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EDITORIAL

As We See It

Not so very long ago it was Iran; now it is Cyprus and still more important Egypt and the Suez Canal. Before and in between there was trouble in India, Burma and various other parts of formerly great empires. Evidently, the ferment is virtually world-wide and plainly, Russia, long the center of a good deal of empire building and always alert to good fishing in troubled waters, is determined to make the most of the opportunities fate presents. The United States with but a relatively brief and hardly very arduous attempt at imperialism (except at the expense of the American Indian), has now come to regard itself as a world power with a world mission, and is now finding out about some of the perplexities and problems attendant upon such a position in the world.

President Eisenhower in approaching the Suez difficulty is on the horns of an unpleasant dilemma. He without doubt wishes above all, or almost all, to have peace in the Near and Middle East—as well as elsewhere in the world. He certainly must be aware of the awkwardness of appearing to be a defender of the past conduct of colonial powers and a supporter of all their present causes. No one can doubt that he knows as well as any one else what the Kremlin is able to do with a situation of that sort. Yet in a sense Suez belongs to the world. At the least it must be available to the whole world in times of peace. It has, of course, never been open to Britain's enemies in times of major war. The Administration, too, has the Panama Canal on its hands which it and

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Social Realism as Seen In Soviet Russia Today

By TED HALLOCK
Director of Public Affairs
J. Henry Helser & Co., Investment Managers

Based upon a 23-day study tour of U. S. S. R., Mr. Hallock observes the effect of Western economic sanctions upon Russian heavy industry; the Russian success in immunizing its populace from Western ideas; and how young Russians accept their state as a free one and why they do not question their status. The J. Henry Helser & Co. reporter describes: (1) make-up of the composite, enigmatic Soviet citizen; (2) popular acceptance that "Government policies are none of my business"; (3) contradictory duality of identity and purpose of foreign relations, material standards, and individual viewpoint; (4) inferior construction and production; (5) lack of private savings; and (6) the extent of rate of growth.

"Social realism" is the keystone of contemporary aesthetics in the Soviet Union. A running joke among "enlightened" artists illustrates the Janus complex of this ideological adjective—which can be applied to almost every phase of Russian life.

Ted Hallock

One noted political figure, suffering a facial deformity, commissioned his portrait in oil. The first artist reduced his subject's age appreciably, returned his hair, bestowed him with a magnificently handsome face, and mounted him on horseback —gazing into setting Soviet sun. The picture was immediately discarded, branded as sheer "idealism."

A second artist tackled the job, capitalizing on the mistakes of his confrere by highlighting the subject's scarred face in clinical detail. His, also rejected work, was attacked as as excessive "naturalism." The third, successful painter simply illustrated the politician in profile, so that his

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Railroad Executives Discuss Outlook for the Industry

In articles especially written for the "Chronicle," chief officers of many of the nation's leading carriers, also Acting Chairman of ICC, present opinions as to the prospects for individual roads and the industry in general.

The "Chronicle" is privileged to present today the opinions of the chief officers of a representative cross-section of the nation's railroads, along with that of the Acting Chairman of the Interstate Commerce Commission, on the economic outlook for the industry as a whole and specific carriers. These articles, especially written for the "Chronicle," begin herewith:

OWEN CLARKE

Acting Chairman, Interstate Commerce Commission

The railroads of America, at long last, are entering a new era, the defeatist complex under which they operated for so many years is rapidly vanishing. In its place we are finding a refreshing new attitude and spirit of optimism. Bold, aggressive management is adopting a positive approach to problems of the industry.

Owen Clarke

The tremendous amount of new equipment now on order, including 145,000 freight cars, dramatically reflects the confidence of railroad management in the continued expansion of our economy. Willingness to experiment with special service equipment, such as damage-free box cars, mechanical refrigeration, bulkhead cars and trailer-carrying flat cars is further positive proof of the new vitality of this industry. All of these things indicate a determination not only to hold, but also to increase, rail participation in the nation's total traffic. But the most encouraging change is the apparent abandonment of a feast or famine, month to month basis

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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 34.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

