an economically exciting turmoil of conflicting trends. Auto and truck output was down 23% from 1955's first half. New residential buildings started were about 17% below a year ago and farm income was again a little lower. The farm equipment industry was recessive, as were the textile business and television set manufacturing.

Other phases of the nation's activities were moving upward dynamically. Businessmen increased their expenditures on new plant and equipment nearly 30% over the first half of 1955. Expenditures on roads and other public projects continued upward, even before passage of the big new Federal road program. Inventories were increased. Exports and imports continued to rise. Business loans rose despite somewhat tighter credit conditions. The Federal budget for the fiscal year ended June 30 was in balance and is expected to be balanced in fiscal 1957; but the sharp decline in Federal spending in the last few years appears to be at an end, with increased spending ahead for roads, defense and the farm soil bank program.

In short, we have been passing through another one of the "rolling readjustment," of which there have been several in the postwar years. So far in this one the economy has maintained a remarkably stable equilibrium.

As this report is being written in early July, the near-term outlook is clouded by the steel strike. The outcome is likely to be some inventory correction, some decline in business activity in the third quarter, a new and perhaps rather general increase in wage rates, and higher prices for steel and many other products.

In recent years the over-all price level has remained relatively stable at approximate historic highs, despite cross-currents in individual items. Probably of more than coincidental significance is the fact that most of the world is today operating on a managed currency basis. The money supply usually expands "when needed."

Meanwhile, much of the readjustment in the auto business is behind us. It is possible farm income has turned the corner or will soon do so. A good part of the inventory picture could be rectified in a few weeks. Businessmen have stood surprisingly firm on their expansion plans; and we have ahead a rapid acceleration of the road program. Under these conditions, continued substantial representation in diversified, good quality common stocks seems sound investment policy.

Wellington Fund's Shareholders and Assets Soar

Total net assets of Wellington Fund have increased from $496,612,000 to a record $559,000,000 during the six months ended June 30, 1956, with a total $53,000,000 invested in Wellington by old and new shareholders, a larger amount than in any previous six months period in the fund's history, Walter L. Morgan, President, stated in his semi-annual report to shareholders. Asset value per share of the Wellington Fund increased from $13.31 on Dec. 31, last (adjusted for the 100% stock distribution in April), to $13.75 on June 30, he said.

A record 22,000 new shareholders who joined the fund this year brings the total number of shareholders to over 183,000 which places Wellington shares among the most widely held securities in the world, and ranks the fund among the 10 largest corporations in the country in numbers of shareholders.

Wellington Fund currently has 66% of its resources in common stocks. Of the remainder 26% was invested in high grade corporate bonds and preferred; 7% in Government bonds and cash and 1% in appreciation-type bonds and preferreds.

Mr. Morgan pointed out that during the first six months, Wellington Fund took advantage of the rise in interest rates to increase its backlog of good grade preferred stocks and bonds. Most of the corporate bonds were new issues acquired at the highest yields available for investment grade issues in more than 20 years. Three issues of quality convertible bonds were also purchased. Government bonds were moderately reduced.

Common stock purchases were made in building, oil, and rubber stocks where an improvement in earnings or dividends was expected. A few telephone and utility stocks were also increased where yields were satisfactory, Mr. Morgan reported.

Late last year, the fund's investment in auto stocks was reduced when they advanced on the news of record car sales. This spring, selected purchases were made in these stocks as they became more attractively priced on a long term basis.

Stock of de Vegh Fund Traded in Counter Market

de Vegh Mutual Fund, Inc., has announced that its net asset value per share on June 30, 1956 was $60.13. This compared with $66.10 on March 31, 1956, and $58.80 on June 30, 1955.

A distribution from net realized capital gains amounting to $7.20 per share had been paid in April 1956.

Assuming the reinvestment of the capital gains distribution paid in April, 1956, the net asset value per share of the Fund during the three months ended June 30, 1956 increased by 2.25%; during the 12 months period ended June 30, 1956, it increased 15%.

Net assets on June 30, 1956 were $13,093,280.33 as compared to $12,484,670.22 on March 30, 1956 and $9,595,804.73 on June 30, 1955.

As of the close of business on July 26, the per share net asset value of de Vegh Mutual Fund, Inc., was $62.77. Adjusted for the reinvestment of all capital gains distributions from the inception of the Fund in 1950, this corresponds to a computed net asset value of $100.60 per share, which is 402.40% of the initial offering price of $25 per share in April, 1950.

As indicated in a previous statement, issued on July 13, 1956, the originally authorized stock of de Vegh Mutual Fund, Inc. has all been issued, and no stock is available for new subscriptions.

An Over - the - Counter market has developed in the stock of the Fund, in which the stock is currently selling at a premium.

Dividend Shs. Inc. Reports $2.86 Gain In Stock Value

Total net assets of Dividend Shares, Inc., a mutual fund managed by Calvin Bullock, stood at $214,127,000 on June 30, 1956, according to the quarterly report to stockholders accompanying the 96th consecutive dividend, payable Aug. 1, 1956. This was a gain of $23,571,000 as compared with June 30, 1955. During the six months ended June 30, 1956, per share value rose from $2.71 to $2.86, or approximately 5.5%.

The May market decline was viewed by the fund's management as an opportunity to use part of its cash reserves to buy stocks at what appeared to be attractive levels for income and long-term appreciation. During the latter stages of the decline, the management invested about $5,000,000 in additional common stocks. Dividend Shares invests primarily in dividend-paying common stocks of "blue-chip" quality.

Purchases during the three months ended June 30, 1956 included, among others, 4,000 shares of Beneficial Finance, 5,000 shares of Chase Manhattan Bank, 4,900 C.I.T. financial, 16,400 Goodyear Tire & Rubber, 7,900 Illinois Central Railroad, 5,000 Inland Steel, 2,200 Johnson & Johnson, 6,500 Kennecott Copper, 5,000 Northern Natural Gas, 16,800 Ohio Edison, 16,600 Ohio Oil, 5,800 Parke-Davis, 10,500 Phelps Dodge, 10,000 Public Service of Indiana, 10,000 Public Service Electric & Gas, 17,000 Republic Steel, 10,000 Union Electric, 10,000 United Gas, and 5,000 Westinghouse Electric.

