ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 184 Number 5558 New York 7, N. Y., Thursday, August 9, 1956 Price 40 Cents a Copy

EDITORIAL

As We See It

The supporters of Governor Harriman for Presidential nomination by the Democratic Party are doing their best to have it generally believed that their candidate is the "true heir" of Franklin Roosevelt and Harry Truman, and thus deserve the support of the great rank and file in preference of the more moderate Stevenson of Illinois. The New York Governor is said to embody the "true spirit" of the New Deal, which, so they assert, can not be said of his chief rival.

We do not intend at this point, or possibly at any other point, to enter into any discussion of the relative merits or demerits of the candidates for the Democratic nomination, but certain rather important considerations are suggested by this talk about the "spirit of the New Deal," and it seems worth while to ponder the subject a little. What is this "spirit of the New Deal" about which a good deal is being said at this time? It is hardly to be found in the substance of the programs brought forward or supported. It would be difficult to find any of the major New Deal measures of which Governor Stevenson is not an ardent advocate and supporter. Indeed, much the same could be said of President Eisenhower and his Administration. Both, too, are rather more than fond of preaching just this same general dogma about economic and social questions. Both are, par excellence, New Dealers by whatever name they may be called.

It is not quite clear what Governor Harriman and his followers do have in mind when they talk about the "spirit of the New Deal," but it would appear that they believe that it is the essence of the New Deal to be never satisfied with the recklessness of the past but to be continuously push-

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WALL STREET —Yesterday and Today—

By DR. ANNE HULSE

Department of Economics, Hunter College, New York

Startling changes in Wall Street since the 'twenties, stemming from legal, technical, and, primarily, the broadening of the securities business which marked the entry of small buyers on a national scale, are recounted by Professor Hulse. Describes the development encouraging widespread public interest; improvement of securities distribution with lessened participation-liability; new forms of competition confronting underwriting houses; and virtual police power now exercised by the Stock Exchange and the National Association of Securities Dealers. Concludes, "no longer may one even facetiously talk about the Wall Street wolves leading the lambs to slaughter."

Few persons, even those of the present generation employed in the securities business, have any conception of the great changes which have taken place since 1925. Still these changes are so marked that were it possible for an experienced employee or member of an underwriting firm who retired in the middle 'twenties to return to his work today, his past experience would be practically of no value as a qualification for re-employment.

Anne E. Hulse

Even among those, who are quite aware of the changes, there is a popular misconception that they were brought about entirely by force of law and the reform movement culminating in the Federal Securities legislation of the 1933 and 1934 period and subsequent administrative rulings. The changes which have taken place are not all apparent to a person not actually engaged in securities underwriting but include literally hundreds of technical matters of day-to-day operating procedure known in many cases only to those carrying out the

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Quarterly Investment Company Survey

Funds' Policy Dominated By Cautious Buying

Managements' reaction to economic and investment outlook runs gamut from optimism to outright bearishness. Some are bullish on long-term prospects, with indicated intention to buy on appreciable declines. With great selectivity, was buying directed to airlines, aircraft manufacturing, life insurance, steels. Selling predominated in farm equipments, metals, rails, and textiles.

[*Tables showing 2nd quarter portfolio changes and funds' comparative cash positions appear on pages 21 and 22.*]

Cautious buying, conducted with great selectivity and interspersed with widespread expressions of bearish sentiment, characterized investment company managers' policy during the second quarter. Thus our Survey, as detailed in the ensuing tables, shows that the companies analyzed ended the June quarter with their holdings of net cash and U. S. Government bonds averaging 7.0% of total net assets compared with 7.9% at the end of the previous quarter; and with their portfolio's proportion of risk securities at 81.4%, practically unchanged from the 81.2% at the beginning of the quarter.

The aggregate buying and selling operations in common stocks only by 53 funds, during the quarter are demonstrated in the following table:

Total Purchases	$223,460,000
Total Sales	189,270,000
Number of Funds buying on balance	32
Number of Funds selling on balance	22

Industry Groups attracting buyers included airlines, aircraft manufacturing, building, chemicals (selectively), coal, container and glass, drug, life insurance, office equipment, tire, steel (selectively), machinery and industrial equipment, and tobacco. Liquidation predominated in farm equipments, metals, railroads, and textiles. Policy was mixed toward oils, papers, utilities, merchandisers, electrical equipment, electronics, and foods.

Management Comment and Forecasts

Consistent with the conclusions derived from analysis of the factual data, is the commentary from management. Outspoken among the optimists is Cameron K. Reed,

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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 32.

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.)

TODD ALEXANDER
Research Dept., Auchincloss, Parker & Redpath, New York City

Olin Oil & Gas Corporation

Olin Oil & Gas is a most interesting long-term capital-gains situation. At present it shows only small net earnings and pays no dividend, but its very substantial cash throw-off is being used to develop oil and gas reserves. To date, the company has been outstandingly successful in accumulating oil and gas reserves at very moderate cost and over a period of some years and the rewards to patient holders should be very handsome.

Todd Alexander

Olin Oil & Gas, as such, is a very young company, having been incorporated only since November, 1953. It is an outgrowth of the old Interstate Natural Gas Co. which was formed by Standard Oil of New Jersey in 1926, and it was on the assets of Interstate that Olin made its start.

In June of 1953, Olin Industries, then owner of 7% of Interstate, purchased from Standard Oil, American Republics, Columbian Carbon, and Rockefeller interests, approximately 82% of the outstanding common stock of Interstate. It made the same offer to the public stockholders and acquired the balance of 11%; so Olin Industries, in effect, became a 100% owner of Interstate Natural Gas. Olin Industries paid approximately $40 million for this property of which it borrowed $32 million from the Prudential Insurance Co. of America on 4½% notes due serially to 1972. Olin Industries was then engaged in a number of businesses and determined that the newly acquired oil and gas properties should be operated as a separate entity. So on Jan. 14, 1954, Olin Industries spun off to its own stockholders the common stock of the new Olin Oil & Gas Corporation. The new company established as its objective the development or acquisition of oil and gas reserves financed by the available cash income from its producing properties and pipeline operations.

Before its purchase by Olin Industries, Interstate had annual cash earnings of approximately $4 million. It was engaged in the production, purchase and transportation of natural gas which it sold at wholesale under contracts to industrial concerns and to distributing companies and municipalities for distribution and resale. The area in which its operations were conducted comprised certain sections of Eastern Louisiana and Mississippi, from the Gulf Coast to the northern Louisiana border including New Orleans and Baton Rouge. Substantial reserves of gas, principally in the Monroe, Louisiana Field, were owned by Interstate, in addition to which Interstate owned either wholly or jointly 1,183 miles of pipelines in Louisiana and Mississippi, together with compressor stations and field gas gathering systems.

With this as its nucleus and with the substantial earning capacity of Interstate, the new company set out to use the cash flow of Interstate to reduce its debt and for the purpose of developing or acquiring new reserves of oil and gas. In other words, Olin Oil & Gas dedicated all of the money made out of the pipeline to the exploration and development of new gas and oil reserves.

In the first two full years of operation — 1954 and 1955 — the corporation expended approximately $6.6 million on exploratory activity and the acquisition of leases in Louisiana, Arkansas, Mississippi, Illinois, Oklahoma, Texas, Alabama and Florida. During the period 33% of the wildcats and 83% of the pool wells drilled produced either oil or gas. At Dec. 31, 1955, the corporation owned or had a substantial interest in 38 oil wells and 17 gas wells in addition to the 357 Monroe Field gas wells, of which 328 were acquired from the old Interstate Company.

The most significant discoveries made by the company were in the Lake Enfermer and Coffee Bay fields in Southern Louisiana, which were discovered in 1955. Other discoveries were made in Eastern Oklahoma and Northern Louisiana.

At Lake Enfermer and Coffee Bay, the company is participating 50-50 with the H. L. Hunt interests of Dallas, Texas. The discovery at Lake Enfermer proved substantial reserves of both oil and gas between the 10 and 13 thousand foot level. The gas is "wet" and from it can be extracted probably 30 barrels of distillate for each million cubic feet. The geology of the area is encouraging and there is even some evidence that the field so far discovered is over a deep-seated salt dome.

During 1955, the company acquired all of the assets of the Louisiana Delta Hardwood Lumber Company, which included $1.1 million of net current assets, for the purpose of adding to its income available for exploration. Olin will receive approximately $150,000 of royalty income annually and it is believed that such income will increase materially. Louisiana Delta owned in fee approximately 126,000 acres of promising oil and gas property on which Olin will have a one-half interest in the minerals. The lumber business of Louisiana Delta is being operated by Olin-Mathieson Chemical on a fee and profit-sharing basis.

The company has excellent management. John W. Hanes is Chairman of the Board and of the Finance Committee. Mr. Hanes' long and prominent career in financial and corporate management is well known and such successful mergers as Mathieson Chemical and Olin Industries are witnesses of his more recent activities. Mr. Hanes directs the financial affairs of the company. Harold F. Moses, as President, directs the operations of the company. Mr. Moses, prior to his association with Olin Oil & Gas, had been Vice-President and Director in charge of exploration and research for the Carter Oil Company since 1935. Carter Oil is a subsidiary of Standard Oil Company (New Jersey). For 10 years before his association with Carter Oil, Mr. Moses was in charge of

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This Week's Forum Participants and Their Selections

GEORGE LESLIE BARTLETT
Partner, Thomson & McKinnon, New York City
Members New York Stock Exchange and other leading Exchanges

Montgomery Ward

No other situation of which I am aware is so intriguing and profit-promising as that which exists in Montgomery Ward. In a sense, this company had lain fallow for some years and spurted when the stimulants of new management, and liberally-spent funds were applied. In its 1955 year, sales rose more than $80 million above 1954; in the first five months of 1956, a 12% rise over 1955 was chalked up. There is, however, much more to be expected.

George L. Bartlett

A first goal may well be to raise sales to previous peak levels —$1.2 billion in 1948 as compared with a probable billion in 1956. Then there will be new stores to open in new areas. The growth factor is practically unlimited in this business, and the new policies assure better margins of profit. No longer ago than 1939, Ward's sales were $475 million and Sears Roebuck's $617 million. After the end of the war, the future seemed so glamorous to Sears that it even crossed our national and continental borders to plant its stores in Latin America and to collaborate with Canadians and Australians. At the end of 1955, Sears sales were $3.3 billion.

A little background is essential to an understanding of what has happened and why such confidence in the future is warranted. Previous management of Montgomery Ward, fighting again the economic campaign of the 30's, shepherded the financial resources of the company into banks, stopped all expansion, held inventories to minimums, and otherwise readied to ride out a depression that did not come.

Those who disagreed left, or were asked to leave, the company. Some of the results were: Ward organization morale was "shot"; sales declined while those of competitors soared; and Ward lagged while competitors burgeoned. A proxy battle finally stirred up things enough to compel a change in top management.

While the prospect then confronting the new leaders of Montgomery Ward was something less than glowing, there was no denying certain cheerful aspects. One was a treasury bulging with more than $300 million in cash and government bonds. Another was that there was plenty of room for improvement. It began forthwith.

There was no rush to catch up with lost time by setting up new stores, for Ward had neither the personnel nor a store-planning department. Instead, emphasis was put on better merchandise and improved merchandising in the existing stores. A staff has since been created for new-store-

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United States Foreign Economic Policy

By ROBERT R. BOWIE*
Assistant Secretary of State — Policy Planning

Mr. Bowie maintains foreign relations must be conducted as an integrated whole, with the political, military, and economic elements interdependent. Asserts free nations must create high level of economic activity domestically, promote trade and monetary policies that gain advantages of international specialization, and avoid critical shortages of raw materials in less developed countries. States Europe will need closer economic integration with gradual adoption of a common market. Stresses need for imaginative, long-term efforts by governments and private investors and institutions for stimulating under-developed countries.

I

My paper will not catalog or describe all the various elements or instruments of the foreign economic policy of the United States. Instead my main purpose will be to analyze the relation of our foreign economic policy to our overall national objectives and policies. That seems to me the most useful contribution I can make.

Robert R. Bowie

This approach to the topic seems to me to be justified for another reason. In some respects, the term "foreign economic policy" is a misleading one. It suggests that economic policy is separable or independent. Actually foreign relations must be conducted, within the limits of human abilities, as an integrated whole. Every aspect — political, military, or economic—is interdependent with every other aspect. All go hand in hand, or should, if foreign policy is to be successful in achieving national objectives. Much of what I have to say will emphasize this close link between foreign economic policy and other parts of foreign policy.

II

These intimate ties among the economic, political and military aspects of foreign policy are evident when we examine the nature and scope of United States interests in the world economy.

The recognition of those interests developed gradually. Before World War I, the United States was not generally looked on as a leading nation and was preoccupied with its own development. In foreign policy, its perspective was limited; its economic policies were based almost entirely on domestic needs and interest. In the decades after 1914, the relative power of the United States changed rapidly as a result of its own progress and the weakening of the other major nations. But in general this shift in status was not reflected in United States foreign policy until the outbreak of World War II. From then on, its foreign policies — political, military and economic—were rapidly adapted to its changed position in the world.

Today, the United States has a unique role among the free nations. With only 6% of the people, the United States produces about 40% of the world's goods and services. Our output is almost twice that of the United Kingdom, France, West Germany, and Italy combined.

Since the years of World War II, the United States has sought to discharge the responsibilities of its special position. It has come to recognize the many interests it shares with other members of the free world. For example, it has undertaken commitments for collective defense unprecedented in its history.

In the economic field, the U. S. shares a common interest with other free nations in the steady growth of their and our output of goods and services. In part, this interest flows from our position as a great trading nation. Our own prospects for economic growth are bound up, in some degree, with growth elsewhere. We buy 15% of the world's imports and we account for 20% of the world's exports. Increasingly, we look to foreign sources for many commodities like copper and iron ore. Despite our continental economy, we could not insulate ourselves even from the strictly economic effects of stagnation or decline abroad. In all probability, the passage of time will make our prosperity even more dependent on world progress.

This is only a part of our concern, however. The free world's economic base is vitally important to its ability to provide for the common defense. In our democratic countries, the claims of defense constantly compete with those of human welfare. The mounting costs of modern military technology are reflected in all of our national budgets. Yet if we fail to maintain the deterrent of adequate military establishments, we shall take the very real risk of having neither welfare nor freedom. And so arises our common interest that the

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*An address by Mr. Bowie before the Ninth International Banking Summer School, Rutgers University, New Brunswick, N. J., July 9, 1956.

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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. 9, 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.

Thoughts on Turnpike Bonds

By ROBERT N. TULLER
Robert N. Tuller Co., New York City

Mr. Tuller reflects upon the price and operating results of turnpikes in past 18 months, and cites following lessons and blessings learned: (1) turnpikes in construction stage are in speculative and not investment category, and should be priced accordingly; (2) forecasting unpredictability should be admitted and accurate operating results should be given to bondholder; (3) tax-paying public benefit from high price paid by bondholders; (4) engineers did not err in road location; (5) doubtful turnpike construction has been slowed, if not stopped; and (6) Sections 113-114 of 1956 Federal Highway Act fairly allows inclusion—and reimbursement—of turnpikes in Interstate Systems while not providing accelerated bond retirement from Federal largess.

He who does not learn from experience, especially bitter experience, is a fool. The present is certainly a time for sober reflection on the part of the turnpike bondholder. The dealers and bondholders are all painfully and acutely familiar with the drastic price changes which have occurred generally in the past few months. These declines have run from 5 to 15 points in the toll obligations of Illinois, Ohio, Florida, New York, Kansas, Texas, Indiana and Massachusetts. While the municipal bond market itself has suffered some major price declines in the same period, it is probable that the major market declines in the turnpikes are a problem of and to themselves. What can we learn from the price and operating results of the last 18 months?

Robt. N. Tuller

Lesson number one should be the realization that any new turnpike in the construction stage is speculative and has not yet earned investment status. Second lesson should be that, granting the premise of lesson one, the bondholder should not pay an investment price for a speculative bond. Fact is, that borrowing authorities got away with murder with their 2.70s, 2⅞s, 3s, 3.10s, 3¼s, 3.30s, 3⅜s, and 3½s. Also, we know now that forecasting the traffic results on a new turnpike is anything but an exact science. It is amusing to remember the arguments at information meetings preceding bond sales as to whether X Turnpike would cover charges 1.48 or 1.54. The important calculation was whether it surely would cover the charges at least 1.01, for a Turnpike is in trouble at .99 coverage if there are no reserves.

We have learned that the nature of the business is more volatile and less predictable than first assumed. It is far removed from the nature of water and electric revenue projects. The turnpike bondholder is entitled to and has not always received accurate and meaningful reporting of operating results. He should be told what net revenues are necessary for coverage, how current revenues compare with necessary revenues and how such revenues compare with engineers' estimates. This should be done for meaningful periods with elimination of seasonal influences. There is no place for ballyhoo of unusual short-term revenue changes either up or down.

Now, for the more positive side. If the bondholders did pay too much for their given instruments, it is a fact that the vast taxpaying public is the gainer. Certainly the great majority of the turnpike mileage built was constructed because of a pressing need. The engineers may have made errors of cost and traffic, but they did not err in the main in locating the new avenues where they would relieve the greatest congestion and provide the largest public service.

There are two other blessings as well. The first is the fact that the traffic and operational disappointments have slowed, if not stopped, the construction of fringe turnpikes or routes of doubtful feasibility. Secondly, the Federal-Aid Highway Act of 1956 should become our best mechanism of immediate further construction. Sections 113 and 114 should be required reading for present turnpike bondholders, for they illustrate how this Act might be constructive for present turnpikes. Section 113 makes provision for the possible inclusion of existing Turnpikes in the INTERSTATE SYSTEM. This is very important financially, and it seems logical to assume that the Secretary of Commerce will find that inclusion of some turnpikes in the INTERSTATE SYSTEM "will promote the development of an integrated INTERSTATE SYSTEM." It is a fact that many of the turnpikes met the major traffic problem of their State or area.

Section 114 calls upon the Secretary of Commerce to report to the Congress early in 1958 to aid the Congress determination of policy with respect to reimbursement for highways, toll or free, which are on the INTERSTATE SYSTEM. No bondholder should deduce from the above, or from political poetry so currently prevailing, that his bonds are going to be paid off in a hurry from Federal largess; but the intent of Congress to be fair in this matter should be evidenced in some form in the first Congress of 1958.

The Turnpike bondholder can lick his price wounds with some consolation. He has learned that Turnpike bonds as a class are not to be compared with Dewaps or Chicago Waters just yet. The risks being what they were and are, he knows he paid too much; but he did provide the money for what in the main are the first roads the travelling public demands and would willingly build and pay for. If the major Turnpikes were not in existence or being constructed, it is a safe assumption that the first monies of the Federal program would be going largely to duplicate their facility. Don't forget that it is John Q. Public travelling taxpayer who is getting up the $33 billions for the Federal program. He is the same person who will pay for the Turnpikes. The traffic on the Turnpikes today does say that these are the roads most needed and appreciated. This being so, every possible cooperation between the Federal program and that of the States and their toll roads should be expected and demanded. Financial and operational difficulties on the roads providing the greatest convenience and facility is really contrary to public policy in the long run.

With Fordon, Aldinger

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Myron E. Smith has become connected with Fordon, Aldinger & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges.

The State of Trade and Industry

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

Total industrial production for the nation as a whole in the period ended on Wednesday of last week was sustained at the level of the week preceding, but notwithstanding this, it showed a rather sharp contraction below that of the like period a year ago.

Slight declines were reported in the automotive, coal and food processing industries. While initial claims for unemployment insurance fell 7%, they exceeded those of last year by 9%. Fewer layoffs occurred in the apparel and textile industries.

In the field of employment during the week ended July 28, the United States Department of Labor reported that first claims for unemployment insurance dropped 27,500 to a total of 212,400.

The decline, it stated, was attributed to "seasonal improvements" in apparel, textile and other industries as well as a further slackening in new claims due to plant closings for vacation.

However, initial claims for unemployment insurance were still running ahead of the like week of 1955, when 197,700 were filed.

The government also reported a dip of 40,200 in total insured unemployment during the week ended July 28 to 1,219,700, compared with 1,104,600 for the comparable week last year.

Seasonal hiring in the food processing and apparel industries and the reopening of vacation-closed plants helped cause the decline, the Department added.

At the same time, it observed that as of the week ended July 28, 195,000 auto workers had not been recalled since being laid off at the first of the year. This was the same total as reported for the preceding week. State reports, the Department pointed out, showed recalls of 4,000 workers matched layoffs during the latest week.

In the steel industry this week, steel producers and consumers face a long, painful climb back to where they were before the strike. As the mills straggled back into production, the scramble for steel resembled a free-for-all with no holds barred, according to "The Iron Age," national metalworking weekly.

A post-strike "Iron Age" survey shows that metalworking plants squeezed through the strike itself in fair shape. But the worst is yet to come. With inventories depleted and future deliveries uncertain, many consumers were confronted with the prospect of production cutbacks.

The strike cost 11 to 12 million ingot tons of production. It will take at least three weeks before production is back to prestrike levels and furnace roof cave-ins and deferred maintenance will plague the industry for months.

Construction and freight car building, heavy consumers of plates and structurals, were the hardest hit. Scores of important highway and building projects have been delayed. More will suffer the same fate before steel can be delivered. Freight car construction in some plants will be cut to near-zero unless emergency shipments can be made, this trade authority declares.

To make matters worse, another major consumer, automotive industry, is coming to life. An expected sales pickup with introduction of new models is bringing the car makers into the steel market with both feet. Unexpected holes are showing up in Detroit inventories, forcing some divisions of the major producers to borrow steel from sister plants. Auto parts makers also will be in trouble before steel pipelines are running full again, asserts "The Iron Age."

Strike losses posed a problem also for the fast-stepping oil and gas industry. Small independent drillers were in worst shape. But some of the large companies are holding off on drilling starts in some fields until the supply outlook becomes more certain.

The relative abundance of some steel products, notably sheets, could lead to a false sense of security.

Meanwhile, steel users are poised to raise their own prices in line with average increases of $8.50 per ton announced by the mills. There will be few, if any, exceptions. Only the stiffest of competition will force fabricators to hold the line on their own prices, concludes this trade publication.

In the automotive industry last week, a dip in passenger car production found Lincoln, Nash and Hudson joining Packard in shutdowns for model changeovers, thus concentrating the industry's layoffs heaviest in the Detroit area.

"Ward's Automotive Reports" counted United States passenger car output at 110,168 units compared with 111,247 in the preceding week and 140,778 in the same week of last year.

The statistical agency said that the shutdown list will extend to Chrysler Division this week, enveloping all of Chrysler Corp. by Aug. 22 and Ford by the month-end. It added that resumption in most cases will come without undue delay.

Closing down for changeover on Tuesday July 31 were both Lincoln and Mercury assembly at the Wayne, Mich., plant. However, 1957 Lincoln pilot model production is expected by Aug. 13. Meantime, Nash and Hudson output in Wisconsin ended on Friday last, with resumption scheduled shortly after the body plant starts up Aug. 20.

For Packard, ending its fifth week of shutdown on Friday of the past week resumption time is uncertain, according to "Ward's."

"Ward's" said that the industry swing into changeover finds United States car output to date in 1956 running 27% behind comparable 1955, with truck production lagging by 10%.

Steel Output Set at 52.4% of Capacity In Post-Strike Week

The three-year labor agreement in the steel industry will jolt prices sharply upward, but it promises stability in years ahead for the metalworking industry, "Steel" magazine reported on Monday of the current week.

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Latin-American Monetary And Exchange Policies

By FELIPE PAZOS*

General Manager, Minera Occidental Bosch, S. A., Havana

Senor Pazos, while noting variations among the 20 Republics comprising Latin America in per capita income and economic development as well as literacy, sanitation, and urbanization, cites vital group similarities — as monetary expansion, small inflow of foreign capital, and vast credit expansion. Notes continuing predominance of inflationary policies, with their serious effect on foreign payments. Concludes Latin American economists and responsible goverment leaders now are coming to realize it is possible to enjoy expansion without inflation and financial instability.

Felipe Pazos

The name Latin America is generically applied to the 20 Republics in the Western Hemisphere colonized in the XVI and XVII Centuries by Spain, Portugal and France. The 20 Republics cover a total area of almost 8 million square miles and have a total population of around 175 million. Their individual areas range from 10,000 square miles (Haiti) to 3,300,000 (Brazil). Population ranges from less than one million in Panama and Costa Rica to 58 million in Brazil. Per capita incomes are also widely different, ranging from less than $60 in Haiti, Bolivia and Ecuador to more than $300 in Cuba, Uruguay, Argentina and Venezuela. These wide differences in per capita income are naturally accompanied by corresponding differences in literacy, sanitation, urbanization and development of the monetary economy. At one end, we find countries with primitive agrarian economies where barter still prevails, while at the other end there are nations already beginning to establish heavy industries, with well developed monetary and banking systems.

Generalizations Dangerous

Given this diversity in size, economic structure and level of development, it is not easy to study Latin American countries as a single subject and any general statement about them must be made — and interpreted — with great care. However, the community or origin, culture, aspirations and ideals, and the parallelism in historical evolution have brought about enough similarities in the structural features and patterns of behavior of the Latin American countries, or of most of them, to make it legitimate and interesting to study them as a group.

In order not to lose ourselves among the large mass of data with which we have to work today, we will begin by trying to summarize what we consider to be the most important features of Latin American monetary and exchange developments and policies in recent times. An overall survey of monetary developments in the 20 countries under study during the last seven years shows that monetary expansion has continued to be the predominant policy in the majority of the large Latin American countries and, consequently, that price rises and balance of payments strains have been the principal problems to be faced. As a rule, production for the domestic market and real income have increased in the large countries at a comparatively fast rate. Exportable production, on the other hand, has expanded little or even declined, in spite of higher world prices for many raw materials and foodstuffs. Balance of payments strains have continued to be met mainly through multiple exchange rates, though there is a well defined movement toward their simplification and eventual elimination. The use of monetary reserves to cushion the effects of balance of payments disequilibria has been very small and inconsequential. Inflow of foreign capital, both private and public, has been small.

*An address by Senor Pazos before the International Banking Summer School, Rutgers University, New Brunswick, N. J., July 17, 1956.

TABLE I

Prices and Exchange Rates in 1955

(1948 = 100)

	Wholesale Prices	Cost of Living	*Exchange Rate
Cuba	89	---	100
Dominican Republic	90	102	100
Panama	---	94	100
Venezuela	104	118	100–100
Ecuador	---	119	114– 87
Costa Rica	106	129	100– 83
Guatemala	113	126	100
Honduras	---	130	100
El Salvador	†123	158	100
Haiti	---	---	100
Colombia	148	159	128–155
Uruguay	---	170	112–154
Mexico	188	170	182
Peru	206	163	‡292–126
Nicaragua	210	194	132–106
Brazil	252	224	200–350
Argentina	---	380	530–450
Chile	749	774	760–960
Paraguay	1183	1776	1765–1825
Bolivia	---	1756	§4680
United States	105	111	100

*When two figures are listed, the first compares the lowest rate existing in December, 1955 with the lowest rate in December, 1948, and the second compares the highest rate on each date.

†Roughly recalculated reducing weight of coffee and increasing weight of import goods.

‡September, 1948.

§Free rate in December, 1955 as compared with highest official rate in December, 1948, when the free rate was not quoted. No official rate quoted in December, 1955.

SOURCE: International Financial Statistics, April, 1956, and Monthly Bulletin of Statistics, April, 1956.

Banking and Credit Policy

In banking and credit, policy has been characterized by a continuation of the trends prevailing in Latin America since the early thirties. These trends may be summarized as follows: credit expansion to finance public works; credit expansion through official credit agencies to finance industrial and agricultural development (mainly the former); support of Government and semi-Government securities by the Central Bank; investment of social insurance funds in Government and semi-Government securities; selective credit controls to channel commercial bank credit to production activities (and away from commerce); tightening of commercial bank credit through increased reserve requirements and portfolio ceilings; little use of rediscounting and no use of the rate of interest as a weapon of monetary policy.

Some Stable Exchange Rates

Table I shows that 10 of the 20 Latin American countries have kept stable exchange rates during the last 7 years, while the other 10 have seen the U. S. dollar value of their currency fall by from 11% to nearly 98%. As should be expected, prices in the first 10 countries have either declined or risen moderately—in four of them, the cost of living index has increased more than 20%, but this increase is obviously due to the pressure exerted by the higher coffee prices in their small economies.

Most of the countries whose exchange rates have remained stable and whose prices have risen only moderately, have followed what may be called a neutral monetary policy: they have permitted the money supply and monetary income to increase with exports, without trying to offset external expansionary pressures with a budgetary surplus and/or restraints on commercial bank credit. This is not meant to be a criticism but a statement of fact. Only one country, Costa Rica, has partially offset the expansion in the money supply by a reduction in the Government debt held by the banking system. From 1950 to 1953, this policy neutralized as much as 35% of the expansion and during the seven years under study, 1948 to 1955, the offsetting effect amounted to about 10% of the expansion.

Cuba's Opposite Compensatory Policy

Another country, Cuba, has also applied a compensatory policy, but of the opposite sign. Since 1952, when her exports suffered a sharp fall, Cuba has been following a policy of deficit financing to cushion the import of this fall on her internal economy. This policy has naturally been reflected in the loss of part of the substantial gold and dollar reserves which the country had built up during the preceding decade, when sugar exports were at a high level.

Seven of the 10 countries without inflation have complete exchange freedom and three—Venezuela, Ecuador and Costa Rica—have a multiple rate system, but with relatively narrow spreads between the principal rates. Both in Ecuador and Costa Rica, the spread has been substantially reduced since 1948. In Ecuador, it has been reduced from 54% to 16% and in Costa Rica, from 44% to 19%.

TABLE II

Prices and Volume of Exports In 1955

(1948 = 100)

	Prices	Volume of Exports
Cuba	89	88
Domin. Repub.	90	140
Venezuela	104	145
Ecuador	105	149
Costa Rica	106	108
Guatemala	113	*90
Honduras	115	72
El Salvador	123	109
Colombia	148	114
Uruguay	170	130
Mexico	188	*107
Peru	206	*135
Nicaragua	210	*192
Brazil	252	*79
Argentina	380	*86
Chile	749	*68
Bolivia	1756	92
Latin America	---	97
Canada	112	114
Australia	192	91
United States	105	121

PRICES: See notes on Tables I and II.

VOLUME OF EXPORTS: Average of 1954-1955 or 1953-54 (marked *).

SOURCE: International Financial Statistics, April, 1956, and Monthly Bulletin of Statistics, Feb., 1956.

Varying Export Results

As may be seen in Table II, experts have fared quite differently in the non-inflationary countries. In three of them—Dominican Republic, Venezuela and Ecuador—the volume of exports has increased substantially, in two—Costa Rica and El Salvador—it has grown moderately and in three — Cuba, Guatemala and Honduras—it has fallen.

According to income estimates and indirect indices, real income has increased in all the countries in this group. The increase seems to have been very large in El Salvador, the Dominican Republic,

Continued on page 18

A. Wilfred May is en route to South America, hence his column "Observations" will not appear this week.

R. A. Sjostrom With Shearson, Hammill & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert A. Sjostrom has become associated with Shearson, Hammill & Co., 208 South La Salle Street. Mr. Sjostrom was formerly with Kidder, Peabody & Co. and prior thereto was Chicago representative for Geyer & Co. In the past he was with the Chase National Bank of New York.

With Television Shares

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William A. Johnson is now connected with Television Shares Management, 135 South La Salle Street.

Geo. J. St. Germain Opens

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill. — George J. St. Germain is engaging in a securities business from offices at 234 North Madison. He was formerly with D. J. Risser Co.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Donald J. German has been added to the staff of Bache & Co., Penobscot Building.

Our Debt Problem And Economic Growth

By PAUL W. McCRACKEN*
Professor of Business Conditions, University of Michigan

Prof. McCracken, exploring the financing of our expanding economy, predicts our total debt outstanding will increase by one-third to $1,000 billion in next decade created by combination of government units and private borrowers. Asserts to maintain expansion, we must have either unbalanced Federal budgets or unbalanced private budgets. Cites benefits from larger proportion of our savings going into equities. Concludes prevalent thinking about debt policy is in most primitive stage.

I

After a decade or so devoted to the matter, we have learned that 2½% compounded doubles every 28 years. With this lesson learned, we are now very properly giving more attention to the conditions which are necessary to maintain the expanding economy. This is a sensible next-step. A look around the world certainly suggests that doubling living standards every generation is not automatic. It is, in fact, a most unusual performance, happening to only a small proportion of the world's population. Consequently the increasing emphasis on why it happens and what problems and roadblocks may be faced is all to the good—in order to be more certain that this historical trend will continue.

Dr. P. W. McCracken

My comments will be confined to a tentative exploration of some questions concerning the financing of the expanding economy. The problems may never arise. Future gaps and imbalances and disequilibria arising out of fairly mechanical projections fortunately have a way of melting under the equilibrating pressure of free market forces. But it may be useful to look at them, because they are at least potential problems.[1]

II

Though their results differ in minor details most growth models suggest a 1965 Gross National Product 40 to 50% above present levels in real terms. This allows for somewhat more than a 1% per year rise in the labor force, a slight decline in the length of the work week, and productivity improving at the rate of 2 to 3% per year. Experience has, no doubt, taught us considerable humility about predicting long-run trends or even the more stable, slow-moving, and "forecastable" variables. Nevertheless a review of the projections whose target years have already been reached suggests that long-run GNP projections can be sufficiently accurate to serve as useful guides for public and private planning purposes. Indeed this is fortunate since for better or for worse, they are being so used.

An increase to a $565 billion GNP (in present prices) by 1965 ought to be quite feasible. It would actually require an improvement in productivity only moderately better than in the prewar decade. Higher capital outlays, more research, technological development, greater attention to behavioral and motivational human relations problems — these ought to permit a growth rate substantialy better than the prewar decade, which included the lost weekend of the great depression. Whether the precise figure of a $565 billion GNP turns up in 1965, or a year or two earlier or later, is not a matter of great importance here.

Now for at least as long as regular data on total debt have been published, there has been a fairly close relationship between the volume of total net debt outstanding and Gross National Product. This is, of course, perfectly understandable and to be expected. The size of the savings and deficits in the economy from which debts arise is related to the level of national income (and incidentally to its direction of change). In the post-war period the ratio of the change in total net debt to Gross National Product fluctuated over a substantial range but averaged just over 9% (Table I). If the savings and deficits in the economy continue at about the same relative size, by 1965 we should have accumulated about $430 billion of additional debt, pushing the total to somewhat over $1,000 billion.

TABLE I
Increase in Debt and GNP
(Dollar amounts in billions)

Year—	GNP	Debt Change	Debt Chge. as % GNP
1948	257.3	16.1	.063
1949	257.3	14.2	.055
1950	285.1	42.5	.149
1951	328.2	33.9	.103
1952	345.2	30.9	.090
1953	364.5	30.4	.083
1954	360.5	20.6	.057
1955	387.2	51.3	.132

SOURCE: Basic data from U. S. Department of Commerce.

One can, of course, look at this whole matter from another point of view. The ratio of the volume of total debt outstanding to GNP in years of reasonably good business conditions has ranged between 1.7 and 1.8. If this ratio continues, by the time we reach a $565 billion GNP total debt outstanding should range between $960 to $1,020 billion. This compares with $658 billion at the end of 1955 (Table II).

Whether we look at the probable annual increases in debt or at the volume of debt outstanding which would be appropriate to 1965's GNP, we reach the conclusion that a $1,000 billion debt level will almost certainly be reached in the decade ahead. The process by which these additional debts will come into being is obvious. Most of the country's annual net savings flow into savings deposits of banks, insurance companies, mutual savings banks, savings and loan associations, and into our great thrift institutions generally. With minor exceptions these institutions can invest these new savings only in assets which are the debts of others — mortgages, bonds, short-term loans, etc. If the economy is not to bog down, those saved dollars must be acquired by others and spent. And that is the process by which total public and private debts have doubled every quarter of a century or so. And our great financial institutions exist to facilitate this process.

TABLE II
Gross National Product and Total Net Debt
(In billions)

Year (1)	GNP (2)	Debt (3)	Debt ÷ GNP (4)
1916	$49	$82	1.67
1925	91	163	1.79
1929	104	191	1.84
1940	101	190	1.88
1945	214	406	1.90
1950	285	491	1.72
1955	387	658	1.70

SOURCE: Col. 2—U. S. Department of Commerce except 1916 and 1925 from Paul W. McCracken, "Cyclical Implications of War-time Liquid Asset Accumulations," (Harvard, Doctorial Thesis, 1948); Col 3—U. S. Department of Commerce.

Will we have any trouble reaching this $1,000 billion debt level? Probably not. Indeed our enthusiasm about taking on more debt in 1955 makes the whole question seem at least pointless and quite possibly absurd. Nevertheless, there may quite possibly be some problems here, and it may be useful to explore them further. They illustrate, I think, the kinds of questions which are just under the surface of the projected GNP totals for some target year in the future.

At the end of 1955, total net debt was $658 billion. This consisted of $388 billion of private debt; $38 billion of state and local government debt; and $232 billion of net Federal debt (excluding securities held by trust funds, etc.).

Now who is going to account for the roughly $400 billion of new debts (net) to be created in the next 10 years? Obviously either government units or private borrowers, and in all probability the result will be some combination of the two. Let us assume for illustrative purposes that for the decade as a whole the Federal Government's administrative budget is balanced. In Table III, trust fund holdings of Federal obligations are assumed to increase by $22 billion, correspondingly reducing the net debt of the Federal Government. State and local debt is assumed to rise in line with the increase in national income, or about 50%. For the total to rise by the indicated or "needed" amount, net private debt must almost double in the next decade, rising to $733 billion.

TABLE III
Total Net Debt in the U. S., 1965 First Estimate
(Dollar amounts in billions)

Type—	1955 $	1965 $	% Change
Net private debt	388	733	+89
State and local govt. debt	38	57	+50
Federal Govt.	232	210	— 9
Total	658	1,000	+52

This is not, of course, an extreme case. The figures could have been made to show much more starting results if substantial progress toward paying off the debt had been assumed.

Let us alternatively assume that private borrowers are prudent and increase their debts only in proportion to the increase in their income. In this case private debt could rise only to $590 billion, and Federal debt would need to increase $120 billion in the decade to give us a $1,000 billion debt total (Table IV).

TABLE IV
Total Net Debt in the U. S., 1965 Second Estimate
(Dollar amounts in billions)

Type—	1955 $	1965 $	% Change
Net private debt	388	590	+52
State and local govt. debt	38	58	+52
Federal Govt.	232	352	+52
Total	658	1,000	+52

III

We see this same problem in a somewhat different light by looking at it from the point of view of the money supply needed by 1965. There has, of course, been a fairly close long-run relationship between the money supply and Gross National Product. There is some evidence that secularly the money supply has been growing more rapidly than Gross National Product, but suppose we assume that the current ratio of about .53 continues. This suggests that we shall need about a $100 billion addition to the money supply by 1965. And all but 10-15% of this must presumably be accounted for by an expansion of bank deposits (Table V).

TABLE V
Money Supply and GNP
(Dollar amounts in billions)

June 30	Money Supply	GNP	Money Supply ÷ GNP
1929	$54.8	$104.4	.525
1941	73.4	125.8	.583
1951	174.7	328.2	.532
1953	192.6	364.5	.528
1955	207.7	387.2	.536
¶1965	300.0	565.0	.531

¶Projected.

Let us explore some of the implications of this need for a 50% increase in bank deposits by 1965. It will be useful to assume that the ratio of bankholdings of Federal obligations to the total Federal debt in the hands of the public will be the same in 1965 as in 1955 (Table VI). If the administrative budget is balanced over the next decade, and the Federal debt in the hands of the public declines about 10%, bank loans will need to be almost exactly doubled for bank deposits to show the "needed" expansion. This assumes that bank holdings of "other investments" (mostly municipals) and cash resources will rise in proportion to the size of the economy.

TABLE VI
Assets and Liabilities, All U. S. Banks
(Dollar amounts in billions)

	6/55	6/65 A	6/65 B
Assets—			
Cash	$42	$63	$63
Loans	91	180	137
Fed. securities	72	65	108
Other invests.	21	31	31
Miscellaneous	4	6	6
Total	$230	$345	$345
	6/55	6/65 A & B	
Liabilities—			
Deposits	$209	$314	
Miscel. liabilities	3	4	
Capital	18	27	
Total	$230	$345	

For bank loans outstanding to rise only in proportion to the rise in incomes and sales (as measured by GNP), bank holdings of Federal Government securities must increase $36 billion by 1965. This, of course, might reflect simply a shift in ownership of the debt, with banks holding more and others holding less. But this merely transfers the problem since then the demand for private obligations by the nonbank public will be equal to the rise in their total assets **plus** the liquidation of their holdings of Federal obligations (required to meet the increased bank demand).

The dilemma remains: We must either accept the fact that private debts can for the indefinite future rise more rapidly than private incomes and sales, or we must have a Federal budget sufficiently unbalanced in the years ahead to provide the required additional government securities.

All of this raises some interesting questions about the financial requirements for achieving a 50% increase in real national income in the next decade or so. It is to these questions we must now turn.

IV

(1) **Is our growth potential possibly jeoparaized by a sort of ideological double - mindedness about financial policy?** There is a possibility that it is. The view that the public debt is too large and ought to be reduced substantially is still a very prevalent one and receives support in very high places. Secretary Humphrey, before the National Press Club last month, opposed a tax reduction because "it is high time to start reducing our huge debt."

Now this is a perfectly defensible view, and it may be that the public debt should be reduced in the years ahead. But it is fair to say that many of those who hold this view have also been disturbed by the current tendency for private debts to rise more rapidly than incomes. If economic growth is not to be placed in financial jeopardy, we must recognize that these twin tenets of fiscal orthodoxy are mutually inconsistent for the period ahead. We must have either unbalanced Federal budgets or unbalanced private budgets in the decade ahead, with private debts rising substantially more rapidly than incomes and sales in the latter case. But between now and 1965 we cannot have both.

There is, I think, the possibility that this will be a particularly interesting problem in the decade ahead. In the immediate postwar period private debts were so low that a rise relative to incomes constituted no worrisome problem. And during much of our history private debt has been virtually equal to total debt, so the question never really arose. But we are starting into the next decade with many already uncomfortable about the large volume of private debt. Yet because the Federal debt is still relatively quite large, private debts for several years must grow about 50% more rapidly than incomes and sales if private debt is to account for the expansion of total debt.

There is, of course, one way out of this dilemma. If a substantially larger proportion of our savings were to go into equities, the proportion going into assets which are the debts of others could be correspondingly reduced. Measures which might facilitate such a shift would be all to the good. The greater tendency of pension funds to go into equities and the substantial growth of investment companies are among the evidences that we are moving in this direction.

Yet it does not seem probable that these changes will be of major proportion in the years ahead. For one thing tax considerations make debt financing attractive for industry. And it is difficult to see a major shift into equities by insurance companies, banks, savings and loan associations and the other major thrift institutions. For the decade ahead most of the savings flowing through these institutions (and this is most of total savings) will continue to be invested in bonds, mortgages, shorter term loans, and assets which generally are the debts of others.

(2) **Will we face institutional problems in expanding bank deposits and the money supply by the neeed amount?** Obviously there will be no problem in the mechanical sense. The Federal Reserve has enough elbow room through its own excess gold reserves and power to reduce member bank reserve requirements so that the primary reserve position of member banks will impose no limitation.

The question is more apt to arise from internal bank management policies. One already hears occasional comments that some banks feel their loans are as high as they should go relative to deposits. And many apparently feel that certain types of loans are as high relative to deposits as is wise. The academic economist is in no position to question the wisdom

*A paper by Professor McCracken presented at Conference on Economic Growth, Dartmouth College.

1 A comment by John Airey, formerly President and Chairman of King-Seely Corporation, tripped off my thinking about the problems explored here. He has forgotten the comment, and is not to be held accountable for the conclusions reached here.

of these policies. But if we are to get the required increase in bank deposits and the money supply, and the Federal debt is not to enlarge, bank loans will almost certainly continue to grow relative to deposits.

There will apparently be no impediment because of an inadequate growth of capital resources. The total capital accounts of commercial banks since 1950 have been growing at the rate of 5.7% per year. If this rate continues, the 1965 capital-to-deposit ratio should be considerably larger than at the present time.

(3) Will these developments create some upward pressure on interest rates? This is possible. If government securities become relatively less important in portfolios, private obligations may require higher interest rates to compensate for the increased risk exposure. Or, to put the matter in another way, the financing of more risky operations may become more difficult.

It is doubtful if in practice this pressure on interest rates will be very substantial. Indeed, to the extent that the public debt does continue to enlarge, interest rates should be higher than if the Federal budget is balanced. A "tighter" monetary policy would be required (though also more difficult to execute) to compensate for an "easier" fiscal policy.

(4) Does this have implications for monetary policy? I think it does. The Federal Reserve should be more than ever relieved from concern about debt management operations, and therefore more free to make policy decisions according to the needs of the company. But with the economy more and more sustained by the expansion of private bank credit, the economic situation may well become even more sensitive to changes in Federal Reserve policy. Federal Reserve policy should become a more important and more sensitive instrument of control.

Conclusions

This all leads to two not very spectacular conclusions. First, having learned that 2½% per year compounded doubles every 28 years, we must now devote more attention to the requirements for and problems which need to be faced if this rate of improvement in our standard of living is to be realized.

Second, unlike fiscal policy certainly and monetary policy possibly, our thinking about debt policy is in a most primitive stage relative to its probable importance for the economy in the decade ahead.

Canadian Nickel

By IRA U. COBLEIGH

Enterprise Economist

Providing some investor slanted notes on this strategic metal, and current data on the leading Canadian producers thereof.