MILTON PAULEY
Troster, Singer & Co., New York City

Great Western Financial Corporation


Milton Pauley

"Particularly unique" best describes Great Western Financial Corporation, The Security I Like Best, since to my knowledge it is the only savings and loan company whose equity securities are actively traded. And these shares earned $4.87 in 1955, with indications of $6, possibly $7 in 1956, and sell at the attractive price of about 33¼ in the Over-the-Counter Market. GWFC should not, as it has on occasion, be confused with Great Western Sugar Corporation. Obviously it is a financial company, which in fact only recently inserted the word Financial into its title to more clearly define its operations. It was incorporated in May, 1955 as a holding company, owning in entirety the Great Western Savings & Loan Association of Los Angeles, The Great Western Management Corporation and 22 (now 23) escrow or real estate companies. In August, 1955 Lehman Brothers and associates offered 500,000 shares out of 600,000 outstanding at 23½; and for all practical purposes, this was the first real opportunity offered the general public to participate in what heretofore was the generally inaccessible (and profitable) banking field of Savings & Loan Associations.

Ranked 24th among the more than 6,000 savings and loan associations in the United States in 1954, it is now 16th nationally, 2nd in California and continuing to outgrow the industry. For example: assets increased $37.7 million in 1955, a rise of 41.6% against the 20% showing of the savings and loan industry (of the U. S.). True, this may appear only logical inasmuch as Los Angeles has been outgrowing the entire country with, for instance, some 700,000 new family homes built in the last 10 years, a population increasing 500 daily and a 1954 (and expected 1955) record showing Los Angeles County built more homes than in any State in the nation. Nonetheless, management points with justifiable pride to their better-than-average achievement, since the area is also served by 91 other competing savings and loan associations. For that matter, competition is almost welcomed since, as the Company states: "savings and loan associations in this area no longer need to foster the benefits of their services."

If, as one writer very aptly put it, water seeks its own level, then investors usually seek the highest level — safety being equal, of course. And in this case, Great Western's savings accounts are insured up to $10,000 by the Federal Savings and Loan Insurance Corporation, an agency of the United States Government. Operating as it does in a high interest area, GWS & L's interest rate on savings accounts is characteristically high at 4%, raised from 3½% July, 1956. In all likelihood, this latest rise was triggered by generally harder money but is considered by many bankers to be a welcome necessity. Opinion seems to be that higher interest rates

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GEORGE S. ROOKER
Executive Vice-President, Keith Reed & Company, Dallas, Tex.
Member: Investment Bankers Association of America

Georesearch, Inc.


George S. Rooker

A large element of "luck with the bit" is necessary in the search for oil. However, the importance of this can be reduced with proper geological and geophysical data and the interpretive skill of the operator. Unfortunately, this information and this skill is not generally available to the small oil company. Georesearch, Inc. is an operating oil company which combines unusually experienced technical management, good production, and excellent drilling prospects under a capitalization consisting solely of 560,000 shares of low priced stock. The company has no long-term debt outstanding, and current liabilities were only $18,278 at a recent date. Georesearch stock is well distributed, there being about 1,300 stockholders in some 20 states.

The company, founded in 1952, was originally a 50% owned subsidiary service company of Texas Eastern Transmission Corp., organized for the purpose of developing prospective drilling locations for its parent using known and experimental prospecting methods. Last year the company purchased Texas Eastern's interest and began doing business as a separate entity. The company was allowed to retain the full use of all the information and prospects it had developed under Texas Eastern control. John A. Crichton, who is now Chairman of the Board, foresaw the potential offered by this information pool and by the well trained and experienced geological and geophysical staff already working as a team. He proposed the formation of a publicly owned exploration company into which would be added sufficient producing reserves to sustain the exploration staff. The company negotiated the purchase of all of the common stock of J-O Oil Company, owners of properties in the Wilcox Trend area near Jackson, Miss., for a consideration of $400,000 cash and 80,000 shares of common stock. Drew Cornell, Inc., an independent engineering firm, appraised the properties, including behind-the-pipe reserves, at 1,443,056 barrels at June 30, 1955. At the eleven months ended May 30, 1956, 109,604 barrels had been produced, or approximately 10,000 barrels per month net to the company's interest. Because of remedial and development work done since acquisition of the properties, the company's chief geologist estimates reserves have actually improved since purchase.