Incorporated's Assets Increased By $32 Million

Incorporated Investors just listed a gain of $32,068,055 in total net assets over a year ago. Its 122nd quarterly report to stockholders shows net assets totaling $258,250,115, represented by 26,162,785 shares outstanding, contrasted with total net assets of $226,182,060 represented by 24,849,985 shares (allowing for recent 2 for 1 stock split) on the same date a year ago. Net asset value per share rose from $9.10 to $10.42 after adjusting for a capital gains distribution of 56 cents per share paid Feb. 10, 1956.

Reporting that Incorporated Investors is fully invested in common stocks except for necessary working capital and reserves, its President, Charles Devens, and Chairman William A. Parker state:

"Between June 1955 and June 1956 the wholesale price level advanced by 4%. This price rise occurred in spite of credit and fiscal policies that were generally regarded as timely and anti-inflationary. The Bureau of Labor Statistics recently reported that the Consumer Price Index rose between April and May to equal the all-time high established in October, 1954. Employment set a new high in June of 66.5 million persons. Construction outlays, despite lower residential construction, rose 8% from the month of May figure to set a new all-time high for the month of June. Even though automobile sales in June were off, total retail sales climbed to $16,363,000,000, an historical high.

"These facts tend to confirm the conviction of Incorporated Investors managament that the long-term price level is more apt to be up than down, with a consequent decrease in the purchasing power of the income from fixed-income investments."

They conclude that a fully invested position in common stock, ". . . is the wisest way to seek possible protection against inflation and participation in the long-term growth of the economy."

Coast Fund Cites Cut in Equity Holdings

The first half of 1956 was a period of continued growth for The Investment Company of America, Jonathan B. Lovelace, President, said in the semi-annual report to shareholders. New highs were reached in total net assets, net assets per share, shares outstanding, and the number of shareholders.

Total net assets at June 30, with securities valued at quoted market prices on that date, were $90,171,005 as compared with $76,456,174 on Dec. 1, 1955. This amounted to $9.92 per share for the 9,134,512 common shares outstanding on June 30 as compared with $9.42 per common share outstanding six months ago. There were 32,701 shareholders at June 30 compared with 28,461 on Dec. 31.

The company had a more conservative investment position than six months ago, with 10.5% of net assets in cash and government bonds as compared with 7.2% on Dec. 31. Holdings of industrial and transportation stocks were reduced to 75.0% from 80.6% at the end of 1955 while utilities were increased to 8.8% of net assets. The percentage of investments in the aircraft, chemical, metals and mining, and oil groups was also increased.

Investors Group Canadian Fund Net Assets Rise

Total net assets of Investors Group Canadian Fund Ltd., mutual fund affiliate managed by Investors Diversified Services, Inc., reached $76,314,260 (Canadian currency) at the half year ending June 30, 1956, Joseph M. Fitzsimmons, Chairman of the Board and President of the fund, reported. This figure represents a six month increase of $24,674,457 over the total net assets of $51,639,803 shown at the close of the fund's first fiscal year, Dec. 31, 1955. The initial public offering of shares was made on May 2, 1955, and in the brief period of 14 months, Investors Group Canadian Fund Ltd. has grown to be the largest Canadian fund distributed in the United States, the President pointed out.

Net asset value per share increased in the first half of 1956 to $5.64 (U. S. currency) compared with $5.06 at the year-end. Number of shares outstanding totaled 13,804,122 on June 30, as against 10,211,428 at the close of 1955. Number of shareholders increased over the period to 34,000 compared with 30,000 on Dec. 31 last year.

Net investment income for the 1956 first half amounted to $647,161 (Canadian), equivalent to five cents per share of stock outstanding against $391,611 at the end of 1955.

Diversification of investments by industry groups at market value as of June 30, 1956, were as follows: petroleum and natural gas 23.02%; base metals 20.45%; public utilities 13.95%; pulp, paper and lumber 12.57%; banks 9.35%. Investments in common stocks represented 92.65% of the portfolio; convertible preferred stocks and bonds 1.18%; Canadian Treasury bills and cash 6.17%.

The stated policy of the fund provides that all net investment income and any realized capital gains are to be accumulated in additional investment, and not distributed, Mr. Fitzsimmons said.

Atomic Fund Reveals Sharp Investment Gains

Net investment income and realized capital gains increased sharply in the fiscal year ended on June 30, Atomic Development Mutual Fund's annual report shows.

Investment income for the fiscal year totaled 36 cents per share as compared to 18½ cents per share during fiscal 1955, an increase of 95%. The dividend rate is now more than four times what it was during the Fund's first year of operation (1954).

Realized net capital gains on sale of securities amounted to 26 cents per share compared to 6½ cents per share, an increase of 300%.

Net assets on June 30 were $14.71 per share as against $14.37 a year earlier. Total net assets on June 30 were $42,909,160.

In commenting on the year, Merle Thorpe, Jr., Board Chairman and Newton I. Steers, Jr., President of the Fund, noted that "a fully justified shakeout of the highly speculative market in 'penny' uranium issues and . . . unfounded doubt over the future of uranium itself" adversely affected the entire atomic energy investment field and overshadowed significant news during the year.

Railroad Securities

By GERALD D. McKEEVER

Delaware & Hudson Company

If a poll had been taken as recently as five years ago to name the stocks least likely to be split within this period it is a fairly safe guess that the Delaware & Hudson Company stock would have been included in this group, although even then a considerable gain in earnings might have been foreseen from an improvement in the operating efficiency of the rail subsidiary to offset its lack of growth and the drag on the Company's earnings imposed by the Hudson Coal Co. But what was less likely to have been foreseen has been the improvement in the market appraisal of the character of the stock, reflected in a higher price-earnings ratio at the same time as earnings were increasing and particularly in the past year or more.

The present shares are selling not far from the 1950 low of 29⅞ for the old stock which appraised it at less than three times 1950-51 earnings. At this year's high, equivalent to 93¾ for the old stock, the appraisal factor had increased to over six times 1955 earnings of $13.12 on the old stock. This "new look" at Delaware & Hudson stock as much as the sharp increase in 1955 earnings is thought to have led to the 3-for-1 split voted last May.