While production of copper, lead and zinc have, by now, pretty well caught up with the demand side, nickel goes along its merry way, benefiting from a present and persistent scarcity. Although nickel is not invulnerable to competition (aluminum is quite a rival in certain price-sensitive sectors) it does have some very special uses that have made it not only a scarce metal but a strategic one. Nickel is a steel alloy, vital in electroplating and the production of stainless steel. Its toughness and resistance to corrosion have also made it quite indispensable in our defense effort; and nickel plays a crucial part in jets, guided missiles and nuclear weapons.

Ira U. Cobleigh

Now, when a metal is hard to get, and has a top level government priority, two courses of pricing suggest themselves. Either ration the element for civilian use, or stimulate production. The U. S. Government, large stockpiler of this important metal, has chosen the latter course, and is definitely encouraging even marginal production—in Cuba, Louisiana and Oregon. While the official price for nickel is 64½c a pound, our government has sought expanded supply by premium price deals in the 90c-$1.30 zone. Meanwhile in the so-called "gray market" the shiny stuff has been moving in from abroad at prices reported, in some instances, above $2 a pound. And on the production side, of the free world output of 427 million pounds, Canada produced 347 million—about 80%—last year.

Any discussion of Canadian nickel producers just has to start with *International Nickel Co.*, producer of ¾ths of the world's supply, and one of the most distinguished and successful mineral enterprises in the world. In its fabulous Sudbury mine, INCO had ore reserves (at the 1955 year-end) of over 260 million tons, and it produced some 285 million pounds of nickel last year. INCO is also the fourth largest producer of copper in North America (but this commodity, as noted above, has presented a much more vulnerable price pattern).

In addition to its rich reserves at Sudbury, INCO also is believed to have a huge reserve of lower grade ore at Moab Lake, Manitoba, which present attractive world prices are bringing into production.

In point of profitability INCO is moving into its best year. While slippage of copper prices will reduce the net from that department, sustained demand and improved price for nickel should push up per share net on the common from $6.14 last year to $7.40 for 1956. Present dividend rate of $2.60 is amply covered, and extras in cash might bring the 1956 per share total to $4 a share. Listed on NYSE, and in Montreal, International Nickel is a shining blue chip, favored alike by shrewd growth-minded and inflation-conscious individuals, as well as some of the leading institutional investors. If you have a few spare nickels, you'll probably not be spending them imprudently by lodging them in INCO, even though the common has moved from 93 in mid-May to 106¼ today.

Second oldest and second largest of the Canadian nickels is *Falconbridge*, one of the stellar operating companies in the renowned *Ventures, Ltd.* mineral empire, and moving ahead at rapid pace. Its properties consist of 63,000 acres in the fabulous mineral district at Sudbury (International Nickel has 100,000 acres there). 1955 production ran to 41 million pounds of nickel, 22 million pounds of copper, plus "selected short subjects," including cobalt, platinum, gold and silver. By 1960 nickel output should exceed 55 million pounds. Assuming continuance of the present favorable price/cost equation, Falconbridge common still has some place to go above its present quotation of 42. Capitalization now consists of $30.7 million in long-term debt and 3,756,262 shares of common which earned $2.15 in 1955 and paid out $1.10 a share in dividends. Net sales have risen in an unbroken upward curve since 1946; and net earnings are conservatively stated by virtue of deduction of pre-production expenditures, and exploration and development write-offs. Moreover, estimated reserves have been steadily expanding and now stand at over 40 million tons. Falconbridge still seems to offer an interesting future to patient shareholders.

Third in our list of nickels is *Sherritt Gordon Mines, Limited*, which has been progressing to a point where dividends in 1957 are a distinct probability. Some old timers associate this property with a tired, worn out copper mine; and some years back it might have been regarded as such. But no more. Spurred by the aggressive management of *Newmont Mining Co.*, this property has developed to a point where, last year, it delivered 7 million pounds of nickel and 55,000 tons of ammonium sulphate. Sherritt is also working out a process to glean cobalt from nickel concentrates, which should expand profitability.

With present ore reserves of 14 million tons, Sherritt has enough grist for 20 years' milling at the current rate. The mill should produce nearly 20 million tons of nickel this year and probable per share net is in the order of $1.35 against 87c for 1955. Present capitalization is $8,133,318 of common (selling at 9½) and $25 million in funded debt. For long range investment with capital gain as the target, Sherritt Gordon is a nickel share evidencing considerable merit.

There are also quite a few nickel shares you hear bruited about the board rooms, and we shall mention a few for those of a sporting turn of mind, who may wish to investigate less entrenched companies where production and profitability (if any) lie mainly in the future. Strictly as a possible research stint for you, and without the slightest vestige of recommendation or endorsement, we mention *Consolidated Bellekeno; Eastern Mining; New Manitoba; Nickel Rim; El Pen Rey; Norpax; North Rankin,* and *Arcadia.* Those copper fanciers who rode along with *Opemiska; Temagimi,* and *New Royran*, may be able, with good luck, to pick out an equally spirited mineral performer from the above.

As somewhat representative of those yet to engage in production, observe *Arcadia Nickel Corporation Ltd.*, with 3,150,000 outstanding common shares listed in Toronto and now selling around $2.30. Here again we have a nickel/copper property in the Sudbury district, with holdings about ¾ of a mile northeast of the Worthington Mine of International Nickel. Diamond drilling has, to date, indicated nickel/copper areas averaging about 1½%, extensive enough to delineate some 1¼ million tons of ore. Exploration and development will continue, and Arcadia has hopes of entering production (at around 1,000 tons of ore a day) sometime in 1957. Arcadia addresses itself to the attention of graduate optimists, and long-shot speculators, not particularly sensitive to the absence of immediate earning or dividend prospects.

Nickel is indeed a popular and strategic metal, and those who have strung along with the Father Cat in this field, International Nickel, have nurtured an equity conducive to financial success and serenity. Some of the junior model nickels we have alluded to, may now be in line to follow the leader. Metal prices are often the handmaidens of inflation; and nickel is a pretty desirable metal. Government stockpiling (the most dynamic price factor here) is expected to continue well into 1958.

With Reinholdt & Gardner

(Special to THE FINANCIAL CHRONICLE)

BELLEVILLE, Ill. — William J. Rice is now connected with Reinholdt & Gardner, of St. Louis.

Two With Cruttenden

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Edward P. K. Hade, Jr. and Michael W. Terrana have joined the staff of Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Hade was formerly with Straus, Blosser & McDowell.

Eldredge Tallman Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Charles L. Levin has been added to the staff of Eldredge, Tallman & Co., 231 South La Salle Street.

With McGhee & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Jeannette T. Jones is now affiliated with McGhee & Company, Inc. of Cleveland.

Joins Livingstone Crouse

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — E. Fred Brandt has joined the staff of S. R. Livingstone, Crouse & Co., Penobscot Building, members of the Detroit Stock Exchange.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Lewis J. Levy has become connected with Investors Planning Corporation of New England Inc., 68 Devonshire Street.

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.

Bond Market—Report—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Life Insurance Stocks vs. Most Popular Issues—Comparison of market action—Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.

Modern Security Services—Financial planning service, including advertising materials, data on tax laws, telephone selling, prospecting, sales meetings, etc.—One month free to dealers on request on letterhead—Kalb, Voorhis & Co., 25 Broad Street, New York 4, N. Y.

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

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.

Pittsburgh Bank Stocks—Comparative analysis—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Pocket Guide for Today's Investor—Pamphlet containing lists of selected securities for income, growth and trading—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

Public Utility Common Stocks — Comparative figures — G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

St. Lawrence Power Project—Progress report—New York State Power Authority.

* * *

Air Control Products, Inc.—Analysis—Roman & Johnson, 312 East Las Olas Boulevard, Ft. Lauderdale, Fla.

Air Reduction Co. — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **Gulf Oil Corp.**

American & Foreign Power Company, Inc. — Analytical brochure—First Boston Corporation, 100 Broadway, New York 5, New York.

American Window Glass Co. — Analysis — Eastern Securities, Inc., 120 Broad Street, New York 5, N. Y.

Bucyrus-Erie Company — Report — Georgeson & Co., 52 Wall Street, New York 5, N. Y.

Burmah Oil Co., Ltd.—Memorandum—Kiser, Cohn & Shumaker, Inc., Circle Tower, Indianapolis 4, Ind.

Canadian Javelin Limited—Circular—F. Payson Todd, Rowley, Mass.

Chemical Process Company—Analysis—Walker's weekly Newsletter, 333 Kearny Street, San Francisco 8, Calif.

Dow Chemical Co. — Memorandum — Bache & Co., 36 Wall Street, New York 5, N. Y.

Fairchild Camera & Instrument Corp.—Memorandum—Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **Tennessee Gas Transmission Co.**

Fenestra, Inc. — Memorandum — Wm. C. Roney & Co., Buhl Building, Detroit 26, Mich. Also available are memoranda on **Kellogg Co.; Lear, Inc.; McLouth Steel Corp., Stone Container Corp.** and **WJR** (The Goodwill Station), Inc.

Food Machinery & Chemical Corporation — Analysis — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

H. J. Heinz Company—Analysis in current issue of "Gleanings" —Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a brief analysis of **Parke, Davis and Company** and three selected portfolios.

Houdaille Industries, Inc.—Analysis—Maltz, Greenwald & Co., 1441 Broadway, New York 18, N. Y.

Industria Electrica de Mexico, S. A.—Analysis—Cosgrove, Miller & Whitehead, 44 Wall Street, New York 5, N. Y.

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

New York Central — Report — Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y. Also available is a circular on **American Telephone & Telegraph Co.**

Panhandle Eastern Pipe Line Co.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Pepsi-Cola General Bottlers, Inc.—Card Memorandum—F. S. Yantis & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Puget Sound Pulp & Timber Co. — Memorandum — Pacific Northwest Company, Exchange Building, Seattle 4, Wash.

Schick Incorporated — Bulletin — J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Schield Bantam Company—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Seatrain Lines, Inc.—Report—J. W. Gould & Co., 120 Broadway, New York 5, N. Y.

Southern California Business Conditions—Summary—Research Department, Security-First National Bank, Box 2097, Terminal Annex, Los Angeles 54, Calif.

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

Texas Bank and Trust Company of Dallas—Report—Garrett and Company, Fidelity Union Life Building, Dallas 1, Texas.

United Asbestos—Memorandum—Brew-Jenkins Co., First Wisconsin National Bank Building, Milwaukee 2, Wis.

United States Life Insurance Company in the City of New York —Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

Western Air Lines, Inc.—Bulletin—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

NSTA Notes

AD LIBBING

We are happy to report that Herbert Singer of Singer, Bean & Mackie, Inc., New York, is top man on the totem pole this week.

Harold B. Smith

Herbert Singer

Herb has just sent in his renewal for a half page advertisement on the outside back cover of our N. S. T. A. Year-Book Supplement. We are all most appreciative of Herb's continued support.

I trust that all members who have not yet sent in their advertisements will do so shortly.—KIM.

HAROLD B. SMITH, Chairman
National Advertising Committee
c/o Pershing & Co., 120 Broadway,
New York 5, N. Y.

Joins John G. Kinnard

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Leonard F. Knier is now with John G. Kinnard & Co., 133 South Seventh Street.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Lorrayn D. Jensen and Kenneth E. Kolkjen are now connected with King Merritt & Co., Inc.

COMING EVENTS

In Investment Field

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. 20, 1956 (Des Moines, Iowa)
Iowa Investment Bankers Association annual field day at the Des Moines Golf and Country Club.

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.

California Eastern Aviation Debentures Offered at Par

A group of underwriters, headed by Cruttenden & Co., Chicago Ill., are offering today (Aug. 9) an issue of $2,900,000 6% convertible sinking fund debentures due Aug. 1, 1968 of California Eastern Aviation, Inc. at 100% and accrued interest.

Approximately $1,500,000 of the net proceeds will be expended in partial payment of the purchase price ($6,600,000) of the three Super-Constellation aircraft, Model 1049H, which the company has contracted to purchase from Lockheed Aircraft Corp. of Burbank, Calif. The remaining proceeds will be added to the company's working capital and will be available for general corporate purposes.

Joins Manley, Bennett

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Ralph J. Brueggeman has rejoined the staff of Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges. He has recently been with William C. Roney & Co.

The Doctor in the Stock Market

By G. M. LOEB*

Partner, E. F. Hutton & Company
Member New York Stock Exchange

Nationally known broker advises doctors to: have securities bought "for" them rather than sold "to" them; concentrate on selecting their investment advisor and then do what he says; first deal with NYSE listings and try "wonder stocks" and "special situations" later on. Mr. Loeb believes doctors trying to be amateur analysts have below average investment success, and presents an analogy between professional and amateur medical and investment advice available to a client.

The first security I ever bought for anyone was for a doctor. Back in 1910, when I was 10 years old, I was stricken with crippling polio myelitis. About a dozen years later, I was, for three brief days, a "bond salesman." The first day, I was supposed to be "trained"; the second, sent out to "sell"; the third, I quit. On my second day, I called on my principal doctor in San Francisco. He said: "I have $2,000 to invest. What shall I buy?" I was in a panic. I really knew nothing about bonds. The bond house I worked for had given me two lists—one to show the clients and the other was confidentially for me. The clients' list had the bonds my firm owned and wished to sell. It also had some window dressing containing some very much better quality and more fairly priced, seasoned, active, well-known, listed issues. On my sheet was shown the commission I was to be paid, ranging from nothing to quite a bit. In my panic I figured the ones I got nothing on must be the best. Therefore, I selected one of them. The doctor bought it and I was through.

G. M. Loeb

A True Broker

You see, I did not SELL these bonds to my doctor in the manner of an automobile dealer who owns a stock of a particular make car which he buys wholesale and sells retail. I selected a bond that my firm had to go into the open market and buy for my client. There was a commission charge of course— but a very small one. I could give the doctor good advice had I then known how because I had the whole open market to choose from. I was not confined to what was on my employer's shelves unsold at the time.

In short, I was a true "broker" and always have been.

Incidentally, the bonds turned out very well, as they had a sterling conversion feature which gave them a lift, bonds do not ordinarily possess.

This anecdote illustrates a principle that to me is very important —that is, doctors should have securities bought **for** them rather than sold **to** them.

Doctors As Amateur Aanalysts

I am told that 80% of the doctors are amateur analysts. That strikes me as high. I am asked, "Do doctors do better than other clients?" Well, I know of no "amateur" analysts who make profits and keep them. It takes professionals to succeed in investing. I would hate to be operated on by an "amateur" surgeon. There is no record of what various types of clients do, but my impression is that doctors succeed somewhat below the investment average. They must have superior intelligence to get their medical degree and practice successfully. They should do better in investments than the average, but they do not.

I think it is because they try to be amateur analysts. They would resent their patients being amateur doctors. They would also pity them.

Stock market results, like patient histories, share a little understood likeness—that is, **risk.** A doctor is faced very often with risk decisions, such as whether to operate or not to operate. In his professional experience he may decide that the patient might — just "might"—survive without an operation, but is fairly certain to survive with one. So he says, "operate." Let's imagine the patient refuses and gets well. He is the one man in a thousand who would. But what does he say about his doctor? He accuses him of bad advice.

Risks and Professionals

In stocks one likewise can not measure just results without knowing the risks taken to achieve them, and very few people are professionally able to know these risks.

Therefore, when you select your advisor, if he is a good one, he will discuss risks with you. Do not compare some lucky highly dangerous profit some friend possibly secured with a carefully planned long pull investment or speculative program that balances possible profits properly against possible losses and only selects those worthwhile.

I succeeded in being cured of my infantile paralysis by seeking out the best doctor. When I became of age, I did not start to study orthopedics. I did check doctors. The result was I selected Dr. Royal Whitman, famous head of the then Hospital for the Ruptured and Crippled on East 42nd Street, New York City. After I selected him, I let him do whatever was necessary.

My advice to doctors is to concentrate on selecting their investment advisor. He might be a professional investment counsellor, or a broker, or a banker, or a lawyer, or occasionally a successful friend. Then do what he says.

Incidentally, good advice is not confined to large accounts. I think the best advice in Wall Street is available to anyone provided they do not waste time and try to be back seat drivers.

Avoid Obvious Pitfalls

I do not want to encourage you doctors to be amateur analysts, so I will not give any rules about investment. Most readers of my book on how to invest end up learning more about what kind of advice to seek than anything else. There are different rules, too, for the first investor and the experienced investor. I will be satisfied to say, avoid obvious pitfalls at first and deal with the biggest New York Stock Exchange members in the biggest, best and leading stocks.

Later on, you can try the "wonder stocks" and special situations.

*An address by Mr. Loeb before the Essex County Medical Society, Newark, N. J.

McCormick Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—Orlando C. Curtis, Donald C. First, Bernard J. Moore and Philip Simon have been added to the staff of McCormick and Company, Security Building.

Prosperous Outlook Indicated

By SINCLAIR WEEKS

Secretary of Commerce

Commerce Secretary Weeks forecasts healthy prosperity for the rest of the year, and cites inflationary dangers. Reports personal incomes for first six months was 7% higher than same period last year, and that July employment was at a record high.

The outlook is bright for a fresh bounce in business and high employment during the rest of the year. The prospect is a top notch summer and fall.

Possibility of Inflation

The recent steel strike did not upset the apple cart. I do not anticipate that it will necessarily trigger general inflation, although I would point out that the wage and fringe benefit settlement is substantially in excess of the increased rate of productivity and if this trend continues long enough, inflation obviously would be the end result.

Sinclair Weeks

We all must turn a watchful eye in that direction. Productivity, competition and wise restraint in pricing policies, both on the part of management and labor, are among the checks on inflationary forces. The strike was settled in good faith and in time to avoid vital production losses in steel-using industries.

Public confidence in a good future is very strong and it is based on solid facts.

The over-all estimates for July indicate that employment is slightly higher than the June rate of 66.5 million—so it will make another all-time record. Unemployment is a shade lower than the June total of 2.9 million. (Complete detailed figures will be released next week.)

The latest personal income total (June) was at an annual rate of $324 billion, almost $1.5 billion above May. For the first six months it was 7% higher than the same period last year. Consumer prices in June advanced 0.7% from the May level, reflecting a seasonal increase in food prices.

Business investment keeps climbing upward. Preliminary estimes indicate a modest increase in July construction. President Eisenhower's record highway program is off to a swift start.

When—as now—widespread confidence is combined with accelerated production, increased spending power and sound practices by government and private industry, it can hardly fail to spell healthy prosperity.

With J. Logan & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Raymond D. Anderson, Lawrence B. Fox, Edward D. Guenther, Albert R. Peckinpaugh and Saul N. Yarmak have joined the staff of J. Logan & Co., 2115 Beverly Boulevard.

Joins Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Hobart E. Allyn, Tom Basset, Raymond D. Fraley, Dallas F. Givens, William Houghton, George R. Nock, Jr., and Maurice Wong are now with Samuel B. Franklin & Company, Crocker Building.

Tucker, Anthony and R. L. Day & Co. To Merge Their Firms

The investment banking firms of Tucker, Anthony & Co. and R. L. Day & Co. have jointly announced their intention of merging their organizations and personnel this Fall under the name of Tucker Anthony & R. L. Day.

In addition to main offices in New York and Boston, the new firm intends to continue its branch offices in Rochester, N. Y., Hartford and New Haven, Conn., Manchester and Nashua, N. H., and Springfield and New Bedford, Mass.

The merger will bring together two long-established investment security houses. Tucker, Anthony & Co. was founded in 1892 and R. L. Day & Co. was established in 1862.

White, Weld to Admit Stitzer, Neldner

White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 1 will admit Curtis E. Neldner and Raymond D. Stitzer to partnership in their firm. Mr. Stitzer was formerly a Vice-President of Equitable Securities Corporation, with which he had been associated for many years.

On the same date Clarence E. Goldsmith, general partner, will become a limited partner.

Arthur Krensky Adds

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill.—Ruth V. Willer has become connected with Arthur M. Krensky & Co., Inc., 114 North Seventh Street. Mrs. Willer was previously with A. G. Edwards & Sons.

Columbia Adds Two

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—William F. Cleveland and Robert L. Berman have joined the staff of Columbia Securities Company, Inc. of Florida, 3839 Biscayne Boulevard.

Military Market Opportunities For Commercial Air Transport

By CLINTON DAVIDSON, JR.*
President, Resort Airlines, Inc.

Prospect for commercial procurement of military air freight contract and charter transportation to continue to rise sharply until 1958 is based by Mr. Davidson upon the new money-saving policy of logistic air support, planned increase in Air Force size, and expected reduction in freight ton miles flown by M.A.T.S. for economy reasons. Explains Air Force air freight system, i. e., Logair, utilizes four commercial air lines under long-term contracts to link U. S. air bases, and is scheduled to fly in next 12 months 200 million ton miles compared to 180 million ton miles of freight flown by all commercial air lines in U. S. during 1955. Mr. Davidson compares the DC-4 to 1049 H Lockheed Super Constellation aircraft.

The military market is the largest and fastest growing single market for commercial air transportation. The reason why a scheduled airline with the name Resort has devoted 100% of its capacity to the military market during the last 12 months is that the President of the United States directed the Civil Aeronautic Board to issue it a Certificate to engage in scheduled passenger transportation in connection with all-expense tours to overseas and foreign points in the Western Hemisphere "in the interest of national security" as a result of a recommendation to him by the Defense Department that Resort Airlines would be of great military significance because all its capacity could be devoted to defense transportation during a period of emergency without adversely affecting the domestic economy. In 1955 logistic air requirements of the Air Force grew so large that it became necessary for Resort Airlines to devote all its capacity to the transportation of jet engines and other high-priority material between Air Force bases, and this defense need is continuing to grow.

Clinton Davidson Jr.

The military market for air transportation that could be flown by commercial airlines in 1955 was approximately $280 million, compared to total revenues of $255 million for the largest commercial carrier—American Airlines. Revenues actually received by commercial airlines for military transportation in 1955 were approximately $100 million. The other $180 million of air transportation in terms of commercial charter prices was flown by the Military Air Transport Service—the Air Force's own airline which the Defense Department and Congress have asked to subcontract as much of its transportation as possible to commercial airlines.

Air Freight and Passenger Prospects in M.A.T.S

M.A.T.S. in 1955 flew two billion passenger miles—a volume of passenger traffic about one-half of the largest commercial airline. If this passenger traffic were contracted to commercial airlines at the low coach-service price of 4c per passenger mile it would provide commercial revenues of $80 million.

In 1955 M.A.T.S. also flew about 500 million ton-miles of air freight, compared to about 300 million ton-miles flown by all commercial U. S. airlines put together. If M.A.T.S. freight were contracted to commercial airlines at 20c per ton-mile (commercial freight charges averaged over 22c in 1955), it would provide commercial revenues of $100 million.

The $100 million of military revenues actually received in 1955 was about four times as large as the total transportation revenues of the "All-Cargo" certificated airlines, in which there is a large stock-market interest—Slick Airways, Flying Tiger Line, and Riddle Airlines.

All Cargo Airlines in Military Market

These "All-Cargo" airlines derive a major portion of their revenues and all of their profits from military contract and charter flying. Other commercial airlines with active markets in their stocks which derive their profits from the military market are Seaboard & Western, and California-Eastern Aviation. Resort Airlines is the largest contract carrier for the Air Force.

The military market is provided largely by the Air Force. In 1955 the Air Force paid about $57 million to commercial airlines. The Navy paid about $18 million.

The breakdown of the military market by major segments in 1955 was as follows:

Major Military Market Segments

MATS gave commercial carriers contract and charter revenues of approximately $40 million, which was mostly passenger.

Civil air movement charters for the Army, Navy, and Air Force, which are passenger charters within the United States, amounted to approximately $11 million. This passenger traffic was carried largely by the non-scheduled airlines.

The Distant Early Warning construction project in Northern Canada (called the Dewline) provided air freight revenues on a contract basis to commercial airlines of approximately $24 million. Since construction of the Dewline is nearing completion, this segment of the military market is declining and will dry up after next year.

Logair amounts to about $20 million a year and is the fastest growing segment of the military market. Logair is an air freight system linking most of the Air Force bases in the United States for air transportation of jet engines and other high priority material. The Air Material Command of the Air Force at Wright Patterson Air Force Base near Dayton, Ohio supervises this airway system, and four commercial airlines fly the airplanes under long-term contract with the Air Materiel Command. Resort Airlines is the largest contract operator on Logair, and it provides the long-haul four-engine air transportation on a daily scheduled basis on both northern and southern routes across the United States.

In 1955 aproximately one-half of the military market was for passenger transportation and one-half for freight. The military requirement for passenger transportation, however, is expected to decline in the future, whereas the market for military freight will continue to grow rapidly.

The fast growth of the military market is indicated by the following statistics. The passenger traffic of MATS's own operation in 1955 was 54% above the previous year, and during the period 1951-55 the rate of growth was 38% per year. The freight traffic of MATS's own operation in 1955 was 44% above the previous year and its rate of growth in 1951-55 was 46% per year. Commercial airline traffic—both passenger and freight—has been growing at the rate of 15% per year.

Why Military Freight Chartering Should Grow

Military transportation carried by commercial airlines under contracts and charters with MATS in the past 12 months has grown 100%. In the future the passenger charter business for MATS is likely to decline but the freight charter business should continue to grow for the reasons mentioned below.

Although civil air movement passenger charters and Dewline freight contract business will decline in the future, the rapid growth of Logair should make up for such declines. Logair freight traffic increased over 100% last year and should increase as much as 50% during the next 12 months.

Military air freight contract and charter business should continue to rise sharply until 1958. Thereafter it should level off, and future changes will be determined by changes in the size of the U. S. Air Force.

The basic reason for this growth was the development in 1954 of a new logistic system by the Air Materiel Command of the Air Force. After an exhaustive study over a period of several years, it was determined that aircraft engines, aircraft spare parts, and other expensive items of materiel should be transported between Air Force bases in airplanes instead of in trucks, trains and boats, even though the the cost per ton mile by air appears to be higher than cost by surface transportation. It was believed that logistic air support in place of surface support would actually save the Air Force hundreds of millions of dollars because the great time saved by air transport would permit a large reduction of inventories of jet engines and other very expensive aircraft parts.

New Logistic Air Support Savings

The new policy of logistic air support during the past two years has accomplished the following results:

(1) The number of foreign air depots has been reduced and will continue to be reduced further, because air transportation makes it possible to ship vitally needed materiel from depots in the United States to any particular foreign point where it may be needed in an emergency within a few days.

(2) The more rapid shipment of aircraft engines and spare parts to foreign bases has reduced the out-of-service time of combat aircraft awaiting repairs by 58%. This increases the utilization of combat aircraft very substantially, with the result that our Air Force can have greater fighting power with a smaller number of aircraft in the future.

(3) Air transportation has reduced the size of aircraft engines and spare parts inventory requirements by 50%. The importance of this is indicated by the fact that jet engines cost over $200,000 apiece. For example, the jet engines on the best fighter plane we have at foreign bases—the F-100—during the period that these planes will be assigned abroad will require 3,000 changes for overhauling. Since these engines can be flown back and forth across the ocean in a few days compared to many weeks by surface transportation, the inventory of these engines is now being reduced by $38,000,000. In one year the Air Force will airlift overseas 14,134 aircraft engines. The use of air transportation will permit a reduction of inventories of these engines of about $200,000,000, compared to the total airlift cost of $40,000,000.

Planned Increase in Air Force

The logistic air support will require an increase in military air transportation through 1958 because the Air Force is continuing to expand in size up to a planned goal of 137 Wings, and because these Wings are being modernized with jet aircraft whose engines require more frequent overhauling and are much larger in size. The Air Force is continuing to screen its materiel and selecting more items to ship by air instead of by surface transportation. It is also adding more and more stations to its air freight routes. This is all part of a trend in national security policy toward maintaining a military establishment with less manpower and more fighting machinery. That is why it is believed that military passenger transportation will decline in the future but that military freight transportation will continue to rise sharply.

Resort Airlines decided to concentrate in the military freight market and has become the largest military contract operator among commercial airlines for the following reasons:

Since the President gave Resort Airlines its Passenger Certificate for Scheduled Operations largely for national security reasons, we have felt that Resort Airlines has had an obligation to provide badly needed air transportation for the Air Force during the national emergency which has existed since the outbreak of hostilities in Korea in the summer of 1950. There is also a good business reason for this decision because the military market is the largest and fastest growing single market for air transportation.

Resort Airlines has concentrated on Logair because Logair during the next 12 months is scheduled to fly 200 million ton miles of air freight compared to 180 million ton miles of freight flown by all commercial airlines in the U. S. during the past year. MATS contract and charter business is running 80 million freight ton miles a year compared to 120 million ton miles flown by U. S. international airlines. MATS and Logair combined contract freight operations total 260 million ton miles compared to 300 million ton miles flown by all U. S. commercial carriers both domestic and international.

Reducing MATS Air Freight Flying

It is hoped that part of the 500 million ton miles of freight flown by MATS own airplanes will be turned over to commercial airlines like Resort Airlines for economy reasons. Resort Airlines carries a payload 50% larger than MATS in DC-4 aircraft flying between San Francisco and Tokyo. Resort Airlines keeps its airplanes flying an average of nine hours a day on Logair domestically and 13 hours a day for MATS charters across the Pacific, whereas MATS keeps its transport airplanes in the air only about four hours a day.

Resort, Flying Tiger, and Slick Busines Volume

As a result of the rapid growth in the military air freight market during the past two years, Resort Airlines has increased its volume of business to an annual rate of 50 million ton miles at the present time, which is about the same volume of business carried by the Flying Tiger Line and by Slick Airways last year. Resort Airlines freight traffic is over three times as large as the freight traffic of Seaboard & Western. It is two-thirds as large as the freight traffic of American Airlines. It is over four times as large as the total revenue ton mile traffic (including passenger) of Northeast Airlines, which has become prominent as one of the leading applicants for a certificate to fly between New York and Miami in competition with Eastern Airlines and National Airlines.

In view of the continuing fast growth in the logistic air support system of the Air Force, Resort Airlines is negotiating for the acquisition of more cargo aircraft, and expects to increase its traffic to an annual rate of 75 million freight ton miles in the near future. When these plans have been consummated, Resort Airlines will probably be the world's largest freight carrier even though its operations will be 100% in the military market.

DC-4 and 1049 H Super Constellation

Although the Air Force believes that the DC-4 is the ideal cargo aircraft for Logair, where the distances between Air Force stations are not so great and the movements of cargo are more frequent and in small lots, the ideal airplane for the transportation of jet engines and aircraft spare parts to Air Force bases across the ocean is the 1049H Lockheed Super Constellation aircraft which will be in commercial operation in 1957. Resort Airlines has ordered two of these new Super Constellations for delivery in May and June 1957 to provide logistic air support across the oceans pursuant to contracts with MATS. These airplanes can be converted within a few hours from cargo to passenger interiors and vice versa.

Therefore, Resort Airlines can carry coach passengers in these planes between New York and Miami during the peak tourist season when and if it gets the certificate for this route for which it has applied. Since the winter season traffic between New York and Florida is very much greater than the summer season traffic, Resort Airlines has applied for the right to fly an unlimited number of flights from the midle of December to the middle of April and to fly only on weekends during the rest of the year. If Resort Airlines is granted this limited, supplemental-type certificate at the same time an unlimited certificate is granted to Northeast or Pan American or Delta, it will order many more 1049H Super Constellations which will be available to handle passenger traffic between New York and Miami during the peak traffic movements and also be available to carry cargo for the Air Force in peacetime during the summer months.

When and if a war starts, these airplanes together with the experienced pilots and operations personnel Resort Airlines has thoroughly trained in logistic air support operations, will be ideally suited for immediate war use by the Air Force.

*An address by Mr. Davidson before the New York Society of Security Analysts, New York City, July 24, 1956.

Leslie Harman

Leslie Harman, member of the New York Stock Exchange, passed away on July 29.

James V. Campbell

James V. Campbell, associated with H. C. Wainwright & Co., New York City, has passed away.

From Washington Ahead of the News

By CARLISLE BARGERON

One of the oustanding barnstormers in the forthcoming Republican campaign apparently is to be Secretary of Agriculture Ezra Benson. He has been vacationing for the past month in Canada but the understanding is that from about the middle of August he will be on the road continuously. The fact that he is in demand undoubtedly makes the Secretary feel good. For more than three years he has been waging a fight almost alone. President Eisenhower has steadfastly stood back of him but the demands from Republican members of Congress that he unbend from his principles and compromise have been tremendous. He has, of course, done some bending but nothing like to the extent that other men in his position would have done.

Carlisle Bargeron

During the fight over farm legislation which extended over a period of several months, the majority of the Republicans in both House and Senate were inclined to throw up their hands at the mention of his name. They frequently expressed the hope that he would resign, some of them even demanded it. Lacking his resignation it was their fervent hope that he would be shelved during the campaign.

But the tide seems now to have turned. Benson finally and apparently definitely won his right that flexible price supports ranging from 75 to 90% of parity be adopted in the place of the rigid 90% price supports. He won this fight in 1954, but before the flexible supports could get into operation, the Congress just adjourned made a vigorous effort to restore the rigid supports.

Congress this year originally, in fact, passed legislation calling for the restoration of the rigid 90% supports. At Benson's urging President Eisenhower vetoed the bill and subsequently got farm legislation more to Benson's liking. At this time, though, Benson's stock among Republicans was at a low ebb.

Now, however, in spite of the predictions of Benson's critics, farm prices have taken an upturn, after eight years of decline. The Republican politicians have concluded that Benson must have been right. They are looking over and trying to erase remarks they have made about him and asking that he come into their districts to campaign for them. It begins to look as though he will be one of the most popular Republican campaigners.

As I have written before, he is unique in the political give and take of Washington. An apostle of the Mormon church with spiritual leadership over more than a million fellow Mormons, he demurred at taken the agricultural post when President Eisenhower offered it to him. He explained that he was a clergyman and he doubted very seriously that this would mix with the political game. The President told him that he had received a mandate to restore the people's belief in the integrity of government and he thought this was quite spiritual.

The way things are working out, Benson will undoubtedly attribute his success to prayer. When the most hard-boiled Senator or Congressman has lunch with him in his private dining room at the Department of Agriculture, he will invariably ask the blessing. His staff meetings are always opened with a prayer and members of the staff, of various denominations, have learned to offer the prayer if called upon.

Indeed, at President Eisenhower's first Cabinet meeting, he asked Benson to offer a prayer and ever since every one of these meetings is opened with either a silent or local prayer.

Don't get the impression from this that the Secretary is always going around town praying. In his appearance he is not in the slightest a ministerial man. He is, instead, a big six footer, handsome man, invariably pleasant and with a ready laugh.

I have followed him rather closely to see if steadfast principles could exist in politics. If he should be sustained it might work a healthy change over all national government. Others might be emboldened to try principles once.

As I have said Benson has been forced to make some compromises. In order to hold onto the flexible price supports he had to set the supports for this year's crops at pretty close to the 90% mark. Also, he had to accept the soil bank by which farmers are to be paid to take land definitely out of production until the huge surpluses which the Government has accumulated can be disposed of. The Democrats charge that this is a deliberate Republican plan to buy farm votes in the forthcoming campaign. And it is undoubtedly that, but the Democrats in Congress were as much for the soil bank as were the Republicans.

However, Benson has held onto the fundamentals of his principles which may serve to straighten out the so-called farm problem to a better position than it has been in the past 30 or more years.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—Francis P. Martinez and Roy H. Suberly have become connected with King Merritt & Co., Inc., 24 Julia Street.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — James H. Crum has joined the staff of King Merritt & Co., Inc., Chamber of Commerce Building.

With Whitehall Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Graham N. Shaw is now associated with Whitehall Securities Corporation.

Joins T. R. Peirsol

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Mildred S. Carroll has joined the staff of T. R. Peirsol & Co., 9645 Santa Monica Boulevard.

With Mutual Fund Assoc.

FRESNO, Calif. — Helen F. Lewis has been added to the staff of Mutual Fund Associates, Incorporated, 444 Blackstone.

McDaniel Lewis Adds

GREENSBORO, N. C.—E. Kemp Reede has been added to the staff of McDaniel Lewis & Co., Jefferson Building.

Suez Crisis, Role of Consumption And the Pill-Taking Trend

By ROGER W. BABSON

Well known investment authority praises and cites the vitally important economic role of consumption; deplores increasing pill-consumption for artificial stimulus by the American populace; and finds in the Suez nationalization further proof that unexpected events do occur and can have a bearish—as in this instance—or bullish effect.

I have continually stressed in this column that the continuation of present prosperity depends upon the consumers, or customers of your local stores. So long as retail sales remain high, all is well, and husbands will continue employed; but when you begin to restrict buying, then retailers buy less from manufacturers. The manufacturers then begin to lay off their wageworkers and retail sales are further reduced, — the "vicious circle." Hence, the business cycle —so-called—turns downward until we have a depression.

Roger W. Babson

Good Wages and Advertising

Retail sales and employment have been kept up by extensive local and national advertising. The latter has been greatly aided by photography, color printing, radio, and now TV. Unless something unexpected happens to shake confidence, retail sales will be further stimulated by air conditioning and self-service. Some day a little oxygen will be fed into air-conditioning systems, which will be a great blessing to all.

A Word to Investors

Although I am an optimist on oils, chemicals, and certain other groups of stocks, yet I have continually kept in mind that some "unexpected event" may at any time happen. I wrote a column on this subject a few weeks ago. The recent sudden taking over of the Suez Canal by the new Egyptian Government is an illustration of what I had in mind. Even in these good days this sudden event caused several billion dollars to be knocked off the value of oil stocks and other internationally owned securities within a few hours.

We are now living in a small world. Whatever our religion, color, or nationality, we are brothers together economically. Every investor in the world has lost money by this act of the Egyptian Government. These investors are asking themselves: If this can be done to one of the oldest and most conservative investments, Suez Canal stock, why could it not be done to many other "blue chips"? However, all "unexpected events" are not bearish. Some are very bullish, such as the recent sudden adjournment of Congress until next January.

I, however, wish to refer this week to "pills" which are being used so unnecessarily by wageworkers, many of whom leave home without a real breakfast. The "coffee break" is the most apparent development in this line. The milk and sugar are real food; but the coffee is only a temporary stimulant lasting at most one-half hour. Those working on continuous-line production—who must keep up with the speed of the bells — often use dexedrine pills. These tend to keep one awake and supply "pep." They don't work with all people who really need better meals and more sleep.

Astounding Statistics

But consider the following statistics on pills which are being used today—not by sick people—but those who are employed in factories, retail stores, and offices. The following figures have been supplied by Dr. Henry van Zile Hyde of the U. S. Public Health Service at Washington. He says: Each year we dose ourselves with about 400 tons of barbiturates (a nerve drug), 34 tons of amphetamine a "pep-up" drug, and 7,000 tons of aspirin made into 19 billion five-grain tablets! In addition, there are billions of laxative pills sold.

Much of this tonnage is consumed by tired mothers preparatory to shopping at a supermarket or some other retail store. The final step may be to give pills, free, to customers as they enter the store! Such pills would keep them longer on their aching feet and give them courage to buy more goods. All of these stimulants are in addition to the highballs and doses of whiskey or brandy taken regularly at home.

What All This Means

The taking of such pills—like buying on installment—may not be harmful if properly controlled. It, however, is dangerous for wageworkers, consumers, or retailers to depend too much upon such artificial stimulants. No only does their use serve only temporarily, but it is a dangerous and unnatural way to get free from pain, fatigue, and other troubles. Those depending upon such should go to a physician for a "check-up" and learn how to eliminate the cause of their troubles.

Importance of Good Food

Surely the prosperity of the nation as well as our own well-being could be benefited by the regular eating of more good food. Coffee will not take the place of oatmeal; ice cream sodas will not serve for healthy lunches; while hurried dinners or suppers may keep you alive, but not prosperous. We cannot get on with scant and hurried meals any more than a furnace can provide power without sufficient coal or oil.

Although girls' beautiful complexions are out of my field, yet I am told "on authority" that the money spent on cosmetics would give far more rosy cheeks if spent on more good food, fresh air, pure drinking water—with more sleep. Let me further remind readers of the old question: "How does the word 'diet' read when we leave the 't' off?"

Janney, Dulles Branch

LANCASTER, Pa. — Janney, Dulles & Co., Inc. has opened a branch office at 56 North Duke Street under the management of Prosper N. Hill.

Government and the Mortgage Business

By MILES L. COLEAN*
Washington, D. C.

Mr. Colean shows how today's mortgage banker finds himself exposed with particular intensity to the drift toward a state-directed economy; reducing the efficiency of the market machinery and making him vulnerable to political attack. Urges him to avoid role of paid agent of a governmentalized mortgage system, and instead work to preserve the mortgage transaction as a free bargain between borrower and lender.

The mortgage business is conducted in a political atmosphere, usually characterized by a low barometer. This heavy political weather is true of all mortgage activity, because all of it is affected by the chill winds of statutory surveillance. It especially is true in the areas of urban residential and farm mortgage finance, where the force of Federal, as well as state, legislation has brought spectacular changes in the investment climate, and where, annually, Congressional visitations have become something to watch with about the same trepidation as the hurricanes of our eastern seaboard.

Miles L. Colean

I know of no form of economic activity in this country—and I do not exclude agriculture or public utilities—that is more beset with government restraints, directives, and incentives (that often turn out to be something else) or that is more frequently the subject of pressure by government or the source of pressure on government, than is this business of lending on mortgages. The essentially legalistic nature of the business is a fact that must be recognized both in the practice of mortgage banking and in the educational preparation for it.

A Legal Abstraction

To begin with, the mortgage itself is a legal abstraction, as indeed is the concept of property rights of which it is a derivitive. The instruments with which the mortgage banker deals are rooted in a tradition so remote as to be lost in time. The mortgage itself and the practices related to it embody a long series of adaptations to changing economic needs and social attitudes. Unfortunately the adaptations are never complete—the butterfly always carries along a good deal of the cocoon from which it has emerged, with considerable disadvantage to its freedom of flight.

As a good example of this, we may take one aspect of the urban home mortgage. In its original development, of course, the mortgage device was used primarily in connection with agricultural land. As a means of protecting the borrower from loss of his property due to the fortuitous event of a crop failure, there evolved in many states the idea of a redemption period — usually covering one or two crop intervals—to permit recouping from a temporary setback. Such a consideration has little applicability to urban property. Yet there it is, adding greatly to the lender's risk of loss and increasing the cost of repossession — and, incidentally, raising the price of money to the borrower and decreasing its availability. Here we have an important defect in the adaptation of an agricultural instrument to modern urban use.

We may take another example. The early imprudence of lenders in placing the funds of depositors and policy holders in mortgages brought in their wake severe statutory restrictions on loan-to-value in mortgage lending and in the ratio of mortgage investments to total assets. Such restrictions satisfied the punitive disposition of legislators, but they did nothing to remedy the causes of hazard in mortgage lending. And they left the mortgage system badly adapted to the demands of a broadening housing market and the requirements of a building industry which, to be efficient, had to have ample and dependable sources of credit.

Invitation to Bypass

It may safely be said that the failure of the states—and, along with them, of the private mortgage lending institutions—to bring real estate financing into tune with the imperatives of an urbanized economy was an invitation to the Federal Government to take steps to overcome, or rather bypass, the obstacles created by state law. The mortgage collapse of the early 1930's gave a sense of urgency to a trend which must, sooner or later, have come in any event and which, in fact, made its first appearance in the time of President Wilson and became more evident under President Hoover—before the break in the mortgage edifice was clearly evident.

The first steps were limited in scope and orthodox enough in character. They had considerable precedent not only in the Federal Reserve System but in a variety of institutions with which some of the states had experimented. In 1916, the Federal Land Bank System had been created to provide a reserve of credit for local cooperative farm loan associations. In 1932, the Federal Home Loan Bank System, inspired by, rather than closely modeled after, its forerunner in the farm area, was organized to provide reserve credit facilities for savings institutions; and, a little later, provision was made for the chartering of Federal Savings and Loan Associations—free from many of the inhibitions of state chartered associations.

Even the Home Owners Loan Corporation, and its parallel institution, the Federal Farm Mortgage Corporation, which were rapidly put together in 1933 and 1934 to meet the full tide of disaster, were ingenious rather than revolutionary. These were gigantic salvage operations conducted on sound business principles and with an alert eye to one of the prime causes of trouble: the lack of regular amortization of the principal of the debt over a reasonably long period of time. Both institutions, despite the despair amid which they began their missions, ended by making a profit for the government—an eventuality no longer considered important, if indeed appropriate, to a governmental operation.

FHA Insurance Establishment

The next significant step was the establishment of a system of mortgage insurance under the Federal Housing Administration. Again we have a hard-headed, business-like approach to an economic problem, namely that of restoring and broadening the flow of private mortgage funds after the salvage operation was well in hand. The original FHA was as devoid of ideology as that; and its purpose and its approach were equally simple.

The FHA offered the private mortgage market a single formula for spreading risk on a mutual basis available to all lending institutions and accessible by all borrowers with good credit standing and a sound piece of residential property. Though the device was created by government, its support was to come solely from those who benefited from it, and any profit ultimately accrued to the borrowers who paid its premiums. The government's position was kept remote; it made no distinction between persons or classes or groups, and it had no direct relationships with individuals.

It was not long, however, before the indirect and impersonal concept of the governmental relationship as embodied in FHA was seriously adulterated. Strong forces were at work to give government a stronger and a more direct role in the creation of an ideal society. It may be forgotten now, but a cleavage existed in the early years of the New Deal between those who thought of government intervention as a means for getting the old economic system back firmly on its track and those who welcomed it as a means of building both a new system and a new track.

The FHA people were in the first group, and their running warfare with their counterparts in other agencies, which were set up on the principle that government should and could, by grant and subsidy, give every family in the nation a good house, made newspaper copy right up to the time of the forced union of the two groups in the wartime National Housing Agency. As late as 1945, the then Federal Housing Commissioner plainly expressed his reservations about being kept permanently in the same bed with public housing.