The company is fortunate in having a management with many years' experience and excellent reputation in the oil business. Jack Crichton is President of Oil & Gas Property Management, Inc., and previously was connected in an executive capacity with San Juan Exploration, DeGolyer & MacNaughton, and United Gas. Herbert Morriss, an MIT trained engineer, is President of Georesearch, Inc. and was for many years with United Gas and Union Producing Company in charge of investigations of methods of finding oil and gas. George C. Howard, Executive Vice-President of the company was previously associated with Union Producing Company as Assistant Chief Geophysicist and formerly with Carter Oil. Several other directors of the company are widely known throughout the oil and gas industry.

The company is in very sound financial condition. At a recent date, current assets were $643,374 (of which $516,428 is in cash or government bonds). Thus net working capital per share is equal to $1.12 per share. The net cash throw-off from the producing properties currently averages $18,000 monthly, which is ample to sustain fully the exploration department and to add regularly to cash reserves.

Oil men generally believe that the large fields having obvious expressions of structure existing in the Texas-Louisiana-Arkansas area, in which the company operates, have been found. It is now suspected that most of the oil to be found will be either in smaller fields or, if large fields, in stratigraphic traps. Such discoveries will require the ultimate in qualified data and the ability to interpret these data. More than ever before, the companies with the best technical knowledge and experience should have the greatest success.

The staff's method of sifting out prospects is not unusual, but it is probably as thorough and systematic as that of any of the majors operating in the area. Exploration prospects are first located by a continuous regional mapping and geological study. These geological leads are then checked through use of geophysics. Leases covering the possible productive area are obtained to the best economic extent. When the prospect is ready to be drilled, the management obtains participation from others. The prospect is then drilled at a relatively low cost to the company, with the company retaining on the order of one half working interest in the prospect.

The company's contribution is the packaged, leased prospect; supervision of drilling, completion and operating; and a portion of the money. This program should permit exposure to a large number of drilling deals, and since the company is small, discoveries should have a noticeable effect on the market value of the stock.

In addition, the company is constantly reviewing producing properties offered for sale, and if the leverage is sufficient, will either purchase or participate, along with allied companies, in the purchase of the properties.

The stock is traded in the Over-the-Counter Market and is presently selling at a price of 2¾. It is most suitable as a speculative investment for individuals.

A Realistic American Viewpoint Of U. S. Foreign Investments

By EMILIO G. COLLADO*
Treasurer, Standard Oil Co. (N. J.)

From the point of view of an American investor, Mr. Collado offers several suggestions and clarifies some improper notions regarding extent, difficulties, mutual helpfulness and misunderstanding of U. S. investments made abroad. Approves Department of Commerce forthcoming study estimating U. S. gross investment, in pointing out the misleading effect of net data; refutes incorrect contention, by economics professor-friend, that oil companies take out more from Venezuela than they put in; believes comparison of gross current earnings outflow to current investment inflow, and U. S. inflow of funds to outflow, is improper; discusses Randall Commission recommendations, in decrying the lack of legislative and treaty accomplishments, and the gap between preaching and practice; and urges public education program and reform to improve investment climate.

Last November the company for which I work announced an investment estimate of $1.2 billion for 1956. Of this amount about 60% or approximately $725 million, was scheduled for investments abroad in plant and equipment and in the search for oil. Already this amount has been increased by later budget additions, but at the original level it seemed like a sizable figure even to one who spent years at work on the many-zero-ed figures of U. S. Government finance. Since this figure represents the investments of only a fraction of just one of the U. S. industries investing abroad I have been interested in comparing the $725 million with the recent totals for all U. S. direct investors abroad. This comparison offers a surprise at first glance. In 1955, the net outflow of direct private investment from the U. S. was only $686 million according to the preliminary estimate of the Department of Commerce. At first you might wonder whether there has been an error. The answer seems to be, however, only that there is a difference, an important difference in definition.

Emilio G. Collado

When a private investor speaks of the investment he has made in an area during a year, he normally refers to the total of his investment expenditures. He does not deduct the amount of any losses he may have sustained during the year on his investments in the area. He does not deduct any income he might have received during the period from sale of matured investments in the area. He does not deduct an amount equivalent to the depreciation and depletion on all his existing investments in the area. He does not deduct an amount equal to the reinvested earnings of any subsidiaries incorporated in the area.