As suggested in the foregoing, Delaware & Hudson Company is a holding company, the principal assets of which are the 100% ownership of both the Delaware & Hudson R.R. Corp. and the Hudson Coal Co. The latter has long been one of the principal anthracite coal producers of the nation, but it has naturally been a victim of the woes of the industry, and in recent years it became an acute problem. However, the burden of this "problem child" was lightened considerably last year at the same time as the earnings of the Railroad Corporation were mounting. Despite a further drop in sales, the net loss of Hudson Coal Co. was reduced from $2,948,183 in 1954 to $1,893,143 last year, and its cash loss (before depletion and depreciation) was cut correspondingly from $2,078,337 to $729,730. Furthermore, the balance of the Hudson Coal 5's was retired and refunded by a $6,000,000 bank loan guaranteed by the Delaware & Hudson Company as to principal and interest and payable in equal annual instalments over the next 10 years. This refinancing relieved the parent company of having to come to the rescue to meet the onerous sinking fund requirements of the bond issue. Although it will continue to be an important source of traffic for some further time, the main asset value of the Coal Company is probably its part in minimizing the Federal tax liability of Delaware & Hudson Company. As a result of consolidated losses neither the parent company nor the Railroad Corporation paid Federal income taxes in 1954 and only a minor amount in 1953.

It is therefore quite natural that "Delaware & Hudson" is popularly regarded as a railroad situation, its fortunes being so largely determined by the course of its 792-mile rail subsidiary. This is largely a "bridge" line, receiving from and delivering to connecting roads about 50% of its total tonnage and originating less than 30%, most of which is anthracite coal. The line of the Delaware & Hudson extends from Wilkes-Barre, Pa., and Binghamton, N. Y., at the southern end to Rouse's Point, N. Y., via Albany and Mechanicville. Its line is extended into Canada by the 100% owned Napirville Junction R.R. from Rouse's Point to Delson Junction, Que., where it connects with the Canadian Pacific.

At Binghamton the D & H has the very important interchange with the Erie that has led to some talk that a merger with the Erie would be "a natural." At Mechanicville the D & H connects with the Boston & Maine, but this once very important interchange has become less so as a result of the replacement of coal by natural gas so largely in the New England territory and the consequent decline in coal shipments over this route, both anthracite and bituminous. Shipments of both coals together have declined about 50% in the past 10 years in the case of the D & H with a greater proportionate decline in soft coal. In 1955 the D & H hauled about half as much soft coal as anthracite.

Much of the decline in coal traffic has nevertheless been offset by gains in other commodities, notably newsprint from Canada, other paper and pulp, and iron ore from the Adirondacks. In spite of everything, however, the Delaware & Hudson has lost ground badly as to the trend of its traffic relative to total traffic and to the economy generally. Whereas the road's revenue did not compare too badly with that of either its district or of the Class I total as recently as 1951, it has since slipped considerably. Based on the 1947-49 average as 100, the 1955 revenue index of the D & H was 97 as compared with 106 for the Great Lakes District and 113 for Class I. Also, it has been stated quite authoritatively that growth is not in evidence.

Thus the ability of the D & H to maintain its net income at a satisfactory level in most of the recent years and to show the amazing gain of 1955 is due primarily to highly efficient operation. The road became fully dieselized in July 1953 and about 28% of its line is operated under Centralized Traffic Control. Although freight train speed declined from the average of 18.8 miles per hour in 1954 to 17.9 last year, heavier loadings and longer trains brought the overall efficiency measure of gross ton-miles per freight train hour to the new high of 63,857 for 1955. Reflecting this, the transportation ratio was reduced to 34%, a new low for five years, and in spite of higher costs this year this cost ratio showed the further decline of 33.3% for the first five months this year. This ratio was 34.7% for the corresponding 1955 period.

Highly mechanized road maintenance, together with the further installation of CTC on 19 miles of road last year, permitting the abandonment of second track, contributed to a sharp drop in the maintenance of way ratio. A similar reduction was effected in the equipment maintenance ratio with no apparent deferral of maintenance, since at the 1955 year-end only 5% of locomotives and 1.76% of freight cars owned were awaiting repairs. The reduction in both cases is ascribed to improved maintenance procedures, although another factor in the case of freight cars was the retirement of 1,100 over-age units, or some 10% of the total fleet.

With all due credit to the efficient operation of the D & H, a very important element in the ability of the road to operate so economically is its character as a "bridge" line because of which connecting roads bear the terminal expense on some 50% of its traffic. Another basic factor is the road's relatively small proportion of branch mileage. While the latter was increased by the purchase from the Erie last year of the 34-mile double track Jefferson division, this probably does not enter into the question since the D & H had been operating over this line since 1898 under trackage agreement. A final factor is the road's small passenger business which represented only 3½% of total revenues last year.

Because of its low cost ratios, the D & H appears to have come out well on balance between the wage increases of 1955 and the 6% freight rate increase of March 7 this year. On an annual basis the road places these two increases at $2 million and $2½ million, respectively. At any rate, the road's net income was up 40% for the first five months this year, an increase of $1,069,000 despite a $1,670,000 increase in Federal tax accrual for the period. It perhaps should be noted at this point that the Federal tax bill was reduced in 1955 by the amount of $1,502,365 due to accelerated amortization. This tax deferral amounted to about 17% of reported net, and while this year's deferral may not be greatly different, its proportion should be less due to the expected increase of over $1 million in net income. The latter would bring per share earnings to $5 as against $4.37 in 1955, adjusted for the 3-for-1 split.

Continued from page 5

Need Knowledgeable Investment Brokers

Ownership of a single share of a common stock of a corporation represents a partnership in that corporation, regardless of how minute! If the corporation continues to expand and prosper, then the partners who combine to own it, will also prosper.

These partners come from every walk of life — doctors, lawyers, dentists, engineers, railroad workers, machinists, farmers, housewives, laborers, etc. Again the broker is called upon by his individual or corporate clients to interpret their investments.

Periodically meetings should be arranged with New York Stock Exchange brokers, dealers, financial analysts, underwriting firms, etc., over the luncheon tables and at cocktail parties, in our largest cities from coast to coast to tell a company's story to the investment fraternity, creating a better and more active market for their securities. This program should be carefully planned and systematized before visting each city.