This conflict brought the supporters of FHA into a succession of compromises. Since the advocates of direct lending and public housing offered a cure for all social ills, FHA had to offer one also. In fact, a whole series of alleged cures have been provided, as special insurance programs were set up to encourage low priced houses, farm houses, housing in outlying areas, housing for war workers (two programs here), for veterans, for slum dwellers and those displaced from slums, for men in service, and now for old folks; also to promote cooperatives and prefabricated houses and "industrialized" housing and to help the armed services avoid asking for direct appropriations, and probably a few more I have forgotten. Each of these had its separate procedures, regulations, and insurance funds.

In this panic to set up a special program to meet every real or invented need, the original, limited, practical objective was lost, and FHA was caught up in the delusion that there was no limit to the power of government to create what the late Don Marquis referred to as the almost perfect state. As a consequence, the agency began to be looked upon not as an impersonal device for improving the functioning of the private market mechanism but as a tool for directing and controlling the flow of funds to meet current social and political objectives.

One difficulty with this utopian approach was that it didn't work. The administrative processes of FHA became so involved in the resulting procedural maze that efficient functioning was impossible. Many of the programs could not get off the ground. Others appeared too hazardous or too cum-

Continued on page 39

*A talk by Mr. Colean before the Mortgage Bankers Association of America's Second Annual Educators Conference, Boulder, Colo., July 17, 1956.

Banking and American Capitalism

By DOROTHY TAKOSH*
Personnel Department, The First National City Bank of New York
Chairman, Round Table Committee
New York Chapter, American Institute of Banking

In winning the A. P. Giannini public speaking prize, Miss Takosh pointed out the inter-relationship of banking and American capitalism, the functions performed by exchange and finance; and the elements comprising resourceful American capitalism.

Banking and American Capitalism—what do we mean by that? Banking and capitalism are the elements that form the cadre of our economic system. They are inseparable. Both are based on the ownership of private property and the production of goods for profit. They dwarf any other system because it is a people's co-ordination of methods, aims, and objectives. It is a people's capitalism. The capitalist, the individual, and the banker are cogs in the wheel of free enterprise. The capitalist is the driving force; the people an integral and component part; the banker is the keeper, lender, and issuer of the necessary finances in each category. Their ability to function and effectively coexist constitutes the very foundation of our way of life, which is the mainstay of banking and American capitalism.

Dorothy Takosh

Performance of American Capitalism

During difficult times, such as the depression years and the two World Wars, American capitalism withstood all the shocks while other systems crumbled. Moreover, the products of capitalism have helped nurse back to health and prosperity other countries employing less effective systems. America has not only offered a steadily growing standard of living to all its people but has made it possible for them to own the tools and facilities which make that standard a reality.

What distinguishes this people's capitalism which our American banking system stimulates? Six basic elements form the foundation of this unique system. The first is the right of the individual to own private property. Now private property consists of three kinds: consumer goods, capital goods, and capital itself. Consumer goods are used to satisfy the wants of an individual, such as a house, a car, or material luxuries. Capital goods such as industrial plants, usable land, or machinery are employed to produce or to make things used by consumers; and capital is used to make both possible.

Ownership of Private Property

Capital goods are usually referred to as the means of production. The ownership of such businesses by private individuals is regarded as the foundation stone of capitalism. Possession of such property implies the right to employ it in any legal way, to withhold it from use, to transfer it to others, or to pass it on by inheritance. In contrast to this idea, other economic systems such as socialism, although they approve of the ownership of private property in consumer goods, contend that the means of production capital goods, as well as the ownership upon which this production depends, should be owned by the people as a whole.

Profit as the Mainspring

The second element is the profit motive. The mainspring of our capitalistic system of private enterprise is the expectation of private gain—private gain in a measure far greater than that of mere livelihood. Capitalism counts upon man's inherent desire for personal profits as the most powerful incentive to production. Thus the enterpriser, be he producer or banker, constantly tries to improve his product or service, lower his costs, and expand his market. If he succeeds, he is rewarded in return by profits. Therefore, this incentive for profit becomes the best guaranty for successful enterprise.

The third element is freedom of enterprise. The ownership of capital goods may rest with a group or with an individual. Enterprisers are free to use their private property to reap profits in whatever fields they may venture. In doing so, they assume a risk of the loss of their investment as well as the prospect of unlimited gain. No paternalistic government determines their objective. They may produce as little or as much as they wish, employ whatever personnel is necessary, determine the nature and sale price of their product or service, or make whatever commitments may be necessary for successful business ventures.

Wages Under Capitalism

The fourth element is the wage system. Owners of capital assume the risks of their business, but they also absorb whatever profits may have been made. Their workers are employed at an agreed wage, which generally remains constant for a given period no matter how the fortune of the enterpriser may fluctuate. The scale of their wages is determined at the risk of the employers although a great deal depends upon the strength of collective bargaining of the employees, the availability of labor, and the availability of capital.

The fifth element is competition, the device which acts as an automatic regulator of capitalism. The interaction of competitive forces in a free market is expected to stabilize profits, prices, and costs of labor—and it does. Thus the competition of producers within a given field tends to lower the market price, whereas the competition of the consumers to purchase these goods tends to raise the prices to a point where the producers are assured a profit; and in this give and take, the banker acts as the balance wheel by raising or lowering the cost of capital.

Functions of Exchange and Finance

The sixth and final element is exchange and finance. To facilitate an exchange of goods that are produced in large quantities and distributed over a wide area, capitalism has developed a highly efficient system of banking and finance. To introduce even greater flexibility, paper instruments such as personal checks, promissory notes, stocks, bonds, and mortgages are used wherever convenience, speed or large-scale transactions are involved. Spreading over all of these is our great

*An address by Miss Takosh, First-Prize Winner, at the National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes, during the 54th Annual Convention of the American Institute of Banking, Dallas.

structure of credit. Banks, stock exchanges, and investment companies are the clearing houses for this huge network of finance.

American capitalism is private enterprise. That's our American way of life. Capitalism is not a deliberately planned system. It is rather a faith. Interwoven in the pattern of people's capitalism and our American banking system is our faith in the productive activity of man, free of every unnecessary external restraint, engaged in the competitive struggle for private gain—but not without consideration for the welfare of his fellow man. No other system has so rapidly increased its production capacity, its aggregate wealth, or raised the living standards of mankind. To appreciate this fact, one has only to observe the results of other economic systems to know that we Americans live not by bread alone, but by the food of the spirit, freedom, self-respect, and economic justice.

Federal Land Banks Plans Large Offering

The Federal Land Banks are planning to go into the market with an offering in excess of $200,000,000, most of which will be in the long-term range, John T. Knox, fiscal agent, announced on Aug. 7.

Of the total, about $130,000,000 will retire 2⅞% bonds due Sept. 14, 1956, and the remainder will be used to pay off bank loans and for further lending operations.

The Land Banks sold their first long-term issue in many years last April, when they offered $60,000,000 of 3½% bonds due in 1971.

Iowa Invest. Bankers To Hold Field Day

DES MOINES, Iowa—The Iowa Investment Bankers Association will hold its Annual Field Day on Sept. 20 at the Des Moines Golf and Country Club.

Sutro Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Burdette M. Fitch is now with Sutro & Co., 460 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Frank D. Newman Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Vincent Cioffi has been added to the staff of Frank D. Newman & Co., Ingraham Building.

Joins Benjamin Lewis

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Frank Z. Collings is now associated with Benjamin Lewis & Co., 135 South La Salle Street.

Joins California Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Bruce W. Hanson, Raymond P. Meloy and Charles M. Tracey have become affiliated with California Investors, 3932 Wilshire Boulevard.

Samuel Franklin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph Benfeld, Raymond J. Bernard, Norman D. Carpol, William C. Coyle, J. S. Hartley, and Michael Mugnolo are now with Samuel B. Franklin & Company, 215 West Seventh Street.

J. D. Creger Adds

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—Clifford L. DeWees, Edgar H. Moore, Daniel A. Riley, Kenneth R. Sanders, Austin C. Tozier, Edward G. Williams, and William R. Wilson have joined the staff of J. D. Creger & Co., 124 North Bright Avenue.

Sterling and Oil Prospects And the Suez Canal Crisis

By PAUL EINZIG

In analyzing the recent weakening of sterling and oil shares, and the economics of the Suez situation, Dr. Einzig emphasizes that should nationalization of the canal succeed, then oil fields, refineries and pipelines would follow suit causing "sterling oil" deterioration upon the British balance of payments conceivably amounting to several times the financial value of the Suez Canal investment. Refers to: probable compensation prospect of dubious, inadequate value for both the oil and canal; inflationary consequence of even a minor military operation; and the apparent culpable cupidity of the Nasser regime in sterling account operation and the selling of oil shares on the basis of inside knowledge of impending move.

Dr. Paul Einzig

LONDON, Eng. — On July 26 sterling suddenly developed a weak tendency which could not be explained by any seasonal pressure or wave of pessimism. The explanation was soon provided by Colonel Nasser, some hours after the closing of the London market, in the form of his announcement of his decision to nationalize the Suez Canal Company. There is every reason to believe that the operations which were responsible for sterling's weakness were carried out on Egyptian account. And the fact that simultaneously there was also some selling of oil shares seems to indicate that some well-informed Egyptian quarters were operating on the basis of their inside knowledge of the impending move. From this point of view there seems to be little difference between the Nasser regime and the regime of Nahas Pasha which was denounced by the present regime for corrupt speculative operations.

Anticipation of Inflationary Effect

Both sterling and oil shares continued to display weakness during the days that followed the announcement. As far as sterling is concerned, this may be due to some extent to the anticipation of the inflationary effect of the military measures necessitated by the Suez Canal crisis. The degree of inflation will depend on whether it will prove to be sufficient to demonstrate military strength or whether it will become necessary actually to apply force to ensure the freedom of the use of this most important way of communication. Even a relatively minor military operation may cost hundreds of millions of pounds. Apart from its inflationary effect at home, it is also bound to affect the balance of payments directly through the increase of invisible imports in the form of additional military expenditure abroad.

Moreover, even though up to now the extent of call-up for military service has been negligible, should it become necessary to mobilize some hundreds of thousands of men it would aggravate the existing scarcity of labor. This would further reinforce the bargaining position of the trade unions. Together with any increase in the urgent production of military equipment, it would give rise to additional wages demands, and would accentuate the inflationary wages spiral. At the same time, it would reduce the output of civilian goods for domestic consumption and for export. This is not, however, the main reason why sterling was weak under the influence of the Suez crisis.

Nor is the main cause of the weakness of oil shares the additional cost of transport that may have to be incurred by the oil companies if they were forced to divert their tankers to the Cape route. Both sterling and oil shares came under a cloud of pessimism in anticipation of the political effects of Colonel Nasser's move on the governments of the other Arab countries. It is widely felt that, should Egypt be allowed to get away with the nationalization of the Canal, there would develop an irresistible pressure throughout the Arab world in favor of following the example by nationalizing the oil fields, refineries and pipelines. Even countries with pro-Western governments, such as Iraq, or Persia, might be unable to resist this pressure.

Wholesale Asset-Expropriation

The result would be wholesale expropriation of the assets of British, American and other Western oil interests. Compensation would be grossly inadequate and of dubious value. The oil companies would have to write off the greater part of their investments in that part of the world. It is no wonder oil shares are sensitive to the Egyptian situation. As for sterling, it would be gravely affected by Britain's loss of the "sterling oil" produced in the Middle East, and of the proceeds of the export of British-produced Middle East oil to outside the Sterling Area. Hence the psychological effect of the Suez situation on sterling.

Loss of "Sterling Oil"

No wonder the Suez crisis is viewed with pessimism from an economic point of view. Even if the Arab countries were able to maintain the continuity of their oil output, and even if they were willing to sell the oil to the Western countries — though a large part of it would probably be diverted to the Communist bloc — there would remain for Britain the problem of paying for the oil imports which would no longer represent "sterling oil."

This explains why Britain is quite prepared to incur military expenditure that might amount in given circumstances to several times the financial value of the Suez Canal investment, for the sake of preventing such grave losses that would be the indirect result of the acceptance of the nationalization of the Suez Canal. For, in addition to the capital loss involved in the inadequate compensation that Egypt would pay for British-held Suez Canal shares, it would be necessary for the British oil companies to write off their investments in Middle East oil. And the loss of "sterling oil" would cause a grave deterioration of the British balance of payments position.

Need for Speedy Decision

The outcome of the forthcoming international conference that will take place as a result of Mr. Dulles' London visit, will be awaited with considerable interest, not only because of its political implications, but also because of its effect on the pound. Should the conference drag into September it would add to the disturbing factors that are liable to be adverse to sterling. For this reason among others, the British Government is determined to insist on a speedy decision, failing which it is fully prepared to take action even in isolation or jointly with France. The alternative would be to face a heavy gold drain during September while the 24 participating governments are arguing week after week around the conference table. London is confident that military intervention would settle the crisis in a matter of days, so that it would safeguard the gold reserve from an autumn drain which might otherwise reduce it below danger level.

Two With Edenfield

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—William J. Barber, Jr. and Fred W. Wagner have been added to the staff of Frank L. Edenfield & Co., 8340 Northeast Second Avenue.

C. Berkeley Cooke With Rutledge Irvine

C. Berkeley Cooke, Jr. has become associated with Rutledge Irvine & Co., Inc., 80 Wall Street, New York City, as manager of the trading department. Mr. Cooke who has been in Wall Street for many years, was formerly with Burns Bros. & Denton.

Harry F. Reed Joins Perkins & Co., Inc.

Harry F. Reed

DALLAS, Texas — Harry F. Reed has become associated with Perkins & Company, Inc., Adolphus Tower, as Vice-President and Manager of the trading department. Mr. Reed brings to this organization 20 years experience in the field. From 1944 to 1951 Mr. Reed was Assistant Manager of the trading department of Carl M. Loeb, Rhoades & Company, New York, following which he was Manager of the trading department of Dallas Rupe & Son from 1951 to 1955. In 1955 Mr. Reed formed the Dallas firm of Reed and Sloan of which he was President.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Warren Rohrer has become affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

Joins FIF Management

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Roy T. Turner is now connected with FIF Management Corporation. He was formerly with Lola L. Turner.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Announcement is made by the **New York State Banking Department** of the appointment of William R. Brennan, Jr. to the position of **Deputy Superintendent of Banks**, effective Aug. 2.

It was noted in the New York "Times" of Aug. 8 that Mr. Brennan will head a new Division of the Department which will supervise sales finance companies and certain employee welfare funds under laws enacted by the 1956 Legislature. It is added that Mr. Brennan has been serving as an Assistant Counsel to the Banking Department since April, 1955.

* * *

Horace P. Bromfield, Vice-President of **Chemical Corn Exchange Bank of New York,** has been elected to the Board of Managers of **Union County Savings Bank of Elizabeth, N. J.** He is a Director of Nationwide Food Service Inc., Chicago, and was Financial Vice-President of National Aeronautics Association of Washington, D. C., from 1948 to 1950.

Horace P. Bromfield

* * *

Mortimer J. Palmer, Vice-President of **The Chase Manhattan Bank of New York,** has been appointed Secretary succeeding the late Kenneth C. Bell, it was announced on Aug. 2, by J. Stewart Baker, President. Mr. Palmer, a member of the bank's staff for the past 38 years, was Secretary of **the Bank of the Manhattan Company** prior to the **Chase-Manhattan** merger last year.

* * *

The Directors of the **Clinton Trust Company of New York,** have elected Ralph T. Horgan to membership on their Board, it was announced on Aug. 1, by Theodore R. Schwarz, President. Col. Horgan is Chairman of Horgan Industries, Inc.; President of Ralph Horgan, Inc.; President of the Broadway Association, etc.

* * *

Lee Higginson Corporation announces that the offering of 33,000 shares of **Trust Company of North America, New York,** capital stock at $30 per share has been completed. The offering of the new issue of stock was noted in these columns July 12, page 185. The stock is in shares of $5 each.

* * *

The Bank of Montreal announces the following appointments in **New York:** Gordon V. Adams, agent in charge of business development; Wallace J. Wilson, assistant agent, and Gordon M. G. Johnstone, special representative. Mr. Wilson and Mr. Johnstone will be associated with Mr. Adams in the bank's business development department, at the New York Agency, 64 Wall Street.

* * *

When Francis Schmidt, 41-year old College Point machinist, this week borrowed $456 from **Manufacturers Trust Company's New York** Personal Loan Department, to pay for an operation for his son, he unknowingly made history and brought himself a windfall. Mr. Schmidt's loan, the bank announces brought to $1,000,000,000 the amount of installment loans made by Manufacturers Trust Company during the past 21 years. The bank through John B. Paddi, Vice-President, made a present of the $456 to Mr. Schmidt and marked his account "Paid in Full" on Aug. 7 at a ceremony in its Personal Loan offices, 67 Broad Street. Francis Schmidt, Jr. the 14-year-old son for whom the loan was originally made, also shared in the observance. The bank presented him with a $100 full paid-up Christmas Club Account.

* * *

The capital of the **Peoples National Bank of Patchogue, N. Y.,** is announced as of July 13 as $300,000, increased from $200,000 by the sale of $100,000 of new stock.

* * *

The First National Bank of Glen Head, Long Island, N. Y., reports a capital as of July 23 of $244,000, increased from $238,000 by a stock dividend of $6,000.

* * *

Benjamin D. Simmons, President of the **Hardyston National Bank of Hamburg, N. J.** and likewise President of Decker & Simmons Co., Branchville, N. J., lumber, fuel and feed concern, and B. D. Simmons Co. of Franklin, N. J. and likewise an official of the Sussex Building & Loan Co. died on July 24. He was 73 years old.

* * *

Broad Street Trust Company of Philadelphia announces that supervisory authorities have approved its application for opening two additional offices in Philadelphia, one at 7508-7510 Haverford Avenue, near City Line, and another at Willets Road between Holme Avenue and Exeter Road, Holmesburg, thus increasing its number of offices from 12 to 14. Contracts have been awarded for the erection of two new banking offices, both of which will be air-conditioned and equipped with free parking facilities or drive-in bank service. John Mamourian, is Vice-President and Comptroller of the Trust Company.

* * *

The Tradesmens Bank & Trust Company of Philadelphia, has opened a new downtown banking office at 4th & Chestnut Streets. The bank's main office is at Broad and Chestnut Streets, and its other offices are at Market and Juniper Streets; 5614 Germantown Avenue; 19 South 52nd Street; Broad and Louden Streets, and Erie Avenue and "I" Street. The new downtown office replaces two offices at 320 Chestnut Street and 5th and Chestnut Streets.

* * *

The intention of John S. Smith, former President of the **Farmers Deposit National Bank of Pittsburgh,** to retire on July from the **Mellon National Bank & Trust Co. of Pittsburgh, Pa.,** was made known in the "Pittsburgh Post-Gazette" of July 26. As Manager of the Mellon National **Farmers Bank Office,** Mr. Smith is succeeded by Hugh D. MacBain, a Vice-President of the Mellon National, as was also Mr. Smith. The announcement was made by Frank R. Denton, Vice-Chairman of the Mellon Bank, according to the "Post-Gazette" from which we also quote:

"Mr. Smith, a graduate of the University of Tennessee and Columbia University, was associated with the **New York Trust Company** before coming here in 1929 as assistant Vice-President of Farmers Bank. He subsequently became Vice-President and in 1944 was elected President. Mr. Smith held that position until 1950 when the bank became the Farmers Bank Office of Mellon Bank. Mr. MacBain attended Columbia before entering the investment banking field in 1925. He came to Pittsburgh in 1937 with Mellon Securities Corporation as a director and Vice-President in charge of sales and syndicate operation. He became an officer of First Boston Corporation in 1946 and in 1947 was named Vice-President of Mellon Bank."

* * *

Sterling L. Wandell, formerly Vice-President of the **Fidelity Trust Company of Pittsburgh, Pa.,** has become Executive Vice-President and Cashier of the **Farmers & Mechanics National Bank of Woodbury, N. J.,** according to the Pittsburgh "Post-Gazette" of July 26.

* * *

The sale of new stock to the amount of $100,000 by the **Peoples National Bank & Trust Company of Langhorne, Pa.,** has brought about an increase in the bank's capital from $200,000 to $300,000. The enlarged capital became effective July 27.

* * *

Effective June 29, the **First National Bank of Carbondale, Pa.,** increased its capital from $330,000 to $450,000 by the sale of $120,000 of new stock.

* * *

Commemoration of the 37th anniversary of the National Bank Charter of the **American National Bank of Portsmouth, Va.,** was marked on June 23, with a reception tendered by the bank to its customers and friends who were invited to inspect its newly remodeled building. As to the celebration, the local paper, bearing the combined title "Norfolk Ledger-Dispatch—The Portsmouth Star" of June 22, pointed out that:

"Thirty-seven years ago tomorrow, the American National Bank of Portsmouth succeeded the old **Bank of Portsmouth,** which had played a most conspicuous part in local fiscal affairs since 1867."

From the account we further quote—

"On June 23, 1919, the original charter of the **American National Bank** was issued by the Comptroller of the Currency. It is most interesting to note that this charter was signed by the well-known national figure and native Virginian, the late Hon. John Skelton Williams.

"Much history has been written, many things have happened and much progress has been attained during the last nearly four decades, and so it is with the American National Bank, which will celebrate tomorrow the 37th anniversary of its National Bank Charter. Happy and proud are the officers, directors, personnel, stockholders and customers alike, and happy and proud should they be, for truly a good job has been well done for this community in the building of this great local financial institution.

"The officers and directors decided that this anniversary would be a most appropriate way in which to commemorate this outstanding event in the history of the American National Bank and feel sure that it will be most interesting to its constituency in and out of the City of Portsmouth."

Among important milestones in the American National Bank's history the following are cited: 1919—Immediately after organization, took over Bank of Portsmouth; 1929—Took over First National Bank; 1930 — Took over Bank of Tidewater. As to its remodeled building the bank reports:

"Originally built in 1912 by the Bank of Portsmouth, remodeled in 1919, again in 1929, again in 1940, and now again in 1956. Remodeling just completed which now comprises four floors, acquired over 2,000 additional square feet of floor space without having to buy any real estate."

Frank D. Lawrence is President of the bank.

* * *

The capital of the **Lafayette National Bank of Lafayette, Ind.,** has been enlarged to $700,000, from $350,000. Part of the increase resulted from a stock dividend of $175,000, while an additional $175,000, was realized by the sale of that amount of new stock. The increased capital became effective July 25.

* * *

The sale of $100,000 of new stock by the **Lincoln National Bank of Chicago, Ill.,** has increased the bank's capital from $400,000 to $500,000, effective July 26.

* * *

With an addition of $100,000 to its capital, $50,000 of which resulted from a stock dividend, and $50,000 realized by the sale of new stock, the **National Manufacturers Bank of Neenah, Wis.,** reported a capital of $300,000 as of June 29, compared with $200,000 prior thereto.

* * *

It is announced by **The Chartered Bank of India, Australia & China,** head office, **Bishopsgate, London, E. C. 2,** that the Queen has conferred upon the bank a new and Consolidating Royal Charter which enlarges in certain directions the powers and privileges which have been enjoyed from 1853 onwards. One of the principal changes effected by the new Charter provides that the bank will now continue to be incorporated and established permanently unless or until Her Majesty, Her Heirs or Successors shall see fit to revoke the Charter. Hitherto the charters granted to the bank have been for limited periods of time, usually 30 years.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $3,510,000 Delaware, Lackawanna & Western RR. Co. series N 3⅞% equipment trust certificates maturing semi-annually Nov. 15, 1956 to May 15, 1971, inclusive.

The certificates, second and final instalment of a total issue of $7,500,000, are scaled to yield from 3.50% to 3.875%, according to maturity. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The entire issue is to be secured by the following equipment estimated to cost not less than $9,403,400: 1,000 box cars; 100 covered hopper cars and 2 Diesel electric locomotives.

Associates in the offering are—R. W. Pressprich & Co.; Freeman & Company; Shearson, Hammill & Co.; and McMaster Hutchinson & Co.

Central Republic Dir.

CHICAGO, Ill.—At a meeting of the Board of Directors of the Central Republic Company, Herbert J. Lorber was elected a Director. Mr. Lorber is Chairman of the Board of Rollins Burdick Hunter Co., and a Director of the Gulf, Mobile & Ohio Railroad, Booth Fisheries Corp., National Foundation of Infantile Paralysis, Transportation Association of America, and Kensington Steel Company. He is also a Director of the Georgia Warm Springs Foundation.

Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Francis I. Safford has become affiliated with Lee Higginson Corporation, 231 South La Salle Street. He was formerly with R. L. Day & Co. in Hartford, Conn.

Spahr Recommends Sound Money Plank For Both Parties

A sound money plank is urged upon both major political parties by well known monetary authority. Believes parties can further national welfare by such action in view of redeemable currency's ability to protect human freedom and prevent destruction of a currency's buying power.

A sound money system for our people in which United States dollars are redeemable on demand in gold at the rate of $35 per fine ounce was recommended as a plank for both political platforms by Walter E. Spahr, Executive Vice-President, Economists' National Committee on Monetary Policy.

Dr. Walter E. Spahr

In letters addressed to political leaders concerned with drafting of the platforms, Dr. Spahr said:

"Experience teaches that the only effective way in which to prevent the serious impairment or destruction of the buying power of a currency is to make it a title to, and redeemable in, a definite amount of gold. Experience also teaches that a redeemable currency is a powerful protector of human freedom. . . .

"A large number of monetary economists, who have spent all or much of their adult lives as close students of monetary standards and who are attempting to serve the ends of accuracy and the general welfare, hope that there may be a sound money plank in the platform of the two major political parties. . . .

"The evidence is that the national welfare will not be served well unless a sound currency plank, recommended above, is incorporated in the Platform of the Party which wins the election and is written into law."

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Wilford H. Alderman, Alfred C. Avenoso and Fred E. Richard are now with Bache & Co., 556 Central Avenue.

With Chace, Whiteside

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George W. Simpson has been added to the staff of Chace, Whiteside, West & Winslow, Inc., 24 Federal Street, members of the Boston Stock Exchange.

Chapman Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Ralph D. Joslin has become associated with Chapman & Co., Inc., 84 State Street. Mr. Joslin was formerly with Lang & Dadmun; Waddell & Reed, Inc., and Richard J. Buck & Co.

Joins Reynolds Staff

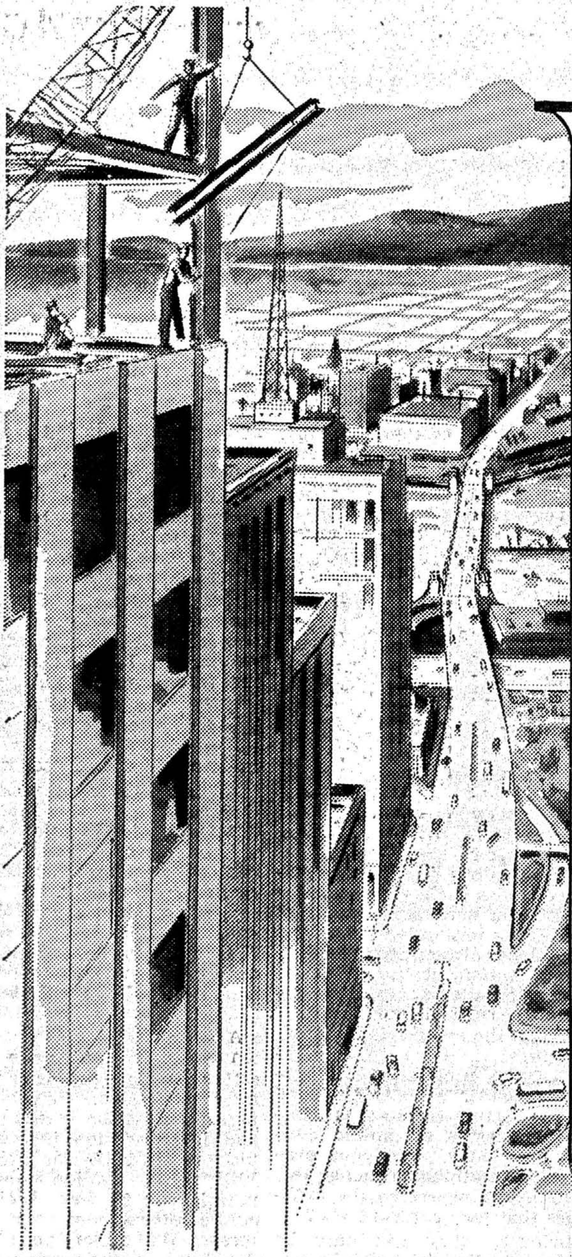
(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William E. Guarente has joined the staff of Reynolds & Co., 19 Congress Street.

B. C. Morton Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Norman M. Henning has been added to the staff of B. C. Morton & Co., Penobscott Building.



Everywhere you look

America is growing

and Associates is growing with it!

Listen to the clang of new steelwork rising high above old skylines . . . to the whisper of a million air conditioners and the muffled churning of ocean freighters in the St. Lawrence . . . to the hum of an endless stream of new automobiles rolling along the ribbons of newly constructed turnpikes.

These are the far-flung activities of a young America still growing at an accelerating pace that dazzles even the boldest thinker. Spurred on by the incentive of free enterprise, our nation's growth is backed by far sighted, constructive financing that enriches the opportunity of every man to better his way of life.

In the past 12 months, Associates has provided over 1½ billion dollars of automobile, industrial and personal financing to assist this American growth pattern in widely diversified fields of industry and private endeavor.

America continues to grow . . . and proud of its contribution to that growth, Associates grows with it.

A REPORT FOR THE FIRST SIX MONTHS

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 1956	June 30, 1955
CASH AND MARKETABLE SECURITIES	$ 87,277,327	$ 81,146,112
RECEIVABLES:		
Retail motor vehicle installment receivables	$683,877,863	$578,409,395
Wholesale motor vehicle short-term loans	72,754,696	67,100,654
Direct and personal installment loans	55,851,875	41,678,044
Commercial and other receivables	37,002,943	27,696,421
	$849,487,377	$714,884,514
Less: Unearned discounts	51,967,540	44,144,624
Reserve for losses	20,628,756	17,506,326
Total receivables, net	$776,891,081	$653,233,564
OTHER ASSETS	14,884,154	11,529,998
	$879,052,562	$745,909,674

LIABILITIES	June 30, 1956	June 30, 1955
NOTES PAYABLE, short-term	$435,831,400	$352,716,100
TERM NOTES due within one year	37,500,000	39,770,000
COMMON STOCK DIVIDEND payable July 2, 1956	1,875,283	1,562,736
ACCOUNTS PAYABLE, ACCRUALS AND RESERVES	30,237,643	29,705,347
UNEARNED INSURANCE PREMIUMS	29,258,942	28,925,709
LONG-TERM NOTES	155,965,000	136,135,000
SUBORDINATED LONG-TERM NOTES	52,000,000	42,000,000
CAPITAL DEBENTURES	17,900,000	18,500,000
PREFERRED STOCK	22,500,000	12,500,000
COMMON STOCK	31,254,720	31,254,720
SURPLUS	64,729,574	52,840,062
	$879,052,562	$745,909,674

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Six Months Ended June 30, 1956	Six Months Ended June 30, 1955
Discount, interest, premiums and other income	$59,449,847	$51,648,914
Operating expenses	41,828,871	34,296,900
Net income before Federal income tax	$17,620,976	$17,352,014
Provision for Federal income tax	7,840,000	8,540,000
Net income	$ 9,780,976	$ 8,812,014
Consolidated net earnings per share of common stock after payment of preferred dividends	$2.97	$2.73

Associates

Commercial and Installment Financing

ASSOCIATES INVESTMENT COMPANY
ASSOCIATES DISCOUNT CORPORATION
and Other Subsidiaries

HOME OFFICE • SOUTH BEND, INDIANA

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks backed away from any conclusive test of the all-time high in the industrial average this week, stretching the correction phase to a full four months since the peak was reached early last April. Uncertainties over the Suez Canal situation was the excuse for the selling that started in the international oils which were the hardest hit group when the going was heavy.

* * *

It left the question wide open of whether the old high had actually resisted a penetration since the industrial average came within a few pennies of accomplishing it before the turndown. Steels, which had been market leaders as settlement of the strike progressed, were subjected to at least temporary profit-taking that kept them on the lists of laggards occasionally.

* * *

Motors showed no more than momentary trading interest even though the period for the model changeovers is about to dawn. Coppers, helped by some firming of the domestic price for the red metal, were able to do well. In fact, the metals were general pets when buying was around. Domestic oils, too, were in demand which is an offshoot to the Suez jitters that afflicted the international oils, the theory being that any disruption of the Near East supplies will necessarily boost the demand for supplies in this hemisphere.

* * *

National Supply, the largest independent in the oil well supply business, as well as a large producer of incidental products, was able to put on better action than the general run, backed by some solid prospects of good earnings for this year although effects of the steel strike on the company are still vague. The company, on the basis of its reported earnings so far, is heading toward a $9-10 final result for this year, according to most projections. This would be in the nature of a one-third boost over last year's results.

The company has had some large charges in recent years, partly to reduce its capitalization and partly for expansion and plant improvement. With these programs drawing to a close the company automatically becomes a candidate for better dividend treatment and, with continued progress based on the large capital expenditures of the oil industry generally, in time would bring up the subject of enlarging the common stock capitalization which is comparatively modest and a shade short of the 1,500,000-share mark.

* * *

Imperial Oil, which ranks among the giants of the Canadian oil industry, was also in noticeable favor, a demand that was heightened by the company's announced intention of constructing a large petrochemical plant to augment its raw material supply. Its plans for one product alone would double the entire amount now being produced in the country.

* * *

The continuing shortage of nickel has helped International Nickel post an all-time high but without indicating that the end is in sight since the company is generally regarded as having delayed any price increase in the metal far beyond the time when the supply-demand factor dictated at least a modest increase and consequent benefit to profits.

* * *

International Nickel produces three-fourths of the world's supply and is believed to have deliberately held down the price to encourage the use of the metal in far wider applications. It has pretty well ignored, consequently, the price inflation in other metal lines. The shortness in the supply has prompted the U. S. Government to stimulate the development of new sources and International Nickel has been working with the authorities on supplying power to the large less-than-best grade deposits it holds in Canada not now being worked because of the power lack.

* * *

Sperry Rand Corp., a relative newcomer in its present guise since it is only starting its second year since the merger between Sperry Corp. and Remington Rand, has been something of a trading favorite with a good share of the interest kindled by its pending lawsuit against another office machine colossus about which recurrent tales of an out-of-court settlement float. On its own merits, Sperry Rand is capable of showing some growth that is far better than anything shown by the individual components which, incidentally, were thoroughly respectable boosts in sales and earnings with good consistency. Sales in the current fiscal year are expected to make the three-quarters of a billion dollar level with the magic level of a billion dollars not too far away. Sperry, prior to the merger, was largely committed to defense spending, but the combined firm has been able to show an even better boost in its civilian business than its military trade. This is in the face of the important work it is doing in radar, instruments, guided missiles and electronics generally for defense needs.

* * *

Chemical stocks are considered as having discounted to a good extent the many favorable prospects and aren't among the higher yielding issues around, limiting their appeal a bit in cautious markets. Dow Chemical, however, has had reports somewhat heavily weighed down by rising depreciation charges which have kept profits on the modest side. The costs, however, are now at the leveling-off stage and some estimates indicate that in three or four years the earnings of this year could be doubled. Dow's sales for the last fiscal year are estimated to have hit the half billion mark on which, along with a handful of other companies, the firm normally operates at a 30% profit before taxes and special charges. Another of the arithmetical facets that isn't reflected in Dow's official reports are the profitable operations of its subsidiaries, Dow-Corning and Ethyl-Dow, which aren't consolidated and are only represented in the parent company's figures by the amount of dividends they declare.

* * *

Aircrafts, helped mightily by new government contract allocations, were able to show a bit of life again but without any great demand centering on the companies that are largely producers of civilian planes. Beech Aircraft, however, after a steady downtrend in earnings for nearly two years, seems to have turned something of a corner since its June quarter statement showed an increase in profit of around 50%. Sales of business aircraft have been increasing and the projections of full-year earnings would indicate the rather low price-times-earnings ratio of around 5-to-1. Sales for the year are expected to run better than 50% over the results for the 1954 year for its private plane lines alone, and industry sources report that the business plane market is one of increasing growth currently. Military sales have been continuing at a high level and the company's backlog is highly favorable.

[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.]

The Public Relations Counsel Looks at Investment Counsel

By EDWARD L. BERNAYS*

Leading public relations authority notes new profession of investment counsel must overcome difficulties stemming from public's unawareness and lack of knowledge. Maintaining profession requires dynamic action, for survival and growth, including following steps: scope and functions must be continually clarified for public; appropriate additional legal sanctions for mutual protection must be devised; broad-scale research on public attitudes; public relations should be thoroughly planned, for growth and development in the public interest.

Business and economic experts anticipate an expanded American economy during the next decades. Investors will continue to put their money in American securities. Will they do so wisely or unwisely? Will they turn for investment advice to the investment counsel?

Edward L. Bernays

The profession of investment counsel is very new—dating only from 1919. Like other new professions in our increasingly complex society, yours arose to meet the need for specialized experts in a particular field. Yet it encounters difficulties in achieving recognition, status and legal sanctions consistent with the service it renders society. It suffers from what the social sciences term "a cultural time lag." The concept of the professional investment counsel, as distinguished from competing services, is lacking in investor or public consciousness today. Can your profession do anything to change this situation and overcome the difficulties that now confront you?

Obviously, they can only be overcome by activities of information and persuasion directed to the publics on which you are dependent for survival. Even million dollar volume clients are the victims or beneficiaries of the general climate of opinion and influence which surrounds them.

Acceptable Service and Story Necessary

But you cannot convert your publics to your way of thinking unless you have an acceptable service and story. Do you have them? In my opinion the answer is "yes," for your professional code distinguishes you from other financial advisers and you are a profession, as distinguished from a trade or business.

As to the first, the distinguishing feature of your professional practice is that by divesting yourselves of competing personal interest you give competent, unprejudiced, responsible advice on investment in terms of the client's interest alone. In this regard, your relation to your client is comparable to that of a doctor or lawyer.

As to the second, by the accepted definition, you are a profession. You approximate closely the definition of Mr. W. E. Wickenden, former President of the Institution of Electrical Engineers of Great Britain. Speaking of a profession's attributes, he said:

"We may place first a **Body of Knowledge** (science) or of **Art** (skill) held as a common possession and to be extended by united effort.

"Next is an **Educational Process** based on this body of knowledge and art, in ordering which the professional group has a recognized responsibility.

"The third is a **Standard of Professional Qualifications** for admission to the professional group, based on character, training and proved competence.

"Next follows a **Standard of Conduct** based on courtesy, honor and ethics, which guides the practitioner in his relations with clients, colleagues and the public.

"Fifth, we may place more or less formal **Recognition of Status** by one's colleagues or by the State as a basis of good standing.

"Finally there is usually the **Organization of the Professional Group,** devoted to its common advancement and its social duty rather than the maintenance of an economic monopoly.

"Professional status is therefore an implied contract: to serve society over and beyond all specific duty to client or employer in consideration of the privileges and protection society extends to the profession."

Let us look at your present status and some problems you face as a profession. Certainly your present situation needs analysis and interpretation if you are to plan realistically for the future. Will public opinion continue to permit you to serve society, the public interest and your own interest? Will society permit you to develop with the expanding economy? Can you so plan as to ensure for yourselves a reasonably secure future? Or will sub-standard advisers on investment and other forces antagonistic to you so adversely affect the public and its legislative bodies as to put hampering curbs upon you, possibly even legislate you out of existence? This despite the fact that your continued existence is essential to the financial well being of the broad public and the financial public.

Restrictive legislation has already been introduced in certain states. Misleading terminology is being used by competitive interests which try to secure investment counsel business without actually being investment counsel.

From the legal standpoint the term "investment counsel" is defined by Federal statute. As early as 1938 the SEC ruled that only those firms primarily engaged in giving financial advice could call themselves by the title. Today 350 firms so qualifying, are registered with the SEC. The law, however, sanctions the giving of investment advice by other individuals and institutions whose primary business does not meet the "investment counsel" designation criteria. Operating as "investment advisers," "investment managers," etc., such individuals and organizations, due to similarity of title, are equated in the public mind as being one with you.

Terminology Obscured

Many of those operating under these other designations are of the highest probity, competence, and reputation. Others are not. In any case, the fact that they may op-

Continued on page 40

*Address by Mr. Bernays before Annual Meeting of Investment Counsel Association of America, Harvard Club, New York City,

Better 4th Quarter Business Prospects Indicated

First National City Bank sees higher level of industrial production in the remainder of 1956. Finds there is less slack in the economy than generally believed and issues warning against price inflation possibility. Perceives spread of substantial steel wage and price increase to many areas experiencing continued heavy demand.

"Fewer inventory worries, a strong capital goods outlook, near-capacity operations and fatter payrolls in the steel industry, and improved business confidence," according to the August "Monthly Bank Letter" of the First National City Bank of New York, provide better fourth quarter prospects than that thought possible before mid-year.

The "Letter" points out that, "however much the steel strike may have disrupted activity in metal-working lines during the third quarter and however unfortunate its impact on the persons involved, the need to catch up points to a higher level of industrial production in the remainder of 1956. Many of the uncertainties which plagued business during the first half have cleared up now that the strike is over and the economy is still on an even keel. Purchases of steel in the first half had obviously been inflated and some sort of cutback was due. The strike has compressed into a month or so the shakedown in steel inventories which otherwise would have required a much longer period. The automobile industry also has succeeded in reducing its inventories of new cars, and little difficulty is anticipated in clearing the way for introduction of '57 models in October and November.

"Slowdowns and shutdowns for lack of steel have had the greatest impact on business outlays for new plant and equipment. Heavy construction projects, oil-well drilling, and the manufacture of heavy equipment needed the structural shapes, plates, and pipe which were in short supply even before the strike began. Delays in getting steel for current jobs will push the extensive backlog of plant and equipment contracts further into the future, thus assuring support to the economy from this important sector well into 1957.

"With fewer inventory worries, a strong capital goods outlook, near-capacity operations and fatter payrolls in the steel industry, and improved business confidence, fourth quarter prospects look better than before mid-year.

$400 Billion and Still Growing

"Not only has the economy passed the much-heralded $400-billion-a-year mark, but its first half performance was better than generally expected. Fragmentary and preliminary statistics available during the first six months of 1956 gave the impression of a slowdown in many important areas, and some saw in these indicators the beginning of a general downturn. Comprehensive estimates of the nation's total output of goods and services, recently revised and brought up to date by the Department of Commerce and the Council of Economic Advisers, tell a different story. The gross national product during the second quarter rose to the record annual rate of $408.5 billion. The steady advance, from a $403.4 billion rate in the first quarter and $401.9 billion in the final quarter of 1955, makes it clear that the adjustments in process during the first half, while severe for automobiles and other individual industries, were not general or pervasive.

"The first half increase in national output was largely in business expenditures for plant and equipment and consumers' purchases of non-durable goods and services, reflecting the record level of disposable income. This is not primarily an inventory boom; while business inventory accumulation in the first half year ran at an annual rate of about $4 billion, the rate did not accelerate during the period and is now probably declining. Neither has government spending provided a stimulus.

Less Slack in Economy

"The strength of the economy is further emphasized by the fact that recent gains were made without as solid support from homebuilding or the consumer durable goods industries as in 1954-55, when they were the backbone of the recovery. In June, total employment reached a new record of 66.5 million, while new peaks are also indicated for personal income and retail sales. There is less slack in the economy than many persons believed earlier in the year, and consequently there is even more reason to guard against inflationary pressures.

"The cost of living made a relatively sharp advance in both May and June and reached a new record for the first time since October, 1953. Wholesale prices have leveled out near their peak. Farm and food prices have been recovering in recent months and no longer afford an offset to increases in industrial prices. In such a setting, with heavy demand continuing in many lines, the substantial wage and price increases in the steel industry will almost certainly spread."

Frederick Williams, V. P. Of Pierce, Carrison

JACKSONVILLE, Fla.—The investment business of Williams Investment Company has been merged with that of Pierce, Carrison, Wulbern, Inc., Barnett Building. Frederick Williams has been elected Vice-President of Pierce, Carrison, Wulbern, Inc. and is in charge of a mutual funds department.

Continued from page 5

Latin-American Monetary And Exchange Policies

Costa Rica, Ecuador, Honduras and Venezuela, and only small in Panama, Guatemala and Cuba.

We can now pass to examine developments in the countries that have followed an inflationary policy during the period (defining inflationary policy as a fiscal and monetary policy that has made prices rise above those of the Countries with which the country trades and has led to balance of payments strains). As we stated above, 10 of the 20 countries in Latin America have followed such a policy during the last seven years. As far as the number of countries is concerned Latin America is evenly divided between monetary conservative and expensionist countries, but the latter group includes most of the large countries and covers about 82% of the total population of Latin America. Our former statement that monetary expansion continues to prevail in the majority of the large Latin American countries is, therefore, valid.

The Gamut of Inflation

Inflation in the countries examined ran the whole gamut,

TABLE III

Prices and Money Supply in 1955

(1948 = 100)

	Prices	Money Supply
Cuba	89	151
Domin. Repub.	90	253
Panama	*94	137
Venezuela	104	163
Ecuador	†105	183
Costa Rica	106	195
Guatemala	113	134
Honduras	†115	182
El Salvador	‡123	224
Colombia	148	260
Uruguay	*170	196
Mexico	188	256
Peru	206	228
Nicaragua	210	305
Brazil	252	299
Argentina	*380	327
Chile	749	963
Paraguay	1183	1483
Bolivia	*1756	---
United States	105	124

*Cost of living.