*An address by Mr. Collado before the Ninth International Banking Summer School, Rutgers University, N. J.

All of these deductions were made, on the other hand, in the calculation of the published figure of $686 million for the outflow of direct private investment in 1955. The deductions do not make the calculation wrong, but I suggest that these deductions do render the resulting figure unsuitable to be used, as it usually is, as the principal indicator of the contribution of U. S. private investment to economic development abroad. Recently, for example, there has been considerable publicity to the effect that U. S. private investment declined by $75 million in 1955. Reference is being made to the decline from $761 million in 1954 to $686 million in 1955, as can be seen in the accompanying table. I suggest that this was a decline in a figure with no clear meaning. This so-called net capital outflow does not even present what its name implies, that is, the net purchases by direct investors of foreign exchange. Included in the figures are some investments by the foreign branches of U. S. corporations made out of retained branch earnings without use of the foreign exchanges. Even if such investments were allowed for, the resulting outflow figure would not be indicative of the foreign exchange assistance given to foreign areas by the new U. S. direct investment. Normally, for example, the income equivalent to depreciation could have resulted in a foreign exchange drain if that income had not been reinvested. Similarly the investor normally would have been free to withdraw through the foreign exchange market funds equivalent to the retained earnings of his foreign subsidiary corporations.

The addition of subsidiary retained earnings to net outflow—that is, the addition of $641 million to $761 million in 1954—does give a figure of somewhat clearer meaning. The figure purports to give the increase during the year in the value of investment abroad. I say, "purports" since no recognition is given to any appreciation in the value of investments in place.

Gross Figure Provides Real Investment Picture

In my view neither the outflow nor the increase in value figure is as significant as would be the

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The Rail Way to Income

By IRA U. COBLEIGH

Enterprise Economist

Some notes about the position and future of certain railway shares; with emphasis on those lines capable of delivering larger dividends.

Popularity is a fickle thing. Time was when any list of common stocks would have been headed by rail issues. Fifty years ago the portfolio of a major investment trust, (if they had had one) would have, no doubt, included Northern Pacific, Baltimore & Ohio, Great Northern, Union Pacific, as well as Adams Express Co. and Pullman Palace Car Co., railway related enterprises. Such a list of equities, back-dated half a century, definitely would not have included any of this year's darlings—Dow Chemical, American Cyanamid, Minnesota Mining, Minneapolis Honeywell, Owens-Corning Fiber Glass, or Phillips Petroleum.

Ira U. Cobleigh

With this historical nod to the changing fashions in investments (as well as vestments) let's scan the current railway horizon and see what the passage of years, the dismal bankruptcies of the 30's, and the dramatic modernizations and dieselizations of the 40's have done for this ancient, and resurgently, honored industry.

The War phase is by now, Old Hat—heavy traffic "revved up" earning power with maintenance, in many instances, neglected and deferred; and rolling stock and motive power desperately clamoring for replacement by the end of 1945.

Came 1946—and a razzle dazzle rail year in the market. The rails had come back into their own, or so it seemed, and rail stocks were out in front of the market—so much so that Penn hit 47½ a share and New York Central 35¾. (Today, after toiling for a decade, Penn is 24 points lower, and Central but three points higher.)

But the railroads of the U. S. do not rise and fall by the particular fortunes of Penn and Central. Far from it. A whole new set of factors today determine the profitably of carriers — and a tradition has little to do with it. Some of the best current results are being turned in by lines whose capitalizations were drastically compressed in reorganization, or whose territories serve those areas showing the fastest growth rates in population and industrial surge —the Gulf South, the Southwest and the West.

To illustrate, among the "reorgs" since 1946, Denver & Rio Grande and Seaboard commons have both advanced more than 1,000% and Rock Island and Missouri Pacific have gone ahead sensationally. Coal roads such as C & O, Reading, and Norfolk & Western have advanced moderately, while the New Haven and the Chicago & Northwestern have had some tough sledding. Despite, however, this uneven performance, more rail shares are now favored by institutional investors than any time in 20 years, with Atchison, Union Pacific, Southern, Illinois Central and Coast Line among the favorites.

Switching from this swift review of rails—their early eclat, their falling from grace, and their partial restoration to favor—we now present some values culled from today's markets.