Crystal Clear

It is crystal clear that these are times of speed and the spectacular; of scientific development so constantly creative, that we look upon it as a habit. New frontiers are appearing on the horizons constantly for men of vision and perception, and more so than even for brokers with imagination, initiative and ability, because we are a government of free men, a majestic and rich soil land of precious materials, of commerce and manufacture, and a gigantic beehive of unmatched production, which has established the highest standard of living known to mankind. . . . The financier and the business man are inseparable in this great industrial empire. We function together as a unit and to that extent shall we succeed as a whole . . . to that extent will our nation prosper . . . to that extent we shall all be amply compensated. By the same token, to that extent will the dust be shaken off from good equities, many of which are lying dormant because the public does not know enough about them.

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)	Aug. 5	§17.5	*17.0	12.3	86.9
Equivalent to— Steel ingots and castings (net tons)	Aug. 5	§431,000	*419,000	302,000	2,098,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 20	7,110,850	7,083,900	7,055,850	6,650,250
Crude runs to stills—daily average (bbls.)	July 20	§8,076,000	8,028,000	8,087,000	7,620,000
Gasoline output (bbls.)	July 20	26,954,000	27,196,000	27,263,000	25,964,000
Kerosene output (bbls.)	July 20	2,063,000	2,265,000	1,954,000	1,921,000
Distillate fuel oil output (bbls.)	July 20	12,760,000	12,606,000	12,487,000	10,871,000
Residual fuel oil output (bbls.)	July 20	7,868,000	7,893,000	7,696,000	7,857,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 20	178,352,000	178,366,000	181,104,000	157,678,000
Kerosene (bbls.) at	July 20	28,369,000	27,415,000	24,583,000	31,206,000
Distillate fuel oil (bbls.) at	July 20	109,094,000	104,521,000	87,793,000	112,392,000
Residual fuel oil (bbls.) at	July 20	42,164,000	40,926,000	38,050,000	45,260,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 21	648,492	619,988	799,461	781,908
Revenue freight received from connections (no. of cars)	July 21	568,798	488,600	661,510	641,987
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 26	$396,896,000	$391,347,000	$415,928,000	$366,197,000
Private construction	July 26	240,637,000	234,279,000	154,671,000	225,944,000
Public construction	July 26	156,259,000	157,068,000	261,257,000	140,253,000
State and municipal	July 26	115,533,000	121,059,000	217,352,000	126,253,000
Federal	July 26	40,726,000	36,009,000	43,905,000	14,000,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 21	9,050,000	*7,250,000	10,290,000	9,434,000
Pennsylvania anthracite (tons)	July 21	579,000	441,000	595,000	429,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 21	96	99	109	94
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 28	11,295,000	11,125,000	11,498,000	10,727,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 26	274	223	249	201
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 24	5.179c	5.179c	5.179c	5.174c
Pig iron (per gross ton)	July 24	$60.61	$60.61	$60.29	$59.09
Scrap steel (per gross ton)	July 24	$49.50	$46.50	$44.83	$41.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 25	39.300c	39.500c	45.450c	35.700c
Export refinery at	July 25	36.450c	35.925c	40.450c	37.550c
Straits tin (New York) at	July 25	97.750c	95.750c	95.125c	98.250c
Lead (New York) at	July 25	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	July 25	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	July 25	13.500c	13.500c	13.500c	12.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 31	93.03	93.56	94.82	94.07
Average corporate	July 31	103.47	103.97	104.48	108.34
Aaa	July 31	106.92	107.62	108.16	111.44
Aa	July 31	105.52	106.04	106.56	110.15
A	July 31	103.13	103.64	104.14	108.70
Baa	July 31	98.73	98.88	99.52	103.47
Railroad Group	July 31	101.80	102.30	103.13	106.92
Public Utilities Group	July 31	103.97	104.31	104.66	108.88
Industrials Group	July 31	104.66	105.34	105.86	109.24
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 31	3.05	3.01	2.90	2.93
Average corporate	July 31	3.54	3.51	3.48	3.26
Aaa	July 31	3.34	3.30	3.27	3.09
Aa	July 31	3.42	3.39	3.36	3.16
A	July 31	3.56	3.53	3.50	3.24
Baa	July 31	3.83	3.82	3.78	3.54
Railroad Group	July 31	3.64	3.61	3.56	3.34
Public Utilities Group	July 31	3.51	3.49	3.47	3.23
Industrials Group	July 31	3.47	3.43	3.40	3.21
MOODY'S COMMODITY INDEX	July 31	413.8	412.2	416.4	402.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 21	226,750	220,607	229,362	233,721
Production (tons)	July 21	249,020	202,972	281,176	264,622
Percentage of activity	July 21	89	70	97	94
Unfilled orders (tons) at end of period	July 21	493,626	528,096	443,477	607,016
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 27	108.99	108.97	108.07	106.75
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	July 7	922,843	971,034	1,053,127	1,401,818
Dollar value	July 7	$49,804,582	$50,851,492	$54,626,039	$86,358,075
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 7	751,229	875,500	847,667	1,063,867
Customers' short sales	July 7	6,099	5,513	4,906	8,584
Customers' other sales	July 7	745,130	869,987	842,761	1,055,283
Dollar value	July 7	$39,103,645	$43,198,565	$43,655,436	$59,879,953
Round-lot sales by dealers—					
Number of shares—Total sales	July 7	192,420	253,030	225,390	241,010
Short sales	July 7				------
Other sales	July 7	192,420	253,030	225,390	241,010
Round-lot purchases by dealers—					
Number of shares	July 7	352,230	349,540	446,680	578,240
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	July 7	317,300	349,860	430,080	521,230
Other sales	July 7	7,869,010	9,194,310	9,754,320	11,751,880
Total sales	July 7	8,186,310	9,544,170	10,184,400	12,273,110
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 7	1,093,180	1,220,570	1,484,550	1,587,850
Short sales	July 7	170,930	186,110	255,650	258,810
Other sales	July 7	935,580	1,044,810	1,230,420	1,327,250
Total sales	July 7	1,106,510	1,230,920	1,486,070	1,586,060
Other transactions initiated on the floor—					
Total purchases	July 7	261,490	228,850	282,700	295,040
Short sales	July 7	7,600	12,000	16,600	46,300
Other sales	July 7	237,690	221,550	323,500	286,890
Total sales	July 7	245,290	233,550	340,100	333,190
Other transactions initiated off the floor—					
Total purchases	July 7	434,823	465,644	560,565	476,335
Short sales	July 7	72,270	80,650	56,500	79,710
Other sales	July 7	483,103	483,273	565,168	610,482
Total sales	July 7	555,373	563,923	621,668	690,192
Total round-lot transactions for account of members—					
Total purchases	July 7	1,789,493	1,915,064	2,327,815	2,359,225
Short sales	July 7	250,800	278,760	328,750	384,820
Other sales	July 7	1,656,373	1,749,633	2,119,088	2,224,622
Total sales	July 7	1,907,173	2,028,393	2,447,838	2,609,442
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 24	114.1	114.0	113.8	109.9
Farm products	July 24	90.8	90.3	89.5	87.6
Processed foods	July 24	102.4	102.4	101.4	101.2
Meats	July 24	81.9	81.2	77.5	82.2
All commodities other than farm and foods	July 24	121.4	121.3	121.4	116.3