†Rough estimate based on the assumption that wholesale prices and cost of living indices keep in these countries a relation similar to that kept by such indices in the countries immediately preceding and following them in the table.

‡See note on Table I.

SOURCE: International Financial Statistics, April, 1956, and Monthly Bulletin of Statistics, Feb., 1956.

from an average yearly rate of 6% in Colombia to 50% in Bolivia, where the situation seems to be getting out of hand and entering the stage of hyper-inflation (in February prices rose by 16% and in March by 20%). In Chile, cost of living increased by more than 70% in 1954 and 1955, but drastic measures have been taken and it is to be hoped that inflation will be stopped or, at least, greatly slowed down.

Contrary to a widely held belief, inflation in Latin America does not arise solely from the expansion of credit to the Government, but also, and in a very high degree, from the expansion of credit to the private sector. In fact, Table IV shows that except in Cuba, that is following an anticyclical policy, and the Dominican Republic, where there is no inflation, credit to business has been much larger than credit to the Government and official entities. In most cases credit to Government, usually granted by the Central Bank in a direct or indirect manner, has had a greater strategic importance in feeding inflation, because it gives demand a primary stimulus and widens the base for secondary credit expansion by commercial banks, but quantitatively the latter has been much larger.

As should be expected, inflation has brought about balance of payments disequilibria to all the countries in the group, which, in spite of the elaborate exchange control systems existing in most of them, has resulted in exchange depreciation of approximately the same magnitude as the rise in prices. In Mexico, where there is no exchange control, depreciation has developed through two devaluations; and in the other countries, through a more or less continuous deterioration of the free rate, frequent shifts in the classification of payments and successive changes in the rates themselves.

Table I seems to show that multiple rates have very little effect, if any, in preventing depreciation, which is the principal purpose of exchange control. It also shows the existing movement toward the simplification of multiple exchange systems, reflected in the fact that in spite of the deterioration in their balance of payments, five of the countries listed show a narrower exchange spread. To this list must be added Chile, which in December, 1955 had a wider spread than in 1948, but in April of this year applied a drastic exchange reform and practically unified its system in a single rate. Paraguay should also be counted among the countries that have simplified their systems; it had been progressively complicating its exchange structure, but in February of this year cut down the number of its rates to three.

In spite of their balance of payments problems, the countries under study have at present almost as much gold and foreign exchange reserves as they had in 1948. Table V shows a net loss of only $49 million for the 10 countries. This figure is not the total amount of reserves used because it does not include intermediate gains and losses, but even if these are included, the use of reserves by these countries to cover temporarily their balance of payments deficits has been small.

As was the case in non-inflationary countries, the volume of exports has increased in some countries and diminished in others, but here a pattern can be discerned: the contraction has taken place in the countries where inflation has been most acute. In 1953-54, the volume of exports in Brazil was only 79% of the 1948 volume; in Argentina, 86%; and in Chile, 68%. In Bolivia, the volume of exports had also contracted, but this contraction seems to be due to several causes and not only, or principally, to inflation.

According to estimates made by the Economic Commission for Latin America, shown in Table VI, real income has increased substantially in all the large countries in the group, except Argentina. These estimates show an annual rate of increase of 3.25% in Chile, 4.75% in Mexico, 7% in Peru, 7.25% in Colombia and 8% in Brazil.

Overall Trade Terms Good

In order to complete the present outline of facts affecting monetary and exchange policy, or affected by it, we may add that during the period under study the overall terms of trade of Latin America have been good, and that the inflow of capital, both private and official, has been small.

Table VII shows that in 1948-56 the terms of trade for all Latin American countries, as calculated by the International Monetary Fund, have been well above the level of 1937 but that they have been falling since 1954, owing to the decline in agricultural prices, which have been only partly offset by the rise in the prices of metals.

Table VIII shows that total inflow of capital in Latin America during the six-year period 1948-53 (figures for 1954 and 1955 are not yet available) amounted to $3,025 million. The annual average was, therefore, $504 million. The Economic Commission for Latin America estimates that from 1950 to 1954 aggregate gross investment in Latin America averaged $6,500 million per year. Assuming that one-third of this amount was replacement, aggregate net investment would have amounted to about $4,300 million. If these estimates are correct, foreign capital financed about 16% of total investment during the period.

In this quick survey of financial facts and figures in Latin American countries during the last seven years, we have found a widespread practice of inflationary policies with their consequent effects on foreign payments; we have also found a continuation of multiple exchange rate systems, but with a strong movement towards their simplification and eventual abolishment; we have seen favorable terms of trade but shrinking export volumes; and, finally, a relatively rapid growth of production and real income financed mainly with domestic capital.

Why Inflation?

In the face of these facts, we may ask ourselves the following questions: why is inflation so prevalent in Latin America? What is the rationale of multiple rates? Have inflation and multiple rates discouraged exports? Can the growth in real income be credited to inflation? Is a development policy without inflation possible?

The widespread occurrence of inflation in Latin America may be explained in part by habit, in part by the present stage of development of these countries and, in part, by the belief, shared by many of its leading men, that moderate inflation is the best policy for development, stagnation being its only alternative. Habit is the first explanation because once the general public gets used to continuous rising prices and learns how to defend itself by requesting periodic salary increases, the most powerful check against inflation is lost. When public opinion does not protest very loudly against a moderate rise in prices but complains louder about taxes, low economic activity and unemployment, governments can safely increase their investments and expenditures and finance them with credit. Difficulties arise only when the pace of inflation accelerates and/or when the price of certain staple items—bread, fuel, electricity, bus and railway faces, etc.—are left too far behind and have to be raised, but government subsidies on these staple items can always be increased. In countries accustomed to monetary stability, the first depreciation of the currency or the establishment of exchange controls for the first time is a hard blow that has highly unfavorable political consequences for the Administration, but once the ball is rolling, and the country gets used to seeing it move, it is politically more difficult to stop it than to let it roll.

A second explanation is that many Latin American countries, particularly the large ones, are at present at a stage of development in which entrepreneurs have more drive and more projects than capital and exert great pressure upon the banks and the government to get easy credit. It may be objected that the United States passed through this same stage of development without having inflation, except during the wars, but it should be remembered that these were the times when wild-cat banks granted easy credit to entrepreneurs and went bust afterwards. In the same way now in Latin America, entrepreneurs get easy credit and the people lose a good share of their savings, with the difference that the Latin American public loses now through inflation while the people of the United States lost their savings then through bank failures and the defaults of State, Municipal and Public Utility bonds.

A third explanation is the widespread belief in many Latin American countries that inflation is a necessary evil on the path of economic progress. This idea is seldom advocated in the open by responsible people but it widely held in private, in one form or another, sometimes as a firmly held conviction and sometimes with reluctance and skepticism, but always with much more reluctance to accept stagnation and more skepticism about the feasibility of raising taxation, developing a capital market and maintaining steady growth of demand without a general increase in prices.

Multiple Rates

This said, we may proceed to the question about multiple rates. The rationale behind multiple rates is the same as that behind cost of living subsidies. In fact, multiple rates are cost of living subsidies financed by export industries and consumers of luxury goods. They offer an easy way to tax, an easy way to subsidize, and an easy way to check unessential imports; hence, when forced to apply exchange controls or depreciate, governments tend to resort to multiple rates. As said above, multiple rates do not prevent depreciation of the currency, but divide it into pieces and make the different pieces materialize by successive steps and at different levels. Instead of devaluing the currency for all international

TABLE IV

Sources of Monetary Expansion 1948-1955

(As % of Total Expansion)

	Change in Foreign Assets	—Change in Claims on— Govt. and Official Entities	Private Sector	Unclassified Assets	Total Expansion
*Cuba	—46	89	61	—4	100
Dom. Repub.	24	48	27	1	100
Venezuela	22	1	70	7	100
Ecuador	10	13	77	--	100
Costa Rica	31	—10	70	9	100
El Salvador	15	4	70	11	100
Mexico	48	15	37	--	100
Peru	14	10	59	17	100
Brazil	—12	26	74	12	100
Chile	10	29	61	--	100
Australia	— 4	42	56	6	100
United States	— 4	16	88	--	100

*1950-55.

SOURCE: International Financial Statistics, April, 1956.

TABLE V

Gold and Foreign Exchange Holdings

(December of each year. In millions of U. S. dollars)

	1948	1955	Increase or Decrease (—)
Cuba	316	493	177
Dominican Republic	15	36	21
Panama	44	42	—2
Venezuela	378	544	166
Ecuador	29	34	5
Costa Rica	5	20	15
Guatemala	48	54	6
Honduras	10	21	11
El Salvador	30	39	9
Sub-total	875	1,283	408
Colombia	84	140	56
Uruguay	241	*227	14
Mexico	78	*291	213
Peru	44	52	8
Nicaragua	3	14	11
Brazil	758	*471	—287
Argentina	817	770	—47
Chile	59	83	24
Bolivia	29	†11	—18
Paraguay	6	*11	5
Sub-total	2,119	2,070	—49
Total	2,994	3,353	359

*June, 1955. †December, 1954.

SOURCE: International Financial Statistics, April, 1956.

TABLE VII

Terms of Trade of Latin America

(1937 = 100)

	1948	1950	1951	1952	1953	1954	1955	1956
Export Prices	218	243	277	261	256	279	259	264 (Feb.)
Import Prices	200	173	200	200	196	194	196	202 (Jan.)
Terms of Trade	109	142	139	131	131	144	133	129 (Jan.)

SOURCE: International Financial Statistics, May, 1956.

TABLE VI

Real Income and Volume of Exports in 1954

(1948 = 100)

	Real Income	Volume of Exports
Colombia	152	114
Mexico	132	107
Peru	150	135
Brazil	161	79
Argentina	93	86
Chile	121	68

SOURCES:

For Real Income—Economic Survey for Latin America, 1953 and 1954, United Nations.

For Volume of Exports—See footnotes of Table II, Figure for Colombia is the average of 1954-55; for the other countries, average of 1953-54.

TABLE VIII

Net Capital Movements to and From Latin America

	Private	Official	Total
1948	410	—66	344
1949	387	63	450
1950	105	—64	41
1951	570	120	690
1952	1,040	120	1,160
1953	—50	390	340
	2,462	563	3,025

SOURCE: Balance of Payments Yearbooks, International Monetary Fund.

transactions, it is devalued for only part of them; establishing a sort of scale with different levels. In this manner, multiple rates try to make the burden of depreciation press more heavily on the upper than on the lower income groups. Unfortunately, multiple rates do not burden only the consumers of luxury goods, but also the producers of export goods; and as the latter come to be more heavily taxes then the producers that supply the domestic market, further investment for the expansion of export production is discouraged.

This discouraging effect of multiple rates on exports was not fully realized by Latin Americans in the past and, as far as it was realized, it did not worry us excessively; generally speaking, we have had very little faith in the world market prospects for our basic export commodities, believing that the boom market for them would pass as consuming countries encouraged production in their own territories and those of their possessions and colonies. Furthermore, the violent fluctuations experienced in the past in raw material and foodstuff markets had left us with little desire to continue our dependence upon them. This pessimistic market outlook for staple commodities and this lack of enthusiasm for their production largely explains why Latin American Governments were not greatly concerned about the discouraging effect of multiple rates on exports and concentrated their efforts on developing industrial production for the domestic market.

As we saw in Table II, the discouraging effect of multiple rates has actually operated in many countries, depriving them of badly needed foreign exchange. Latin American Government officials and businessmen have learned by hard experience that foreign exchange is one of the worst bottlenecks in a development program, and, at the same time have come to realize that, although their pessimistic outlook has unfortunately been justified for some commodities, i.e. sugar, continued prosperity in industrial countries and progressive industrialization in underdeveloped countries should create an expanding market for raw materials. This realization of the increasing needs for foreign exchange in developing countries and the less pessimistic interpretation of market prospects for raw materials has brought about the current movement for the rapid simplification and/or abolition of multiple rates, of which the recent reform in Argentina and Chile are outstanding examples.

We may now pass to our next question: has inflation helped or hampered the growth in real income? Here the answer has to be cautious and qualified. Inflation has provided Governments with an expedient way for commandeering additional resources and given producers an expanding market, easy credit and protection against imports (through quantitative restrictions, multiple rates or exchange undervaluation); and these have been powerful supports to growth. On the other hand, it has hampered exports (through multiple rates), prevented or badly hindered the formation and development of a capital market and fomented luxury consumption and capital flight, all of which have been deterrents to growth. On balance, the favorable effects seem to have been, up to now, stronger than the negative, since most of the large Latin American countries, that have pursued an inflationary policy have developed at a relatively fast rate. But, wouldn't they have grown faster, or been in better shape to grow faster in the future, if they had applied non-inflationary development policies? All that inflation can do to foster development can be done also, and better, by other policies. Additional fiscal resources may be obtained by taxation; market growth can be promoted by intelligent monetary expansion within non-inflationary limits; within these limits, a moderate credit expansion may satisfy the increasing credit needs of the growing economy; and protection to new industries can be given by tariffs. All the good that inflation can do can be done by other policies in an orderly fashion. This, I think, is well understood by Latin American economists and is beginning to be realized also by responsible Government leaders. It is possible to have development without sacrificing financial stability. I am confident that in a not too distant future we will have both in Latin America.

Now Mackellar, Wisener Limited

TORONTO, Canada—S. R. Mackellar & Co., 25 Melinda Street, members of the Toronto Stock Exchange, announces that effective Aug. 1 their business is being conducted under the name of Mackellar, Wisener Limited. Officers will be S. R. Mackellar, Chairman of the Board; Philip A. Wisener, President; Frank G. Weller, Vice-President; R. I. Hayden and C. R. Wisener, directors.

Mr. Mackellar and Mr. Hayden will become directors of Wisener and Company, Limited, 73 King Street, West.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The demand for money and credit is as sizable as ever and this means that the attraction of Government securities to investors, is lessening, even though new lows for the year are being made in many of these securities. The market for Treasury obligations is still very narrow and limited and, as has been the case, it does not take very much in the way of selling orders to have a very marked effect upon the quotations of these securities. The most active and really the only market worthwhile talking about in Government obligations at this time, is in the short-term issues.

The Treasury's decision to issue $3 billion of tax anticipation certificates, dated Aug. 15 and due March 22, 1957, but acceptable in payment of taxes on March 15 next year, with a 2¾% coupon rate, for new money purposes, was in line with what the money market had been expecting.

Inflation Psychology Dominates Market

The Government market continues to operate under the influence of the inflation psychology, and for the immediate future there is not likely to be any important change in the forces that are keeping quotations of these securities on the defensive. The pressure is still on the money market and, until there is some change in the boom conditions of the economy, there is not likely to be any let-up in the interest rate raising and credit limiting policies of the powers that be.

The ending of the steel strike resulted in higher wages and higher prices and this has created a wage and price inflation psychology which has not been a favorable development for fixed income bearing obligations. Further proof of the effectiveness of these inflation ideas can be found in the action of the equity market. It is also a well-known fact that a rising and inflationary type of common stock market has not been exactly a tonic for the Government securities market.

Loan Demand Continues High

The demand for loans is showing no signs of a let-up, and the closing of the steel mills because of the strike did not bring about any appreciable decline in the demand for funds, especially from those that were supposed to be in a position to pay off loans due to the liquidation of inventories. With the settlement of the strike, it is expected in some quarters that the need for credit will be greater and this will mean increased competition for the supply of loanable funds. Under such conditions, there does not appear to be too much in the way of nourishment as far as Government securities are concerned, except for the short-term issues, such as Treasury bills or tax anticipation certificates.

Rising Yields Clue to Investor Apathy

The action of the Government market in moving towards higher yields because of the competition from other forms of investment, whether they be loans, mortgages, corporate or tax-free obligations, is considered to be the best form of proof that one could be looking for as to what investors think of Treasury securities. Also, there is no likely to be any important near-term changes in the current pattern of affairs as far as Government securities are concerned. However, yields on certain of these issues are reaching levels where they are already or will soon be attractive to investors that have been putting funds into non-Government investments.

Business Outlook Seen Vulnerable

Even though the inflationary ideas and continued pressure on the money market are very much the rulers of the roost, and will probably continue to be for a period of time, there is more than a small amount of concern being found in some quarters of the financial district about the prevailing pattern of business. It is being pointed out that the snapback in business following the settlement of the steel strike may not be as fast or as sizable as many are now inclined to believe it will be. Commercial construction is going on at a torrid pace and it is not believed that it can continue to go at such a rate too much longer. Also productive capacity is increasing faster than demand, in the opinion of these money market specialists.

Based on these ideas, there could be a definite change in the pattern of business activity in the future, which might bring about conditions not dissimilar to those that confronted us in 1953. This would beyond any question result in a change in the policies of the monetary authorities, and any decreasing of the pressure on the money market would not be unfavorable to Government securities.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

THE HOME INSURANCE COMPANY

This company began business in April, 1853, after two disastrous fires in New York had resulted in the insolvency of most of the insurance companies in the city. The great fire of 1835 had wrecked the business and financial sections, and that of 1845 had compounded the destruction. So disastrous had these fires been that the state comptroller warned mutual companies not to go beyond their county confines to write business, and advised the stock companies not to go outside their own state. Later, the insurance business was to realize the lack of wisdom in these admonitions. During the tenture of the company's second president, its facilities were expanded to all ports of the rapidly growing country; and Home became the first American fire company to set up a property insurance business based on the production ability of the American agency system.

The first loss sustained resulted from a catastropic fire in Oswego, and cost Home $5,916. During the Civil War the company's business in the South was shut off; and it continued to suffer conflagration losses: Portland, Maine, Glens Falls, Vicksburg; and, later, the great Chicago fire that cost the company about $2,500,000, and the San Francisco fire that was almost as costly. But these set-backs would have been worse if Home had not resorted to reinsurance treaties, and had not been forehanded in spreading risks geographically.

Despite the heavy losses, Home's assets grew. Even as recently as 1904, when its fifth president took office, assets totaled only $18,000,000. At the close of 1955 the consolidated balance sheet showed them to be $525,034,000.

Home Insurance Company is licensed to do business in all states, Canada, Hawaii, and elsewhere, and its premium volume is widely diversified geographically. Its premium writings include fire, extended coverage, ocean marine, inland navigation, auto physical damage, auto property damage, hail, etc.

In mid-1948 Home merged 11 affiliates in whose stocks it had, until then, various stages of control. This brought the company's outstanding shares from 3,000,000 (par $5) to 4,000,000, which are now outstanding. It holds almost all of the outstanding shares of Home Indemnity Company.

A break-down of the company's assets shows, in principal categories:

U. S. Government obligations	19.15%
Other bonds	22.10
Preferred stocks	2.78
Common stocks	41.50
Cash	6.57
Receivables	5.32
Real estate	1.34
Miscellaneous assets	1.24

Net premium writings, which in 1946 were $95,100,000, increased to $193,000,000 in 1955. The average underwriting profit margin for the ten years ended with 1955 was 2.8%. The gain to the shareholders in that decade (consisting of the increase in his equity plus cash dividends) was $53.30, or at the annual rate of $5.33. This $53.30 was 177% of the price of Home stock at the start of the decade, and 116% of the liquidating value at the same date. There was an increase of 145% in income from investments in the same decade.

TEN-YEAR STATISTICAL RECORD—PER SHARE†

	Liq. Value	Und. Profit	Invest. Income	Federal Taxes	Net Earned	Dividend	—Price Range— High	Low
1946	$37.96	—$0.63	$1.81	$0.03‡	$1,21	$1.20	34⅜	23⅜
1947	37.91	1.84	1.97	0.33	3.84	1.20	28¾	22¾
1948	38.52	2.29	2.15	1.34	3.10	1.25	30¼	23¾
1949	46.47	5.80	2.37	2.34	5.83	1.35	35⅞	27¼
1951	57.19	1.17	2.75	0.53	3.39	1.80	38	33½
1952	61.24	1.33	2.89	0.82	3.40	1.80	43¼	35¾
1953	61.47	1.01	3.14*	0.55	3.60	2.00	41¾	36¾
1950	52.25	1.98	2.79	1.12	3.65	2.50	38⅛	31⅛
1954	74.91	—2.51	3.18	0.36	0.31	2.00	48¾	38¾
1955	82.21	0.70	3.34	0.77	3.27	2.00	55¾	45

*Includes Federal income tax refunds of 22 cents per share. †Consolidated data. ‡Credit.

The unsatisfactory earnings showing of 1954 was in a large part due to that year's two severe hurricanes. There were bad storms in 1955, too, but the damage was more from flooding, which for the most part is not insurable. Better underwriting results are looked for now, as higher rates on extended coverage are now in effect; and the use of deductibles will be helpful.

The company's unbroken dividend record goes back to 1874; and since organization it has disbursed $154,741,000 in cash payments, and $10,500,000 in stock. The present dividend gives a return of about 4.80%, a generous yield as yields on insurance stocks go today. The low pay-out ratio seems amply to justify maintenance of this payment.

Continued from first page

Funds' Policy Dominated By Cautious Buying

President of United Funds Inc., who is confident that the current soft spots in the economy will prove short-lived. "The favorable side of the business picture bids fair to outweigh the unfavorable at the present time. The over-all picture still represents growth and continued spending which together with an increasing population and more demand for consumer goods, may be construed as optimistic. We feel that we cannot do other than approach the future with confidence since our investments represent a broad cross section of the ownership of American industry. It may well be that in the future we will look back on these immediate years as 'The Golden Era'."

Francis Randolph, reporting for National Investors Corporation, of which he is Chairman, refuses to view the boom with alarm. "Some of the stresses and strains that ordinarily develop in a period when the national economy is operating at a very high level were reflected in the past quarter. However this development has not yet reached a point at which modification of your company's emphasis on growth stock investments seems advisable." The company continued fully invested in common stocks during the quarter. Holdings in aviation, electrical and electronics were increased, and a new position of 5,000 shares was taken in Vitro Corporation which has a substantial interest in atomic energy. Reductions were made in holdings in the aluminum, chemical and railroad fields, and the Company's stake in the textile industry was eliminated.

Inflation-Consciousness

Harry H. Hagey, President of the Stein Roe & Farnham Fund, in explaining the Fund's maintenance of its portfolio's common stock percentage, cites the longer-run inflationary implications of the steel strike. "Substantial wage and price increases are likely to occur in steel, and perhaps in enough other lines to cause a significant over-all advance in the cost of living."

Among the managements regarding the quarter's market declines as a buying opportunity was Dividend Shares, Inc. "This decline [from 512 to 489 for the Dow] was viewed by your management as offering an opportunity to employ a part of its cash reserves for the purchase of additional common stocks at what appeared to be attractive levels for income and long-term appreciation," said President Hugh Bullock. "As a result during the latter stages of this decline, the management invested approximately $5,000,000 in additional common stocks."

Contrasting Policy

In direct contrast to such bullish confidence was the decisive and accelerated liquidation engaged in by the managers of U. S. & Foreign Securities. In line with its policy in the previous quarter (when $4.2 million of stocks were sold with no counter-balancing purchases), in the quarter under review $16 million more, or about 12% of the portfolio was sold, with no purchases. Cash and governments rose from 8% to 12% of total assets, after a $2 per share capital gains dividend distribution.

With similar apparent demonstrations of bearishness, T. Rowe Price Growth Stock Fund, with preponderant portfolio holdings in the electronics and chemical industries, showed its aggregate of dollar sales exceeding purchases 10-fold.

Also following a withdrawal-from-the-market policy has been the Value Line Income Fund, Inc. "Being of the opinion that at the present time the yields on most high-grade American equities are too low relative to bond yields, the Managers of your Fund have for some time past endeavored to protect the appreciation in your Fund against a general decline in stock prices," comments Arnold Bernhard, President. "They have done so by accepting capital gains and investing the undistributed portion of the money in high-grade bonds and preferreds. . . . It would profit shareholders little to hold securities that have advanced widely, if subsequently they are to decline widely too. . . . This is a time to hold a defensive position and to keep that portion of funds which is invested in equities limited to Special Situations and certain categories of stocks which for individual reasons, may be expected to serve its purpose better than a fully invested position in the general run of 'blue chip' stocks."

Flexible Caution

And from Shareholders' Trust of Boston: "Flexibility to meet changing conditions plays a key role in the management of the Trust's portfolio. Some months ago, as it became evident to your trustees, Advisory Committee and Investment Adviser that the forward movement of the economy was losing some of its momentum and that maladjustments were developing in certain segments of the economy, steps were taken to place the trust in a more conservatively balanced position. The readjustment of investments was accomplished without any important loss in income, as rising interest rates have made it possible to acquire high-grade short-term fixed income securities affording a high satisfactory rate of return. . . . Through the reserve buying power established in the form of the short-term notes held, the Trust is in a position to take advantage of favorable buying opportunities which may occur in the shares of companies facing near-term adjustments but which possess attractive long-term prospects."

Broad Street Investing Corporation is another fund trimming sail, continuing its gradual build-up of holdings of a backlog of fixed-income bonds and preferred stocks — using money received from the sale of new shares for this purpose.

Also adopting a wary attitude was the Investment Company of America, which raised the proportion of its net assets invested in cash and U. S. Governments from 6% to 10½% and lifted its percentage holdings of industrial and transportation stocks from 15 to 80%, during the quarter. "Your management considers this more conservative position appropriate in view of various uncertainties in the near-term outlook and the advance in stock prices which has taken place," commented President J. B. Lovelace. Midst its overall bearishness this fund increased its proportionate holdings in the utility, aircraft, chemical, metal, and oil groups.

Specific skepticism toward the growth stock section of the market was exceptionally voiced by the trustees of New England Fund, Messrs. H. E. Kingman, F. G. Goodale, and A. T. Armitage who comment, after citing April-May 10% drop in the Dow-Jones Industrial Average, "In view of the continuing uncertainties, the Trustees expect to maintain the Fund's strong defensive position. It is our considered judgment that the risks of having the major portion of the assets invested for growth under today's conditions would outweigh the possible advantages."

Swing to the Long-Term Attitude

A gospel of neutrality with a strong accompaniment of caution is clearly proclaimed by Milan D. Popovic, President of Blue Ridge Mutual Fund, Inc., and an authority in security analysis and portfolio management. "Your management believes that our economy will remain strong even though it is not expected that it will continue to expand at the high rate shown recently. Therefore, the basic investment policy of holding common stocks should remain unchanged. The prices prevailing in the stock market, particularly in certain favorite groups and individual issues, suggests that extreme care be exercised in the selection of holdings. The management, recognizing the need for increasing protection on the downside, has recently added to the portfolio two convertible preferred issues where investment values, excluding the premium paid for the conversion feature, are not far below the purchase price. The privilege to convert provides a means of participating in rising markets without much risk."

Citing the rising price level, high employment, construction outlays, and record retail sales, Charles Devens, President, says they "tend to confirm the conviction of Incorporated Investors management 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. Nobody knows what the future holds, but for this period the record is clear. Common stock prices can move in opposite directions for occasional periods, but in general over longer periods they have kept pace with the increase in the price level."

Thus Incorporated's emphasis on the *long-term* is evidenced by its portfolio liquidation during the last quarter totaling $10,441,085, against purchases of only $3,124,728.

"Tri" A Middle-Roader

Tri-Continental, the largest closed-end company, went along its merry middle-of-the-road way without commotion. The percentage of the net assets devoted to common stocks decreased very slightly, without any major shifts in the issues held. There were some moderate reductions made in holdings in the aluminum, aviation, chemical, electrical and electronics, paper, railroad, retail and rubber industries; with the single holding in the rayon industry (American Viscose) eliminated. Increased were investments in the building, drug and public utility industries. San Diego Gas & Electric Co. was acquired as a new holding, to the tune of 20,000 shares.

Scrutiny of the commentary by fund management also reveals constructive intensification of the embracing of the longer-term attitude in portfolio policy. Thus,

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Balance Between Cash and Investments of 67 Investment Companies

End of Quarterly Periods March and June 1956

	Net Cash & Governments Thousands of Dollars —End of— March	June	Net Cash & Governments Per Cent of Net Assets —End of— March	June	Investment Bonds and Preferred Stocks* Per Cent of Net Assets —End of— March	June	Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent of Net Assets —End of— March	June
Open-End Balanced Funds:								
American Business Shares	6,539	6,212	20.2	20.1	28.1	28.5	51.7	51.4
Axe-Houghton Fund "A"	5,059	5,619	10.4	11.8	32.0	41.8	57.6	46.4
Axe-Houghton Fund "B"	3,731	3,567	6.1	4.1	19.6	27.8	74.3	68.1
Boston Fund	4,571	8,236	3.0	5.5	¶26.3	¶28.1	‡70.7	‡66.4
Commonwealth Investment	11,450	9,673	9.8	8.2	16.0	18.0	74.2	73.8
Diversified Investment Fund	1,132	1,065	1.7	1.7	25.0	24.8	73.3	73.5
Dreyfus Fund	215	31	3.2	0.4	None	None	96.8	99.6
Eaton & Howard Balanced Fund	11,427	9,025	6.4	5.1	23.5	23.9	70.1	71.0
General Investors Trust	291	279	8.4	8.3	10.4	12.8	81.2	78.9
Group Securities—Fully Administered Fund	1,950	504	22.5	6.0	6.7	20.0	70.8	74.0
Investors Mutual	22,879	2,632	2.4	0.3	25.7	28.3	71.9	71.4
Johnston Mutual Fund	293	266	5.7	4.9	20.1	20.0	74.2	75.1
Massachusetts Life Fund	2,864	2,876	9.7	9.4	27.2	28.3	63.1	61.3
National Securities—Income	2,695	894	4.9	1.7	11.5	11.7	83.6	86.6
Nation-Wide Securities	4,553	2,489	16.6	9.1	26.1	31.4	57.3	59.5
George Putnam Fund	4,142	4,129	3.1	3.1	24.7	25.3	72.2	71.6
Scudder, Stevens & Clark Fund	4,933	2,464	7.4	4.3	30.9	33.3	61.7	62.4
Shareholders Trust of Boston	1,716	1,707	9.0	8.8	21.0	19.5	70.0	71.7
Stein Roe & Farnham Fund	2,134	1,624	13.8	10.1	27.1	33.8	59.1	56.1
Value Line Fund	3,197	2,459	29.0	22.3	33.2	23.2	37.8	54.5
Wellington Fund	62,097	41,242	11.4	7.4	21.5	26.1	67.1	66.5
Whitehall Fund	148	152	1.9	1.9	42.3	45.9	55.8	52.2
Open-End Stock Funds:								
Affiliated Fund	40,462	36,229	11.0	9.9	None	None	89.0	90.1
Axe-Houghton Stock Fund	334	163	4.5	2.2	25.8	27.6	69.7	70.2
Blue Ridge Mutual Fund	1,208	1,267	4.4	4.7	None	None	95.6	95.3
Bowling Green Fund	9	27	1.3	4.6	17.4	14.3	81.3	81.1
Broad Street Investing	1,694	1,337	1.9	1.5	14.2	16.1	83.9	82.4
Bullock Fund	3,981	4,110	13.1	13.4	None	None	86.9	86.6
Delaware Fund	3,112	1,693	7.4	4.0	2.5	2.6	90.1	93.4
de Vegh Mutual Fund	1,709	1,982	13.7	15.1	None	None	86.3	84.9
Dividend Shares	33,412	28,900	15.5	13.5	None	None	84.5	86.5
Eaton & Howard Stock Fund	6,809	7,485	10.9	11.3	2.5	1.5	86.6	87.2
Fidelity Fund	8,477	11,218	3.5	4.7	3.7	3.7	92.8	91.6
Fundamental Investors	4,952	4,459	1.4	1.2	None	None	98.6	98.8
General Capital Corp.	1,510	482	7.5	2.7	5.7	None	86.8	97.3
Group Securities—Common Stock Fund	1,038	841	4.9	3.9	None	None	95.1	96.1
Incorporated Investors	5,137	10,437	2.0	4.1	None	1.5	98.0	94.4
Institutional Foundation Fund	535	320	6.8	3.9	11.4	9.3	81.8	86.8
Investment Co. of America	5,174	9,525	6.0	10.5	None	None	94.0	89.5
Knickerbocker Fund	368	932	2.8	6.7	16.1	22.3	81.1	71.0
Loomis-Sayles Mutual Fund	9,751	8,463	18.3	15.7	24.6	23.1	57.1	61.2
Massachusets Investors Trust	6,028	5,949	0.6	0.6	1.0	0.9	98.4	98.5
Massachusetts Investors Growth Stock	2,456	1,296	2.5	1.2	None	None	97.5	98.8
Mutual Investment Fund	1,503	1,016	16.0	10.2	10.0	9.5	74.0	80.3
National Investors	958	670	1.5	1.0	None	None	98.5	99.0
National Securities—Stock	6,469	1,604	4.9	1.3	None	None	95.1	98.7
New England Fund	975	1,069	7.1	7.6	31.4	32.6	61.5	59.8
Pine Street Fund	484	536	3.8	4.2	12.2	11.0	84.0	84.8
Scudder, Stevens & Clark—Common Stock Fund	220	92	1.7	0.7	None	None	98.3	99.3
Selected American Shares	1,392	6,164	2.4	10.5	None	0.3	97.6	89.2
Sovereign Investors	12	28	0.7	1.7	1.6	1.6	97.7	96.7
State Street Investment	22,313	18,736	11.7	11.2	None	None	88.3	88.8
United Income Fund	4,282	4,356	2.8	2.8	None	None	97.2	97.2
Wall Street Investing	1,297	1,294	18.7	18.7	None	None	81.3	81.3
Wisconsin Fund	156	762	1.4	6.8	None	1.2	98.6	92.0
Closed-End Companies:								
Adams Express	2,402	10,388§	2.7	10.3§	None	0.2	97.3	89.5
American European Securities	971	636	5.0	3.4	10.5	12.8	84.5	83.8
American International	628	6,024§	1.6	13.8§	None	0.3	98.4	85.9
Carriers & General	831	932	4.5	5.1	3.8	4.3	91.7	90.6
General American Investors	5,677	6,401	8.2	9.7	None	None	91.8	90.3
General Public Service	5,250	2,928(a)	18.7	11.1(a)	None	None	81.3	88.9
Lehman Corporation	16,656	10,426(b)	6.5	4.3(b)	None	0.1	93.5	94.6
National Shares	2,748	2,828	10.9	11.2	None	None	89.1	88.8
Niagara Share	2,112	1,628	4.3	3.3	2.8	2.8	92.9	93.9
Overseas Securities	1,118	523	32.3	16.0	2.7	4.1	65.0	79.9
Tri-Continental	1,227	1,645	0.4	0.6	19.0	21.2	80.6	78.2
U. S. & Foreign Securities	11,830	17,179	8.1	12.4	None	None	91.9	87.6

*Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB and approximate equivalents for preferreds. ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §Reflecting temporary placement of proceeds from stock offering. aAfter payment of $1,500,000 short-term bank loan. bAfter providing $11,636,543 for dividend paid July 20.

SUMMARY

Changes in Cash Position of 67 Investment Companies —June 30, 1956 vs. March 31, 1956

Open-End Companies:	Plus	Minus	Approx. Unchanged	Total
Balanced Funds	2	17	3	22
Stock Funds	14	16	3	33
Closed-End Companies	7	5	--	12
Totals	23	38	6	67

Average Allocation by 67 Companies of Assets to Cash and Equivalent, Defensive Securities, and Risk Securities

	March 31, 1956	June 30, 1956
Net cash, etc. and Governments	7.9%	7.0%
Defensive securities (investment bonds and preferreds)	10.9	11.6
Risk securities (common stocks plus lower grade bonds and preferreds)	81.2	81.4

New Waldron Branch

LOS ANGELES, Calif.—Waldron & Co., Inc. has opened a branch office at 517 South Hill Street under the management of Ben L. Goldberg.

Changes in Common Stock Holdings of 52 Investment Management Groups

(March 31 — June 30, 1956)

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits or stock dividends. Changes through mergers also disregarded.)*

—Bought—			—Sold—	
No. of Trusts	No. of Shares		No. of Shares	No. of Trusts
		Agricultural Equipment		
2(1)	3,400	International Harvester	15,200	2(1)
2(1)	*6,000*	*Allis-Chalmers*	*34,000*	*4(2)*
4	*23,000*	*Deere & Co.*	*16,500*	*5(4)*
		Aircraft Manufacturing		
6(2)	75,000	Boeing Airplane	2,000	1(1)
5(1)	20,300	Douglas Aircraft	400	2(2)
1	1,500	General Dynamics	500	1
1	3,900	Grumman Aircraft	12,000	1(1)
1(1)	800	McDonnell Aircraft	1,298	1
6(1)	27,350	United Aircraft	1,000	1
3	*9,030*	*Bendix Aviation*	*30,000*	*4(3)*
1	*12,200*	*Lockheed Aircraft*	*6,800*	*2(1)*
3	*3,000*	*North American Aviation*	*20,000*	*4(2)*
		Airlines		
3	15,900	American Airlines	5,500	1(1)
3	12,700	Eastern Air Lines	5,000	1
1	11,900	Pan American World Airways	300	1
1(1)	*7,700*	*United Air Lines*	*3,500*	*2(1)*
		Automotive and Parts		
1(1)	4,300	Briggs & Stratton	3,000	1
4(2)	7,400	Chrysler Corp.	None	None
4(2)	64,500	Ford Motor	17,000	2(2)
2(1)	14,164	Gould-National Batteries	None	None
3(1)	3,300	Thompson Products	9,000	2(2)
2	*3,800*	*Borg-Warner*	*26,200*	*5(2)*
None	*None*	*Clark Equipment*	*19,000*	*3(1)*
1	*6,400*	*Ford Motor of Canada "A"*	*1,100*	*2(1)*
None	*None*	*Fruehauf Trailer*	*27,000*	*3(1)*
5(1)	*22,400*	*General Motors*	*67,600*	*7(1)*
1	*1,000*	*Stewart-Warner*	*20,500*	*2(2)*
		Beverages		
3(2)	4,100	Coca-Cola	None	None
		Building Construction and Equipment		
1	2,000	American Seating	7,500	1(1)
2(1)	6,400	Armstrong Cork	None	None
4	15,400	Carrier Corp.	4,300	3(1)
2(2)	9,000	Certain-teed Products	9,800	1(1)
1(1)	16,000	Consolidated Cement	None	None
2	15,900	Johns-Manville	1,000	1
2(1)	3,000	Lone Star Cement	None	None
2	26,500	Masonite	2,000	1
3(2)	8,700	Minneapolis-Honeywell	5,000	1
3(2)	21,250	National Gypsum	300	1
4(2)	6,500	National Lead	1,100	2
3(1)	25,900	U. S. Gypsum	None	None
3(1)	27,000	U. S. Plywood	None	None
2	*2,500*	*American Radiator*	*54,500*	*6(3)*
None	*None*	*Trane*	*2,400*	*2(1)*
1	*3,750*	*Yale & Towne*	*11,700*	*4(1)*
		Chemicals		
2	17,400	Air Reduction	None	None
5(1)	5,500	American Cyanamid	6,500	3
1(1)	2,200	American Potash & Chemical	1,664	1(1)
7(2)	26,674	Dow Chemical	None	None
2(2)	6,500	Eastman Kodak	None	None
1	1,000	Hooker Electrochemical	10,000	1
4	15,282	Monsanto Chemical	12,410	3(1)
2(1)	4,200	Olin Mathieson	3,500	2(1)
1(1)	20,000	Pennsylvania Salt	1,000	1(1)
5(4)	13,800	Rohm & Haas	None	None
5(1)	10,000	Union Carbide & Carbon	2,800	3(1)
2(1)	*4,580*	*Allied Chemical & Dye*	*3,170*	*3(1)*
4(3)	*2,500*	*Du Pont*	*16,400*	*6(2)*
None	*None*	*Tennessee Corp.*	*5,306*	*2(1)*
1	*3,030*	*Texas Gulf Sulphur*	*20,500*	*3(2)*
		Coal		
3(1)	13,500	Island Creek Coal	None	None
2(1)	2,500	Pittston	6,800	1
		Containers and Glass		
3(1)	4,100	American Can	10,000	3(1)
3(2)	20,100	Anchor Hocking Glass	None	None
5(2)	13,100	Continental Can	None	None
2(1)	6,300	Lily Tulip	1,000	1(1)
2(1)	5,800	Owens-Illinois Fibreglas	None	None
2(1)	3,000	Owens-Illinois Glass	9,200	2
2(2)	16,300	Pittsburgh Plate Glass	None	None
1(1)	*6,000*	*Corning Glass Works*	*4,000*	*2*
		Drug Products		
4(2)	12,000	American Home Products	None	None
2(2)	7,500	Bristol-Myers	None	None
2(1)	5,100	McKesson & Robbins	None	None
3(2)	18,500	Mead, Johnson	3,000	2
6(3)	64,100	Merck & Co.	8,500	4(2)
3(2)	28,800	Parke, Davis	None	None
2(1)	24,500	Pfizer (Chas.)	None	None
2(1)	13,000	Sterling Drug	2,000	1
1(1)	*1,500*	*Lily (Eli) "B"*	*18,100*	*3(1)*
None	*None*	*Smith, Kline & French*	*10,900*	*2(1)*
		Electrical Equipment and Electronics		
1(1)	3,000	Clark Controller	2,700	1
2(1)	1,400	Cutler-Hammer	None	None
6(1)	7,100	General Electric	4,000	1
2	11,400	McGraw Electric	10,300	2(2)
2	2,100	Square D	None	None
1	7,000	Sunbeam	2,000	1
4(2)	28,500	Westinghouse Electric	18,800	2(1)
1	*20,000*	*Philco*	*4,120*	*4(1)*
2(1)	*2,000*	*Radio Corp.*	*4,600*	*3(1)*
None	*None*	*Raytheon Manufacturing*	*1,500*	*2(1)*
2(1)	*17,200*	*Sprague Electric*	*30,000*	*4(2)*
		Finance, Banking and Insurance		
3(2)	3,150	Aetna Life Insurance	None	None
2(1)	16,600	Associates Investment	None	None
1	4,000	Beneficial Finance	16,000	1(1)
5	21,800	C. I. T. Financial	14,500	3(3)
2	14,500	Commercial Credit	6,000	2(1)
2	3,500	Connecticut General Life Insur.	None	None
2	907	Continental Casualty	None	None
3(3)	13,500	First National City Bank, N. Y.	2,000	1(1)
1(1)	1,000	Guaranty Trust Co. of N. Y.	1,500	1(1)
2	3,700	Household Finance	None	None
2	800	Industrial Acceptance	5,000	1(1)
6	2,870	Lincoln National Life Insurance	None	None
2(1)	1,500	Maryland Casualty	3,500	1(1)
4(2)	10,900	Travelers Insurance	None	None
2(2)	2,300	U. S. Fidelity & Guaranty Co.	2,500	1
2(2)	54,800	U. S. Life Insurance	None	None
None	*None*	*Fidelity-Phenix Fire Insurance*	*7,200*	*2(1)*
		Food Products		
1	11,300	Archer-Daniels-Midland	1,000	1(1)
2(1)	4,000	Armour & Co.	None	None
1(1)	17,000	Corn Products Refining	6,200	1
2(1)	30,000	Libby McNeill & Libby	None	None
2(2)	12,000	Quaker Oats	None	None
1	1,200	Standard Brands	5,800	1(1)
None	*None*	*National Dairy*	*21,000*	*4(4)*
1	*1,300*	*Pillsbury Mills*	*37,500*	*2(2)*
None	*None*	*United Fruit*	*11,200*	*4(3)*
		Machinery and Industrial Equipment		
2(1)	24,000	American Machine & Foundry	None	None
9(3)	95,300	Caterpillar Tractor	4,000	1(1)
2(1)	6,170	Chicago Pneumatic Tool	None	None
2(1)	2,600	Cincinnati Milling Machine	None	None
3(2)	13,810	Dresser Industries	6,600	2(2)
3(3)	12,400	Food Machinery & Chemical	5,500	2
1(1)	11,100	Ingersoll Rand	12,000	1(1)
2(1)	23,500	Joy Manufacturing	2,000	1(1)
2	23,400	Monarch Machine Tool	None	None
1(1)	3,000	Thew Shovel	1,800	1
1	*200*	*Combustion Engineering*	*1,600*	*2(1)*
1	*300*	*Ex-Cell-O*	*2,400*	*2*
		Metals and Mining		
4(1)	20,000	Aluminium Ltd.	9,100	3(1)
2(1)	6,200	Anaconda	None	None
4(1)	2,800	International Nickel	3,000	2(1)
5(1)	14,600	Kennecott Copper	None	None
1	100	Magma Copper	900	1
1	4,000	Miami Copper	1,400	1(1)
3(1)	14,300	New Jersey Zinc	None	None
3(2)	18,100	Phelps Dodge	700	1(1)
2	1,000	Revere Copper & Brass	3,100	2(1)
1(1)	20,000	Vanadium Corp. of America	700	1
2(1)	*4,800*	*Aluminum Co. of America*	*15,600*	*5(1)*
2	*7,700*	*American Smelting & Refining*	*10,500*	*3(2)*
1(1)	*7,000*	*Climax Molybdenum*	*1,900*	*2(1)*
None	*None*	*Consolidated Mining & Smelting*	*16,000*	*2(2)*
None	*None*	*Reynolds Metals*	*27,495*	*6(1)*
None	*None*	*St. Joseph Lead*	*6,400*	*3(1)*
		Natural Gas		
4(1)	31,400	American Natural Gas	16,200	3(1)
1	1,000	Colorado Interstate Gas	2,000	1
1(1)	3,000	El Paso Natural Gas	1,212	1
1	1,000	Lone Star Gas	4,500	1
2	4,600	Mississippi River Fuel	400	1
5(1)	24,010	Northern Natural Gas	12,988	2(1)
3(1)	10,000	Oklahoma Natural Gas	None	None
3	2,400	Panhandle Eastern Pipeline	5,000	1
1	*3,000*	*Republic Natural Gas*	*8,300*	*3(1)*
1	*1,500*	*Tennessee Gas Transmission*	*26,700*	*2(1)*
3	*36,000*	*United Gas*	*83,650*	*6(2)*
		Office Equipment		
3(1)	27,000	Burroughs Corp.	None	None
4	2,425	I. B. M.	500	1
3(1)	11,000	National Cash Register	5,000	1
None	*None*	*Smith-Corona*	*1,488*	*2(1)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Oil		
5(1)	4,800	Amerada Petroleum	23,800	4
1	4,600	Anderson-Prichard Oil	2,500	1(1)
4	32,200	Atlantic Refining	None	None
3(3)	250,000	British Petroleum	None	None
3(1)	15,900	Cities Service	None	None
4(1)	14,700	Continental Oil	800	2
5(1)	21,624	Gulf Oil	15,960	4(2)
4	18,356	Monterey Oil	None	None
2	30,200	Ohio Oil	2,000	2
3	38,500	Phillips Petroleum	500	1
8(3)	16,200	Royal Dutch Petroleum	500	1
1	11,000	Shamrock Oil & Gas	5,000	1(1)
3	10,000	Shell Oil	None	None
4	8,300	Sinclair Oil	7,000	1
3	5,000	Standard Oil of Cal.	2,400	2(1)
5(1)	29,893	Standard Oil (Ind.)	3,000	1(1)
2	1,800	Standard Oil (Ky.)	None	None
3(2)	29,000	Sunray Mid-Continent Oil	28,700	2
1	10,000	Texas Gulf Producing	4,300	1
3	5,700	Union Oil of Cal.	112,610	2(1)
1	*2,000*	*Canadian Delhi Petroleum*	*51,500*	*2(1)*
None	*None*	*Creole Petroleum*	*15,500*	*2*
1(1)	*26,000*	*Honolulu Oil*	*24,400*	*3(1)*
None	*None*	*Louisiana Land & Exploration*	*34,700*	*6(1)*
1	*500*	*Pure Oil*	*25,900*	*3(2)*
1	*2,200*	*Seaboard Oil*	*10,800*	*2*
1	*1,400*	*Signal Oil & Gas*	*23,000*	*2(1)*
2(1)	*6,700*	*Skelly Oil*	*21,500*	*4(1)*
3	*1,025*	*Socony Mobil Oil*	*14,075*	*6(2)*
None	*None*	*Southern Production*	*12,000*	*2(1)*
3	*6,000*	*Standard Oil (N. J.)*	*26,800*	*6(1)*
2(1)	*1,400*	*Texas Co.*	*27,000*	*3(1)*
None	*None*	*Texas Pacific Coal & Oil*	*9,000*	*2(1)*
		Paper and Paper Products		
2(1)	9,600	Kimberly-Clark	2,000	1(1)
3(3)	35,600	Marathon Corp.	None	None
3(2)	35,000	Rayonier	8,200	1
3(1)	18,700	St. Regis Paper	None	None
2(1)	7,900	Scott Paper	6,000	1
2(2)	*9,000*	*Crown Zellerbach*	*16,550*	*3(1)*
1	*385*	*International Paper*	*7,200*	*3*
1	*200*	*Union Bag & Paper*	*21,200*	*2*
		Public Utilities		
4	7,300	American Tel. & Tel.	2,000	1(1)
2	8,800	Central Illinois Light	None	None
3(1)	47,600	Central & South West	6,800	1
2	4,100	Columbus & So. Ohio Electric	15,500	2
3(1)	11,500	Commonwealth Edison	None	None
1	1,925	Consumers Power	3,000	1
5(2)	42,400	Delaware Power & Light	None	None
2(1)	5,000	Duquesne Light	5,500	1(1)
2(1)	13,600	Florida Power & Light	8,100	1
2(1)	9,000	Hawaiian Telephone	None	None
1	10,000	Long Island Lighting	5,600	1(1)
3(1)	66,000	Middle South Utilities	3,600	2(1)
3	17,700	Montana Power	None	None
3	8,000	New England Electric System	49,158	2
2(1)	26,000	Northern States Power	11,400	2(1)
1(1)	16,800	Ohio Edison	2,500	1
4(1)	49,200	Oklahoma Gas & Electric	15,200	2(1)
3	8,530	Pacific Gas & Electric	8,000	1(1)
2	4,750	Potomac Electric Power	None	None
2	5,700	Public Service of Colorado	None	None
2	11,000	Public Service Electric & Gas	11,700	2(2)
1(1)	8,000	Rochester Gas & Electric	40,000	1(1)
2(1)	127,000	San Diego Gas & Electric	None	None
2	15,100	South Carolina Electric & Gas	None	None
1	6,400	Southern California Edison	10,000	1(1)
1	500	Southern Indiana Electric & Gas	6,000	1(1)
3(2)	15,100	Southwestern Public Service	None	None
4	32,500	Texas Utilities	None	None
5(1)	38,800	Wisconsin Electric Power	12,526	2(1)
None	*None*	*Brooklyn Union Gas*	*5,400*	*2(1)*
None	*None*	*Columbia Gas System*	*82,900*	*2(2)*
None	*None*	*Consolidated Edison (N. Y.)*	*138,000*	*3(2)*
1	*11,000*	*General Public Utilities*	*16,000*	*3(1)*
None	*None*	*Gulf States Utilities*	*46,100*	*2(2)*
None	*None*	*Kansas City Power & Light*	*10,000*	*2(2)*
None	*None*	*Kansas Gas & Electric*	*17,800*	*3(2)*
1	*2,500*	*Kansas Power & Light*	*7,000*	*2(1)*
2	*41,100*	*Niagara Mohawk Power*	*103,700*	*3(2)*
2(1)	*22,000*	*Public Service of Indiana*	*17,500*	*3(2)*
None	*None*	*Puget Sound Power & Light*	*13,600*	*2(2)*
1	*10,000*	*Union Electric (Mo.)*	*99,000*	*3(2)*
None	*None*	*Virginia Electric & Power*	*7,220*	*4(2)*
		Radio, Television and Motion Pictures		
6(4)	34,200	Amer. Broadcasting-Paramount	1,000	1(1)
9(4)	101,726	Colum. Broadcasting "A" & "B"	195,804	7(4)
2(1)	1,500	Loew's	None	None
1	300	Motorola	7,500	1(1)
2	*1,500*	*Paramount Pictures*	*13,500*	*3(1)*
None	*None*	*Twentieth Century-Fox*	*8,000*	*3(2)*
None	*None*	*Zenith Radio*	*1,900*	*3(1)*
		Railroads		
1	100	Alabama Great Southern	4,600	1
1(1)	2,000	Atlantic Coast Line	1,000	1(1)
1	5,000	Baltimore & Ohio	2,300	1
10(4)	74,500	Chesapeake & Ohio	41,200	1
2	11,100	Denver & Rio Grande Western	24,000	1
5(1)	20,600	Illinois Central	11,100	2(2)