We mentioned the coal roads. We would hardly plug them as growth stocks, but, in this group, you can find some honored carriers with long records for high solvency and dividend constancy which look better today than a year or two back. Take Virginian, the most efficient in the business of hauling coal. It earned $7.12 per share in 1955 and paid $3. This year it earned $3.95 in the first five months (against $2.06 in 1955) and should deliver at least $9.25 a share for this full year. On this basis, a year end extra of at least $1 is probable, and $1.50 possible. On a $4 dividend VRY yields 5.7%.

Equally, we think Chesapeake & Ohio, which earned $7.25 a share last year, can cross $8 for 1956 and increase its dividend from $3.50 to $4. Bituminous coal has decidedly a new look with traditional uses in electric steam generation and steel production augmented by demands for aluminum production and atomic energy. Hence, in addition to Virginian; and C & O, Norfolk & Western, B & O and Western Maryland should benefit.

Western Maryland in particular has moved up to an interesting point financially. It has, after years of arrears, now cleaned up all the back items in its preferred shares, placing, at long last, the common in line for treatment at the cashier's windows. Western Maryland should earn $11.25 this year. The stock at 64 is thus quoted below six times earnings with a dividend in the order of $4 surely not incredible after a small bank loan has been attended to. Western Maryland has required patience of its common stockholders. Perhaps patience, in this instance, is now in line for its reward.

For the yield-minded, Southern Pacific, at around 51, yielding almost 6% on a $3 dividend, has considerable attraction. This line, serving a thriving eight state arc curving Northwest from Louisiana to Oregon, is like a horizontal trust in transportation. Whatever way you want to haul stuff, they have it. SP has 12,500 miles of rails, trucking subsidiaries with over 17,000 route miles; a "piggy back" trailer service now three years old that should carry 60,000 trailers this year; tie-in air freight arrangements with American and United Airlines and Slick Airways; and finally an 850-mile pipeline right along its own rights of way pushing oil from El Paso to California. Networks of, and extensions to, this line are underway and SP has gone a long way in implementing the old political adage—"if you can't like 'em, join 'em."

For the last three or four years SP has been unable to expand its net and 1955 showed a per share figure of $5.71 (against above $6 in 1952 and 1953). Management is working on increasing operating efficiency, and net of above $6 looks possible for 1956. The $3 dividend will, no doubt, be maintained; and a number of railway analysts feel that SP, by virtue of its diversity of earnings sources (including oil, lumber and pipelines), and its excellent and expanding territory, is now in a position to move ahead. The attractive current yield is some solace for long range buyers here.

Northern Pacific comes in for mention at this time for two reasons. First, it's a well managed line benefitting from expansion in the Northwest and as a railway should earn above $4 a share, which is plenty of coverage for the $1.80 present dividend. But NP is considerably more than a railroad. It owns timber land conservatively worth $70 million; owns two million acres of mineral land plus the mineral rights to six million more. Over 125 producing wells on this land should deliver above $3 million in petroleum revenues in 1956; and the longer range potential from this major Williston Basin real estate is quite exciting. If you value straight railway earnings on a 9 times ratio, you arrive at a price of $36 for NP common. But the stock sells at 41 which would suggest that you are paying but $5 a share for all the oil and timber aforementioned. Finally the road is a strategic element in a proposed merger with Great Northern and the Burlington. One does not gain the impression that NP is overpriced.

From the foregoing favorable comment about certain issues, it should not be concluded that rails have an entirely unclouded future. Far from it. Trucks and waterways still compete most vigorously; new labor demands are in the offing and eight eastern roads now find it necessary to request higher passenger fares; with first class rates sought, up 45%, to 6.851 cents per mile. (Airline rates run about 6½c.) Rails have ever to battle the fact that over half their revenue goes to labor; but dieselization, improved yard layouts, plus heavy freight tonnages have kept the better managed, and favorably located lines moving ahead. The particular carriers we've mentioned today have been chosen primarily for their capacity to maintain, and perhaps increase, cash dividends.

The State of Trade and Industry

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

In their weekly commentary on general industrial conditions to Aug. 8 Dun & Bradstreet reports that a sharp rise in steel output this week boosted total industrial production to a level noticeably higher than that of the previous week. However, producers of steel, automobiles, and lumber continued to report considerable year-to-year output decreases.