*Revised figure. §Includes 1,095,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of June:			
New England	$33,536,576	$26,774,123	$26,041,829
Middle Atlantic	106,779,549	118,566,051	161,868,492
South Atlantic	42,127,147	57,389,673	65,978,816
East Central	123,645,987	144,388,823	113,658,596
South Central	78,678,584	90,481,087	87,613,891
West Central	39,600,359	39,352,525	47,616,727
Mountain	27,816,615	22,545,547	25,504,344
Pacific	106,671,395	96,616,199	105,748,144
Total United States	$558,856,212	$596,114,034	$634,030,839
New York City	50,349,355	70,889,351	99,080,484
Outside New York City	508,506,857	525,224,683	534,950,355
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (millions of dollars):			
Manufacturing	$48,600	*$48,000	$43,500
Wholesale	12,700	12,600	11,800
Retail	23,900	*23,900	23,000
Total	$85,200	*$84,500	$78,300
COTTON AND LINTERS — DEPT. OF COMMERCE — RUNNING BALES:			
Consumed month of June	812,330	713,940	849,413
In consuming establishments as of June 30	1,151,929	1,420,476	1,515,297
In public storage as of June 30	13,213,888	13,908,773	9,736,121
Linters—Consumed month of June	138,189	156,681	128,718
Stocks June 30	1,013,974	*1,259,702	1,559,712
Cotton spindles active as of June 30	18,954,000	19,276,000	18,355,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on June 30	21,934,000	21,926,000	22,275,000
Spinning spindles active on June 30	18,954,000	19,276,000	18,235,000
Active spindle hours (000's omitted) June 30	10,664,000	9,128,000	10,867,000
Active spindle hours per spindle in place June	426.5	456.4	443.6
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average = 100—Month of June:			
Sales (average monthly), unadjusted	113	110	103
Sales (average daily), unadjusted	111	108	101
Sales (average daily), seasonally adjusted	115	110	104
Stocks, unadjusted	118	127	*108
Stocks, seasonally adjusted	126	123	*115
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of April (000's omitted)	43,097,449	43,737,870	38,233,741
Revenue from ultimate customers—month of April	$703,854,000	$714,161,000	$644,082,000
Number of ultimate customers at April 30	52,936,737	52,821,809	51,551,416
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of May:			
Gas-fired furnace shipments (units)	65,100	58,700	60,900
Gas conversion burner shipments (units)	11,300	8,700	12,300
Gas operated boiler shipments (units)	6,200	7,200	5,600
Domestic gas range shipments (units)	161,900	156,400	137,700
Gas water heater shipments (units)	233,900	231,000	229,400
LIFE INSURANCE PURCHASERS—INSTITUTE OF LIFE INSURANCE — Month of May (000's omitted):			
Ordinary	$2,948,000	*$2,829,000	*$2,574,000
Industrial	581,000	*512 000	*581,00
Group	1,014,000	*847,000	*453,000
Total	$4,543,000	*$4,188,000	*$3,608,000
MANUFACTURER'S INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of May (millions of dollars):			
Inventories—			
Durables	$28,117	*$27,723	$24,30
Nondurables	20,462	*20,244	19,24
Total	$48,579	*$47,967	$43,54
Sales	27,763	*27,237	26,65
METAL OUTPUT (BUREAU OF MINES)—Month of April:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	132,167	*134,591	145,28
Silver (in fine ounces)	3,183,779	*3,294,515	3,285,94
Copper (in short tons)	95,610	*97,943	89,15
Lead (in short tons)	29,215	*31,051	23,68
Zinc (in short tons)	44,019	*48,108	42,88
MONEY IN CIRCULATION—TREASURY DEPT. As of May 31 (000's omitted)	$30,513,000	$30,210,000	$30,009,00
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURER'S ASSN.—Month of June:			
Total number of vehicles	538,052	570,486	767,18
Number of passenber cars	445,758	474,010	647,65
Number of motor trucks	91,791	96,114	119,2
Number of buses	503	362	3
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of May (in billions):			
Total personal income	$323.0	*$321.7	*$304
Wage and salary, receipts, total	223.3	*222.9	*20
Commodity producing industries	96.8	*96.8	*90
Distributing industries	59.1	*59.1	*5
Service industries	30.0	*29.8	*2
Government	37.4	*37.2	*3
Less employees' contribution for special insurance	5.8	*5.8	
Other labor income	7.2	*7.2	
Proprietors' and rental income	50.3	*49.7	*4
Personal interest income and dividends	29.3	*29.1	*2
Total transfer payments	18.7	*18.6	*1
Total nonagricultural income	307.8	*306.8	*28
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of May (000's omitted):			
Savings and loan associations	$872,304	$826,598	$950,0
Insurance companies	158,375	148,423	163,4
Bank and trust companies	507,942	470,242	482,2
Mutual savings banks	152,085	128,368	152,6
Individuals	318,133	294,887	235,9
Miscellaneous lending institutions	425,359	400,730	448,5
Total	$2,434,198	$2,269,248	$2,482,
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of May (000's omitted):			
Exports	$1,607,800	*$1,507,100	$1,322.
Imports	1,090,000	*990,000	958,

With Kenower, MacArthur

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Kenneth T. White has become associated with Kenower, MacArthur & Co., Ford Building, members of the Detroit Stock Exchange.

Joins Livingstone, Crouse

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — M. James Bourbonnais has joined the staff of S. R. Livingstone, Crouse & Co., Penobscot Building, members of the Detroit Stock Exchange.