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
3	3,800	Kansas City Southern	1,000	1(1)
2	51,500	N. Y., Chicago & St. Louis	2,200	1
3	11,900	Norfolk & Western	None	None
3(1)	25,500	Northern Pacific	57,000	2(2)
2	2,700	Seaboard Air Line	95,000	2
2	2,800	Southern Railway	3,000	1(1)
1	*400*	*Atchison, Topeka & Santa Fe*	*2,500*	*2(1)*
None	*None*	*Chicago, Rock Island & Pacific*	*60,300*	*7(3)*
3(1)	*13,700*	*Southern Pacific*	*36,100*	*7(5)*
None	*None*	*Union Pacific*	*12,300*	*3(2)*
		Railroad Equipment		
4	12,700	ACF Industries	3,000	2(2)
1	2,000	General Amer. Transportation	2,000	1(1)
2	8,000	New York Air Brake	None	None
2	7,600	Union Tank Car	None	None
		Retail Trade		
1	6,400	Associated Dry Goods	1,200	1
2	2,300	Dominion Stores	None	None
5(1)	9,800	Federated Department Stores	7,200	1
2	1,600	First National Stores	None	None
2	3,700	May Department Stores	6,000	1
2	700	Montgomery Ward	600	2
2	8,000	National Tea	3,000	1(1)
1	200	Penney (J. C.)	10,000	1
2(1)	*2,000*	*Allied Stores*	*25,700*	*7(4)*
1	*12,000*	*Sears Roebuck*	*140,510*	*6(3)*
None	*None*	*Western Auto Supply*	*58,000*	*2(2)*
		Rubber and Tires		
2	400	Firestone	500	1
3	4,300	Goodrich	7,900	3
6(4)	34,100	Goodyear	6,000	1(1)
4(2)	29,980	U. S. Rubber	11,000	2
		Steels		
4(1)	22,500	Armco Steel	20,000	3(2)
6(3)	11,700	Bethlehem Steel	11,200	5(3)
2(1)	13,400	Inland Steel	6,000	2(2)
4(1)	18,300	Jones & Laughlin	6,000	1
3(1)	19,100	Republic Steel	10,900	3(1)
6	49,200	U. S. Steel	13,600	3(2)
1	7,000	Youngstown Sheet & Tube	1,000	1(1)
1	*3,400*	*Allegheny Ludlum Steel*	*3,000*	*2(1)*
1	*500*	*McLouth Steel*	*1,875*	*2(1)*
None	*None*	*Wheeling Steel*	*20,700*	*3(1)*
		Textiles		
1(1)	2,000	Beaunit Mills	2,400	1(1)
3(1)	*16,500*	*American Viscose*	*16,700*	*4(2)*
None	*None*	*Burlington Industries*	*61,600*	*3(3)*
1(1)	*400*	*Lowenstein (M.)*	*20,600*	*2(1)*
		Tobacco		
2	24,000	Liggett & Myers	1,400	2
1	1,000	Philip Morris	900	1
3(1)	29,400	Reynolds Tobacco "B"	None	None
2	*17,600*	*American Tobacco*	*10,000*	*3(2)*
		Miscellaneous		
4(1)	36,500	Colgate-Palmolive	24,300	3(2)
1	1,000	Glidden	4,000	1(1)
2(2)	1,700	Grace (W. R.)	None	None
4(3)	59,000	Halliburton Oil Well	9,700	2(1)
1	200	Harbison-Walker Refractories	9,000	1
1	75	Interchemical	9,600	1
2	1,500	Newmont Mining	1,200	2(2)
4(1)	27,500	Singer Mfg.	None	None
2(1)	16,100	Sperry Rand	10,250	2
1(1)	2,900	Trans Mountain Oil Pipe Line	5,400	1(1)
1	1,000	Visking Corp.	10,000	1
2(2)	10,000	Vitro Corp. of America	None	None
None	*None*	*Filtrol Corp.*	*6,600*	*2*
None	*None*	*Interprovincial Pipe Line*	*14,675*	*2(1)*

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Fund's Policy Cautious

George A. Bailey, Jr., Vice-President of Sovereign Investors Inc., explains: "Your management continues its general policy of making no attempt to out-guess the short speculative fluctuations of the market and purchases what it considers to be fundamentally sound securities of companies with good future prospects."

In contrast was the complete rearrangement of its portfolio by General Capital Corporation. With a stock portfolio having a total market value of approximately $17 million at the beginning of the quarter, it engaged in the remarkably high proportionate transactions aggregating $11,591,591 of sales and $11,522,722 of purchases. (Included in the latter were 2,400 shares of Aetna Life Insurance Co. and 5,900 shares of Travelers Insurance Co.) Capital gain distribution amounted to almost $4 million.

Performance Geared to Respective Funds Character

The necessity for appraising investment performance in the context of the respective funds' aims is highlighted by contradictory policies pursued by separate funds within the same management group. The Axe-Houghton A Fund, devoted to profiting from capital changes, reports total common stock dollar purchases of $1,039,711 exceeded by over trebled sales of $3,783,000. In the case of the group's B Fund, on the other hand, which is committed to the emphasis on income, dollar purchases exceeded sales, $4.5 million to $1.4 million.

Similar divergence of policy was displayed within Investment Diversified Group. Investors Mutual, a balanced fund, sold more common stocks than it bought—$17,460,000 against $15,646,000. On the other hand, in the case of its sister unit, Investor's Stock Fund, a common stock fund, purchases far exceeded sales—$23,470,000 to $8,265,000.

* * *

Analysis of Policy Toward Industry Groups

An interesting group popular during the quarter was aircraft manufacturing. Boeing enjoyed particular favor, with six managements buying (including Massa-

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Funds' Policy Dominated By Cautious Buying

chusetts Investors Trust to the tune of 50,000 shares) and only one selling. United Aircraft (which makes the engines for Boeing's B-52) was similarly bought by six managements for a total of 27,350 shares (of which M.I.T. accounted for 7,500 shares). Douglas was also strongly bought.

Also flying high were the airlines, Eastern and American still attracting management buying.

Among the building issues Masonite, National Gypsum, U. S. Gypsum and National Lead shared the bullish limelight. American Radiator, on the other hand, was liberally sold by six managements, three of whom eliminated the issue entirely; with three funds showing partially offsetting purchases.

Some good buying occurred in selected chemical issues. Dow was by far the star performer with seven managements buying and no sellers. Both Eastman and Air Reduction had two buyers with no sellers. The Blue Chip Union Carbide found one new buyer among its five purchasing funds, being sold by three managements. In duPont, switching from which has been recommended by some advisory services, the liquidation strongly outweighed the acquisitions. Funds disposing of this issue were U. S. and Foreign, Dividend Shares, Investment Co. of America, and Tri-Continental. Adams bought 300 shares and American International 200, this comprising one of the few acquisitions wherein these funds used their new capital acquired through a rights offering during the quarter.

GM Sold; Ford Bought

In duPont's "cousin," General Motors, the previous quarter's selling was extended. And Ford continued to enjoy its contrastingly favorable reception, with four funds picking up 64,500 shares at the below original offering price levels. The participating buyers were Massachussets Investors Trust (40,000 shares as a new acquisition), Wellington Fund (20,000 additional), Pine Street Fund (1,000 new), Investors Mutual (3,500 additional). A total of 17,000 Ford was liquidated, all as a complete closeout: 15,000 by Incorporated Investors, 1,500 by Axe-Houghton A; and 500 by Axe-Houghton Stock Fund.

Scattered purchases occurred in Chrysler, with no sales. Stewart Warner, Fruehauf Trailer, Clark Equipment, and Borg Warner were decisively sold.

Blue-Chippy Life Insurance Stocks Still Bought

A highly interesting feature of the period was the evidence of purchases of life insurance company stocks, which with a 500% rise in the interval since 1949, have out-performed most of other groups. Lincoln National was bought by six managements (the de Vegh Fund, one of the pioneers in this group, adding 200 shares). Travelers was picked up by four managements, newly by two; Connecticut General by two; and Aetna Life by three managements. Not a single share of these issues was sold.

Elsewhere in the finance area, in C.I.T. Financial the buying overbalanced the selling, with United Income Fund adding 11,000 shares. A closing-out of its holding of 8,500 shares by Selected American Shares dominated some selling in this issue. United Income Fund also bought Commercial Credit, to the tune of 10,500 shares.

Food Issues Aggressively Bought and Sold

Heavy liquidating struck several food stocks. Four companies completely closed out their holdings of National Dairy. United Fruit was sold by four funds, one representing a complete elimination. Neither of these issues attracted any buying. Contrastingly, transactions were wholly confined to the buying side in Armour, by two funds: to Libby McNeil & Libby, by two units to a total of 30,000 shares; and to Quaker Oats, newly bought by two companies.

Machinery Stocks Well Bought

Substantial buying was attracted to the machinery and industrial equipment category. Nine funds purchased 95,300 shares of Caterpillar Tractor, three of them constituting new buyers. One fund closed out its 4,000 share holding of the issue. 23,400 shares of Monarch Machine Tool were bought by two funds, with no sellers. Joy Manufacturing, which has enjoyed an extensive market rise during the past few years, was bought by two funds and sold by one, the buying volume totalling 10 times the sales.

Bullishness on Containers

Confidence strongly marked portfolio policy in the container and glass group. Pittsburgh Plate Glass, Owens Illinois Fiberglass, Anchor Hocking Glass, and Continental Can, were all purchased, without any offsetting sales.

Drugs Favored

In the drug area, American Home Products was bought by four funds, two of them newly. Other issues favored included Merck, McKesson & Robbins, Parke Davis, Sterling Drug, and Bristol Myers. Smith, Kline & French Lab. and Lily B were decisively liquidated issues.

Selling in the Metals

In the mining and metal section liquidation slightly overbalanced buying. Reynolds was sold by six funds, and bought by none; Consolidated Mining and Smelting was closed out by two and bought by none; and St. Joseph was sold by three companies, without a buyer. Buying predominated in Anaconda, Kennecott, Aluminum Ltd., and Vanadium.

Purchasers took over in all three office equipment stocks in which there were major transactions, namely Burroughs, International Business Machines, and National Cash Register.

Action in the petroleum section was quite mixed. Buyers predominated strongly in Shell, Atlantic Refining, Cities Service, Continental, Monterey, Gulf, Ohio Oil, Phillips, Royal Dutch, Sunray, Standard of Indiana, and British Petroleum (in the amount of 250,000 shares by three funds).

Sellers predominated in Creole, Pure Oil, Socony, Honolulu, and Louisiana Land and Exploration; Standard of New Jersey, Texas, and Union of California.

In the textile group, liquidation was controlling in Burlington, Lowenstein, and American Viscose.

Tobacco, one of the most favored categories, witnessed strong buying in Liggett and Myers, and Reynolds.

Carriers Encounter Selling

The rails, which have been so "sticky" during the recent stages of this bull market, ran into considerable selling following their display of strength during the preceding quarter. Issues bearing the brunt of the selling included Southern Pacific, Union Pacific (with three sellers and no buyers), Seaboard Airline (of which 95,000 shares were unloaded by two managements), and Rock Island (60,000 shares of which were disposed of by seven funds). Carriers attracting buying were Norfolk and Western, Chesapeake and Ohio, and Nickel Plate.

Action in the merchandising area—in this pre-pre-Christmas period—was quite mixed. Sears (a post-split issue) was heavily sold, as were Allied Stores and Penney. Federated, National Tea, and Dominion Stores were picked up.

Also highly selective was the action in the utility section. Favored issues included Texas Utilities, Central and Southwest, Delaware Power and Light, Commonwealth Edison, Middle South, Oklahoma Gas and Electric, Montana Power, Ohio Edison, and as mentioned above, San Diego Gas & Electric. On the other hand, considerable liquidation was evidenced in Union Electric of Missouri, Puget Sound, Niagara Mohawk, Kansas Gas & Electric Rochester Gas & Electric, and Virginia Electric.

Strength in the rubber group was featured by U. S. Rubber and Goodrich.

The Strike-Pervaded Steels

In view of the strike-beclouded condition of the steel industry during the period under review, the experts' market policy toward this group is particularly interesting. Consistent with the Wall Street adage "Don't sell on strike news," most of the issues emerged with additions to portfolios. Buying was particularly prevalent in U. S. Steel and Jones & Laughlin.

Securities Salesman's Corner

By JOHN DUTTON

Fundamentals of Security Salesmanship

ARTICLE VII

—What To Read and Study—

A good investment must also be bought at the right time. You can pay too much for anything. This must be avoided if you are going to help your clients invest their funds profitably. This is a very difficult subject to approach because the tendency of practically every student of "trends" (especially at the beginning of his education) is inclined to confuse the issue between "short-term trading" and "longer term investing." There are several excellent books and courses on chart reading but I am going to leave them out of this discussion. "Timing" for the longer term is within the scope of the work of the security salesman who is also an "analyst advisor" to his clients. Advising traders for the short swings is another specialized field entirely.

Hence, it is important to study the following market factors and relationships daily:

Volume Indications: Keep a record of the total volume each day on the Stock Exchange, at least notice the figures. See whether volume increases or shrinks on decline or advances. Become accustomed to the patterns. Receding volume on declines indicates less selling pressure, and is generally considered part of a long-term "bull market pattern." Increasing volume is considered "bearish" on declines. Increasing volume on advances indicates stronger buying power than selling pressure, and decreasing volume on advances sometimes indicates distribution.

Become familiar with the daily record of total issues traded. During advancing markets an increasing index total of issues traded denotes a broader public participation and generaly higher levels for the market as a whole. A declining total may indicate the market is nearing a period of indigestion or a "topping out."

The ratio of "new highs" to "new lows" is usually another indicator that helps give you a clue to "buying power" and "selling pressure." During periods of active public participation and a strong upward market the ratio of "new highs" to "new lows" may be strongly in favor of the "new highs." As distribution takes place this ratio drops—during periods of accumulation and after a market decline the ratio of "new lows" usually exceeds the "new highs."

Total volume, new highs, new lows, total issues traded, all can have a meaning to you in obtaining a general "feel" of the market as a whole. The purpose of this is to keep your own thinking and planning on an even keel so that you will not become emotionally disturbed by normal market fluctuations which are constantly occurring in the market and in individual issues. Also this background will help you to reassure your customers and give them a better understanding of the normal fluctuations of their securities.

All these factors should be considered together—there is no sure way to determine a market top or a bottom, but you can learn to distinguish between normal fluctuations which are based upon supply and demand (psychologically motivated) and emotional explanations of market gyrations such as we see in newspaper headlines.

I have purposely avoided using other supply demand studies such as the odd lot ratios of purchases and sales, and methods of timing and chart reading used by the experts and statistical analysts. Such a study in my opinion is not within the scope of the neophyte salesman who wishes to obtain background and knowledge as a security salesman and advisor. If he wishes to go further with these studies of technical market analysis and chart reading after several years in the business then he should do so. My main objection to any of these methods of selecting buying and selling opportunities is that they may be inclined to direct the salesman's attention more toward the "trading" aspects of security buying and selling rather than the longer term approach.

As to Individual Issues

Learn to check the past market record of the issues you are planning to offer to your customers. Is the industry in a period of prosperity, decline, or recovery? Have the prices of the stocks you are offering been over-exploited? Are they at a new high and, if so, does it look like there may be some "smart selling" while things look so good? Are they moderately priced in relation to other stocks in their industry? What is the performance of the stocks in that industry marketwise compared with the average of the market as a whole? Is this a good time to recommend the issue after a study of these market factors is considered?

You hear the word "selectivity" today more so than ever. It means exactly what it implies. A sound stock, bought at the right price (or I should say a fair price and not excessively high) will perform better in the years ahead than if this were not so. But better still, if you can learn to distinguish turning points in industries and distressed situations, or recommend stocks of companies in industries that are intrinsically sound but have been under pressure marketwise for a protracted period of time, you will find that the old adage "A stock that is well bought is 90% sold" will work for you nearly every time.

Become Objective

As you work and learn notice how many times high pitched emotionalism is wrong when it comes to selecting situations, also "timing" their purchase and sale. The good buying, the sound buying, is based upon a study of values, of future prospects, and it is done when the general public is not heavily participating in acquiring the subject investment. Don't follow the crowd is usually a good rule to follow—**anticipate the crowd is a better one.**

Most of the study you will need for this work you can accomplish just by following your daily paper, the offerings of various dealer firms and over-the-counter houses, and the historical record of the stocks you wish to recommend or follow as a study project. Notice particularly the way stocks move in cycles, in style trends, and in general public favor and disfavor. Make a list of the depressed industries marketwise by groups and those in favor. The statistical services in your office will furnish you with this data. Keep a record of these changes. In time your current reading will almost automatically keep you up with these rolling reversals and advances industrywise which seem to be more evident in today's' regulated, investment type, stock markets.

Timing will become something you play by ear eventually but you must have patience and work at this too. Stay objective—don't pay too much for anything—don't be led into anything by tall stories and exciting news — take the longer view and help your customers to understand that this is the road to investment success.

MORE NEXT WEEK

Braniff Airways Stock Offer Underwritten

Chas. E. Beard, President of Braniff Airways, Inc., has announced that the company is issuing to the holders of its common stock rights to subscribe at $10 per share for 1,105,545 shares of additional common stock. Gross receipts to the company from the sale of these shares will be approximately $11,055,450. Shareholders are given the right to subscribe to three shares for each five shares held of record on Aug. 7, 1956. The shareholders may subscribe subject to allotment, for shares not taken through the exercise of rights. The subscription warrants will expire at 3:30 p.m. (EDT) on Aug. 21, 1956. The offering is being underwritten by F. Eberstadt & Co.

F. Eberstadt & Co. announced on Aug. 7 that subscriptions have been received from William A. Blakley exercising in full his primary right of subscription for 77,562 shares and his additional subscription privilege for the entire balance of the shares being offered. The exercise of Mr. Blakley's full additional subscription privilege does not affect the primary or additional subscription privileges of other stockholders and is subject to allotment but assures that all stock offered will be taken at the subscription price. Mr. Blakley, Chairman of the Braniff Executive Committee, owns approximately 7% of the company's outstanding common stock, and is the largest single holder other than the Braniff Foundation.

The company recently announced an $83,000,000 expansion program, including orders for seven Douglas DC-7C "El Dorado" and five Convair 440 "Metropolitan" aircraft, deliveries of which will commence the latter part of this year, and for nine Lockheed Electra turbo-prop and five Boeing 707 jet aircraft, deliveries of which will commence in 1959. The proceeds from the stock offering and of a $40,000,000 long-term loan which has been negotiated for the company by F. Eberstadt & Co. with a number of insurance companies, together with the general funds of the company, will be used in connection with this expansion program.

Braniff operates approximately 16,400 route miles of which 9,300 are domestic and 7,100 international.

The company's routes extend through the Western Hemisphere serving, among others, such principal cities as New York, Washington, D. C., Chicago, Kansas City, Minneapolis - St. Paul, Omaha, Des Moines, St. Louis, Oklahoma City, Dallas, Ft. Worth, Houston, San Antonio and Denver in the United States and Havana, Panama, Lima, Sao Paulo, Rio de Janeiro and Buenos Aires in South America.

The company's operating revenues for 1955 amounted to $46,798,650 and net income was $1,668,398. For the six months ended June 30, 1956, operating revenues were $25,920,200 and net income $1,006,100.

Giving effect to the sale of the additional common stock the company will have 2,948,119 shares of $2.50 par value outstanding; paid in capital and surplus and earned surplus will total approximately $34,800,000.

Public Utility Securities

By OWEN ELY

California Electric Power Company

California Electric Power sells electricity in parts of southeastern California, and (to the extent of 2% of revenues) in southwestern Nevada. The company also sells ice in Imperial county for the refrigeration of perishable crops, but this business contributes only 3% of revenues and will be discontinued at the end of 1956.

The principal service areas are in San Bernardino and Riverside Counties; this territory accounting for about three-quarters of electric revenues. Other sections vary from the urban areas in the western parts of these counties to the desert and mountain regions served in Inyo, Mono and Kern Counties. The northern desert areas include several important industrial operations while the mountain sections and southeastern desert regions have important resorts. Principal cities served include San Bernardino, served jointly with Southern California Edison; Palm Springs, Hemet, Corona, Blythe, Victorville and Barstow.

The company also controls certain Mexican subsidiaries with annual revenues of about $2.3 million, but the accounts of these subsidiaries are not consolidated with those of the parent company.

Farming in the territory includes the growing of oranges, lemons, dates, deciduous fruits, alfalfa, cotton and vegetables; and there are related packing, canning, processing and by-product operations. Industrial activities include the manufacture of cement; the production of soda ash, potash and borax, and other chemical extractions; and the mining of gold, silver, iron and tungsten. Important military establishments served by the company for some years include the Naval Ordnance Test Station at Inyokern, Norton Air Force Base at San Bernardino, March Air Force Base near Riverside and Edwards Air Force Base at Muroc. Electric revenues from military installations exceeded $1.5 million last year, the best level since 1940 or earlier.

The rapid growth in population and industry is reflected in gains of 181% in kwh sales and 243% in electric revenues in the postwar period. Over the past five years, kwh sales of electricity have risen at the rate of 11.6% a year, but company officials believe this rate may increase to 12.5% in the coming five-year period.

Capitalization, including the proceeds of the recent sale of 300,000 shares of common stock, is approximately as follows:

	Millions	Percent
Long-Term Debt	$42.5	49.4%
Short-Term Bank Loans	3.6	4.2
Preferred Stock	8.2	9.5
Common Stock Equity (3,200,000 shares)	31.7	36.9
	$86.0	100.0%

The record of earnings and dividends in recent years has been as follows:

	Share Earns.	Dividends
12 months ended 3/31/56	93c	67.5c
Calendar Year 1955	91	65
" " 1954	73	60
" " 1953	88	60
" " 1952	89	60
" " 1951	54	60

The relatively sharp fluctuations in share earnings in recent years may be ascribed to (a) repeated equity financing, designed in part to raise the equity ratio, and (b) the effects of recurring droughts on the supply of hydro-electric power. Due in part to a continued drought, the amount of firm and interruptible hydropower obtained by the company from Hoover Dam declined from 298 million kwh in the exceptionally good year of 1952 to only 63 million kwh last year, and the company's own hydro output dropped from 294 million kwh to 207 million during the same period. Because of heavy precipitation on the Sierra Nevada watershed last December, the company expects that generation at its own hydro plants will be above normal for the operating year beginning June 1, 1956. While the unfavorable conditions at Hoover Dam continue, there has been very heavy rainfall recently in the Denver area which may improve the water level in the Dam.

In recent years the company has installed substantial steam generating capacity, so that two-thirds of electric output was obtained from steam plants in 1955 compared with less than one-fifth in 1952. Receipt of additional power from the company's own hydro stations would reduce the amount of purchased power, which last year was about 13% of total output. Also, substantial additional steam capacity is being constructed—a 60,000 kw unit at San Bernardino is to be completed in 1957 and construction of an additional unit of the same size will be initiated in 1957.

Early last year the company received a rate increase, equivalent after taxes to about 18c a share, which accounted substantially for the increase in earnings from 73c in 1954 to 91c in 1955. Despite the dilution of earnings of about 10% resulting from the recent sale of common stock, the management has estimated earnings for the calendar year 1956 at 96c on the increased number of shares. Based on this estimate, at the recent price of 14⅞ the price-earnings ratio approximates 15.6%. The dividend rate was recently raised from 70c to 76c, making the yield about 5.1%.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Jacob P. Bluestein, Joseph Holtzman, Marwin Morris, Sol T. Pfeffer, Harvey Sterman, and Raymond M. Valiquette are now with Columbia Securities Company, Inc., of Florida, 3839 Biscayne Boulevard.

Loren Brown Opens

HOUSTON, Texas — Loren E. Brown has opened offices in the San Jacinto Building to engage in a securities business. Mr. Brown in the past was with Rowles, Winston & Co. and Central Republic Corp.

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United States Foreign Economic Policy

economic base for defense should expand.

A third and dominating consideration is the political health of the free world. Obviously, this does not depend solely upon economic progress. At the same time, the free world political system will hardly survive, let alone flourish, if it is not associated with an expanding economic system. An inescapable fact is that peoples everywhere have come to believe that it is possible to change the conditions of economic life for the better. We can recognize that this belief has been formed with grossly inadequate appreciation of the difficulties in the way. But we should be unforgiveably blind if we did not understand the far-reaching political import of this new factor in world affairs.

These, then, are the interlocking reasons for the American—and free world—interests in an expanding world economy: (1) our own economic requirements, (2) our concern for the defenses of the free world, and (3) our recognition of the close relationship between political health and economic progress.

III

In seeking to advance the objective of an expanding economy, it is essential to assess our situation wisely. We need to remind ourselves constantly that the tremendous events of this century have changed things in fundamental ways.

We can look with back with longing to the orderly and relatively impersonal workings of the 19th century world economy. Here was a grand design indeed and to it we owe much of our present well-being. But its foundations have been shattered by two world wars, by a depression of unprecedented severity, and by the appearance of a rival economic system that dominates 900 million people and one-quarter of the surface of the earth.

The 19th Century System

The 19th century system rested on several essential factors.

The **first** was a political fact: peoples were willing and governments were able to allow international imbalances to be corrected almost exclusively by domestic adjustments even to the point of large-scale unemployment. So long as this attitude prevailed, the system was workable. Other features were, however, almost as crucial to the 19th century pattern.

As a **second** one, I would single out especially the conditions which enabled private capital to move across international boundaries with such relative facility. This depended on a whole complex of institutions and underlying assumptions. There was the gold standard and the London money market and the Bank of England to provide and maintain a unified monetary system for the world. There were the British policies of freedom of the seas and freedom of trade. There was the British commitment to assure responsible action on the part of many other governments.

Third: All of these went along with and helped to underwrite the basic understanding that the rules of the game would not be changed arbitrarily or in any radical way. Investors often lost everything through fraudulent ventures or in speculative panics, but that did not stop the process of investment. People were prepared to calculate this kind of risk and adjust to it. They could be sure that governments, at least, would not interfere to deprive private persons of their accustomed freedom of economic action.

Fourth: The limited number of independent economic entities was a further aspect of the 19th century system. Large parts of the world found their place in the prevailing scheme as European colonies. And, except for the United States, most of the independent nations outside of Europe were effectively dominated in their economic conduct by the European powers.

All of these elements of the 19th century pattern have been drastically altered.

State Responsibility

In most democratic nations today, the State has assumed the burden of assuring full employment and the steady functioning of the economy. No longer are peoples or governments prepared to allow international imbalances to be adjusted automatically by domestic deflation. Whatever its merits or defects, this is a political fact which appears likely to endure.

Moreover, the effects of this change on the international system have been multiplied by the creation of a large number of new independent states in the former colonial areas. Their programs for rapidly developing more balanced economies rely heavily on government planning.

These basic changes have also undermined the conditions which induced private capital to move so freely across boundaries. In many cases, the potential returns do not compensate for the added risks of changes in national monetary, legal and economic policies.

It is out of the question to restore the international order of the 19th century. We should recognize its virtues and the purposes that it served. But under the conditions of the second half of the 20th century, the system could not function as it once did. Today, we can achieve similar ends only by conscious and cooperative effort among the nations. We need not despair about repairing some of the damage to international economic institutions; we have had a measure of success already. But we must recognize that positive actions by and among the nations are and will be necessary, and that these actions will have to square with the political practicabilities of the times.

IV

What kinds of action must the free nations take to achieve the steady economic growth that is required for their security and well-being

First, it is evident that the economic health of the free world will depend heavily on the domestic economic policies of its members. The goal must be to create conditions favorable to a high level of economic activity and a rapidly rising productivity. These turn, of course, on many factors. One of the most crucial is a high rate of capital formation. Substantial resources must be devoted to new machinery and equipment. This depends on fostering attitudes and mechanisms that encourage and facilitate savings and investment and innovation.

Second, the free nations need trade and monetary policies that gain the advantages of international specialization. For many nations an expanding volume of foreign trade is critical to their ability to achieve a satisfactory measure of economic growth. Industrial countries like the United Kingdom, Germany and Japan have developed economies that are heavily dependent on outside sources of food and raw materials and on foreign markets for their industrial output. These countries and the smaller industrial states can prosper only in an expanding world economy in which trade can flow with relative freedom.

And such conditions are also important for other members of the free world. Our resources are not sufficient to afford the wastes that come from general and grievous departures from the principles of liberal trade policy. We have seen, too, that "beggar-your-neighbor" economic policies benefit only the predatory members of the world community.

A **third** objective must be to assure that critical shortages of resources and skills shall not impede the process of economic growth in the less developed countries. To develop their economies and lift their living standards, they must import much industrial equipment and other products. Thus their growth, which is vitally important for its own sake, will also provide expanding markets for industrial exports. But to achieve it will require adequate transfers of capital and skills to supplement the domestic savings of the less developed countries. This is the field of investment and aid policy.

United States economic policy can be considered broadly under these three categories: (1) domestic economic policy; (2) trade and monetary policy; and (3) investment and aid policy.

V

For many countries, the prosperity of the United States has more effect on their own economies than any other single outside factor. Thus a great deal depends on how the United States economy is performing.

For a decade now, its performance has been of a high order. The United States has had two relatively minor recessions and these were quickly surmounted. Over the last 10 years, business activity and employment have been almost consistently at high levels.

This has taken place in a system of free enterprise which is highly dynamic. The tax system seeks to foster a readiness to innovate and to take risks. And our antitrust laws and other measures are designed to maintain the essential vigor of the competitive system.

There is general agreement about the merits of the free enterprise system for the United States. Yet all are conscious that government has a large role in assuring economic stability at high levels of activity. Since the depression, the Federal and state governments have adopted a whole series of stabilizing measures and devices to supplement the traditional central banking controls. These include the program of unemployment insurance, Federal support of farm prices, and guarantees of bank deposits and of home mortgages. Furthermore, the Federal budget and taxes have become a major factor in the economy through which the Federal Government can exercise considerable influence to limit economic fluctuations.

This larger governmental role was recognized in the Employment Act of 1946. This Act merely makes explicit what was implicit theretofore, and that is, that the Federal Government has a responsibility for assuring against a serious decline in United States economic activity. This public policy is one on which there is general agreement between the political parties.

So, if our foreign economic policy begins at home, it begins with a political consensus, expressed in law: governmental policy will be directed toward maintaining high levels of employment and output, and toward keeping swings in economic activity within close bounds.

VI

Now let me turn to the field of trade and monetary policies. Here we have sought to progress by a variety of routes.

For more than two decades now, basic American trade policy has been expressed in tariff reductions under the trade agreements legislation, not in new tariffs. Our 1930 tariff structure has gradually been revised to bring the average tariff on dutiable imports down by about 50%. The General Agreement on Tariffs and Trade (GATT) was the result of American initiative. The GATT's provisions for the reduction of trade barriers, to which 34 nations subscribe, represent progress toward a freer system of world trade.

At the recently concluded Geneva meetings, the results included further concessions affecting trade valued at about \$2.5 billion. The United States made an important contribution to this commendable outcome, as did the 21 other nations that negotiated the new agreement.

The General Agreement on Tariffs and Trade can be made a more effective instrument through the establishment of the administrative machinery of the Organization for Trade Cooperation. This, however, still awaits approval by the Congress.

There is now broad public support in the United States for a liberal trade policy. For six decades after our Civil War, high protectionism was United States public policy, with only one period of deviation. In affect, this position has been reversed. We go forward gradually, for there are strong interests and emotions involved. I do not overlook foreign criticism of the "peril point" and "escape clause" features of American tariff legislation or of the protection we accord to American shipping. But the broad pattern of movement has been steadily toward liberalized foreign trade.

In the area of international monetary policy, I need only recall that Bretton Woods was held at an American invitation. We sought, there, among other things, for agreement on techniques and procedures that would substitute, under modern conditions, for the automatic features of the older international monetary system. The International Monetary Fund agreement embodies this approach. The hopes of Bretton Woods have not been fully realized, of course. But the work of the IMF and the economic recovery of Western Europe put us much closer to eliminating the wasteful system of exchange restrictions. Further steps toward the kind of world envisioned at Bretton Woods seem to us essential.

It has been easy, to be sure, for the United States to stand out in favor of a multilateral system of international payments. We have had no balance of payments stringencies of our own. Yet, considering the natural desire of many of our industries for wider foreign markets, we have shown great understanding of the difficulties of others and have tolerated with patience wide-spread discrimination against our trade.

Our policy has also recognized that progress toward improving the international economic system could and should also be made by regional groupings. We have supported the OEEC in its effective efforts to remove barriers to trade among its European members. We helped bring into being the European Payments Union, although we recognized that for a time at least, the EPU would involve British and European discrimination against dollar trade. This was taken to be necessary to enable the great Western European and British Commonwealth trading area to move toward convertibility.

As we see now, liberalization of dollar trade has proceeded a considerable distance in Western Europe. Nearly all the Western European countries have freed half or more of their dollar imports from quantitative restrictions. In view of the strong reserve position of many foreign countries, the United States has hopes for further early progress toward convertibility and nondiscriminatory trade.

Six nations in Western Europe are also engaged in a related, but more basic, effort toward closer economic integrations, building on the existing Coal and Steel Community. If they succeed in creating a common market, the import will be far reaching indeed —for political as well as economic reasons. Such measures could greatly enhance the prospects for healthy growth of the European economy. The United States sees no inherent conflict between such integration and cooperation by the integrated community in general efforts to reduce artificial trade barriers. Indeed, rapidly growing economies in Western Europe should facilitate such cooperation.

In sum, the decade since World War II has seen much headway in removing the obstacles to trade among the free nations. Doubtless much more remains to be done and further progress will have its difficulties. But the efforts thus far, especially through such agencies as GATT, IMF, OEEC, EPU, and the Coal and Steel Community have produced important results. In this field, the task for the future is to build on these foundations.

VII

Economic progress of the free world also depends on a second major factor: the flow of capital among its members. Until recent decades, this essential volume of capital was provided almost entirely by private investors. Such private investment is still large. The amount invested abroad by private United States sources alone has been averaging about \$1.5 billion a year. About 80% of this amount goes to Canada, Latin America and Western Europe.

But many of the earlier conditions favoring private foreign investment no longer prevail, especially in some of the countries most in need of capital for their development. The reasons for this have already been mentioned and need not be repeated. Doubtless much can and should be done to attract more private capital for foreign investment.

There is little prospect, however, that this means alone will be adequate to meet the pressing need for foreign capital. Indeed, the necessity for some special measures was foreseen as early as 1944 when the International Bank for Reconstruction and Development was created. And this estimate has been more than confirmed by the experience of the last decade. Since 1945, the United States has found it necessary to transfer more than \$50 billion to other nations in the form of public grants and loans.

Aside from relief activities like UNRRA, the first major transfer of public resources took place under the Marshall Plan. Nobody would question, I suppose, that that program was decisive in checking economic deterioration and setting in motion the forces of economic expansion in Western Europe. That robust European recovery, achieved by cooperative action, was essential both for economic health and for the defense effort that followed.

The Korean War led to a second phase in the transfer of resources. United States military assistance, averaging more than \$2.8 billion a year, has been designed to reinforce collective security, but its economic effects should not be ignored. Obviously, the program has served to lighten to that extent the military burden on our allies. In addition, their economies have benefited from United States spending for off-shore procurement, operation of bases, and other purposes.

So long as the Soviet Union continues to increase its military capability, the free nations must keep up their guard by maintaining the requisite forces for the common defense. Such forces should, of course, be adapted to take account of changes in military techniques and other conditions. Even so, military spending will be a continuing economic burden and some countries will still need help to carry it.

In the meantime, a third aspect of capital export has come to the fore in the drive of the less developed nations for economic development.

Many do not realize the depth of the economic gulf that separates the industrial nations from the less developed nations. In the advanced economies of North America, Western Europe, and the British Commonwealth, 500 million people now produce each year goods and services worth more than $700 billion. In the less advanced economies of the free world, 1.2 billion people produce about $150 billion each year. In other words, the output in the industrial nations is about 10 times as high per capita.

The problem differs sharply in kind as well as in degree from the postwar problem in Western Europe. Then the need was to restore and revive an advanced productive system. The European economies still had the stored-up skills and capital of many generations. They had an extensive educational system, vast networks of public utilities, and highly developed mechanisms to induce savings and convert them into productive assets.

The less developed nations lack almost all these elements in varying degrees. They must create most of the basic social capital—transport, communications, power, educational facilities — which is largely taken for granted in the industrialized countries. They are grievously lacking in the technical and management skills that are vital to the operation of advanced industrial and agricultural systems. Even more, their economic growth will require far-reaching changes in economic and social relationships and even in habits of thought. Finally, these problems are posed within a context of illiteracy, poverty and dense and growing populations.

Yet the peoples of these nations believe and expect that conditions can be materially improved in a measurable period of time. This is a major political fact. We can recognize that economic growth in these countries will be a slow and difficult process. Undoubtedly its pace and character will depend mainly on the efforts and choices of the peoples themselves. Yet the free world as a whole has a major stake in their economic progress under free auspices. And the industrialized nations clearly can assist such economic growth by wisely sharing techniques and resources.

If foreign private investment could provide the needed resources, the advantages would be many. Such investment facilitates the selection of the most productive projects. In addition to providing capital, such investment is also an efficient means for developing the necessary technical and managerial skills. And private investment also helps to transmit the qualities of innovation and enterprise so fundamental to economic progress.

In these countries, a few fields, such as petroleum, have indeed attracted substantial private foreign investment, despite the obstacles. There has also been some revival of European short- and medium-term investment in the less developed countries. If these countries succeed in achieving a steady measure of growth, the range of private investment activities will certainly expand. In the meantime, it is worth while to work toward reducing and minimizing discriminatory measures adopted in some of the less developed countries against foreign investment. It is possible to understand the fears prompting such measures, without accepting them as wise or beneficial for those countries. For our part, we have sought to insure direct investors against some of the risks of foreign operations. We should also like to ease the tax burden on investors abroad if the Congress will permit.

Still, when all has been said, we know that the flow of direct private capital and skills will fall short of the mark for a long time. That will have to be supplemented by public or quasi-public financing and technical assistance on more than a transitory basis.

The International Bank is an effective answer to part of the problem. The Bank provides a mechanism for tapping the private investment market, and today accounts for a significant portion of private portfolio investment. Its loans to the less developed areas now total more than $1 billion. Its affiliate, the International Finance Corporation, will provide new latitude for assistance to foreign private enterprise.

In addition to loans, the Bank provides valuable advisory assistance to borrowers and potential borrowers. Its survey missions have contributed to development planning in a number of less developed countries. On occasion, staff members are assigned to technical posts in these countries. The Bank's structure gives it flexibility for making use of opportunities for technical assistance of this kind.

The United Nations also fills part of the need for technical assistance. This year 72 nations have pledged $28 million to provide the services of experts from the United Nations specialized agencies to less developed countries. In January, 1,360 United Nations specialists were spotted around the world. Over its first five years, the program amounted to about $115 million. The United States has found it a worthwhile activity, as is indicated by its contribution, 1951-1955, of approximately $65 million.