Many steel-workers returned to work this week, and steel operations rose to 52.4% of capacity. Although output climbed 199%, it remained 40% below that of a year ago. Several steel producers announced a price rise averaging $8.50 a ton. The limited supply of structural shapes and steel plates is expected to curtail construction operations and freight car building for the next month. Automotive manufacturers expanded their steel orders, but have adequate inventories to cover model changeover needs.

The output of cars and trucks fell 4% this week, as several producers began preparing for the model changeover period. Production was 22% below the comparable 1955 level. The total output of passenger cars from Jan. 1 to Aug. 4 of this year was 27% below that of the similar period last year. The production of trucks decreased 2% this week.

There was a 2% rise in coal output, and it was fractionally higher than that of a year ago. While petroleum production declined somewhat it exceeded the year ago level by 6%. Year-to-year changes in electric power output ranged from a decrease of 5% in the Mid-Atlantic region to an increase of 14% in the South Central States. In the nation as a whole output was 2% higher than a year ago.

Paperboard producers reported an output gain of 5%, and production was close to that of last year. While new orders for paperboard expanded 41%, they were 7% below those of the similar 1955 week. Lumber shipments rose 13%, but were 6% below the comparable level a year ago.

Although initial claims for unemployment insurance fell 12% this week, they remained 6% above those of last year.

The nation's total employment hit 66,700,000 in mid-July to set a record for the second straight month, according to the United States Departments of Commerce and Labor.

The Commerce and Labor departments said the number of job-holders increased 152,000 over mid-June and rose 1,600,000 over mid-July of 1956.

This total, the two agencies reported, included about 5,500,000 workers on vacation and almost 500,000 others on strike. Since the survey was taken in mid-July it did not reflect the full effect of the nationwide steel strike which ended recently.

Unemployment, the joint report stated, was 2,800,000 or 4% of the labor force. This was a drop of 94,000 from mid-June but 362,000 more than July, 1955. Although workers out on strike are not counted as unemployed unless they are seeking other jobs, those laid off in related industries are included in the jobless total. Thus the figures would include some workers laid off in industries affected by the steel strike.

The joint report gave two conflicting sets of figures on non-farm employment. Those taken from a Census Bureau survey said non-agricultural employment rose 300,000 in mid-July to "an unprecedented 59,000,000." But the Bureau of Labor Statistics said non-farm employment dropped 700,000 between mid-June and mid-July. However, B.L.S. said, non-farm employment at 51,000,000 was almost a million higher than last July.

Businessmen reduced their inventories during June but not as much as usual for the month, the Commerce Department reported. June sales volume rose, also not as much as expected.

The department noted that the book value of business inventories at the end of June totaled $85.2 billion. This was $600,000,000 lower than at the end of May, but $6.9 billion above June last year.

However, the report added, the June inventory decline was less than usual for the month. On the seasonally adjusted scale, inventories registered a rise to $85.6 billion at the end of June from $85.1 billion a month earlier.

Total manufacturing, wholesale and retail sales in June amounted to $55,000,000,000, the report stated. This was $300,000,000 higher than May and $1.8 billion above June last year.

However, the June rise was not as much as the department considers normal for the month. So, the seasonally adjusted index dipped to $54.3 billion from $54.4 billion in May.

The department further noted that the $500,000,000 increase in seasonally adjusted inventories from May to June centered to manufacturers' holdings of non-durable goods. The book value

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Boomland Venezuela— Self-Supporting Oasis

By A. WILFRED MAY

Reporting from the "Texas of South America," Mr. May cites and analizes Venezuela's various oil-flowing boom elements. Adds word of caution about possible temporary indigestion. Points out the government's free market policies, and concludes for optimum results, they are indispensable in interacting combinations with natural resources.

CARACAS, Venuezuela — This dateline could quite appropriately read "Texas, South America," in the light of this country's super-super boom firmly rooted in the golden reservoir of oil.

A. Wilfred May

But whatever the nomenclature, this economy is absolutely unique among its under-developed neighbors; besides serving as an economic phenomenon of universal interest. Neither needing or wanting any participation in U. S. aid (which totaled $72 million to Latin-America during the fiscal year ended June 30 last), Venezuela's cooperation from Washington has been self-limited to a very minor technical assistance program on public health, under the ICA, with the Venezuelan Government footing the bill.