With Kalman & Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Richard F. Blomquist is now with Kalman & Company, Inc., McKnight Building.

Levien, Greenwald Admit

Bruce L. Mayers on Aug. 9 will become a partner in Levien, Greenwald & Co., 50 Broadway, New York City, members of the New York Stock Exchange.

With Dean Witter Co.

PORTLAND, Ore. — Richard T. Stoutt is now with Dean Witter & Co., Equitable Building.

Joins F. B. Bateman

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla. — E. Joseph Bush has become affiliated with Frank B. Bateman, 243 South County Road.

Van Alstyne, Noel Partner

Hyman Marcus will become a limited partner in Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, on Aug. 9.

New York Stock Exchange Weekly Firm Changes

Andrew L. Tackus retires from partnership in Putnam & Co. Aug. 1. Edward V. Mills withdrew from partnership in Reynolds & Co. July 31.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Vincent J. Sweeney has become affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 202
Common Dividend No. 192

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending September 30, 1956 and a dividend of 25¢ per share on the Common Stock have been declared. Both dividends are payable October 1, 1956 to holders of record September 6, 1956. The stock transfer books will remain open.

E. F. PAGE, *Secretary and Treasurer*
July 25, 1956

Berkshire Hathaway INC.

The Directors of Berkshire Hathaway Inc. have declared a dividend of 25 cents per share on the Common Stock, payable September 1, 1956, to Stockholders of record August 8, 1956.

MALCOLM G. CHACE, JR.
July 26, 1956 *President*

EATON MANUFACTURING COMPANY
CLEVELAND 10, OHIO
DIVIDEND No. 143

On July 27, 1956, the Board of Directors declared a dividend of seventy-five cents (75c) per share on the common shares of the Company, payable Aug. 24, 1956, to shareholders of record at the close of business Aug. 7, 1956.

R. G. HENGST, *Secretary*

Manufacturing plants in 15 cities, located in five states and Ontario

BRILLO MANUFACTURING COMPANY, INC.
Dividend No. 106

A Dividend No. 106 of Forty Cents ($.40) on the Common Stock has been declared, payable October 1, 1956, to stockholders of record September 15, 1956.

M. B. LOEB, President
Brooklyn, N. Y.

THE FLINTKOTE COMPANY
New York 20, N. Y.

A quarterly dividend of $1.00 per share has been declared on the $4 Cumulative Preferred Stock payable September 15, 1956, to stockholders of record at the close of business August 31, 1956.

A quarterly dividend of $.60 per share has been declared on the Common Stock payable September 15, 1956, to stockholders of record at the close of business August 31, 1956.

WILLIAM FEICK, JR., *Treasurer*
August 1, 1956.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 152 of one dollar and seventy-five cents ($1.75) per share on the preferred stock payable September 1, 1956, to stockholders of record at the close of business on August 3, 1956.

GERARD J. EGER, Secretary

MIAMI COPPER COMPANY
61 Broadway, New York 6, N. Y.
July 24, 1956

A quarterly dividend of fifty (50c) cents per share was declared, payable September 25, 1956, to stockholders of record at the close of business September 11, 1956.

An extra dividend of one ($1.00) dollar per share was declared, payable September 25, 1956, to stockholders of record at the close of business September 11, 1956.

JOHN G. GREENBURGH, *Treasurer*

NATIONAL DISTILLERS PRODUCTS CORPORATION

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock, payable on September 1, 1956, to stockholders of record on August 10, 1956. The transfer books will not close.

PAUL C. JAMESON
July 26, 1956. Treasurer

AMERICAN METER COMPANY
Incorporated
13,500 Philmont Ave.
Phila. 16, Pa., July 26, 1956

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable September 14, 1956, to stockholders of record at the close of business August 30, 1956.

W. B. ASHBY, *Secretary.*

SOCONY MOBIL OIL COMPANY, INC.
Dividend No. 182

The Board of Directors on July 24, 1956, declared a quarterly dividend of 50¢ per share on the outstanding capital stock of this Company, payable September 10, 1956, to stockholders of record at the close of business August 3, 1956.

A. M. SHERWOOD, *Secretary*

TECHNICOLOR, Inc.

The Board of Directors has declared a dividend of twelve and one-half cents (12½¢) per share on the Common Stock ($1 Par Value) of the Company, and a dividend of twenty-five cents (25¢) per share on the Common Stock (no Par Value) not yet exchanged under the Company's Exchange Instructions dated May 19, 1953. These dividends are payable August 20, 1956 to stockholders of record at the close of business August 3, 1956.

DAVID S. SHATTUCK, *Treasurer*
July 27, 1956.

DIVIDEND NOTICE
ALLIED PRODUCTS CORPORATION
Detroit 23, Michigan
COMMON DIVIDEND NO. 74

On July 25, 1956, the board of directors of Allied Products Corporation, a Michigan corporation, declared a quarterly dividend of 37½c per share on the Common shares of the Corporation, payable September 28, 1956 to shareholders of record at the close of business on September 14, 1956.

Harbison-Walker Refractories Company

Board of Directors has declared for quarter ending September 30, 1956 DIVIDEND of ONE and ONE-HALF PER CENT (1½%) or $1.50 per share on PREFERRED STOCK, payable October 20, 1956 to shareholders of record October 6, 1956.

Also declared DIVIDEND of 70c per share on COMMON STOCK, payable September 1, 1956 to shareholders of record August 10, 1956.

G. F. Cronmiller, Jr.
Vice President and Secretary
Pittsburgh, July 26, 1956

Schering CORPORATION
DIVIDEND No. 11

The Board of Directors has declared a regular dividend of Twenty five cents ($0.25) a share and an extra dividend of Twenty five cents ($0.25) a share on common stock payable August 16, 1956, to stockholders of record August 6, 1956.

M. J. FOX, Jr., *Treasurer*
Bloomfield, N. J.
July 24, 1956

THE TEXAS COMPANY
216th
Consecutive Dividend

A regular quarterly dividend of fifty cents (50¢) per share on the Capital Stock of the Company has been declared this day, payable on September 10, 1956, to stockholders of record at the close of business on August 10, 1956.

The stock transfer books will remain open.