Important and valuable as they are, these international agencies and programs cannot fully meet the needs of the less developed countries for either capital or technical assistance. Recognizing this, the United States has engaged in an extensive program through various means. Since World War II, the Export-Import Bank has become a major source of United States development aid. More recently, beginning in 1949-1950, we have carried on national programs of technical and material aid from annually appropriated funds. Within the past two years, American farm surpluses have come to have a place in aid to development programs abroad.

Let me review briefly the role of these national instruments of United States aid and investment policy.

The Export-Import Bank's primary function is to provide financing related to American exports. In performing this function it makes possible, of course, an expanded outflow of United States goods and services. It has also contributed to economic development by its loans and technical services. In its 22 years of existence, the Export-Import Bank has disbursed more than $5 billion in loans and guarantees of loans. As among the less developed regions, its most extensive operations have been in Latin America, but it has made large credits available to countries in Asia and Africa as well.

As a public corporation, empowered to borrow from the United States Treasury, the Bank has much more flexibility than agencies operating under annual appropriations procedures. Since its loans do not require government guarantees, it is able to assist directly the operations of private enterprise. In sum, the Bank is an important and in some ways a unique mechanism for development assistance.

But like the IBRD, the Export-Import Bank is limited to loans repayable in foreign exchange. It is plain that such loans alone cannot meet many development needs. For the time being at least, there is room for grants and local currency loans as well.

The United States has had a decade of experience involving a variety of forms of bilateral aid outside of Western Europe. The sums involved are sizeable; $7.7 billion of non-military aid, mainly grants, to Asia, Africa, and Latin America in the period 1945-1955.

Much of this has been devoted to special purposes like the disposal of war surplus equipment and provision for refugees and for survivors of disasters. More recently, a major part of our bilateral economic aid has been devoted to countries recently at war or bearing military burdens beyond their own capacities. In fiscal years 1955 and 1956, financial assistance to South Korea, the Indochinese states, Taiwan, and Pakistan accounted for over 60% of all United States economic aid to less developed countries. Even so, our economic assistance has been designed mainly to foster economic growth.

One recent innovation is the use of our surplus farm commodities in the field of development assistance. Since 1954, the United States has sold, usually for local currencies, or granted, more than $1 billion of surplus commodities under the "trade and development" provisions of the Agricultural Trade Development and Assistance Act of 1954. A large part of the proceeds in turn has been loaned to the purchasing nations for financing economic development projects.

We are well aware of the need for caution and restraint in disposing of our surpluses. We have no wish to disrupt commodity markets or to impoverish other nations. So far our record has certainly not been a reckless one.

With ingenuity and skill, surplus disposal should be able to contribute materially to furthering the economic growth of the less developed nations. For example, these surpluses could provide such countries a reserve of commodities to assure against explosive inflation and to allow them to take greater fiscal risks.

The problems of the less developed nations call for a variety of measures and techniques. These countries are at different stages of development. For some, the critical need now is for training and technical skills: for others, it is capital equipment; and, as we have seen, consumer goods may make a major contribution to the process under proper conditions. The particular requirements of any country will change as it passes through various stages.

What we can be certain of is that over the next decade the less developed nations as a whole will need a steady inflow of resources and skills from the industrial countries. The goal of the free world should be to assure that this flow be in adequate volume and effectively responsive to specific needs as they appear. I believe that the United States policy is firmly committed to this goal.

VIII

At the start of my remarks, I stressed that the economic health and growth of the free nations were vitally related, not only to their well-being but to their security and stability. So far I have focused on the kinds of policies required to promote such economic health and stability, both for the industrial nations and for the less developed members of the free world.

The analysis sharply underscores, I hope, one basic point: that is, that the free nations cannot achieve the requisite well-being or growth in isolation. They must work together to promote these interests. If they cooperate to enhance the productivity of their economies, they can help each other to improve the standards of life and their peoples. But if they fail to recognize their common interests and to act wisely to promote them, neither the industrial nor the less developed nations will be able to achieve enduring prosperity.

The goals which the free nations must strive for are valid for their own sake. They would be essential even if the Soviet bloc did not exist. The existence of the Soviet bloc serves only to make more compelling the necessity for progress toward these goals. Indeed, the ultimate survival of the free nations may well turn on their ability to develop their productive power.

The Soviet rulers are counting heavily on the economic growth of the Soviet Union and other countries of the Soviet bloc. We would be most unwise to ignore the material results they have achieved. The U. S. S. R. has attained a rapid rate of industrial growth and an extremely high rate of capital formation. For three decades it has succeeded in directing a very large share of output to investment and to military uses. The European satellites and Communist China are now engaged in emulating the Soviet system. Today, the total output of the Soviet economy is about one-third that of the United States; that of the bloc as a whole is somewhat more than one-half.

These results have been attained at dreadful human cost. In substance, the Soviet system is a highly effective mechanism for holding down consumption to very low levels and for directing resources and energies to heavy industry and to producers' goods. In these terms, the system operates effectively. But its success has depended on brutal coercion and a disregard for human values that is abhorrent to all principles of free peoples.

The Soviet rulers are clearly counting on this material progress to shift the balance of power in the world. The free nations cannot afford to be complacent. Judging by present prospects, the nations of Western Europe will do well to maintain an annual rate of economic growth of 3.5%. Meanwhile, the Soviet bloc and its satellites expect, even with some decline in their rates of expansion, to maintain a rate of growth materially more rapid. At this pace, the Soviet bloc will equal or forge ahead of Western Europe in total output within two decades, although its living standards, would still lag well behind those of Western Europe.

In the less developed countries, the prospects for sustained economic growth are much more speculative. The obstacles are much greater and more deeply rooted than in Western Europe. These new nations face stupendous tasks of developing skills, mobilizing resources and creating new institutions and attitudes. The growth of population alone will pose major problems for many of these densely-peopled areas. Thus, by 1975, India may need 80% more food than in 1950; inevitable the need for resources and skills in agriculture will limit its rate of industrial progress.

Vital Economic Tasks

These considerations emphasize the importance of the economic tasks of the free nations.

The lesson for the mature nations is plain enough. They cannot afford to allow narrow conceptions of national interests to impede vigorous measures to expand their efficiency and productivity. There is no inherent necessity that the Soviet bloc should expand its output more rapidly than Western Europe. The resources of the West are greater and its working force is more productive, man-for-man. If these are used effectively and on a sustained basis, Western Europe need not fall behind Soviet bloc expansion.

Such an outcome will probably require, however, a degree of joint effort among the European nations greater than has yet been achieved. The EPU and the OEEC are specific evidence that intra-European cooperation is practical. But Europe will probably need to go on to closer economic integration in order to provide the political and other bases for achieving its full potential growth. The success of the Coal and Steel Community suggests the feasibility of such measures of actual economic integration. This experience can be built upon, through such measures as EURATOM and a gradual adoption of a common market, to get much fuller advantage from the great economic assets of Western Europe.

That is one reason for United States support for progress toward European economic integration which was reaffirmed by President Eisenhower only a few weeks ago.

The other task of the developed nations is the provision of capital and skills to the less developed countries. These newer nations must themselves provide most of the resources and effort required for growth. But outside help may be critical in getting the initial start and maintaining early momentum in the process of development. No one should underestimate either the importance or the difficulty of the task. As I have already stressed, it will require imaginative, long-term efforts by governments and private investors and institutions alike.

Some observers now profess to see the future of the contest with the USSR as being wholly in the economic field. This is certainly too limited a view. The Soviet Union is still a great military power. To advance its interests and influence, it will doubtless make use of political and other means to the full. But we should not underestimate the economic aspects of the contest.

For a century and a half the free societies have pioneered in advancing individual welfare with freedom. They have succeeded on a scale undreamed of until now. Surely they have no cause to doubt the outcome of a competition based on ability to fulfill human aspirations.

Mager Opens Office

FLUSHING, N. Y. — Wesley Mager is engaging in a securities business from office at 39-14 Murray Street. He was formerly with Eaton & Company.

Now Magill, Wareing

HOUSTON, Texas — The firm name of Magill, Wareing & Johnston, South Coast Life Building, has been changed to Magill, Wareing & Co. Partners are Albert E. Magill, Jr. and William A. Wareing.

Sidney Rubin Opens

WASHINGTON, D. C. — Sidney Rubin has opened offices at 1906 M Street, N. W. to engage in a securities business.

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As We See It

ing ahead with utmost abandon to more and more radical departures from tradition and commonsense. At least this seems to the ordinary mind to be about the essential difference between Governor Harriman and Governor Stevenson—and General Eisenhower, for that matter. At any rate, it would appear that the chief executive of the Empire State would like to have his party go to the voters this autumn with just such ultra-recklessness—and with Harriman at the head of the ticket, of course.

Another Meaning

But, however all this may be, it is quite possible to assign a somewhat different meaning to the term "Spirit of the New Deal." One of the essential attributes of the New Deal is utter disregard if not contempt for historical experience. It has more than once appeared as if the mere fact that some principle had been accepted in the past or was at the moment regarded generally as sound—was enough to condemn it as unworthy. "Whatever is, is wrong" seemed at times to be the motto of a good many of the followers of Franklin Roosevelt.

Another characteristic of the New Deal was and is its total abandonment of the principle of self-reliance and individual initiative. If an individual, or enough of them, did not like their lot or are not satisfied with the outcome of their own activities, the thing to do was to come to a paternalistic government and get relief. If the general state of business tended to become unsatisfactory or if there was or is a risk of that happening, or for that matter merely because it has been unstable in years past, it is a function of government to stabilize it — that is to make and keep all of the people prosperous and happy.

And, of course, one of the basic tenets of the New Deal is that those who are successful almost certainly are the oppressors of others, most likely the wage earners or the farmers. Successful businessmen most usually are to be regarded as predatory animals to be hedged about with restrictions to keep them from taking what belongs or should belong to others. Merchants of capital are particularly suspect, and must be kept in shackles. In brief, the world is full of "enemies of the people" who must be dealt with vigorously, and without much if any consideration. At times it has appeared that it was believed that the way to help the unfortunate, the profligate, and the shiftless was to see to it that the successful did not get too successful, or even to take away their success.

It was and is a basic principle of the New Deal to make use of the system of progressive taxation to make certain that the cost of all this is borne by the rich. In short, the "soak-the-rich" philosophy of taxation lies at the very heart of a great deal of the New Deal structure. The "ability to pay" maxim of Adam Smith has been twisted to make a foundation for many, many things that would have caused that remarkable gentleman to gasp and stare. And so we might proceed at much greater length, but nothing is to be gained by laboring the point. The New Deal is anti-business, anti-success, anti-experience, anti-commonsense, and much more.

The People Misled

And now the greatest tragedy of them all is the fact that Franklin Roosevelt and his band of smooth public relations men succeeded in instilling such ideas into the minds of so many people that politicians have found that the easiest way to office was to make the welkin ring with praise of these doctrines and to swear eternal allegiance to them. So far has this trend of public thought and opinion gone that much of it is now taken for granted. With many, particularly some of the younger generation, this type of belief is as widely and as firmly held as the older and far more profound and realistic doctrines upon which this nation was founded were held by the people half a century ago. This "spirit of the New Deal" has permeated the very mores and folkways of the country. We sometimes think that it will require long years, hard experience, and another Adam Smith to reeducate the rank and file.

Let no one suppose because a Republican Administration under General Eisenhower has become so popular that there has been any repudiation of the basic ideas of the New Deal. Nothing of the sort has occurred. Washington no longer sneers at business or financial success in quite the way that was customary under Roosevelt and Truman. It has, in point of fact, invited successful businessmen to join its team—and some of their political opponents, Governor Harriman among them, are doing their best to read horrible things in the act. Business generally has begun to feel that it has at least a more approachable group of officials to deal with. A certain moderation, at least comparative moderation, has characterized the programs and policies of the Administration, and it has been greatly welcomed.

Out of this attitude, or certainly following it, very general prosperity and optimism for the future have developed. The old "we never had it so good" influence has been at work. But—and let this never be forgotten—there has been no real repudiation of the New Deal. Basically, the "spirit of the New Deal" still prevails in Washington, and all too often elsewhere throughout the country.

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Wall Street —Yesterday and Today—

functions assigned their particular departments.

Broadening of the Securities Business

Perhaps more apparent than the other factors is the fact that the securities business has broadened. This alone has been responsible for more changes than anything else. Indeed, were it not for the public recognition of this factor, it is doubtful if Congress would have been sufficiently interested to pass reform legislation at all.

Prior to 1928, general public interest in the securities market was lacking and confined chiefly to the proximity of financial centers. True, wealthy individuals, often in consultation with local bankers or by mail with sales representatives of our well known investment houses, purchased both bonds and stocks. These purchases were primarily for investment and not for speculation.

Public demand from the small buyers around the country was usually for securities of corporations whose products or services were well known in the locality from which these buying orders originated. For example, there was considerable interest on the part of small buyers for Cities Service common stock because as this company expanded in both the public utility field and as a nationwide distributor of gasoline and oil, local customers of the company became interested enough to buy stock. Certainly until 1927 or 1928, the market represented by the general public was considered an investors' market used for the sale of a few bonds and preferred stock and not much else. But the interest of the small buyer in speculative securities accelerated rapidly as the stock market began the steady advance following a minor trade recession in 1927. This interest was no longer limited to those residing or employed in financial centers, but became national in scope.

Acceleration of Small Buyers' Interest

This widespread interest was undoubtedly due in part to newspaper stories of the advance in stock prices. There were, however, other developments which may have been equally important. The participation of large commercial banks in the general securities business through security affiliates, the growth of the public utility holding company and last but not least, perhaps to the growth of the automobile companies. As the stock market increased in tempo another development came along, that of the investment company or investment trust, an old idea in England but now pushed with great vigor in this country, sometimes in a form quite different from that in Great Britain. As the market advance in the late twenties accelerated, these companies registered substantial gains. In the so-called open-end management type especially, there was considerable aggressive merchandising of shares which soon knew no geographic limitations.

Faced with problems of national distribution and an unprecedented interest in stock on the part of the public, existing machinery of distribution was too cumbersome and also spread liability too thinly among investment bankers whose past experience had been largely limited to the handling of bonds with greater price stability.

First to go was the old unlimited liability syndicate, a sort of temporary partnership called by lawyers, a joint venture. Participating houses under this arrangement were liable not only for their agreed upon participation in a new issue, but for the same proportion of any securities left unsold at the termination of the selling period. This liability extended even to those members of the syndicate who had entirely disposed of their own participation.

Increased Distribution and Decreased Liability

The risks in handling speculative issues were too great and gradually a new method called at first a divided account or divided liability syndicate was adopted. Here the liability of each participant was limited to the amount of his original participation. This is the present practice. The small dealer became of greater importance as new issues became larger and more frequent. Because of the emphasis on speculative securities risks were greater and underwriting groups became larger to share the risk. However, this was not the only reason. The greater part in securities distribution played by the smaller distributor required that syndicate managers possess a larger list of such dealers with which to work. There was much to be gained by increasing the number of bankers participating in the purchase group so that their dealer clientele could be utilized.

Corporations prior to 1933, carried on negotiations with one investment banking house much as is done today but at that point similarity in procedure between yesterday and today ceases. Formerly, the originating house signed the contract of purchase with the corporation and, momentarily, at least, it carried the entire risk burden. This firm had already, in most cases, formed a purchase syndicate of which it was to be a member and among the members of which the obligation was immediately divided. The originating house usually turned over the purchase at a substantial profit over the agreed upon price to the corporation. The purchase syndicate was not likely to be large and might contain members who were not distributors of securities or who did not maintain retail departments.

Almost immediately the purchase syndicate turned over the securities to a larger selling syndicate of which at least some if not all of the purchase syndicate group were also members. This was done at an additional mark up in price. Small dealers might be utilized as they are today under an arrangement of offering them securities to be billed at the price to the public but subject to a concession paid over at the end of the selling period.

Changing Underwriting Methods

In present practice, about the only time an underwriting house will become the sole signer of a contract to take over securities, is when the contract merely calls for the investment banker to use his "best efforts" to sell the securities. True as in the earlier period the originating house usually manages the distribution and may be allowed a small percentage for services in this connection, but once having completed the investigation and contract of purchase other houses join in committing themselves for a proportion of the issue, and sign the purchase contract with the issuer accepting contractual liability only for the amount of their participation and expenses of the underwriting. The number of houses may vary from as small as five, where quick distribution is anticipated among a relatively small number of customers, to 25 or more where the issue is large and likely to be widely distributed.

There is no mark-up on the part of the originating house and there is no intermediate syndicate. Those who join the purchase group are themselves retail distributors, but if the issue is large, and practically always when buyers are to be sought among the general public rather than institutional customers, small dealers are brought into the picture. This procedure and the form of the dealer contract vary little from that previously used. There are, however, some differences in the matter of initial contact with the dealers and some additional paragraphs in the correspondence made necessary to accomplish meticulous compliance with the Federal securities legislation and SEC rules.

Escape Clauses Not Formerly Used

Contracts for purchase of securities from the issuer today usually contain certain so-called escape clauses not formerly used. These are due to requirements and liabilities placed upon underwriters by Federal legislation. Because of the 20 day waiting period after registration with the SEC before securities can be offered for sale, underwriters guard against possibilities of loss arising through unexpected economic or market reversals by reserving the right to withdraw from the agreement. This same clause is usually embodied in contracts for standby underwriting, where the bankers are guaranteeing the success of an offering of stock to old stockholders or refunding of a bond issue. Also, there is a clause protecting the bankers from liability should the registration statement or prospectus contain false statements or material omissions. Such a clause is in the nature of a provision by the issuer to indemnify the underwriter should they be held liable on that account.

The foregoing gives but a brief view of some of the changes in underwriting practice. There are many others but most of them technical in nature and largely due to requirements of the Securities Act. One aspect which is expensive, is the fact that legal counsel must be employed to supervise the progress of the offering at many points in the underwriting procedure. Another is the requirement that everyone connected with security underwriting may be called upon to prove "due diligence" if he is to escape possible liability if the registration statement and prospectus should be proved false or lacking in material information. This necessitates so called "due diligence" meetings on the part of the participants with the original house to go over details contained in these documents.

Looking around Wall Street discloses other changes which would startle an old timer who had been away since the twenties. There are no more pure wholesale houses. All have retail sales departments. Security business of commercial banks is restricted to governments and municipal bonds. Gone are the investment banking affiliates. That last is a change brought about by the law. Gone, too, almost entirely is the specialist except in the field of municipals and governments. Most houses are likely to participate in a variety of offerings of different industries and most of them handle both stocks and bonds. True, some houses sell chiefly to investment institutions such as insurance companies, savings banks and the like, and as a result have relatively small dealer clientele. Strange, too, would be the combination in some houses of a large commodity business with that of securities, a development perhaps brought about by the lean years of the business depression of the thirties when there were many mergers to pool customers and cut down overhead costs. It might be remarked in passing that the depression had many other effects on the security business. Profits, if any, were low and every effort was made to streamline procedures and save costs. Some of these economies are forgotten now that the business is booming again, but many have become established practices.

Underwriters Face New Competition

As business picked up in the later thirties, the underwriting houses discovered real cause for alarm in a new form of competition. Corporations began to by-pass the bankers and place securities, usually debt issues, directly with big institutional investors. Actually during the postwar years, some 40 or 50% of debt financing was being privately placed by the issuers. Apparently bankers believe thoroughly in the old maxim —"if you can't lick 'em, join 'em," because they now play an important part in a large share of the direct placement business. The banker is retained by the corporation to discover opportunities for direct placement. Indeed, he goes much further, for he negotiates the contract and takes care of all details and, of course, is well compensated for these services.

One development which would send the old timer to his farm in dismay, is that of competitive bidding for securities. Of course, the practice is not strictly new. State and municipal issues have gone to the highest bidders almost from the first issues and railroad equipment trust certificates have been so offered since 1926. Under SEC regulation, all issues of public utilities which are part of registered holding company systems have been offered for competitive bidding since 1941, unless specifically exempted by the commission. Later administrative orders of the Federal Power Commission placed all interstate gas and electric utilities not already covered by the SEC regulations under a similar mandate and the Interstate Commerce Commission has extended its rulings on equipment trusts to apply to other railroad offerings. As in the case of the SEC, the FPC and the ICC reserve the right to exempt issues when it appears that the public interest would be better served by so doing.

Narrowing Spread Proven Unattractive

At the beginning, the "know-how" of investment bankers was utilized in preparing an issue for offering, a banker being employed for a fee for the purpose. Subsequent rulings which barred such firms from bidding, discouraged the practice and much of this work today is handled by corporation lawyers. There is a general feeling that competitive bidding has served to greatly reduce bankers' profits. The spread between what is paid for the issue and the price to the public is often so small as to discourage many houses from joining bidding groups and it practically restricts marketing to the so-called underwriting firms, the spread being too small to permit an attractive concession to small dealers.

Margin requirements which were regulated only by the cost of loanable funds back in the twenties are set by the Federal Reserve Board which regulates the amount member banks may loan against securities in support of such transactions. No longer may banks lend money for margin transactions on behalf of private individuals or non-banking corporations, thus keeping the supply of loanable funds for such purposes strictly under control.

The investment trust is still with us, but now regulated by the SEC under the Investment Company Act and shares may be purchased through investment houses and dealers. Investment counselors and fund managers who advise or even invest for their clients, while not unknown in the twenties, practice widely today. However, their activities are also regulated by the SEC under the Investment Advisors' Act.

If the owner of a retail store were compelled by law to mark every piece of merchandise with his cost price in terms that all his customers could read, he would just about quit the business. Presumably, that is what the banker, also a merchandiser, would have done back in the twenties. Now the prospectus must show that information and still the banker is in business. He complains, naturally, that the requirement has reduced his profits. Be that as it may be, it has not apparently reduced his business.

Power of Stock Exchange And NASD

Discussion of changes in practices could not be complete without comment upon the power now exercised by the Stock Exchange and the National Association of Securities Dealers, Inc. In carrying out the regulatory powers conferred upon the SEC by the Securities Exchange Act of 1934, the Commission has in turn conferred upon these organizations a virtual police power in regulating practices of their members, setting up rules of conduct and requiring full reports whenever there is any suspicion of irregularities.

A change welcomed by both bankers and public is the vast improvement in the availability of information on corporation earnings and progress. Being required to disclose complete details in registering securities with the SEC most corporations have made a virtue of the necessity and built stockholder and public goodwill by publishing complete annual reports, together with quarterly financial data.

The Stock Exchange, itself, works steadily at the task of building goodwill through its vigorous public relations department. Small buyers are welcomed and may purchase securities on what amounts to an instalment plan. It is even possible for a stockholder receiving subscription rights to a new issue to finance the subscription through his broker on a 25% margin payment plan.

And last but not least, the old timer returning to the Street would be shocked to find that the famous investment and private commercial banking firm of J. P. Morgan & Company, is now a commercial bank incorporated under the New York State banking laws, and a member of the Federal Reserve System, and as such restricted to dealing in government, state and municipal issues only. Wall Street today is better able to serve the investor and speculator than ever before. No longer may one even facetiously talk about the Wall Street wolves leading the lambs to slaughter. Wall Street welcomes the small investor, tries to protect him and build him into a valuable customer.

Debentures To Be Offered by 13 Banks For Cooperatives

The 13 Banks for Cooperatives are making arrangements for a public offering of $50,000,000 of 7-month consolidated collateral trust debentures, dated Sept. 4, 1956 and due Apr. 1, 1957, John T. Knox, fiscal agent of the Banks for Cooperatives announced on Aug. 6. The proceeds will be used to redeem the $40 million of 2.95% consolidated debentures maturing Sept. 4, 1956, and for lending operations.

The debentures will be offered at par. The rate of interest will be announced on or about Friday, Aug. 10.

The new issue will be offered through the office of the banks' fiscal agent, 130 William St., New York City, with the assistance of a nationwide group of security dealers.

The Banks for Cooperatives make loans to farmers' marketing, purchasing, and business service cooperatives. The banks are chartered under the provisions of the Farm Credit Act of 1933. They operate under the supervision of the Farm Credit Administration. The debentures are the secured joint and several obligations of the 13 banks. They are not Government obligations and are not guaranteed by the Government.

Willig in Flushing

FLUSHING, N. Y. — Herbert Willig is conducting a securities business from offices at 64-39 186th Lane.

Forms Woodbury Co.

WARRINGTON, Fla. — Charles F. Woodbury is engaging in a securities business from offices at 1528 Barrancas Avenue under the firm name of Charles P. Woodbury & Company. Mr. Woodbury was formerly with Louis C. McClure & Co.

McCarthy Opens Office

MIAMI, Fla.—Griffin McCarthy is engaging in a securities business from offices at 8340 Northeast Second Avenue. Mr. McCarthy formerly conducting his own investment business in Miami has recently been local manager for Farrell & Co.

To Be Limited Partner

William de Forest Smith, general partner in Smith & Gallatin, 11 Wall Street, New York City, members of the New York Stock Exchange, on Aug. 9 became a limited partner.

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The State of Trade and Industry

Higher steel prices necessitated by substantial wage boosts must be reflected soon in prices of consumer goods, the metalworking publication said. The longer contract is expected to improve productivity, however, which will partially offset wage increases, declares "Steel."

The average hourly wage cost of steel industry production employees will rise 20.7 cents, from $2.83 to around $3 between now and July 1, 1957. A 16-cent-an-hour increase is expected in each of the second and third years.

Leading steelmakers figure now that each cent of wage increase boosts steelmaking costs by 60 cents a ton, including direct wage costs and the costs of goods and services purchased. They calculate that their first-year costs under the new contract will rise $12 to $13 a ton, continues this trade weekly.

The publication commented that one reason for waiting until all wage agreements were signed before resuming production was to enable companies to prepare their new price lists to reflect the higher costs.

It said the longer-term contract injects a note of confidence in future planning by the industry, steelworkers and steel mill customers that has been lacking with negotiations on an annual basis. Costs of the strike which interrupted production for five weeks were heavy. Tonnagewise, the publication said the loss was 10,000,000 tons of ingots. Dollarwise, the loss is estimated at $1,400,000,000 in steel products not sold, in steelworkers wages and in wages of allied industries.

Relatively few metalworking companies suffered from lack of steel. More companies will feel the pinch before finished steel products fill the pipeline to consumers.

Producers expect a high rate of operation will prevail through the remainder of 1956 and into 1957 as consumers attempt to rebuild inventories. Within 10 days to two weeks, the steel mills will be able to push their operating rate to within 10% of pre-strike levels, but it will take longer for full production to be reached. Last year, it was mid-October before the industry could throw off all the effects of the one-day strike in July, this trade magazine states.

The mills also will experience problems with raw materials. When the strike started, ore shipments were about 3,200,000 gross tons ahead of 1955. A month later, shipments had dropped more than 7,000,000 tons behind the 1955 pace. Now, pipelines must be filled. Freight cars must be loaded and sent to the docks before shipments can resume a high level, concludes this trade magazine.

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 52.4% of capacity for the week beginning Aug. 6, 1956, equivalent to 1,290,000 tons of ingot and steel for castings as compared with 16.9% of capacity and 415,000 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 12.9% and production 317,000 tons. A year ago the actual weekly production was placed at 2,157,000 tons or 89.4%. 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 Eases Slightly in Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 4, 1956, was estimated at 11,190,000,000 kwh., according to the Edison Electric Institute.

This was a decrease of 105,000,000 kwh. below that of the previous week. It increased 265,000,000 kwh. or 2.4% above the comparable 1955 week and 2,131,000,000 kwh. over the like week in 1954.

Car Loadings the Past Week Rose 0.2% Above Preceding Week Despite the Steel Strike

Loadings of revenue freight for the week ended July 28, 1956, which were affected by the steel strike then in its fourth week, increased 1,314 cars or 0.2% above those of the preceding week. They also were 7% above those for the corresponding week in 1952 when a steel strike was in its final stages.

Loadings for the week ended July 28, 1956, totaled 649,806 cars, a decrease of 140,620 cars or 17.8% below the corresponding 1955 week, and a decrease of 33,811 cars, or 4.9% under corresponding week in 1954.

U. S. Car Output Dips in Latest Week as Shutdowns For Model Changeovers Set In

Automotive output for the latest week ended Aug. 3, 1956, according to "Ward's Automotive Reports," dipped slightly due to shutdowns for model changeovers.

Last week the industry assembled an estimated 110,168 cars, compared with 111,247 (revised) in the previous week. The past week's production total of cars and trucks amounted to 131,249 units, a decrease of 1,424 units below the preceding week's output, states "Ward's."

Last week's car output dropped below that of the previous week by 1,079 cars, while truck output declined the past week by 345 vehicles. In the corresponding week last year 140,778 cars and 22,327 trucks were assembled.

Last week the agency reported there were 21,081 trucks made in the United States. This compared with 21,426 in the previous week and 22,327 a year ago.

Canadian output last week was placed at 7,440 cars and 1,787 trucks. In the previous week Dominion plants built 9,169 cars and 2,161 trucks, and for the comparable 1955 week, 6,035 cars and 864 trucks.

Business Failures Advanced Further in Latest Week And Were Considerably Above Year Ago

Commercial and industrial failures rose to 282 in the week ended Aug. 2 from 274 in the preceding week, reported Dun &

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The State of Trade and Industry

Bradstreet, Inc. This increase raised the level considerably above the 213 in the corresponding week of last year and the 207 in 1954. Failures were 2% higher than the pre-war toll of 277 in the similar week of 1939.

Failures with liabilities of $5,000 or more increased to 234 from 225 a week ago and 175 last year. On the other hand, small failures with liabilities under $5,000 dipped to 48 from 49 but remained above their 1955 level of 38. Liabilities in excess of $100,000 were incurred by 27 of the week's failures as against 20 in the previous week.

Manufacturing, wholesaling and construction accounted for the rise during the week. In contrast, retailing failures and commercial services were lower. More businesses failed than a year ago in all industry and trade groups except wholesaling. The most noticeable increase from 1955 occurred in manufacturing where failures were twice as numerous as last year.

Failures were higher in five of the nine major geographic regions, including the Pacific, East North Central and the South Atlantic States. Three areas reported declines during the week, with a drop occurring in the Middle Atlantic States. The toll in the Mountain Region held steady at 6. Failures exceeded the 1955 level in seven areas. Dips from a year ago appeared in the New England and East South Central States.

Wholesale Food Price Index Holds Unchanged at Previous Week's Level

Unchanged from the preceding week's level, the wholesale food price index, compiled by Dun & Bradstreet, Inc., registered $6.08 on July 31, marking a drop of 2.1% from $6.21 a year ago. It compared with $7.10 on the corresponding date two years ago, or a decline of 14.4%.

Commodities advancing in price during the week included corn, oats, barley, beef, hams, bellies, lard, steers, hogs and lambs. Declines included flour, wheat, rye, cheese, sugar, coffee, cottonseed oil, eggs and potatoes.

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 Turns Upward The Past Week

The general commodity price level worked higher last week, largely reflecting advances in livestock, rubber, steel scrap and pig iron. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., registered 288.96 on July 31, as compared with 286.48 a week earlier and with 275.31 on the corresponding date last year.

Irregular movements continued to feature leading grain markets the past week. Wheat held within a narrow trading range and closed quite firm, reflecting limited hedging pressure and the appearance of some investment buying.

The Winter wheat harvest is now nearing completion and harvesting of Spring wheat has already started in some sections. Oats met with good demand in cash markets and prices held up well despite a fairly heavy movement of new crop oats. Producer marketings of corn continued meager and cash corn prices developed considerable strength toward the close of the period. Active demand sent rye prices sharply higher. Growers were reported to be putting much of their rye into the loan. Trading in grain and soybean futures on the Chicago Board of Trade was more active last week with daily average purchases totaling 62,800,000 bushels, against 61,000,000 last week and 40,100,000 last year.

Domestic flour bookings were generally small last week with prices trending moderately lower. Ample supply positions held by most bakers and jobbers held down the inquiry for most types. Shipping directions on most flours continued slow. Export trade remained quiet aside from some business with the Netherlands at relatively low prices.

Raw sugar prices were firm despite a rise in allotments, while business in refined sugar continued active at high levels, reflecting heavy seasonal demand for shipments from distributors.

Cocoa prices were steady and slightly higher at the close, reflecting a firm London market and an absence of any important sales pressure. Warehouse stocks of cocoa increased and totaled 425,887 bags against 420,722 the previous week and 258,229 bags a year ago. Livestock markets generally were firmer. The western hog run appeared to be tapering off as receipts for the latest five-day period dropped to the lowest in two years. Cattle receipts for the week were the smallest in four years.

Spot cotton prices continued to work lower as the market lacked any new price-making developments. Trading was quiet as many dealers held to the sidelines pending publication of the Aug. 1 Government cotton crop estimate. Purchases of the staple in the 14 spot markets last week were reported at 60,500 bales compared with 318,100 in the previous week and 69,400 in the corresponding week a year ago.

The Department of Agriculture announced a mid-July parity price for cotton at 35.56 cents a pound, up 12 points over the mid-June price of 35.44 cents.

The cotton crop made generally satisfactory progress the past week, with frequent showers reported over a wide area of the belt.

Trade Volume in Latest Week Slightly Lower But One to Five Percent Above Similar Week of 1955

Despite numerous reduced-priced sales promotions of Summer apparel, air conditioners and outdoor furniture consumer buying slackened somewhat the past week.

There was an upsurge in the buying of used passenger cars and dealer inventories were noticeably reduced. Total retail trade was slightly ahead of the similar level last year.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 1 to 5% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England and Middle West +2 to +6; East, South and Pacific Coast +1 to +5; Northwest —1 to +3 and Southwest 0 to +4%.

Apparel stores reported a decline in the call for women's Summer apparel with the most noticeable decreases occurring in sportswear, swimsuits and lightweight cotton dresses. Volume in Fall clothing expanded moderately, as women's coats, suits and knit dresses attracted consumer interest. Purchases of men's sports shirts, Summer suits and lightweight slacks remained at the level of the preceding week. Sales in children's back-to-school merchandise continued to climb with gains in boys' jackets and trousers and girls' coats and shoes.

Dealers' stocks of air coolers and fans rose noticeably last week as consumer interest was discouraged by continued cool weather in many areas; sales were considerably under those of a year ago.

While the volume in deep-freeze units and refrigerators was reduced, sales in radios and television sets mounted appreciably.

Although purchases of linens, blankets, draperies and floor coverings fell somewhat, interest moderately exceeded that of the similar 1955 week. Attracted by mid-Summer sales promotions shoppers boosted their buying of living room furniture, dinette sets and bedding.

Wholesale orders expanded moderately last week, as retailers prepared for Fall sales promotions. The most noticeable volume increases occurred in Fall apparel, furniture and housewares. Orders were close to those of a year ago.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended July 28, 1956, decreased 1% below those of the like period last year. In the preceding week, July 21, 1956, an increase of 2% was reported. For the four weeks ended July 28, 1956 an increase of 2% was reported. For the period Jan. 1, 1956 to July 28, 1956, a gain of 4% was registered above that of 1955.

Retail sales volume in New York City the past week, aided by comfortable temperatures, rose 10% to 12% above the level of the like period a year ago, according to trade observers.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended July 28, 1956, registered an increase of 2% above those of the like period last year. In the preceding week, July 21, 1956, an increase of 9% was recorded. For the four weeks ended July 28, 1956, a gain of 5% was recorded. For the period Jan. 1, 1956 to July 28, 1956, the index recorded a rise of 4% above that of the corresponding period in 1955.

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The Security I Like Best

By TODD ALEXANDER
(Olin Oil & Gas Corporation)

geology and exploration in South and Central America for H. L. Doherty & Co. Edel Blanks, Executive Vice-President; Glen Anderson, Treasurer; and Douglas Miles, Secretary, are very capable operating officers from the old Interstate Company.

What has Olin Oil & Gas accomplished since its incorporation? First of all it has reduced its long-term debt from $32 million to $26,970,300 currently. Second, it has acquired leases and mineral rights on 471,000 acres, all of which are considered by the management to hold much promise. Third, and most important, we believe it has proven up new reserves of over 5 million barrels of oil and probably 250 billion cubic feet of gas, all in Louisiana. Minor amounts of oil have also been discovered in Oklahoma from shallow wells which are very cheap to drill. In the Louisiana area where Olin has proven up large new reserves, the going price for gas is between 16 cents and 20 cents per 1,000 cubic feet at the well-head. Olin has signed a 20-year contract with a major pipeline to sell its gas at prices in line with those mentioned above and it is hoped that deliveries under this contract will commence in November, 1956. As a result, substantial additional income will be available for further exploration and development. When it is considered that the company has proved up new reserves of over 5 million barrels of oil and 250 billion cubic feet of gas, together with leased acreage, for the very modest sum of $6.6 million in two years, it is appreciated that Olin has made tremendous progress. The program of developing new reserves of oil and gas has continued in 1956 and the successes thus far this year, while not announced, reportedly have been good.

When arrangements were made to borrow most of the purchase price from the Prudential Insurance Co. it was determined that the loan could be fully repaid out of the operations of the old Interstate Company. While it is true that the gas reserves in the Monroe Field are depleting, the loan was nevertheless made on the basis of reputable geological reports and long-term purchase contracts assuring sufficient income to discharge the indebtedness. The company's cash income available for all purposes is currently running in excess of $6 million annually, $1,778,000 of which is being applied to annual debt reduction and the balance to exploratory and development operations. As new reserves are discovered and exploited, such income should increase materially.

After the common stock of Olin Oil & Gas Corporation was distributed, initial trading was around the 12-13 price level. Since that time the stock has sold as high as 32 in the Over-the-Counter Market. Its range in 1955 was from a low of 19½ to a high of 32, and so far this year from 20½ to 27½. At present the stock is around the 22-23 level. Of the 2,755,413 common shares outstanding, approximately 1,755,000 are owned by officers and directors of the company.

By G. LESLIE BARTLETT
(Montgomery Ward)

locating and store-planning, and gradually emphasis will be placed on new stores. In its 566 retail stores in 46 states, Montgomery Ward makes two-thirds its total sales. New merchandise and new methods of displaying goods, new arrangement techniques, refurbished buildings, new lighting are some of the accomplishments of the past year. They will continue. With them has come a decided lift in employee and executive morale. As first result, sales were increased in 1955 by 10%.

Continued gains in the rest of 1956 seem well-assured. The 12% rise in the first five months over 1955, barring shrinkage in general business, should not be too difficult to sustain the rest of the year, although comparisons will be with a period of transition. This would mean sales for 1956 a shade above $1 billion; the latest year in which the billion mark was surpassed was in 1952 with its $1,084,600,000. There is a highly important point to note here: though considerably hurt, the company had not become anaemic and its vigor is returning quickly. This is basic; it needs upbuilding, not rebuilding, and the margin of profit will respond quickly.

The mail order business had been slipping, too, and similarly had to have attention. It's no longer the simple catalog and mail business it used to be. Now more than half the "mail order" business comes through about 300 catalog houses (an increase of 33 in 1955) and catalog departments in the retail stores. These catalog houses feature various displays, and attendants take orders. Management felt a "shot in the arm" was needed here also, and some 70 more catalog stores will be set up. Finally, the catalog itself has been improved, more merchandise, better styling, live models for wearing apparel, and wider distribution, at a cost of $4 million more than in 1954.

The results of the stimulus to Ward's mail order business are also reported encouraging. To handle this business the company operates now nine "mail order houses" which are well located to service all sections of the country except the rapidly growing Southeast. Chances are that this teritory will not be overlooked. For the first time, too, Ward catalog stores crossed our national boundary; there now are three of these stores in Alaska. Also, a thorough examination has been under way to determine the advisability of modern warehouses to replace multi-storied leased warehouses which are no longer adequate. Business men know how good housekeeping often pays off generously.

Progress also is reported in strengthening the retail sales promotion staff, in increasing installment sales (up almost 25% in 1955) and in tightening up the real estate department. New blood for this department and the store-planning department was brought in from outside the Ward organization. This reconditioning naturally was costly and temporarily cut into profits. In 1955, operating income was 7.9% of sales, as compared with Sears' 10.7%. Also, the spending of $104 million for increased inventory, financing a larger volume of receivables and the numerous improvements cited, caused reduced income. Working capital, however, rose to an all-time peak.

Much of the foregoing is a summary of trouble and grief. That is exactly what the situation was a year and some months ago, but this is 1956 and the change that has occurred is great. Briefly—

In spite of obstacles and difficulties, its sales were up nearly 10% in 1955.

In spite of heavy expenses, net income did not fall under the 1954 rate.

In spite of heavy outlays, working capital reached a new high.

Among the intangibles—

Morale, in every bracket, is much improved.

Defeatism has been replaced by confidence.

Organization has been greatly strengthened.

These are sound bases for progress. Vigorous management will not only recoup lost ground, but expects to go into new areas and build more stores. It will improve its margin of profit, which is now low, when the extraordinary expenses of reconditioning the enterprise lie behind it. Obviously, this will not be the work of a single year; it will take time.

It should be borne in mind that this challenge to skill and leadership has now a solid and strong foundation. Net worth has nearly doubled in 10 years. The price of the stock is in line with reality. In snort, it offers value rather than anticipated romance, and its future is shaping up rapidly. Already, Ward's has topped, per cent, the 1956 sales gains of Sears. The price is reasonable and the dividend rewarding. As the company's President said a few months ago ". . . I believe that Montgomery Ward has a brilliant future" . . .

Montgomery Ward common is listed on the New York Stock Exchange and the quotation at this writing is approximately 42½.

Kaiser Steel Corp. Places $100,000,000 Of Securities

Kaiser Steel Corp. has placed $100,000,000 of securities with institutional investors, it was announced on Aug. 7. The issues consist of $70,000,000 of 4¾% first mortgage bonds, due 1976 and $30,000,000 of 5% promissory notes, due 1981. The First Boston Corp. arranged the financing.

Proceeds from the sale, which can be taken down as needed through the first quarter of 1958, will be applied to the company's expansion program, which is designed to increase ingot capacity at its Fontana, Calif., plant from 1,536,000 tons to 2,213,000 tons annually and to increase finished steel capacity, particularly tin plate, steel plate and sheet and structural steel.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn. — Robert E. Erdmann is now with State Bond & Mortgage Co., 28 North Minnesota Street.

With Minn. Secs. Corp.

(Special to THE FINANCIAL CHRONICLE)

ROCHESTER, Minn. — John P. Block has become connected with Minnesota Securities Corporation, 100 First Avenue Building.

Juran & Moody Add

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Robert S. C. Petersob has been added to the staff of Juran & Moody, Inc., 93 Sixth Street, East.

Joins B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

JOPLIN, Mo.—John H. Wilkinson has joined the staff of B. C. Christopher & Co., 118 West Fourth Street.

Newhard, Cook Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John S. Lionberger, Jr. is now associated with Newhard, Cook & Co., Fourth and Olive Streets, members of the New York and Midwest Stock Exchanges. Mr. Lionberger was formerly with the St. Louis County National Bank.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — Dwight W. Darby has become connected with King Merritt & Company, Inc., Woodruff Building.

Joins Moody Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — Thomas G. Rose has joined the staff of Moody Investment Co., Woodruff Building.

With Southern Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Lewis D. Moore has become affiliated with Southern Investment Company, Inc., Johnston Building.

NAM's Platform for Prosperity and Progress

In listing governmental policies enabling non-artificial prosperity level, NAM head outlines recommended platform to Democratic Resolutions Committee designed to perpetuate and foster a healthy rate of growth and, at the same time, encourage and protect the vitally important motivating factor of "confidence." Submitted planks include tax and government spending reduction, severely limited subsidies and other policies dealing with labor, purchasing power, monopoly, conservation and competition.

Never was the nation's economy more prosperous than it is today and never was it less in need of government expenditure to sustain it, a spokesman for American industry told the Committee on Resolutions of the Democratic National Convention at Chicago on Aug. 9.

C. G. Parker

Cola G. Parker, President of the National Association of Manufacturers, said this fact "deserves the most careful study and analysis" by the committee.

"Today, for the first time in many years," Mr. Parker told the committee members, "a national political convention is able to write a platform for its party in a situation of national prosperity which has not been created artificially by war or the aftermath of war and which is not being sustained by government expenditure."

Poses Two Questions

Mr. Parker, who formally presented the NAM's suggestions for the party's platform, posed two questions to the committee:

"Just what is it—what policies of government have enabled the nation to reach this level of prosperity while artificial stimulants to the economy have been decreasing?

"Just what is required henceforward in the way of national policies to perpetuate this prosperity and foster a sustainable rate of economic growth?"

The NAM president told the committee that the "answer to the first question points the way to the answer to the second."

Importance of "Confidence Factor"

"The answer is to be found in the change in the economic environment which has taken place," he said, "in the development of what is known as the 'confidence factor.' National policies in recent years have tended to encourage the belief on the part of most Americans — workers, business managers, builders, retailers, and farmers—that America will remain free, with sufficient prosperity and security of jobs to justify making long-term plans and commitments. This growing confidence, and the release of economic initiative and activity which it has engendered, has more than offset the decline of government spending and the absence of the artificial props to the economy of war and pent-up postwar demand."

Factors Creating "Confidence"

As to what has created this confidence, Mr. Parker said that confidence is "an elusive quality and it is difficult to isolate the precise factors which cause it to rise or fall for every individual." But among the over-all developments which have restored confidence he listed the following specific points:

(1) A demonstrated intention on the part of the government to serve all the people and to eliminate the promotion of class conflict as an instrument of politics.

(2) Growing support by the American people for the free economic system and the development of understanding on the part of their elected representatives and officials, not only of how such a system operates, but of what is needed for it to operate effectively.

(3) A determination on the part of both political parties to prevent the infiltration of government agencies by totalitarian isms and ideologies.

(4) A recognition by a majority of the members of both political parties of the danger which lies in the continual expansion of the scope and power of the Federal Government, and apparently sincere efforts to bring expansion to a halt if not actually to reverse it.