S. T. CROSSLAND
Vice President & Treasurer
July 27, 1956

QUALITY

The American Tobacco Company
204TH COMMON DIVIDEND

A regular dividend of One Dollar ($1.00) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on September 1, 1956, to stockholders of record at the close of business August 10, 1956. Checks will be mailed.

July 31, 1956. HARRY L. HILYARD, *Treasurer*

Allied Chemical

Divisions
BARRETT • GENERAL CHEMICAL
MUTUAL CHEMICAL • NATIONAL ANILINE
NITROGEN • SEMET-SOLVAY
SOLVAY PROCESS

COMMON STOCK DIVIDEND

Quarterly dividend No. 142 of $.75 per share has been declared on the Common Stock of Allied Chemical & Dye Corporation, payable September 10, 1956, to stockholders of record at the close of business August 17, 1956.

RICHARD F. HANSEN, *Secretary*
July 31, 1956

Continuous Cash Dividends Have Been Paid Since Organization in 1920

REYNOLDS METALS COMPANY
Reynolds Metals Building
Richmond 19, Virginia

PREFERRED DIVIDEND

The regular quarterly dividend of fifty-nine and three-eighths cents (59⅜¢) a share on the outstanding Cumulative Preferred Stock, 4¾% Series A, has been declared for the quarter ending October 31, 1956, payable November 1, 1956, to holders of record at the close of business October 10, 1956.

COMMON DIVIDEND

A dividend of twelve and one-half cents (12½¢) a share on the outstanding Common Stock has been declared, payable October 1, 1956, to holders of record at the close of business September 10, 1956.

The Transfer Books will not be closed in either case. Checks will be mailed by The Chase Manhattan Bank.

ALLYN DILLARD, *Secretary*
Dated, July 26, 1956

YALE & TOWNE
Declares 274th Dividend
37½¢ a Share

On July 26, 1956, dividend No. 274 of thirty-seven and one-half cents per share was declared by the Board of Directors out of past earnings, payable on Oct. 1, 1956, to stockholders of record at the close of business Sept. 7, 1956.

F. DUNNING
Executive Vice-President and Secretary
THE YALE & TOWNE MFG. CO.

Cash dividends paid in every year since 1899

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—There is a serious possibility that by next year the Senate Finance Committee will lose some of its traditional and firm conservative bias.

This conservative bias over many, many years has helped to moderate somewhat the anti-business, anti-investor pitch of legislation coming from Presidents Roosevelt and Truman, and from the House.

Two vacancies will need to be filled on that committee next year because of the withdrawal from the Senate of Eugene D. Millikin of Colorado and Walter George of Georgia. The latter, until the advent of the Eisenhower Administration, was one of the most reliable of conservatives.

Senator Millikin, ranking Republican, deviated as little as possible, if at all, from the conservative tax philosophies which characterized most of the Republican party prior to Jan. 20, 1953.

Two recent instances illustrate the relative conservatism of the Senate Finance Committee. When Speaker Sam Rayburn put through in February 1955 the double program of the $20 per capita income tax cut and repeal of the dividend tax credit, the Senate Finance Committee killed it.

The second illustration relates to the debt limit. With both the White House and the Democratic Congressional leadership competing to enact spending and welfare programs, the last remaining vestige of fiscal control was the size of the legal debt limit. The Senate Finance Committee, particularly its chairman, Senator Harry F. Byrd of Virginia, was so determined to keep some limit on debt expansion, that Secretary Humphrey has repeatedly negotiated first with Senator Byrd on this question, giving the House Ways and Means Committee, which must initiate the legislation, the benefit of the Treasury Secretary's counsel only after he had negotiated the amount with Senator Byrd and the Finance Committee.

Vacancies Can Change Committee Philosophy

After Senator Alben Barkley died, his position on the Senate Finance Committee went to Senator Paul H. Douglas (D., Ill.). While the late Mr. Barkley was not rated as a conservative, he was distinctly the garden variety of practicing politician to whom a philosophy was secondary to the business of politics, even if the business of his party was "liberalism."

Senator Douglas, on the other hand, is a consistent, determined, and apparently self-convinced "liberal" with a disposition to be most aggressive in carrying out his philosophy at all times in regard to all legislation in which he is interested.

Senator George, on the other hand, until the election of President Eisenhower, was almost invariably with Senator Byrd on the side of moderation. The Senator changed with the change of Administration, notably coming out in 1953 for a big boost in the personal exemptions. Increasingly as he felt the eventual menace of Herman Talmadge in Georgia to his tenure, Senator George became more "liberal," taking the leadership for the broadened social security benefits this Congress last week voted.

So long as Harry Byrd remains Chairman of the Finance Committee, the leadership of that committee will remain on the conservative side. However, if the Senate remains Democratic in 1957, and the Senate leadership replaces Georgia's vacancy, it is most likely to be with a "liberal." The Senate Republican leadership, if Eisenhower is re-elected, will be under pressure to name to Mr. Millikin's vacancy on the Finance Committee a man who can be counted to go along with the White House.

This will make it difficult for Mr. Byrd to continue to keep the preponderant conservative bent of the Committee. This problem will confront Senator Byrd at a time when the House Democratic leadership will be moving to increase the harshness of taxation of income from the capital gains, tax exempt, and tax exempt income areas, now partially or totally excluded from the highest rates.

Liberalize Ship Loan Insurance

It now develops that there has long been in existence a scheme to get around the budget by shifting from the Treasury to "private finance" the burden of financing ships for the U. S. merchant marine. This came to light with the consideration of a bill further to liberalize this scheme, which cleared Congress in the closing days.

As with several other insurance schemes, this gimmick came into being first under previous or Democratic Administrations. Likewise it took the Eisenhower crowd to really appreciate the budget subterfuge's virtues and soup them up into practical operating programs.

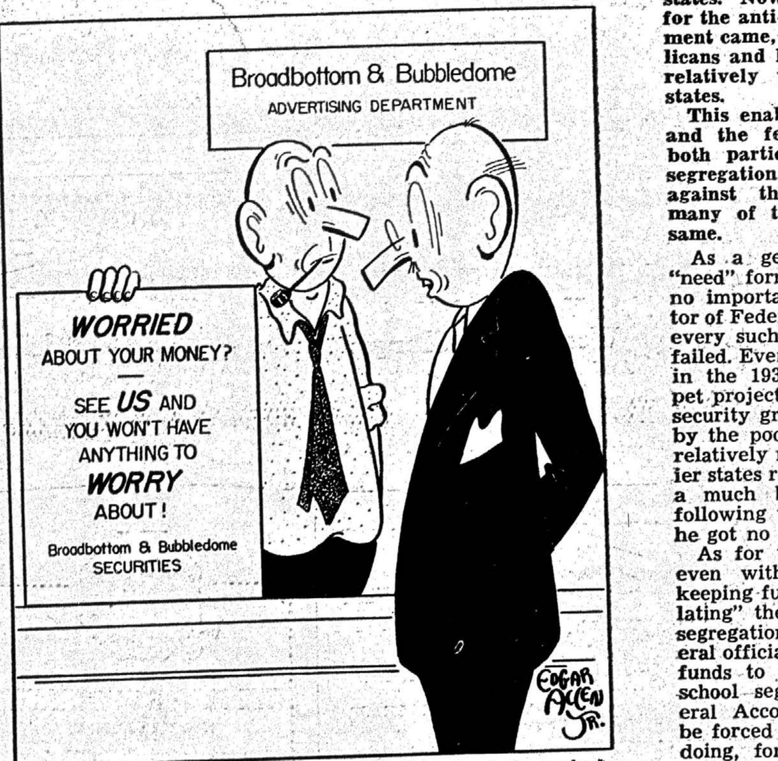
Uncle Sammy subsidizes both the construction and operation of American flag line ships, cargo and passenger. He pays part of the cost of building ships because they cost more to build than in foreign yards. Uncle also pays part of their costs of operation, for the unions have put over a pay scale for crew way above the costs of foreign crew.

However, even after paying out part of the cost of a new ship built in American yards, up until about 1938, Uncle used to have often to fork over part or all of the financing costs of the buyers of these ships. When this was loaned, it became cash out of the Treasury till, and hence a disbursement which showed up in the budget.

In about 1938—Maritime Administration officials are not sure of the exact year—a shipbuilding loan insurance scheme patterned after the Federal Housing Administration gimmick was passed. The government would "insure" loans from private financing, charging a fee for this service designed to build up reserves for making good losses.

What was wrong with this particular little wonder child, however, was that losses would be made good out of debentures, not in good, green, Treasury checks. So the ship financing insurance scheme practically didn't work. Only a handful of loans were insured prior to 1953.

BUSINESS BUZZ



"I'm afraid that's not quite what I had in mind, Muskrat!"

Administration Changes

By an amendment adopted in 1953, which officials said Congress passed at the instance of the Administration, the pay-off on loans was changed to cash. The bill was further liberalized —as is always the way with schemes for government insurance of loans—again in 1954, and finally was further liberalized in the closing days of the session just ended.

As it will now work out a buyer after getting part of the cost of the ship paid for by the Federal government, must make a down-payment of 12½% to 25% of the balance of the cost of the ship, depending upon the type of ship.

The balance of the loan is "insured" by the government for a term up to 20 years. Previously the loan insurance was for 90% of the ship-buyer's part of the cost as to some ships, and 100% for other types of ships. Under the latest amendment, Uncle Sam will insure or guarantee repayment of 100% of a ship-buyer's balance of the loan (after down-payment) for all types of ships. The insurance covers interest also.

Marketing Facilities Tried Again

For about five years the House Committee on Agriculture has been attempting to use that marvelous Aladdin's lamp, the government loan guarantee, to tap the savings of life insurance companies, banks, and pension funds to finance the construction of fresh fruit and vegetable markets. And for five years the committee has failed, largely because it couldn't induce the Senate and the Administration to go along.

Under the bill as reported out (it was passed by the House a few years back) 85% of the cost of a fruit and vegetable market, whether set up by a municipality or under sponsorship, would be financed by a loan insured by the government, according to the hallowed FHA-type magic. To start with, the bill would allow $100 million to be used for this purpose.

Late in the recently-demised session, the House Committee on Agriculture once more reported out this grand scheme, only to have it fail again.

School Bill May Pass In 1957

There is a lot of talk about the "mystery" of why the school aid bill was killed by the House and just which political party was to blame for the defeat of this beneficent (?) enterprise.

About why the bill was killed there is no mystery. When it is understood why the bill failed, there is every reason to expect this project's approval by Congress next year, assuming that it finally soaks into the Administration's head why the bill failed.

Only a minority of the members of the House are so bold as to dare to vote against a bill which promised to tap the seemingly limitless U. S. Treasury to aid in the financing of local school construction. By itself this small minority would be incapable of stopping the school aid bill.

However, President Eisenhower insisted upon his "need" formula, whereby relatively more would go to poorer states and relatively less to wealthier states. Now the chief backing for the anti-segregation amendment came, among both Republicans and Democrats, from the relatively wealthier industrial states.

This enabled the southerners and the few conservatives of both parties to play the desegregation amendment backers against the "need" formula, many of the latter being the same.

As a general principle the "need" formula is applicable to no important (dollar-wise) sector of Federal aid programs, and every such "need" formula has failed. Even Mr. Roosevelt, back in the 1930's, had an especial pet project to revise the social security grant formulae whereby the poorer states would get relatively more and the wealthier states relatively less. Despite a much bigger Congressional following than Eisenhower has, he got no where.

As for the desegregationists, even without an amendment keeping funds from states "violating" the Supreme Court desegregation legislation, no Federal official would dare allocate funds to states insisting upon school segregation. The General Accounting Office would be forced to jug the official so doing, for funds may be disbursed only according to law, and Supreme Court decisions, even if veritably legislation, are law.

Next year the desegregationists may be expected to make only perfunctory gestures for their amendment, and the Administration to abandon the needs formula, and the thing will pass, it not being an election year.

[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.]

Intermountain Secs. Add

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Betty Maier, Robert L. McCoy, Joseph E. Seifert and Lee A. Stark are now connected with Intermountain Securities, Inc., 309 Columbine Street.

With R. A. Campeau

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Harvey Bli has joined the staff of R. A. Campeau Company, Penobscot Bldg

Straus, Blosser Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Edward Penner has become connect with Straus, Blosser & McDowe Penobscot Building.

Sincere Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

VERO BEACH, Fla. — John Sharp has been added to the st of Sincere & Company, 14 Twentieth Street.