(5) The adoption of policies which lead to a balanced Federal budget and an end to deficit financing.

(6) The determined, and currently successful, effort to protect the value of the dollar.

(7) The restoration of the independence of the Federal Reserve System and its power to keep the economy on an even keel through orthodox banking practice instead of the government's trying to do so through taxing and spending policies.

Mr. Parker told the committee that these developments, among many others which could be mentioned, have brought about a "profound change in the economic climate of the nation."

All Can Plan for the Future

"An environment has been created in which plans for the future can be made boldly and confidently—not only by business concerns but also by individual workers and their families," the NAM president said. "Today's record prosperity is the direct result of embarking on these plans, and our bright hope for the future is that these plans will be broadened and amplified increasingly as time goes on."

Mr. Parker reminded the committee, however, that it does not follow automatically that this will be so. "We have not entered a new era in which prosperity can be taken for granted," he said. "The confidence which has been built up slowly can be withered overnight. Our problem now is to develop a program which will encourage and protect this confidence, and thereby keep our nation moving forward."

To this end Mr. Parker submitted to the committee the NAM's "Platform for Prosperity and Progress"—a compilation of platform recommendations highlighted by recommendations in the fields of government economy, taxation, and national labor policy. The NAM also presented platform planks on international relations, conservation, stable purchasing power, government subsidies, monopoly and competition.

Summary of Submitted Planks

Specifically, the NAM submitted planks (later to be presented to the Republican resolutions committee) which are summarized:

Taxation—To give first priority in use of increased Federal revenues resulting from economic growth to moderating the discriminatory income tax rates which impede growth. This would be done through the Five-Year Plan which provides for the gradual and orderly reduction of both corporate and individual income taxes to a top rate of 35% by the end of five years.

Federal Spending — In the absence of a new military emergency, to hold Federal spending below the level of fiscal 1956 and move aggressively toward further reduction.

Subsidies—To limit the use of subsidies to defense purposes and then only with careful safeguards; to terminate non-defense subsidies in an orderly fashion so that production and markets will not be disrupted; to terminate promptly and orderly the use of grants-in-aid as a method of Federal contribution to the states; to liquidate or transfer to private responsibility Federal lending operations (lending operations not readily transferable should be made self-supporting).

National Labor Policy—To protect employees, employers and the general public from the abuse of power by unions, wherever such abuses exist, through measures which would protect the freedom of employees to join or not to join a labor organization, with compulsory union membership prohibited by law; recognize the rights and responsibilities of employees and employers to bargain in good faith and to adhere to the terms of their agreements; protect both parties, by fully enforced laws, from coercion resulting from violence, intimidation, threats, boycotts, etc.; hold labor unions and employers equally responsible under the laws designed to eliminate monopolistic practices contrary to the public interest.

Stable Purchasing Power — To adopt national policies which will insure a reasonably stable purchasing power of the dollar, by: Maintenance of a balanced budget to avoid inflation of the money supply by deficit financing of the Federal Government; assurance to the Federal Reserve System of independence and adequate power to use the interest rate and all other available measures necessary to adjust the money supply to the needs of the economy under a stable purchasing power of the dollar.

Conservation — To assure sound utilization of America's raw materials by private enterprise for the present and future welfare of her people by encouraging state and local governments to further state, county, local and private responsibility and participation in renewable resource conservation programs; by halting extension of Federal Valley Authorities; by halting, except for national defense, further acquisition of lands by the Federal Government when such lands can support private taxpaying ownership.

Monopoly and Competition—To maintain a free, private competitive enterprise system by fair and effective enforcement of laws designed to prevent monopoly and restraint of trade; by prompt effectuation of the Hoover Commission recommendations for eliminating government-owned business enterprises.

International Relations—To adhere to a foreign policy which will promote a free, peaceful and prosperous world, to be attained by: continuance of our program of foreign aid as long as it contributes to our direct interest; progressive reductions in foreign aid expenditures unrelated directly to defense and their elimination in the case of prosperous countries; fostering of free competitive enterprise by private investment and private activity abroad; opportunity to the free world for a full exchange of information and views in fields of economic and cultural experience; cooperation with other free nations to reduce and promptly to eliminate exchange restrictions and bring about a return to a system of freely convertible currencies; recognition of the principle that international conventions should be restricted wholly to subjects in the field of international relations and that such conventions should not be used to deprive the American people of their constitutional role in the enactment of domestic legislation.

F. C. Beck Assoc.

PHOENIX, Ariz. — Frank Charles Beck & Associates has been formed with offices at 411 North Central Avenue to engage in a securities business.

D. Lillis Director

Donald C. Lillis, partner in the investment banking firm of Bear, Stearns & Co. of New York City and Chairman of the Board of Directors of the National Can Co., was elected a director of Piasecki Aircraft Corp., at the annual meeting. The company is engaged in the research, design and development of aeronautical products and equipment with emphasis on vertical lift aircraft.

Baird & Co. Partners

On Aug. 16 Winfield M. Baird and Edwin D. Miller will become partners in Baird & Company, 65 Broadway, New York City, members of the New York Stock Exchange.

To Form Murray & Co.

As of Aug. 16, Murray & Company, members of the New York Stock Exchange, will be formed with offices at 40 Wall Street, New York City. Ian J. Murray, who will hold the firm's Exchange membership, will be a general partner and James G. Murray, Jr. will be a limited partner.

Hemphill, Noyes Branch

ALLENTOWN, Pa. — Hemphill, Noyes & Co. has opened a branch office in the Commerce Building under the management of Donald Prevette.

Form Duke, McGee Co.

COLLEGE PARK, Ga.—Duke, McGee & Co. has been formed with offices at 912 Harris Drive to engage in a securities business. Partners are Albert F. McGee and Lloyd H. Duke. Mr. Duke has recently been active as an individual dealer.

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.

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.

★ **American Preferred Life Insurance Co.**
July 27 (letter of notification) 50,000 shares of common stock (par $2) to be represented by preorganization subscriptions. **Price**—$6 per share. **Proceeds**—For formation of a life, health and accident insurance company. **Underwriters**—Frank Gabor and Alfred E. Enright, both of 1524 West Flagler St., Miami, Fla.

★ **American Seal-Kap Corp. of Delaware**
Aug. 7 filed 160,000 shares of common stock (par $2) to be offered for sale "to a small number of persons who will acquire the same for investment only." **Price**—To be supplied by amendment. **Proceeds**—To retire demand notes and for general corporate purposes. **Office**—Long Island City, L. I., N. Y. **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. (8/13-17)**
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.

★ **Associates Investment Co., South Bend, Ind. (8/23)**
Aug. 2 filed $50,000,000 of debentures due Aug. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term notes due within one year and for working capital. **Underwriter**—Salomon Bros. & Hutzler and Lehman Brothers, both of New York.

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 Consolidated Tungsten Mines, Inc.**
July 16 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For working capital, etc. **Office**—312 Byington Bldg., 15 W. Second St., Reno, Nev. **Underwriter**—Sterling Securities Co., Los Angeles, Calif.

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). **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.

★ **Becchetti Copper Corp.**
July 25 (letter of notification) 30,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For mining expenses. **Office** — 1902 South Main St., Las Vegas, Nev. **Underwriter**—None.

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 Bear Mining, Inc.**
July 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—536 Commonwealth Bldg., Denver 2, Colo. **Underwriter**—None.

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. (8/21)**
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., Inc., St. Paul, Minn.

★ **Bonanza Oil & Mine Corp., Boston, Mass.**
July 30 (letter of notification) 34,140 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For mining expenses. **Office** — 4 Liberty Square, Boston, Mass. **Underwriter**—Kimball & Co., New York.

● **Braniff Airways, Inc.**
July 12 filed 1,105,545 shares of common stock (par $2.50) being 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**—$10 per share. **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.

Canadian Husky Oil Ltd., Calgary, Alta., Canada
June 29 filed 71,363 shares of 6% cumulative redeemable preferred stock (par $50) and 1,069,231 shares of common stock (par $1) to be offered in exchange for the outstanding stock of Husky Oil & Refining Ltd. on the following basis: One share of Canadian Husky common for each Husky Oil common share of $1 par value and one share of Canadian Husky preferred stock for each Husky Oil 6% cumulative redeemable preference share of $50 par value. The exchange will become effective if, as a result of the exchange offer, Canadian Husky will hold at least 90% of the shares of each class of stock of Husky Oil; and Canadian Husky reserves the right to declare the exchange effective if less than 90%, but more than 80%, of such shares are to be so held.

● **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. **Offering**—Expected early in September.

● **Central Illinois Light Co. (8/17)**
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 Aug. 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.

★ **Civic Finance Corp. of Wisconsin**
July 19 (letter of notification) $300,000 of 5½% capital notes, series A (with stock purchase warrants attached for 6,000 shares of common stock of $4 par value). **Price**—100% of principal amount for each $100 of notes (with warrants attached to purchase two shares of common stock at $15 per share). **Proceeds**—For working capital. **Office**—633 North Water St., Milwaukee, Wis. **Underwriters** — Emch and Co., and The Marshall Co., both of Milwaukee, Wis.

★ **Coin, Inc.**
July 24 (letter of notification) 253,400 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Grove Hotel, Denio, Nev. **Underwriter**—None.

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.

★ **Colorado Tri-State Mining Corp.**
July 27 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For property, exploratory drilling, drilling rig, other equipment and working capital. **Office**—Colorado National Bank Bldg., Denver, Colo. **Underwriter**—None.

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.

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.

★ **Community Consumer Discount Co.**
Aug. 6 (letter of notification) $295,000 10-year 5% Subordinated Thrift Notes. **Price**—At par (in denominations of $100 or multiple thereof). **Proceeds**—For expansion and enlargement of company's business. **Office** — 350 Pennsylvania Ave. West, Warren, Pa. **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.

★ **Consolidated Natural Gas Co. (8/28)**
Aug. 6 filed $30,000,000 of debentures due Sept. 1, 1981. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and the The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—To be received up to 11:30 a.m. (EDT) on Aug. 28 at Room 3000, 30 Rockefeller Plaza, New York 20, 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.

★ **Denison Mfg. Co.**
July 24 (letter of notification) a maximum number of 9,022 shares of class A common stock (par $5) to be sold to employees pursuant to stock purchase plan. **Price**—At market, as of July 13, 1956 (aggregate to total $300,000). **Office**—300 Howard St., Framingham, Mass. **Underwriter**—None.

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. (9/10-14)**
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 Oregon Natural Gas Co.**
July 16 (letter of notification) 55,600 shares of common stock. **Price** — At par ($5 per share). **Proceeds** — For general expenses, equipment, insurance and reserve. **Office**—710 S. Oregon St., Ontario, Ore. **Underwriter**—None.

Eastern Shopping Centers, Inc.
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. (8/15)**
July 12 filed 175,000 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.

★ **Food Center of Tennessee, Inc.**
July 27 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price** — At par ($100 per share). **Proceeds**—For working capital. **Office**—Memphis, Tenn. **Underwriter**—None.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

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NEW ISSUE CALENDAR

August 13 (Monday)

Armstrong Rubber Co. -------- Debentures
(Reynolds & Co., Inc.) $9,250,000

Gold Seal Dairy Products Corp. -------- Class A
(All State Securities Dealers, Inc.) $1,000,000

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

North Carolina Telephone Co. -------- Common
(Offering to stockholders—underwritten by R. S. Dickson & Co., Inc. and McCarley & Co., Inc.) 828,572 shares

Republic Cement Corp. -------- Common
(Vickers Brothers) $9,650,000

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

Vita Food Products, Inc. -------- Common
(Granbery, Marache & Co.) 89,480 shares

August 15 (Wednesday)

First Colony Life Insurance Co., Inc. -------- Common
(Johnston, Lemon & Co. and Scott, Horner & Mason, Inc.) $2,187,500

Municipality of Metropolitan Toronto -------- Debentures
(Harriman Ripley & Co. Inc.) $33,591,000

Pennsylvania RR. -------- Equip. Trust Ctfs.
(Bids noon EDT) $6,873,000

United States Mining & Milling Corp. -------- Common
(N. R. Real & Co.) $300,000

August 16 (Thursday)

Mack Trucks, Inc. -------- Debentures
(Offering to common stockholders—underwritten by Dominick & Dominick) $19,212,000

August 17 (Friday)

Central Illinois Light Co. -------- Preferred
(Union Securities Corp.) $8,000,000

August 20 (Monday)

Mica & Minerals Corp. of America -------- Common
(Peter Morgan & Co.) $570,000

August 21 (Tuesday)

Bliss & Laughlin, Inc. -------- Common
(Kalman & Co., Inc.) 29,500 shares

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 22 (Wednesday)

Hooker Electrochemical Co. -------- Common
(Smith, Barney & Co. and R. W. Pressprich & Co.) 110,423 shares

General Acceptance Corp. -------- Debentures
(Paine, Webber, Jackson & Curtis and Union Securities Corp.) $20,000,000

August 23 (Thursday)

Associates Investment Co. -------- Debentures
(Salomon Bros. & Hutzler and Lehman Brothers) $50,000,000

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 11:30 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 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

September 10 (Monday)

Devall Land & Marine Construction Co., Inc. -------- Com.
(Vickers Brothers) $300,000

Gulf States Utilities Co. -------- Bonds
(Bids to be invited) $15,000,000

Gulf States Utilities Co. -------- Common
(Bids to be invited) 100,000 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

General Telephone Co. of California -------- Bonds
(Bids to be invited) $20,000,000

September 12 (Wednesday)

Northern States Power Co. -------- Bonds
(Bids 10 a.m. CDT) $15,000,000

September 18 (Tuesday)

Southern Nevada Power Co. -------- Bonds
(Bids to be invited) $4,000,000

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

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● General Acceptance Corp. (8/22)
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 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 at $60 per share for each 3⅓ shares of Byers common stock. If less than 100,000 shares of Byers common stock are tendered, the exchange ratio will be one General Tire preference share, plus a common stock purchase warrant for each three shares of Byers common stock. The Byers preferred stockholders may exchange each preferred share for either 1.1 shares of General Tire preference stock and a warrant to purchase at an initial price of $70, one share of Byers common stock, or one share of General Tire preference stock and $10 in cash. The offers will expire on Sept. 6. The General company has also agreed to purchase from J. F. Byers, Jr., and 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 68,837 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. (8/13-17)
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.

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.

★ Haughton Elevator Co., Toledo, Ohio
Aug. 7 filed 160,511 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—McDonald & Co., Cleveland, Ohio.

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.)
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.

★ Hooker Electrochemical Co. (8/22)
Aug. 2 filed 110,423 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To a selling stockholder. **Underwriters**—Smith, Barney & Co. and R. W. Pressprich & Co., both of New York.

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.

★ Inland Empire Uranium Corp.
July 31 (letter of notification) 192,000 shares of common stock (par ten cents). **Price**—$1.25 per share. **Proceeds**—For equipment, acquisitions and general corporate purposes. **Office**—1424 North Hancock Ave., Colorado Springs, Colo. **Underwriter**—None. **Predecessor**—Fremont Uranium Corp.

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.

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.

★ Joa Co.
July 27 (letter of notification) 110,000 shares of common stock (par 20 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotions and operating capital. **Office**—411 No. Scenic Highway, Lake Wales, Fla. **Underwriter**—Anderson Cook Co., Inc., Palm Beach, Fla.

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.

★ Lauderdale Mining & Development Enterprises, Inc.
July 23 (letter of notification) 30,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For mining expenses. **Office**—604 W. 10th St., P. O. Box 3, Metropolis, Ill. **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.

Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York. **Offering**—Postponed.

Lithium Developments, Inc., Cleveland, Ohio
June 21 filed 600,000 shares of common stock (par 10 cents), of which 600,000 shares are to be sold for account of the company and 90,000 shares for selling stockholders. **Price**—$1 per share, by amendment. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—George A. Searight, New York City.

Lone Star Fund, Dallas, Texas
June 1 filed 125,000 shares of Balanced Income Series; 125,000 shares of Insurance Growth Series; and 125,000 shares of Industrial Growth Series. **Price**—At market. **Proceeds** — For investment. **Underwriter** — All States Management Co., Dallas, Texas.

Long Island Lighting Co.
April 5 filed 120,000 shares of cumulative preferred stock, series G (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York. **Offering** — Postponed because of present unsatisfactory market conditions.

Los Angeles Airways, Inc., Los Angeles, Calif.
April 23 (letter of notification) 645 shares of common stock (par $10). **Price** — $54 per share. **Proceeds** — To Clarence M. Belinn, the selling stockholder. **Office**—5901 West Imperial Highway, Los Angeles 49, Calif. **Underwriter**—Dean Witter & Co., Los Angeles, Calif.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

Lumberman's Investment & Mortgage Co.
May 2 filed 50,000 shares of common stock (par $10). **Price**—$12 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — Denver, Colo. **Underwriter**—None.

★ Macimiento Uranium Mining Corp.
July 31 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds**—For current liabilities, exploration, administrative expenses and working capital. **Office** — Kimo Bldg., Albuquerque, N. M. **Underwriter**—Carroll & Co., Denver, Colo.

Macinar, Inc.
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 as of 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) being 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 notification) 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 (8/20-24)**
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.; Blyth & Co., Inc. **Bids**—Three bids were received on Aug. 1, all for 4¾s, but were turned down. No new date for bids has been set.

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 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.

★ **Montgomery (William) Co.**
Aug. 3 (letter of notification) $100,000 of 10-year 5% redeemable debenture notes (subordinated) to be limited to employees, retail dealers and certain suppliers. **Proceeds** — For working capital. **Office** — 999 N. 2nd St., Philadelphia 23, Pa. **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.

★ **Naches Telephone Co.**
July 24 (letter of notification) 400 shares of cumulative 6% preferred stock. **Price** — At par ($100 per share). **Proceeds** — To discharge indebtedness and for central office equipment. **Office**—Naches, Yakima County, Wash. **Underwriter**—None.

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.

★ **New England Telephone & Telegraph Co. (8/29)**
Aug. 3 filed 613,010 shares of capital stock to be offered for subscription by stockholders at the rate of one new share for each five shares held as of Aug. 29. American Telephone & Telegraph Co. owns 69.26% (2,122,842 shares) of outstanding stock. **Price**—At par ($100 per share). **Proceeds** — To repay temporary borrowings. **Underwriter**—None.

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. (8/14)**
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 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 up to 10 a.m. (CDT) on Sept. 12 at Room 1100, 231 So. La Salle St., Chicago 4, Ill.

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.

★ **Ocean Drilling & Exploration Co., New Orleans, La.**
Aug. 8 filed a maximum of 211,238 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each six shares held as of Aug. 28, 1956. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Underwriters**—Morgan Stanley & Co., New York, and Reinholdt & Gardner, St. Louis, Mo.

★ **Oregon Timber Products Co., Inc.**
July 23 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses of commercial brokerage and retail sale of lumber and lumber products. **Office**—Suite 223 Ryland Bldg., 220 South Virginia St., Reno, Nev. **Underwriter**—Ross N. Barengo, Reno, Nev.

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.

★ **Package Products Co., Inc.**
July 26 (letter of notification) 36,000 shares of common stock (par $5). **Price**—$8.25 per share. **Proceeds**—For equipment, purchase of land for future use and working capital. **Office** — 1928 Camden Road, Charlotte, N. C. **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.

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 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**—Crerie & Co., Houston, Texas; and Dixon Bretscher Noonan, 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.

★ **Radio Control Corp.**
July 27 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For cost of sales, technical expense and working capital. **Office**—215 Majestic Bldg., Denver 2, Colo. **Underwriter**—None.

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.

★ **Rand McNally & Co.**
July 27 (letter of notification) not to exceed 1,999 shares of common stock (par $10) to be offered to shareholders on the basis of one new share for each 125 shares held. **Price**—$22 per share. **Proceeds**—For working capital. **Office**—8255 Central Park Ave., Skokie, Ill. **Underwriter**—None.

★ **Rayette, Inc.**
July 27 (letter of notification) 41,375 shares of common stock (par $2). **Price**—$7.25 per share. **Proceeds**—To reduce existing bank loans and for additional working capital and expansion. **Office**—261 E. 5th St., St. Paul, Minn. **Underwriter**—Paine, Webber, Jackson & Curtis, Minneapolis, Minn.

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.

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● **Republic Cement Corp., Prescott, Ariz. (8/14)**
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 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 $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. No public offer planned.

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 and 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.

★ **Tampa Electric Co. (8/29)**
Aug. 1 filed $10,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and 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, at 90 Broad St., New York, N. Y.

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.

★ **Telecomputing Corp.**
July 16 (letter of notification) 13,000 shares of capital stock (par $1). **Price**—At market (estimated at $7.62½ per share). **Proceeds**—To go to a security holder. **Office**—12833 Saticoy St., North Hollywood, Calif. **Underwriter**—None.

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.

★ **Tri-Boro Finance Co., Inc. of Attleboro**
Aug. 2 (letter of notification) 11,500 shares of 7% preferred stock. **Price**—At par ($100 per share). **Proceeds**—To pay outstanding notes payable and operating capital. **Office**—98 Park St., Attleboro, Mass. **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**—Postponed indefinitely.

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. (8/15)**
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. (8/14-15)**
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.

★ **Uranium Corp. of America**
July 17 (letter of notification) 2,500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office** — 1101 Failing Bldg., Portland 4, Ore. **Underwriter**—Orval Walker Sorenson, Portland, Ore.

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 (8/14)**
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.

★ **West Ohio Gas Co.**
July 16 (letter of notification) 17,959 shares of common stock (par $5) to be offered for subscription by common stockholders of record July 23, 1956, on a 1-for-20 basis (with an oversubscription); rights to expire on Aug. 21. **Price**—$12.50 per share. **Office**—319 W. Market St., Lima, Ohio. **Underwriter**—None.

★ **Western Mercury & Uranium Corp.**
July 16 (letter of notification) 150,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration costs, working capital, etc. **Office**—4225 Garden Place, Las Vegas, Nev. **Underwriter**—None.

Western Securities Corp. of New Mexico
Feb. 13 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

★ **Westland Oil Co.**
July 23 (letter of notification) $300,000 of 5% subordinated debenture bonds in denominations of $1,000 each. **Proceeds** — For mining expenses. **Office** — 504 Central Ave., East Minot, N. D. **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.

★ **Whittaker (Wm. R.), Co., Ltd.**
July 26 (letter of notification) 13,000 shares of common stock (par $1) to be offered to employees. **Price**—$15 per share. **Proceeds**—For working capital. **Office**—915 N. Citrus Ave., Los Angeles, Calif. **Underwriter**—None. Statement was withdrawn on July 30.

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.

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

★ **Acme Steel Co.**
July 31 it was announced stockholders on Sept. 12 will vote on approving an amendment to the company's charter whereby the stockholders will waive their preemptive rights to a pro rata share of an issue of 400,000 additional shares of common stock (par $10). **Proceeds** — For expansion program. **Underwriters** — Probably Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

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 Insurance Co., Newark, N. J.**
Aug. 2 it was announced that a registration statement would be filed in August covering a proposed issue of 1,750,000 shares of capital stock (par $2.50) to be offered in exchange on a share-for-share basis for a like number of shares of capital stock of American Automobile Insurance Co. of St. Louis, Mo. The exchange offer will

be conditioned on acceptance by the holders of not less than 80% of the outstanding shares of the latter company. The offering will be made sometime during September.

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.

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.

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.

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.

★ Ford Motor Co., Detroit, Mich.
Aug. 3 it was reported this company is planning to create and issue between $300,000,000 and $400,000,000 of debentures. **Proceeds**—To help finance expansion program.

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 (9/11)
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. 11.

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 $15,000,000 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 100,000 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.

★ Hawaiian Telephone Co.
July 30 it was announced that company plans to acquire a 15% participation with American Telephone & Telegraph Co. in a proposed $36,700,000 California-to-Hawaii cable and, if approved by the directors on Aug. 16, will be probably be financed by a debenture issue. Hawaiian Telephone Co.'s investment will be approximately $5,500,000. **Underwriter**—Probably Kidder, Peabody & Co., 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.

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).

★ Kay Jewelry Stores, Inc., Washington, D. C.
Aug. 6 it was reported company plans early registration of an issue of common stock for public offering in September. **Underwriter**—Lazard Freres & Co., New York.

★ Liebernecht (Karl), Inc.
Aug. 6 it was reported the Office of Alien Property plans to offer at competitive sale its holdings of 63% of the common stock of this company, which owns the Quaker State Metal Products Corp., of Lancaster, Pa., an aluminum fabricator.

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 $6,000,000 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.

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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).

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).

• North American Aviation, Inc.
Aug. 3 it was announced company soon plans to raise some $40,000,000 of additional funds through an offer to stockholders to subscribe for additional capital stock. **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.
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**—Had tentatively been expected, to be received on Sept. 5. **Offering**—Postponed indefinitely.

★ Southern California Edison Co.
Aug. 7 it was announced that company now plans to offer and sell 500,000 shares of common stock (par $25). **Proceeds** — For construction program. **Underwriters** — The First Boston Corp. and Dean Witter & Co. handled last common stock financing.

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. (9/18)
June 27 it was announced company plans to issue and sell $4,000,000 of first mortgage bonds, series C, due 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; William R. Staats & Co. and Hornblower & Weeks (jointly). **Bids**—Tentatively expected to be received on Sept. 18.

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.

Tennessee Gas Transmission Co.
May 10, Gardiner Symonds, President, announced that company plans to sell about $50,000,000 of mortgage bonds late in the third quarter or early in the fourth quarter of 1956. **Proceeds** — For expansion program. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

United States Rubber Co.
June 29, H. E. Humphreys, Jr., Chairman, stated that issuance of convertible debentures is one of several possible methods the company has been considering for raising $50,000,000 to $60,000,000 which may be needed for plant expansion and working capital. He added that, if convertible debentures are issued, they will be offered pro rata to common stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

University Life Insurance Co., Norman, Okla.
June 21, Wayne Wallace, President, announced company plans in near future to offer to its 200 stockholders 500,000 additional shares of common voting stock at rate of not more than 2,500 shares to each stockholder. Rights will expire on Aug. 1. Unsubscribed stock will be offered to residents of Oklahoma only. **Price**—$2 per share. **Underwriter**—None.

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

Washington Gas Light Co.
June 7 it was announced company proposes to finance proposed new construction of pipeline in Virginia to cost about $3,380,000 from funds generated by operations, sale of common stock and temporary bank borrowings. **Underwriter** — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Railroad Securities

By GERALD D. McKEEVER

Louisville & Nashville

Few railroads will rival the gains which will be shown this year by the Louisville & Nashville. This is only partly due to the adverse effect on the 1955 results of the 60-day strike that ran almost to the middle of May last year and which so largely idled both the Louisville & Nashville and its 75% owned Nashville, Chattanooga & St. Louis. In addition to this illusory gain, there have been the actual gains arising both from the generally higher level of the economy and from the further growth of the Louisville & Nashville itself.

On the latter score, the total of 189 new industries were located on the L & N in 1955, continuing the progress of 1954 when 187 were acquired, and it is stated that 90% of the 1955 achievement is of permanent character and, furthermore, represents over 35% more investment than the almost equal number of the previous year. In addition, the expansion of existing industries on the road's line represented an investment of over $105 million in 1955 as against only $24 million in the previous year.

These gains signal the growth character of the Louisville & Nashville which in recent years prior to 1953 had paced closely the upward trend of revenues of the whole Southern District group while exceeding slightly the trend of the Class I total. However, sensitive not only to the level of steel activity in the Birmingham district, but also to that of the Great Lakes area as well to which it ships a large volume of coal, the L & N slipped somewhat in 1954 relative to these measures and the 1955 picture was badly distorted, of course, by the two-month strike.

The road's title provides a wholly inadequate picture of its extensiveness and of its territory. Actually the principal routes of this 4,732-mile road extend, in one direction, from Cincinnati and St. Louis southward to New Orleans, Mobile and Pensacola via Louisville, Nashville and Birmingham, and in another, from Cincinnati to Atlanta while an important branch line extends westward to Memphis. Long an important originator of soft coal destined to the Birmingham steel mills and elsewhere, the L & N also handles a large volume of imported iron ore via Mobile and other Gulf ports.

Owning a 50% joint interest in the Clinchfield with its own parent, the Atlantic Coast Line, and serving the rich Kentucky, Virginia, Tennessee and Alabama coal fields, the L & N has for years been classed as a "coal road." Due to diversification, however, arising largely from the progressive industrialization of the South, the proportion of manufactured and miscellaneous traffic has been on the ascendant, increasing from roughly 32% of freight revenues in 1941 to 42% last year after having been as high as 47% in 1953. By another measure, revenues of the L & N from manufactures and miscellaneous traffic increased 124% between 1941 and 1954 as compared with the 104% increase in this traffic for all Class I in the same period. Coal, in the meantime, has held quite steady around 30% of freight revenues prior to 1948 but declined to 25%-27% in the 1949-54 period. However, coal showed the relative gain to 32.6% in 1956 due to the high rate of steel operations and to the resumption of coal exports under the economic assistance program.

Physically the Louisville & Nashville has kept pace with the growth of its business by heavy expenditures for modernization and improvement. Gross expenditures on the road's property in the 1946-55 decade totaled $287.2 million and has included extensive CTC installation and, finally, complete dieselization. Because of its heavy dependence on coal as a traffic item, and thus quite jealous of its good standing with the coal companies as shippers, the L & N has been one of the last roads to dieselize. It was reported in June of this year, however, that with the delivery of two additional diesel units, all steam operation would be terminated. The installation of 20 diesels last year and 56 earlier this year had already dieselized all train movement except in the Kentucky coal fields.

Dieselization, centralized traffic control and other modernization such as the $15 million freight facility at Radnor (Nashville)) have been reflected in substantial improvement in physical operating ratios. Since 1946 the over-all efficiency factor of gross ton-miles per freight train hour has shown a 70% gain, but the effect dollar-wise has been blurred by a disproportionate increase in costs. It nevertheless has given a great deal of stability to the road's transportation ratio which was 35.8% in 1955 as against this road's average of 35.5% for the 1951-55 period, for instance, and the maintenance ratio has shown similar stability. The 1955 figure was 35% for this account as against the average of 36% for the same five-year period, and it should be commented that the very minor drop in the 1955 ratio indicates a well sustained outlay in spite of the two-month strike. The L & N has not been under any pressure to bolster earnings at the expense of maintenance, and has not done so. As a result, the road's physical property is in excellent shape and the relatively high rate of expenditures could well be an anchor to the windward if there should ever be an occasion to draw upon this source.

Earnings for the first six months of this year amounted to $5.63 per share as against $3.97 for the corresponding and strike-blighted period of 1955. As a result it is estimated that 1956 full-year earnings will be $12.50 per share as compared to $10.53 for 1955. The current year's earnings estimate does not include any part of the gain in consolidated net that will arise from the merger with the Nashville, Chattanooga & St. Louis which has received the recommendation of the ICC examiner and may become effective later this year. Based on estimates for 1956, this merger would add about $3 million annually to the net income of the L & N after eliminating some $767,000 dividend which this road has been receiving from the subsidiary on the 191,746 "Nashville Chat" shares which it now owns. The merger terms, calling for 1½ shares of L & N for each "Nashville Chat" share, thus indicate the issuance of only 96,380 additional L & N shares as a result of this 75% ownership.

Only on the basis of the respective estimates for 1956 of the two road's singly, or before giving effect to various economies that should result from the consolidation, the net income of the L & N would be increased from $29.3 million to $32.3 million, or from $12.50 per share on the 2,340,000 shares now outstanding to $13.20 per share on the 2,436,380 shares called for by the merger terms.

The current price of about 103 for L & N, up from 83½ this year, probably reflects anticipated gains from the merger as well as general improvement. It also may reflect the expectation of an increase in the dividend rate, now $5, either before or after a possible split.

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Government and the Mortgage Business

bersome to appeal to the private market. The final result therefore was not to prevent or reduce the encroachment of government, but to raise new demands for intervention by way of market support through the Federal National Mortgage Association or by direct lending, for which we now have a proliferation of programs in existence or contemplated.

After the war an entirely new element was introduced into the mortgage picture — the guarantee of home loans to veterans by the Veterans Administration. Here again was a basically simple and practical idea. Amid the superprosperity of the immediate postwar years and after a decade of low housing production, a serious housing shortage existed. Moreover, with the hand of rent control (which gave a great advantage to the stay-at-homes in possession) heavy on the market, veterans were at a special disadvantage.

The idea of the loan guarantee program was that, by giving veterans a minimum or non-existent downpayment, it would be possible for men who had been in the Army four or five years to compete with those who had been able to accumulate savings during the war years. As had been the case with FHA, however, this plan also soon took on special overtones. What began as a matter of reasonableness in an emergency came to be looked upon as a matter of right under all conditions. This notion of a right to a special privilege was applied particularly to the interest rate allowed on the guaranteed loans.

At the outset, the guaranteed loan rate, like the FHA interest rate, was set in conformity with the then existing market. Unfortunately, the Congress, accustomed as it was to the wartime dominance of monetary policy by the Treasury, did not contemplate the possibility of a rise in interest rates. As rates crept upward to a point where the set limit was no longer generally attractive to private lending institutions, and as discounts on veterans loans crept in to compensate for the rigidity of the rate structure, the thesis was advanced that veterans were entitled to a preferential rate and that it ought to be provided for them. Again, the pat solutions were direct lending and an expansion of the FNMA operation.

Events, however, as they sometimes do, caught up with theory. In 1953, Congress, in face of a threatened breakdown of the program, reluctantly raised the rate and in a limited way recognized the role of discounts as a means of maintaining the flow of credit. But then it again took its stand on the matters of abstract right and obligation and determined to keep the relaxation from going farther.

There is where we are today: the general rate structure is again ahead of the fixed interest rate, discounts are at new highs, and any rectification is declared to be politically inexpedient if not impossible. FHA finds itself caught in the same ideological trap. Although, according to its statute, its interest rate could be raised to conform to market conditions—as, in the past it had been lowered with the same objective—a rise in the FHA rate under present circumstances would, it is assumed, further tighten the market for VA guaranteed loans, a situation difficult to contemplate politically. So again the functioning of FHA is impeded by extra-market considerations.

Mixed-Up World

I have gone into these developments in order to reveal to you the mixed-up sort of socio-political world in which the mortgage man finds himself today and to which he must in some way adjust his operation. It is, as you will recognize, quite a different world from those of the commercial banker or the investment banker. These, to be sure, have governmental and quasi-governmental agencies to look to and to deal with; but their dealings are more limited and definite in scope, much less subject to legislative and administrative caprice, and happily free from annual major changes in the rules of the game.

You may ask, why should a mortgage man expose himself to the complexities I have described? Why not forget FHA and VA and devote himself to conventional mortgage lending on residential, commercial, and industrial property? Some answer these questions by doing just that, and quite successfully too. But the matter cannot be settled that easily. FHA and VA are very big facts in the mortgage world and, as facts, they cannot be ignored.

Even if the mortgage banker chooses not to do business with FHA and VA, he cannot escape the impact that they have on the investment market as a whole. Moreover, unless he is unusually favorably situated, he will find that, in avoiding these contacts, he will seriously restrict the area of his activity. For all their defects and complexities, these systems offer elements that are essential to the modern mortgage market and the modern industrial economy. Their essential elements are: the ability to bring the market within the reach of the mass of the people, and the ability to provide a copious flow of funds to all parts of the country—and copious it is, despite the talks of stringency.

As I have already pointed out, it was the failure of the states to effectuate the adaptations required by economic evolution that brought the Federal Government first into the mortgage area. That situation has not changed. The compensations to the statutory obstacles provided by FHA and later by VA have covered up the need for more fundamental remedies. All the old obstacles remain and, as long as they do, Federal intervention will not be displaced.

Since this is the case, the mortgage banker must be aware of its significance. He must first of all learn the intricacies of the systems within which he must conduct his activity and he must be familiar with the procedural machinery. In short he must know his way around. From one point of view, his expertness in these matters makes his function all the more important to those who seek to borrow on mortgage security.

This point of view, however, is a narrow one; and the education we are talking about here calls for greater breadth than learning certain particular ways of making a living. The mortgage banker today finds himself exposed, perhaps more than any other business group, to the drift toward a state-directed economy. This drift has already reduced the efficiency of the market machinery and made him vulnerable to political attack. Each year, the annual housing bill, which is considered as much a stock part of the legislative program as the opening prayer, carries the trend a step or two farther.

The mortgage banker can move with the trend if he cares to, gathering his rosebuds while he may, and face his ultimate transformation from that of a free force in the economy to that of a paid agent or employee of a governmentalized mortgage system. I do not believe that the thoughtful mortgage banker will want to do this. He will instead prefer to preserve the mortgage transaction as a free bargain between borrower and lender. He will seek the causes of the trend that would let government say who should get the money and how much and under what terms. He will want to improve the system, from its very roots in archaic statutes, to prevent this eventuality. He will want to complete the adaptation of the mortgage system—the private mortgage system—to the requirements of a modern economy. He will want to avoid the stagnating effects of state domination and direction. He will want to know how to make use of government without becoming a creature of government along with all who have need of borrowed funds.

In order to do what he wants to do, the mortgage banker must have knowledge and understanding of this peculiar half-world in which he now exists and of the forces at work within it and upon it. The gaining of this knowledge and understanding must be part of an education that takes into full account the political as well as the economic implications of his activity. This is part of the task we would lay before you.

Carolina Secs. Add

(Special to THE FINANCIAL CHRONICLE)

LANCASTER, S. C.—H. Read Rice, Jr. is representing Carolina Securities Corporation of Raleigh, N. C., from offices at 700 Marion Sims Drive.

Joins Baxter Williams

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — James A. Norman has become associated with Baxter, Williams & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Fahey, Clark Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William R. Mann has become connected with Fahey, Clark & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With Green, Erb Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William J. Campbell is now associated with Green, Erb & Co., Inc., N. B. C. Building, members of the Midwest Stock Exchange.

McDonald Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—W. Dennison Brown has become affiliated with McDonald & Company, Union Commerce Building, member of the New York and Midwest Stock Exchanges.

With United Securities

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—Jarl E. Bowers has become associated with United Securities Company, Southeastern Building. Mr. Bowers was formerly with Vance Securities Corporation and McDaniel Lewis & Co.

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The Public Relations Counsel Looks at Investment Counsel

erate under designations so similar to yours obscures the unique distinction inherent in the term "investment counsel," and thus deprives tthe public of essential knowledge necessary to sound decision.

As to state statutes, distinct from Federal, there is no uniformity. Laws inimical to your interests have been introduced in some state legislatures. Your Legislative Committee has been in recent consultation with the National Conference of Commissioners on Uniform State Laws, now drafting a Uniform Securities Act. You are trying to include in this a special definition of "investment counsel" along the lines of the Federal statute and a confidential relationship provision such as is in the Federal Act. Apparently you are not meeting with the success you would like to in this direction, due to the Commission's fear of including too much controversial material, and the contention that the Federal statute takes care of the matter adequately.

Summing up, from your point of view the law is good so far as it goes. But there is still a lack of nationwide legal sanctions to compel sufficient differentiation in description of financial services. The public has no clear concept of what "investment counseling," as legally defined, is.

Depressional Organization

Next, what about the organization of the profession, one of Mr. Wickenden's criteria? To improve professional status, the Investment Counsel Association of America was formed in 1937. Your code of ethics defines your scope and function, your relationship with clients, the standards of ability and integrity you require in your membership. An employee of a member firm acknowledges his acceptance of the code by signing a copy of it.

As of today approximately 350 firms and individual practitioners are entitled to call themselves "Investment Counsel." However, if I understand correctly, your association disqualifies all but about 70 investment counsel firms for membership, since one requirement is that the firm have at least two partners or principals. Thus four-fifths of the profession are currently ineligible for Association membership. Of the eligible 70 firms about 67% belong. From a public relations standpoint it would seem you might wish to consider seriously whether so restrictive a membership requirement is not a bar to attaining your objective of speaking for the profession as a whole and raising its standards.

Your code carries no penalties if broken by members and naturally the 303 non-member investment counsel are not bound by it, nor are the thousands of others who give investment advice and whom the public may regard as investment counsel. This includes the banks and other financial institutions which are permitted under the SEC to render investment advice and to so designate themselves. The very existence of the code, or, for that matter, of the Association itself, is sparsely known to the public. Membership as against non-membership consequently adds little to professional standing in the public mind.

Third, just what is the current concept and thinking regarding your profession in the fields on which it impinges? Obviously, this point could only be adequately and comprehensively answered after an extensive and careful survey. Later on I will discuss more fully the essential necessity of such a survey from your point of view, as well as give concrete examples of how another profession, medicine, is carrying out research and public relations activity stemming therefrom. However, as background for this talk, I did query some leaders in banking, law, investing, and business and financial journalism. Though this was just a spot check, the answers were illuminating and helpful. Likewise, they confirm the tremendous job you face to gain adequate public recognition and support.

Importance Recognized

I asked each correspondent five questions. The first was, "What place do you think the qualified investment counsel occupies in the financial world? You will be pleased to learn that opinion was unanimous that your profession fills an important need today. There were some criticisms as to certain professional attitudes or practices which I will touch upon in a moment, but none questioned your fundamental value.

My second question was whether they thought the general and the investing public knew the difference between qualified investment counsel, whose business is mainly the giving of advice on a fee basis, and other types of investment advice offered to the public. Everybody who answered this point doubted that the general public made a distinction. A few said they thought the investing public, or those with considerable experience in investments, did differentiate between types of financial advice.

Next I asked whether they thought the profession had a future, and if so, what kind. Everybody thought the profession had a future. The majority considered it a very bright one. One reply from the legal field qualified this by stating that the profession's future was dependent on whether its practitioners really treat it as a profession. Some of the bankers stressed such points as that future success would be dependent on the effort, talent and success of the individual counselling firms, that there might be increasing competition because of services offered by others. One said that since investment is more of an art than a science, the field may be more subject to hazards than other professions.

The fourth question was as to whether they thought additional laws were needed to differentiate qualified investment counsel from other types of investment advice. The majority of the replies were negative. However, one editor felt there should be licensing by the state, with applicant appearing before a commission for an oral and written examination. On the other hand, an investment house executive said he didn't see how more laws would solve the problem. He raised the point as to who would license and who would establish qualifications. One of the bankers felt that unless the profession, together with the banks and investment dealers, can develop a means to protect the public from the unethical and unqualified advisers, additional legislation is bound to come. Another banker felt laws might be necessary in some states to differentiate between investment counselor and other financial advisers.

The final question was as to whether my correspondents distinguished between members of your Association and non-member investment counsel. Most of the replies were negative. Some respondents obviously were unaware of the Association's existence, and the general feeling was that the public was not much aware of the organization or its standards. However, some did feel membership was a favoring factor in judging qualifications and dependability.

Some Criticisms

I have said that I elicited some criticisms of certain professional attitudes and practices. For example, one investment house stated that they felt it was wrong to refuse any accounts under $100,000, since the smaller investor needed advice the most. One respondent felt there was too great tendency to judge results entirely by market performance, rather than stressing the importance of business fundamentals.

One highly reputable investment banker, who believed in the future of your profession, personally discussed the whole field with me at some length. Some of his points you may well wish to ponder. He believes the present criteria for membership in your Association is arbitrary. He sees no reason for not advertising in a dignified way to solicit new clients. Likewise, he felt membership criteria should be broadened to include all investment counsel of integrity and skill. Two clauses in the constitution to which he made particular exception were those requiring investment counsel as main source of income and the prohibition against holding securities. These he felt simply showed a desire to be exclusive without offering any real advantage to the public or the profession.

Nevertheless, he felt your Association had a function in uplifting the profession in the public mind. He felt that the code, to be workable, should have provisions for punishment of those who break it.

He presented several reasons why in his opinion investment banking houses of integrity and reputation had advantages for the investor over unaffiliated investment counsel. (1) Due to ownership of securities or membership on boards, investment bankers are closely related to numerous industries and therefore are in a better position to secure inside information. (2) Many investment counsel firms are too large for effective service and have too many clients. Investment bankers, some of whom won't take accounts under $400,000, can give more individualized service. (3) Large industrial companies are reluctant to give information to investment counsel because they use it as basis for letters and reports on specific companies to impress their clients. Investment bankers do not do that. (4) Since investment bankers hold large amounts of stock for their account in specific companies, they have an extra leverage, denied to independent investment counsel, to insure sound corporate action.

As to the argument of self-interest arising from stock holding and underwriting, this contact stated that some investment bankers make it a practice not to supervise any client investments in companies in which their partners are on the board, nor do they recommend any securities they are in the act of underwriting; recommendations as to those securities are made only after the underwriting period has ended.

Naturally, I do not expect you to agree with all of the opinions I have just cited; you probably have heard them all before. Nevertheless, I think they are worth citing, if only to show some of the facets of conflicting opinion in your path towards meeting your objectives.

In addition to querying bankers, lawyers, investment houses and editors, I asked the same questions of a few investment counsel firms which are non-members of your Association. One of the replies from that sector contained some observations, which I pass on for what you may consider them worth. He feels the profession has a broad future but only as an adjunct to the activities of the professional or institutional investor—at least as matters now stand. He does not feel additional laws would serve any purpose, but thinks definitions — and the classification of those who represent themselves to be investment counselors under these definitions —would be helpful. He objects to the present code provision that no member shall issue a printed service. Finally, he stated, "if the average investment counsel were willing to help out rather than to take over, his fees per client would be less but his aggregate income would be much greater, in my opinion."

Likewise I asked same questions of a few of your member firms. Correspondents here agreed with the viewpoint of other categories as to present importance, likely future, lack of public understanding, etc. In addition certain points were raised which I think deserving of comment. One mentioned a development within the profession whereby some investment counsel firms operate one or more investment trusts to bolster their earnings. Insofar as such trusts involve a security-selling program it was felt that there was a danger of deviating from a strictly unbiased position — the hallmark of the profession.

As concerns the future, there was mention of an expanding market for your services in the institutional field—small to medium sized banks, insurance companies, endowment funds, etc. not large enough to have their own independent research staffs.

As regards criteria for Association membership the thought was expressed that though it is important to require that work be done on a fee rather than commission basis, it is even more essential there should be adequate standards of competence set up on which to judge applicants for membership, and that these should be gradually raised, as has occurred in other professional fields. It was felt that this policy should receive major emphasis henceforth.

In addition to these queries among leaders in various fields, I made a quick check of dictionaries to see if your profession had achieved mention therein, for dictionary definition is a reflection of public usage of a term. Our own office copy of Webster's New World Dictionary of the American Language, published in 1953, has no mention of investment counsel. We called up the New York Public Library information service. The official there looked in four or five dictionaries and also in a legal dictionary that he told us was four years old, and also in a business-commercial dictionary. In none of these was the term "investment counsel" listed. This is an indication of what I mean by areas of ignorance.

Going back for a moment to my spot check of leadership opinion; limited as it was, it still indicates that the public does not differentiate between investment counsel and investment managers or advisers, nor does it differentiate between qualified members of your organization who have signed the code and eligible members who have not.

Certain elements in the financial world are friendly to you; some are inimical. As to legal relations, apparently the SEC regulation has little meaning in protecting you or your identity.

There should be widespread public understanding and knowledge of what you do. Instead, as regards the public, you are working in a frame of reference in which apathy, distortion and ignorance of you and your scope and function are predominant factors. In addition, you are working against an uncontrolled competition. Certainly this is a dangerous situation for any profession to be in. It is also dangerous for the public you serve.

Is this situation unique to your profession? Or are there lessons from which you can benefit in the experience of other professions as regards the struggle to attain public understanding and acceptance? Let us look first at the older professions, law and medicine, and then the newer professions, like your own, accountancy, industrial management and the like.

Constant Wooing Needed

It has taken the older professions, law and medicine, for instance, some 400 years to reach their present state of relative stability. And even today they are in a state of comparative flux. They find that they need continually to interpret themselves to the public and woo the public to prevent even greater modification than they are constantly undergoing. They must adapt themselves to changing scientific, technological and social conditions.

This need for continuing adjustment in the older professions is shown by the fact that their standards vary from state to state as to registration, training, conduct and practice. A considerable part of the energy, time and money of their professional associations is spent in working for the maintenance of standards and the preservation of the profession against encroachments.

The newer professions which grew up in response to new needs are naturally in an ever greater state of flux than the older ones—and must necessarily devote even greater time and effort to self-preservation in a changing society.

This battle on the part of the different professions to gain the good will of the people moves on continually through every kind of channel, for every kind of support. It is a never ending campaign of education, enlightenment and public information, directed both to the broad public and to special publics.

From all this we can make one basic deduction. Investment counsel must adjust to society and attempt to adjust society to themselves, if they are not to become the victims of fortuitous or competitive circumstances. If they achieve such adjustment within the framework of a democratic society, they can build their profession securely on public understanding, knowledge and support. They can ensure their continuation and growth.

When a clear-cut definition of professional scope and function is lacking, either in public opinion or in law, conflict often results. For example, psychiatrists and psychologists in many states are battling each other. Psychologists are often confounded with vocational counselors, marriage counselors. There is conflict between lawyers and tax accountants, between optometrists, oculists and opticians, between builders and architects, registered nurses, practical nurses and even children's nurses.

In some cases, because a profession has not defined itself to the public or been defined by law, legal sanctions may hamper it, due to public misunderstanding.

When, however, the public understands the scope and functions of a needed profession, its development and its continued existence are assured and the necessary legal sanctions are attainable.

Some may ask why the well established firms should work to build up the profession generally, since the most immediate gainers would appear to be their competitors. The answer to that is simply that, over the long term, what helps one helps all and what hurts one hurts all. The leaders are always particularly liable to attack when uniformed public opinion decides for any reason to make a particular vocation a scapegoat, or initiate hampering legislation. This was graphically illustrated in the brewing industry during the agitation for prohibition. The unethical activities of a few smaller firms smeared the reputable leaders as well, and all were put out of business together for some years. "United we stand, divided we fall" may be a trite saying, but it is always true.

Only by working together to achieve wider public acceptance for the concept of investment counselling as a profession can the larger firms reasonably hope to create a climate of opinion which will minimize various risks which now hang over you. I refer to such things as legal action to void the existing confidential relationship obtaining between you and your clients; establishment of registration requirements, with all the attendant onerous detail; the application of "blue sky" laws; the necessity of meeting state requirements varying from state to state; the difficulties stemming from outside setting of standard of competence.

Bacon in "Maxims of the Law" said: "I hold every man a debtor to his profession, from the which as men do of course seek to receive countenance and profit, so ought they of duty to endeavor themselves, by way of amends, to be a help and ornament thereunto."

Public Understanding Must Be Developed

Therefore, it is a prime duty of a professional association to carry on activity that will create public understanding and acceptance. There are several reasons why this is true.

(1) Professions, both new and old, have developed without planned approach. Unless they are firmly established in public understanding and support, they may become the victims of trends of the times. Even when they are well established they must continue to adjust and interpret themselves.

(2) Society does not move at the same rate of speed in all its parts. All professions that serve the public interest are not treated alike by the public.

(3) Technological specialization has rapidly increased the number of professions throughout society, with consequent overlapping of activity and confusion in the public mind.

(4) That profession prospers best which has the greatest sanction of public opinion and law behind it.

In a new profession such as yours, the professional association can serve a particularly vital purpose. For the new profession, far more than the old, needs a symbol which can be identified in the public mind with the status values, ethical concepts and standards of practice which the profession seeks to project to the public consciousness. The natural symbol for all this is the professional association.

Whether the association does, in fact, assume this leadership role depends both on the drive and sagacity of policy makers and on the degree of profession-wide support it can attain. For the welfare of the profession it is vital that such aggressive leadership and such profession-wide support exist or be created.

Very often men in a profession feel it is sounder to let sleeping dogs lie than boldly to come out with a program to obtain constructive legislation and build public understanding and support. This is a dangerous policy. Inaction has in it many more dangers than lie in boldly facing a situation; especially when the public is, after all, the court of last resort.

The legal profession is particularly alive to the dangers of inaction in the public relations field. Let me cite a few of its activities as indication of what a leading profession can and does do to intensify favorable attitudes, win over those on the fence, and combat negative public opinion.

E. Smythe Gambrell, President of the American Bar Association, in a recent article says public opinion polls indicate laymen criticize the legal profession:

(1) as regards the administration of justice;

(2) as regards the legal profession itself.

Some of the criticisms, as Mr. Gambrell points out, are based on truth, such as widespread complaint about "the law's delays." Others arise from misunderstanding and misconceptions by the public. One poll indicated that most of the people questioned thought it wrong for a lawyer to defend an accused person probably guilty of a crime. Yet right of counsel for every accused person is a cardinal principle of our society.

To meet valid objections, the profession is trying to remove the causes of dissatisfactions; for example, association efforts to simplify issues and speed up litigation through pre-trial conferences. Legal aid offices are set up to aid those financially unable to employ lawyers.

To combat misconceptions and to explain its work, the legal profession, through its bar associations, carries on educational activities in the public relations field. The American Bar Association says Mr. Gambrell, seeks "to impress upon every one of the more than 225,000 practicing lawyers in this country that each one of them is his own best public relations man—that everything he does, in and out of court, has its effect upon the public attitude toward lawyers."

Many of the leading bar associations in the last 20 years have retained professional public relations counsel and have extended their information activities. Lawyers are learning the difference between public relations and mere publicity, Mr. Gambrell says.

The association has set up speakers' bureaus. Able lawyers speak before laymen's groups. Brochures listing available speakers, topics and the like are distributed. The American Bar Association is presently forming a national speakers' panel to provide nationally promient lawyers and judges as speakers at national meetings of leading fraternal, professional and trade organizations.

Several films produced by the ABA and state bar associations show what lawyers do and how they work. Television and radio shows, sponsored by bar associations, bring together panels of judges and lawyers to discuss legal problems.

Newspaper columns about legal matters are distributed by bar associations. Millions of copies of pamphlets, such as "What to Do in Case of an Automobile Accident," "Landlords and Tenants," etc. have been distributed, often by banks, governmental bodies, business institutions and schools.

Adult education classes are being taught by lawyer volunteers. Public forums on law for laymen and courthouse tours for students are being carried out.

The association points out to the entertainment industry the bad social effects that stem from a too frequent and almost exclusive typing of lawyers, judges and so forth in the villain's role in stage, screen, television and radio presentations.

These and other activities are being carried forward with an astonishing small outlay of money, says Mr. Gambrell, because thousands of lawyers devote their time and talents to the public relations effort.

The ABA is making a current effort to establish in every state a uniform code of disciplinary procedures for the profession. If the profession sets itself "to improve the profession from within," says Mr. Gambrell, "to raise our standards of education and admission to practice, to improve our services and our own self-discipline, then our outward aspects and our public relations will automatically improve too."

Mr. James M. Spiro, director of activities of the ABA, in a letter to me, wrote, "Our public relations program has been directed toward protecting the public rather than toward defending the bar. Our information services . . . are designed to afford the protection that knowledge brings." This is equally appropriate for other professions.

An ABA Committee on Unauthorized Practices brings to public notice instances of the practice of law by unauthorized individuals. Also, since such practice is sometimes indulged in through lack of understanding of inter-professional relations, statements of principles have been formulated and circulated by the ABA with respect to the practice of law, which serve as guides to eliminate inadvertent trespass on the field.

As you can see from this summary, even one of the oldest and most respected professions realizes the necessity for defining itself, clearing up misconceptions and cultivating good will through education and information.

If this is necessary for an old profession, it is even more important for a new profession, your own, which has yet to gain wide public understanding, acceptance and status.

Survival and growth of your profession, then, depends (a) on your creating public understanding and support for your concept of professional investment counselling, and (b) on legal sanctions to safeguard for the public your professional status.

These conditions can be brought about only by your Association assuming dynamic leadership in building public understanding and support for your profession.

Presumably, your objectives will fall into immediate, imtermediate and long-time periods. And because you are dealing with a population continually changing, your program will carry on continually, as in the case of other professions.

Needed Steps

Eight steps are indicated to ensure survival and growth:

First, you must strengthen your Association and build your membership so that you include the largest number possible of those eligible for membership.

Second, you must define and keep defining to your publics the scope and functions of your profession, and what membership in your organization means for their protection. As a result of such a campaign, the public will differentiate between your members and those who use euphemisms to appear to be like you.

Third, if you believe additional legal sanctions are needed to protect the public and you, you must decide on the specific program of laws.

Fourth, you will need to carry out a research of the attitudes of the publics on whom you are dependent for your continued existence. This should be a broad-scale effort, scientifically carried out.

You must try through research to find your place in the broad social scheme of America, and then plan to bring about top adjustment between yourselves and society. The research should define areas of ignorance, distortion, apathy, and knowledge of your publics.

Unless you know these areas, you have no point of departure from which to proceed to the intensifying of present favorable attitudes, converting on-the-fence opinion to favorable attitudes, and negating or blanketing negative attitudes.

For example it has been suggested that I enumerate here and now the media you should use to build good will and public support for investment counsel. I could rattle off a list. But in a scientific approach to your problem, before you can really know what you should say or through what medium to say it, you must know all the factors I have enumerated above. Only then can you determine the media most likely to reach your publics, ideas most likely to appeal, hostile or negative viewpoints to overcome, etc. No physician prescribes for a patient before a diagnosis. After the diagnosis has been made, the prescription will follow. In short, the research findings must be the basis on which to construct a realistic program of education and persuasion.

Fifth, your research will help decide your over-all strategy—a blitzkrieg, a frontal attack, or what.

Sixth, the research findings will help to determine the appeals to make your profession meaningful to the public. These will be different for different groups.

Seventh, your Association must organize its public relations effort in terms of sufficient manpower and money to carry out your program.

Eighth, prior to launching activities, your organization, with such professional aid as it may select, should draw up a plan. This will conserve time, manpower and money. Though flexible to meet changing conditions, it should be specific as to contacts with the communications media, speaking engagements, preparation of magazine articles, etc. In short, it should be a blueprint of methods to convey your ideas through spoken, printed and visual media in every combination.

The blueprint should cover the three phases of your program:

(1) Activity aimed at your profession, to get it to adjust to the public;

(2) Activity aimed at the public, in terms of information and definition of your profession's scope and function;

(3) Activity aimed to secure public support for the needed legal sanctions protecting the public and you.

This program should help to ensure your growth and development in the public interest.

N. Y. Capital Fund Of Canada Share Value Up 44%

Net asset value of New York Capital Fund of Canada, Ltd. rose to $31.87 per share as of June 30, 1956, according to the semi-annual report sent to stockholders by Henry C. Brunie, Chairman of the New York Capital Management Company of Canada, Ltd., and Armand G. Erpf, President of the Fund as well as of the Management Company. Net asset value of the Fund as of that date was $28,245,967, with 886,299 shares outstanding.

Net asset value of $33.63 per share as of July 27, 1956, the date of the company's report to stockholders, represents an increase of 44% over the net asset value of $23.35 per share on Aug. 24, 1954, the date the Fund commenced business.

The semi-annual report shows 90% of the Fund's assets were invested in equities and equivalents, 4% in high-yielding foreign obligations, and about 6% in Canadian Government obligations and cash items. Among the equities and equivalents, the principal industries represented were: metals and mining 18.81%, oil and gas 17.55%, public utilities 13.63%, food and merchandising 10.87%, and paper 9.55%.

The Canadian economy continues its flourishing pace, according to the report. The gross national product of Canada in 1955 at $26.8 billion was 10% above the 1954 volume. A similar rate of improvement is anticipated for the current year, which would mean a gross national product of over $29 billion. For comparative purposes, the gross national product of the United States at $391 billion in 1955 was 8.4% over 1954, and for the current year an improvement of 4½% is forecast.

While the primary emphasis of the Fund is Canada, 34% of its resources is invested outside of Canada and the United States. As a non-resident-owned investment company incorporated in Canada, the Fund pays no United States income taxes. In Canada there is no capital gains tax and the Fund's income from interest and dividends is subject to a maximum tax of 15%.

Mr. Brunie, Chairman of the Board of the Management Company which acts as Investment Adviser to the Fund, is President of Empire Trust Company, New York City. Mr. Erpf, President of the Management Company and of the Fund, is a partner of Carl M. Loeb, Rhoades & Co., New York City. Frederick Roe, a director of the Fund, is a partner of Stein, Roe & Farnham, Chicago, who are also represented in the Management Company.

Carriers & General Shares Reach All-Time High

Net asset value of the common stock of Carriers & General Corporation, a closed-end investment company managed by Calvin Bullock, reached a new high for the end of any reporting period in the company's 27 years, according to its semi-annual report for the six months ended June 30, 1956. Total net assets rose to $18,344,111 at the end of the period covered by the report, up from a total of $17,051,975 on Dec. 31, 1955. The June 30 total net assets were also at a new high for a reporting period. Per share asset value rose from $27.06 to $29.36 over the same period.

At June 30, 1956, Carriers & General held common stocks of 51 corporations, eight preferred stock issues and two corporate bond issues. The common stocks accounted for 88.94% of total assets, the preferred for 4.12%, the bonds for 4.14%, and cash, etc., for 2.8%. The petroleum industry constituted the largest industrial group investment, representing more than 20% of net assets. Public utilities were second and paper third.

New purchases made in the first half of 1956 were made in what the management believes to be favorable long-term growth situations. They included 1,000 shares of Allied Stores, 5,000 of Beneficial Finance, 1,000 Ford Motor, 700 Household Finance, 1,400 Illinois Central Railroad, 6,000 Mead Johnson, 2,000 Reynolds Tobacco "B," and 2,000 Royal Dutch Petroleum. Eliminations included Chicago, Rock Island, and Pacific Railroad, General Shoe, Harbison-Walker Refractories, Kroger, Pacific Northwest Pipeline, Standard Oil of California, Sylvania Electric Products, Texas Gulf Sulphur, and Union Oil Co. of California.

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. 12	§52.4	*16.9	12.9	89.4
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 12	§1,290,000	*415,000	317,000	2,157,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 27	7,085,800	7,110,800	7,034,350	6,615,500
Crude runs to stills—daily average (bbls.)	July 27	¶7,990,000	8,076,000	8,144,000	7,577,000
Gasoline output (bbls.)	July 27	27,474,000	26,954,000	27,482,000	26,447,000
Kerosene output (bbls.)	July 27	2,200,000	2,063,000	2,125,000	2,217,000
Distillate fuel oil output (bbls.)	July 27	12,632,000	12,760,000	12,358,000	11,008,000
Residual fuel oil output (bbls.)	July 27	7,629,000	7,868,000	7,962,000	7,790,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 27	177,052,000	178,352,000	181,446,000	157,055,000
Kerosene (bbls.) at	July 27	28,883,000	28,369,000	25,779,000	32,000,000
Distillate fuel oil (bbls.) at	July 27	113,600,000	*108,734,000	93,672,000	115,936,000
Residual fuel oil (bbls.) at	July 27	43,168,000	42,164,000	38,374,000	45,457,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 28	649,806	648,492	755,292	790,426
Revenue freight received from connections (no. of cars)	July 28	581,238	568,798	643,754	649,347
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 2	$309,454,000	$396,896,000	$389,798,000	$317,693,000
Private construction	Aug. 2	190,237,000	240,637,000	191,410,000	191,204,000
Public construction	Aug. 2	119,217,000	156,259,000	198,388,000	126,489,000
State and municipal	Aug. 2	110,141,000	115,533,000	145,737,000	111,666,000
Federal	Aug. 2	9,076,000	40,726,000	52,651,000	14,823,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 28	9,030,000	*9,000,000	7,300,000	9,601,000
Pennsylvania anthracite (tons)	July 28	581,000	579,000	672,000	555,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 28	97	96	104	98
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 4	11,190,000	11,295,000	10,391,000	10,925,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 2	282	274	208	213
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 31	5.179c	5.179c	5.179c	5.174c
Pig iron (per gross ton)	July 31	$61.36	‡$61.36	$57.17	$59.09
Scrap steel (per gross ton)	July 31	$52.67	$49.50	$44.83	$43.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 1	39.525c	39.300c	45.525c	35.700c
Export refinery at	Aug. 1	37.300c	36.450c	36.125c	36.675c
Straits tin (New York) at	Aug. 1	99.250c	97.750c	94.625c	97.500c
Lead (New York) at	Aug. 1	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Aug. 1	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Aug. 1	13.500c	13.500c	13.500c	12.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 7	92.69	93.03	94.61	94.70
Average corporate	Aug. 7	102.80	103.47	104.48	108.16
Aaa	Aug. 7	106.39	106.92	108.34	111.44
Aa	Aug. 7	104.83	105.52	106.21	109.97
A	Aug. 7	102.46	103.13	103.97	108.34
Baa	Aug. 7	97.78	98.73	99.52	103.30
Railroad Group	Aug. 7	101.31	101.80	102.80	106.74
Public Utilities Group	Aug. 7	103.13	103.97	104.83	108.70
Industrials Group	Aug. 7	103.97	104.66	105.86	108.88
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 7	3.08	3.05	2.91	2.89
Average corporate	Aug. 7	3.58	3.54	3.48	3.27
Aaa	Aug. 7	3.37	3.34	3.26	3.09
Aa	Aug. 7	3.46	3.42	3.38	3.17
A	Aug. 7	3.60	3.56	3.51	3.26
Baa	Aug. 7	3.89	3.83	3.78	3.55
Railroad Group	Aug. 7	3.67	3.64	3.58	3.35
Public Utilities Group	Aug. 7	3.56	3.51	3.46	3.24
Industrials Group	Aug. 7	3.51	3.47	3.40	3.23
MOODY'S COMMODITY INDEX	Aug. 7	419.8	413.8	417.1	405.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 28	242,240	226,750	257,108	281,121
Production (tons)	July 28	268,101	249,020	281,606	280,062
Percentage of activity	July 28	94	89	97	99
Unfilled orders (tons) at end of period	July 28	464,529	493,626	418,186	602,944
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 3	109.01	108.99	108.87	106.81
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 14	1,326,164	922,843	1,001,127	1,294,989
Dollar value	July 14	$69,678,346	$49,804,582	$53,593,004	$71,834,190
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 14	1,062,866	751,229	794,360	1,015,706
Customers' short sales	July 14	6,389	6,099	4,234	6,364
Customers' other sales	July 14	1,056,477	745,130	790,126	1,009,342
Dollar value	July 14	$53,330,636	$39,103,645	$40,651,871	$52,417,020
Round-lot sales by dealers—					
Number of shares—Total sales	July 14	255,380	192,420	182,600	256,540
Short sales	July 14	—	—	—	—
Other sales	July 14	255,380	192,420	182,600	256,540
Round-lot purchases by dealers—					
Number of shares	July 14	509,960	352,230	433,030	536,000
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 14	514,360	317,300	415,260	471,630
Other sales	July 14	11,744,040	7,869,010	8,948,610	11,680,770
Total sales	July 14	12,258,400	8,186,310	9,363,870	12,152,400
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 14	1,525,140	1,093,180	1,316,350	1,473,730
Short sales	July 14	307,060	170,930	252,850	281,720
Other sales	July 14	1,327,010	935,580	1,065,650	1,336,370
Total sales	July 14	1,634,070	1,106,510	1,318,500	1,618,090
Other transactions initiated on the floor—					
Total purchases	July 14	343,490	261,490	280,500	326,880
Short sales	July 14	16,900	7,600	26,800	38,000
Other sales	July 14	374,580	237,690	251,960	286,610
Total sales	July 14	391,480	245,290	278,760	324,610
Other transactions initiated off the floor—					
Total purchases	July 14	580,600	434,823	490,697	502,470
Short sales	July 14	115,220	72,270	73,260	65,500
Other sales	July 14	682,369	483,103	508,375	615,596
Total sales	July 14	797,589	555,373	581,635	681,096
Total round-lot transactions for account of members—					
Total purchases	July 14	2,449,230	1,789,493	2,087,547	2,303,080
Short sales	July 14	439,180	250,800	352,910	385,220
Other sales	July 14	2,383,959	1,656,373	1,825,985	2,238,576
Total sales	July 14	2,823,139	1,907,173	2,178,895	2,623,796
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 31	114.2	114.1	113.9	110.1
Farm products	July 31	90.4	90.8	89.2	87.2
Processed foods	July 31	102.9	102.4	102.1	101.9
Meats	July 31	83.7	81.9	80.4	81.4
All commodities other than farm and foods	July 31	121.5	121.4	121.4	116.7

*Revised figure. ¶Includes 968,000 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. ‡Corrected figure.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of May	150,800	144,726	131,128
Stocks of aluminum (short tons) end of May	11,898	14,112	12,052
AMERICAN PETROLEUM INSTITUTE—Month of April:			
Total domestic production (barrels of 42 gallons each)	237,543,000	250,454,000	227,236,000
Domestic crude oil output (barrels)	214,386,000	225,625,000	206,600,000
Natural gasoline output (barrels)	23,102,000	24,790,000	20,571,000
Benzol output (barrels)	5,000	39,000	65,000
Crude oil imports (barrels)	24,462,000	28,942,000	20,907,000
Refined products imports (barrels)	14,695,000	15,224,000	12,787,000
Indicated consumption domestic and export (barrels)	265,155,000	294,698,000	245,001,000
Increase all stocks (barrels)	11,545,000	‡78,000	15,929,000
ASSOCIATION OF AMERICAN RAILROADS—Month of June:			
Locomotive units installed in service	124	126	83
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of June 30:			
Total consumer credit	$37,093	$36,574	$32,471
Instalment credit	28,890	28,591	24,914
Automobile	15,077	14,876	12,561
Other consumer goods	6,247	6,244	5,639
Repairs and modernization loans	1,663	1,642	1,562
Personal loans	5,903	5,829	5,152
Non-instalment credit	8,203	7,983	7,557
Single payment loans	3,099	2,981	2,686
Charge accounts	3,231	3,135	3,040
Service credit	1,873	1,867	1,831
CONSUMER PRICE INDEX — 1947-49=100—Month of June:			
All items	116.2	115.4	114.4
Food	113.2	111.0	111.3
Food at home	112.1	109.5	110.3
Cereals and bakery products	125.2	124.7	124.0
Meats, poultry and fish	98.0	95.5	103.8
Dairy products	107.7	107.5	104.1
Fruits and vegetables	131.4	121.5	119.5
Other foods at home	111.1	110.9	107.7
Housing	121.4	120.9	119.7
Rent	132.5	132.2	130.4
Gas and electricity	111.7	111.8	110.7
Solid fuels and fuel oil	128.4	127.9	122.7
Housefurnishings	102.8	102.6	103.8
Household operation	122.6	122.4	119.2
Apparel	104.8	104.8	103.2
Men's and boys'	107.5	107.0	105.6
Women's and girls'	97.5	97.9	97.2
Footwear	123.1	122.8	117.4
Other apparel	91.1	91.1	90.1
Transportation	126.8	*127.1	125.8
Public	172.6	172.5	165.1
Private	116.7	*117.1	116.5
Medical care	132.0	131.9	127.6
Personal care	119.9	119.6	114.2
Reading and recreation	107.6	108.2	106.2
Other goods and services	121.8	121.5	119.9
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of June:			
Cotton Seed—			
Received at mills (tons)	19,993	19,474	18,525
Crushed (tons)	151,035	257,523	197,030
Stocks (tons) June 30	154,015	285,057	243,315
Crude Oil—			
Stocks (pounds) June 30	38,162,000	74,437,000	73,552,000
Produced (pounds)	54,412,000	91,144,000	67,251,000
Shipped (pounds)	78,810,000	120,866,000	93,045,000
Refined Oil—			
Stocks (pounds) June 30	327,590,000	384,109,000	433,456,000
Produced (pounds)	73,667,000	112,757,000	87,033,000
Consumption (pounds)	105,628,000	125,619,000	134,560,000
Cake and Meal—			
Stocks (tons) June 30	214,803	245,736	237,998
Produced (tons)	74,363	123,115	95,378
Shipped (tons)	105,296	135,760	124,325
Hulls—			
Stocks (tons) June 30	105,461	125,993	48,230
Produced (tons)	33,710	58,780	42,355
Shipped (tons)	54,242	70,958	47,886
Linters (running bales)—			
Stocks June 30	130,816	164,626	159,526
Produced	43,900	76,314	56,724
Shipped	77,710	109,481	127,838
Hull Fiber (1,000-lb. bales)—			
Stocks June 30	607	584	364
Produced	(a)	123	129
Shipped	(a)	226	156
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks June 30	2,989	3,760	2,886
Produced	409	613	518
Shipped	1,180	1,566	1,304
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of June (1947-49=100)	81.5	81.2	81.9
LIFE INSURANCE — BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of May:			
Death benefits	$212,300,000	$205,500,000	$187,324,000
Matured endowments	55,900,000	53,600,000	50,619,000
Disability payments	9,600,000	9,700,000	9,171,000
Annuity payments	41,700,000	41,600,000	36,427,000
Surrender values	86,400,000	85,200,000	76,500,000
Policy dividends	99,600,000	83,900,000	79,900,000
Total	$505,500,000	$479,500,000	$439,941,000
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of July:			
Industrials (125)	3.68	3.82	3.63
Railroads (25)	5.25	5.35	4.77
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.46	4.68	4.34
Banks (15)	4.25	4.41	3.95
Insurance (10)	3.05	3.19	2.45
Average (199)	3.87	4.01	3.78
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of July 31	$272,719,052	$272,824,702	$277,625,547
General fund balances	4,177,520	6,546,183	6,810,921
Net debt	$268,541,532	$266,278,519	$270,814,626
Computed annual rate	2.605%	2.576%	2.348%
ZINC OXIDE (BUREAU OF MINES)—Month of June:			
Production (short tons)	9,196	*8,284	13,251
Shipments (short tons)	9,316	*11,076	17,171
Stocks at end of Month (short tons)	16,009	*16,129	11,828

‡Decrease all stocks (barrels).
(a)Not shown to avoid disclosure for individual companies.

Our Reporter's Report

Something approaching revolt on the part of potential corporate borrowers against prevailing conditions in the new capital market developed this week. Several took a look at the situation and decided that discretion was the better part of valor.

For a time it looked as though C.I.T. Financial Corp., which had put $75 million of 15-year debentures into registration last May for offering early the following month, might be ready to proceed with the once-postponed undertaking.

But after looking over the general debt market situation company officials, presumably at the suggestion of bankers, decided to forego the offering a second time.

Only a week ago Michigan Wisconsin Pipe Line Co. rejected competitive bids for $25 million of its 20-year bonds. Three tenders were received, the best fixing a price to the company of 100.65 for a 4¾% interest rate and a reoffering basis of 101.685 for a 4.62% yield.

Now Southern California Edison Co. has decided to defer its planned $40 million bond issue, set for Sept. 5 pending better market conditions, and to proceed with an offering of 500,000 shares of common if it is permitted exemption from competitive bidding.

Presumably prospective buyers are looking ahead at the calendar which is building up for the period four to six weeks ahead. They have their own ideas on price and feel quite certain they are in the "driver's seat" so to speak.

C.I.T. Financial

The decision of C.I.T. Financial Corp. to postpone its prospective financing a second time raises the question of what will be the thinking of three other large firms in the field which have big issues simmering on the back of the stove.

Associated Investment Co., and Commercial Credit Co., each have $50 million issues in registration and slated for market toward the end of the month. General Acceptance has $20 million due in about two weeks and the market shapes up as headed for a busy time if prospective deals go through on schedule.

Meantime it is understood that C.I.T. felt out the market with a view to a 4% issue at a slight discount only to find prospective buyers cool.

Shifting to Bank Loans

The market seems to have reached a point at which potential borrowers are inclined to consider using bank money, at least for the time being, to finance their expansion plans.

Naturally the idea would be to fund such indebtedness later on, when as and if market conditions make such a move practical from the standpoint of the borrower.

As a straw-in-the-wind, Alpha Portland Cement Co., has announced it will use long-term bank loans to finance new construction which it is estimated unofficially will involve an outlay of about $15 million.

Next Week

The only large corporate issue due up next week is Consumers Power Co.'s $40 million of bonds.

Bids for that issue are due to be opened on Tuesday. And in view of recent developments the outcome of this operation will be watched closely.

Universal Match Corp. has $6.5 million debentures ready for market if conditions are right, and bankers will be bringing out $36,454,000 of Metropolitan Toronto bonds about midweek. Two offerings on "rights" round out the week, Mack Truck's $19.2 million debentures and Detroit Edison Co's $59.8 million of similar securities.

With First Southern Corp.

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Jack Grosblatt is now with First Southern Corporation, 350 Lincoln Road.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla.—Earl E. Vermillion is now with King Merritt & Co., Inc., 64 East Central Ave.

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On July 31, 1956 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 1, 1956 to Stockholders of record at the close of business September 13, 1956. Transfer books will remain open. Checks will be mailed.

JOHN R. HENRY, *Secretary*

AC ALLIS-CHALMERS MFG. CO.

COMMON DIVIDEND No. 129

A regular quarterly dividend of fifty cents (50c) per share on the issued and outstanding common stock, $10 par value, of this Company has been declared payable September 29, 1956 to shareholders of record at the close of business August 31, 1956.

3-¼% PREFERRED DIVIDEND No. 40

A regular quarterly dividend of eighty-one and one-quarter cents (81¼c) per share on the 3¼% Cumulative Convertible Preferred Stock, $100 par value, of this Company has been declared, payable September 5, 1956 to shareholders of record at the close of business August 21, 1956.

4.08% PREFERRED DIVIDEND No. 9

A regular quarterly dividend of one dollar and two cents ($1.02) per share on the 4.08% Cumulative Convertible Preferred Stock, $100 par value, of this Company has been declared, payable September 5, 1956 to shareholders of record at the close of business August 21, 1955.

Transfer books will not be closed.

Checks will be mailed.

W. E. Hawkinson,
Vice President and Secretary

August 1, 1956

acf INDUSTRIES INCORPORATED

Preferred Dividend No. 198

A dividend of 62½¢ per share on the $50.00 par value 5% cumulative convertible preferred stock of this Corporation has been declared payable September 1, 1956, to stockholders of record at close of business August 15, 1956.

Common Dividend No. 147

A dividend of $1.00 per share on the common stock of this Corporation has been declared payable September 15, 1956, to stockholders of record at close of business August 31, 1956.

C. ALLAN FEE,
Vice President and Secretary

August 2, 1956

Smith, Ramsay Adds

BRIDGEPORT, Conn.—Anna Hosko has been added to the staff of Smith, Ramsey & Co., Inc., 207 State Street.

DIVIDEND NOTICES

ANACONDA

DIVIDEND NO. 193

July 26, 1956

The Board of Directors of THE ANACONDA COMPANY has today declared a dividend of One Dollar ($1.00) per share on its capital stock of the par value of $50 per share, payable September 27, 1956, to stockholders of record at the close of business on August 29, 1956.

C. EARLE MORAN
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

Atlas Corporation

33 Pine Street, New York 5, N. Y.

Dividends declared on 5% Cum. Preferred Stock and Common Stock

- A payment of 29 1/6¢ per share on the new 5% Cumulative Preferred Stock (covering a 3½ months period at the regular quarterly rate of 25¢ per share)
- Payable September 15, 1956
- A regular quarterly of 15¢ per share on the new Common Stock (split 4-for-1 on May 31, 1956)
- Payable September 20, 1956
- Record date for both dividends August 28, 1956.

WALTER A. PETERSON,
Treasurer

August 1, 1956

QUALITY BROWN COMPANY

BERLIN, N. H.

DIVERSIFIED FOREST PRODUCTS
Nibroc Towels—Bermico Pipe
Engineered Pulps and Papers

A regular quarterly dividend of 25¢ per share on the Common Stock of this Company has been declared payable September 1, 1956 to stockholders of record at the close of business August 10, 1956.

S. W. SKOWBO
Senior Vice President and Treasurer

Delta AIR LINES

CASH DIVIDEND No. 36

The Board of Directors of Delta Air Lines, Inc. has declared a quarterly dividend of 30c per share on the capital stock of the company, payable September 6 to stockholders of record at the close of business August 15.

Delta Air Lines, Inc.
General Offices: Atlanta, Ga.

DIVIDEND NOTICES

The Singer Manufacturing Company

The Board of Directors has declared a quarterly dividend of fifty cents per share payable on September 13, 1956 to stockholders of record at the close of business on August 13, 1956.

D. H. ALEXANDER,
Secretary

August 1, 1956.

DREWRYS

A quarterly dividend of forty (40) cents per share for the third quarter of 1956 has been declared on the common stock, payable September 10, 1956 to stockholders of record at the close of business on August 24, 1956.

Drewrys Limited U. S. A., Inc.
South Bend, Indiana

T. E. JEANNERET,
Secretary and Treasurer

THE DAYTON POWER AND LIGHT COMPANY

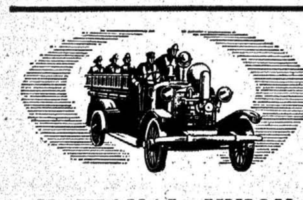
DAYTON, OHIO

136th Common Dividend

The Board of Directors has declared a regular quarterly dividend of 55c per share on the Common Stock of the Company, payable on September 1, 1956 to stockholders of record at the close of business on August 15, 1956.

GEORGE SELLERS, Secretary

August 3, 1956



NATIONAL UNION FIRE INSURANCE COMPANY

OF PITTSBURGH, PA.

139th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50¢) a share on the capital stock. This cash dividend will be paid September 26, 1956 to stockholders of record at the close of business September 5, 1956.

A K Hatfield
Treasurer

August 7, 1956

DIVIDEND NOTICES

PEPPERELL FABRICS PEPPERELL MANUFACTURING COMPANY

Boston, July 27, 1956

DIVIDEND NOTICE

A regular quarterly dividend of Seventy-five Cents (75¢) and a year-end extra dividend of One Dollar ($1.00) per share have been declared payable August 15, 1956, to stockholders of record at the close of business August 8, 1956.

Checks will be mailed by the Old Colony Trust Company of Boston, Dividend Disbursing Agents.

FREDERICK D. STRONG, *Secretary*

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value), payable Sept. 1, 1956, to stockholders of record August 15, 1956, was declared by the Board of Directors on August 1, 1956.

B. C. Reynolds
B. C. REYNOLDS, *Secretary*

PHELPS DODGE CORPORATION

The Board of Directors has declared a third-quarter dividend of Seventy-five Cents (75¢) per share on the capital stock of this Corporation, payable September 10, 1956 to stockholders of record August 17, 1956.

M. W. URQUHART,
Treasurer.

August 1, 1956

Esso STANDARD OIL COMPANY

(INCORPORATED IN NEW JERSEY)

The Board of Directors has declared a **Cash Dividend** on the capital stock of 50 cents per share on August 2, 1956. This dividend is payable on September 11, 1956, to stockholders of record at the close of business on August 13, 1956.

30 Rockefeller Plaza, New York 20, N. Y.

Common and Preferred **Dividend Notice**

July 25, 1956

The Board of Directors of the Company has declared the following quarterly dividends, all payable on September 1, 1956, to stockholders of record at close of business August 6, 1956:

Security	*Amount per Share*
Preferred Stock, 5.50% First Preferred Series	$1.37½
Preferred Stock, 5.00% Series	$1.25
Preferred Stock, 4.75% Convertible Series	$1.18¾
Preferred Stock, 4.50% Convertible Series	$1.12½
Common Stock	$0.35

J W Sargent
Secretary

TEXAS EASTERN *Transmission Corporation*

SHREVEPORT, LOUISIANA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — One largely-overlooked aspect of the Stassen-Nixon fracas is that it can hardly help but lock Vice-President Nixon firmly into the conservative wing of the party. In case Mr. Nixon should succeed to the Presidency, this could have considerable significance.

This is not to say that Mr. Nixon is not already a conservative, or to attempt to assert contrarily that he disagrees in any important aspect with the White House line. No man in Mr. Nixon's position would dare to deviate publicly in any material aspect from his boss, the President, and retain his chance for succession.

It would ordinarily profit little to guess so far ahead of time whether if he were President some day, Mr. Nixon would or would not turn toward a more conservative line, toward a balanced budget, diminished spending, and a dropping of the numerous welfare schemes sponsored by the "foot in the door" small initial appropriation method so popular with Mr. Eisenhower.

The safest thing with politicians as a general principle, is to speculate that when they come into positions of power, they will do what they think is necessary for political survival; in other words, the great majority are to one degree or another, opportunists. Hence the safer bet would be that if the Eisenhower line "sells" well with the voters in November, that line would be perpetuated by almost any successor. It is a rare politician who converts to a dogma because he has a love for that particular ideology for its own sake.

In other words, for the great majority of politicians, their ideas are the inanimate tools of their trade. This goes for politicians as a class regardless of party, country, or the age lived in. Another simile is that ideas and programs are to the politician what lines of merchandise are to the storekeeper. He quickly comes to dump any line which is slow to sell and stocks with a different brand; the penalty for not doing so is failure. It is natural that politicians come, like merchants, to love personally the merchandise that sells.

Think Nixon Is Conservative

Hence, using this detached reasoning, and emphatically without making any pretensions whatever to knowing Mr. Nixon's private mind, observers would find it far more logical than otherwise to expect Mr. Nixon, assuming his renomination and re-election with Mr. Eisenhower, to come to cherish those ideas and legislative programs which brought him success.

The only basis on which seasoned observers might speculate to the contrary is that many believe that there is, in a manner of speaking, a grand opening for a bright young fellow alert to opportunity, to "sell" some relatively more conservative political merchandise. There seems to be great dissatisfaction with the failure of a foreign policy based on collective insecurity, considerable dissatisfaction with the arbitrary and vast power of the big labor bosses, and uneasiness about the prospect that the Federal budget is going nowhere but upward.

On the other hand, the factual situation is that at least so far as Washington officialdom is concerned, the greatest opposition to Nixon among dedicated "liberals" is their certainty that if he becomes President himself, he will be one of those awful right-wingers like Senator Taft. The criticism of Nixon, the man, is surface rationalization.

Paradoxically, the Republicans on the Hill back Nixon on the basis of the identical assumption. This correspondent has talked to any number of them, who privately will assure you that Mr. Nixon is a solid conservative.

Helps With White House Relations

On the other hand, Mr. Nixon's popularity is by no means due primarily to the GOP members' belief that the Vice-President is ideologically in their camp. Virtually the only liaison which exists between old-line Republicans and the White House is due to Mr. Nixon. It is he who can get them or their memos through to the President, past the "liberal" White House politbureau iron curtain. Whenever a member of Congress does rarely succeed in getting patronage, rather than some Eisenhower-for-President protege selected by Sherman Adams, it is due to Mr. Nixon. Whatever moderation has occurred privately in the leftward drift of public policy, has been due to Mr. Nixon.

"Liberals" Make Nixon An Issue

In the light of this background the fact that the "liberal" wing of the Republican party has made an issue of Mr. Nixon's renomination could be of great long-range significance in determining the drift of policy of Richard Nixon, the possible future President.

The "liberals" have served notice that they won't play with Mr. Nixon, Vice-President or President. If Mr. Nixon has future ambitions for election or re-election as President, he must fight with the "liberals." Incidentally, few believe that even though Harold Stassen was fronting the drive, that he was in reality acting all by his lonesome self. This will be no less true even when, as would seem probable, Mr. Nixon a couple of weeks hence wins and the covert allies of Mr. Stassen in the Republican Administration remain securely hidden under their rocks.

In other words, the open fight against Mr. Nixon, unless it succeeds in San Francisco, raises the contingent but real hope for the first time in 25 years that there will be rightward shift in Federal policy. The contingency is that, of course, if Mr. Nixon is renominated and reelected, he succeeds to the Presidency in one way or another, in one year or another.

Liberalize Housing Insurance

In the Housing Act of 1956, Congress carried on its annual program of offering government housing mortgage insurance or direct funds for still larger amounts, on longer terms, and on a generally more liberal basis.

Among the major, but not all, of the liberalizations were the following:

(1) More money may be borrowed for longer terms for home modernization and repair loans.

(2) Existing housing may now qualify for as large a ratio of FHA mortgage insurance as new sales housing.

(3) Amounts are raised for mortgages insurable by FHA to build housing to replace that destroyed by floods or other disasters.

(4) Amounts of loans available for FHA insurance on rental housing are increased absolutely, and percentagewise from 80% to 90%.

(5) Reduces eligibility requirements for qualifying for insurance up to 95% on cooperative housing mortgages.

(6) Special housing mortgage insurance for "displaced" family housing is raised to 100% of value, and the absolute dollar limits are boosted.

(7) Special provisions of a liberal character are provided for housing mortgage insurance for the elderly.

(8) Some $937 million additional is added to mortgage authorization available for 100% military housing, and the dollar amounts are also raised.

(9) Federal National Mortgage Assn., an agency operating with direct Treasury funds, is again opened up for advance commitments to purchase liens which the government has guaranteed and insured.

(10) Persons moved from slum areas are to be allotted sums to help pay their moving expenses.

(11) Funds for loans to finance college dormitories, cafeterias, and other facilities are boosted $250 million to $750 million.

(12) There was enacted what amounts to a 1½-year extension of WW II veterans entitlement to VA-guaranteed housing loans.

Tones Down

In the complicated web of housing legislation, technical in the extreme, it is difficult to summarize without noting various exceptions, for the four principal housing bills, first and second Administration versions, Senate-passed, and House-reported, would require pages in this newspaper to delineate in even major detail only.

However, broadly liberal as is the final bill as usual, it would have been much greater in its liberality but for the rugged determination of three men. These were Chairman Howard Smith (D., Va.) and Rep. William Colmer (D., Miss.) of the Rules Committee, and the retiring Rep. Jesse P. Wolcott of Michigan.

What happened was that in February the Administration offered a very general loosening up of credit program which Rep. Wolcott, although ranking Republican member of the House Banking Committee, refused to sponsor.

Subsequently the Senate passed a bill going to much greater lengths in loose credit than the Administration. Another similar bill but different in details, was reported by the House Banking Committee.

At that point the two Rules Committee leaders, with Wolcott's backing, refused to give the House-reported bill clearance. They did this because of their opposition to these annual raids on private savings.

At first the Eisenhower Administration stuck with this group, offering a hope that the maximum legislation would be bare extensions of existing authorities to insure loans.

Subsequently the Administration backed down and offered a new program of its own, making many concessions to the "liberals" of both Houses. This had the effect of inducing Republicans on the Rules Committee to go along and break the "log jam" which bottled up housing legislation, for these Rules Committee members felt they dared not oppose a Presidential program in an election year.

Nevertheless, liberal as was the final result, it was less liberal than it would have been but for the intervention of these three opponents of loose credit. Thus, although many may fail to realize it, Jesse Wolcott's "going away present" to the taxpayers was ultimately perhaps to help save them hundreds of millions of liability for such amounts of still looser mortgage credit.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"No, nothing exciting happening—it's just the way his hair grows!"

Joins Fairman & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Carl J. Rice, Jr. has become connected with Fairman & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange.

With E. F. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Gale W. Roberts has become affiliated with E. F. Hutton & Company, 623 South Spring Street. Mr. Roberts was formerly with Lester, Ryons & Co.

Business Man's Bookshelf

J. K. Lasser's Handbook of Successful Tax Procedures — J. K. Lasser Tax Institute, Sydney Prerau, Director — Simon and Schuster, 630 Fifth Avenue, New York 30, N. Y. (cloth) $4.95.

Office Management — Charles B. Hicks and Irene Place — Allyn and Bacon, Inc., 70 Fifth Avenue, New York 11, N. Y. (cloth) $8.65.