Another Texas

In another way, besides the forebearance from aid, this land is uniquely Texas-ish in its preservation of the free economy.

But of course the greatest similarity lies in the dramatic, material and behavioristic effects ensuing from the fluid development, by unfettered outside sources, of a vast natural resource.

It is probably no exaggeration to say that Venezuela today is enjoying an era of development fully comparable to that of the United States at the turn of the century. Her electric power output has increased ten-fold since 1938, and bids fair to double during the next decade. An enormous steel manufacturing plant to cost $200 million (temporarily government-subsidized) is in the works. She now imports 500,000 tons annually. A new railway system is being built.

Progress in Steel

A Bethlehem Steel subsidiary has been rapidly stepping up iron ore shipments since its establishment in 1951, and is about to be far surpassed by United States Steel Corporation's operations. Exports of iron ore to the United States have been more than doubling from year to year. Similarly, gold production rose six-fold from 1950-1953, and doubled again in the following year. Further, large increases have been accomplished in the production of coal, sugar, rice, coffee, cement, tires, and rayon cloth. In the construction of manufacturing plants, business buildings, and private dwellings, recent growth as well has been phenomenal.

The national income has increased twelve-fold in the interval since 1936.

Stock Exchange Boom

And this land's boom has, of course, not omitted the engulfment of securities and the stock market.

Reflecting the growing market activity, since its establishment in 1947, a seat has risen from 1,000 bolivars to 200,000 now.

Yields on equities are very low, which with the very high rates paid on fixed-interest obligations —1% per month on mortgages and 9% on bank discounts — reflects the pervading rush for capital gains appreciation.

In a typical Blue Chip atmosphere there is no counterpart to the American Securities and Exchange Commission. Any regulation occurring, either through self-policing, or banking influence, is concentrated on the sale of new issues with *caveat emptor* being the watchword.

There has been no external or internal debt since the early 1930's. They have enjoyed an unqualifiedly hard currency — of three bolivars to the dollar; and now a 150% gold cover. The budget has been in balance year after year. An expected 300 million bolivar surplus turned into one of 500 million in 1954; and in 1955 there was a balance of 311 millions.

The Favorable Weather Tax Policies

The income tax assuredly is a bell-wether for the free economy. With slight progressivism, the maximum "surplus" exhibits a top rate of but 28% (not the "effective rate"). The effective rate on a 50,000 bolivar ($15,000) income, after allowances and exemptions, comes to only 715 bolivars or $225 dollars. The effective rate on, for example, the 10-14,000 bolivar bracket, for a married man with two children, is approximately 1½%.

Prices and Exports

Generally, the principal effect of the economies of the South American republics is a paucity of exports and a rising export price level. Venezuela, once more, is unique with a stable price level, and a 45% increase in the volume of exchange-producing exports. Excepting for Nicaragua, this is the most effective showing of any country below us.

Mecca for Foreign Investment

Compared to so many other countries unable to attract reasonably substantial foreigners' investment of capital so necessary now, Venezuela's record, both qualitatively and quantitatively, comes as manna from heaven. Just the pure unadorned record renders completely unthinkable any possibility of the introduction of expropriation, nationalization or other methods of sabotaging the flow of foreign funds.

Growing Capital Investment

The total of foreigners' capital investment between 1952-'53 rose by about a billion bolivers ($300 million) from 9.9 billion bolivars to 10.9 billion; 12.3 billion bolivars in 1954; and 13.3 billion bolivars in 1955. In 1956 the over-all capital investment is expected to rise further by one billion bolivars ($300 million), plus the receipts of expected newly granted oil concessions, roughly estimated at $300 million. These new oil grants, shortly to be announced, will comprise a first and initial payment; and, among others, will go to Gulf Oil Co., Signal, Standard Oil of Ohio, Sun, and Hancock. The American participation in the capital investment flow has averaged about 63%, and now is estimated at about 10.1 bolivars. Venezuela's holdings of gold and foreign exchange, unique among her neighbors, have increased since 1948 from $378 million to $544 million.

The Petroleum Deity

The answer, of course, to the uniqueness of these great and dramatic showings on both fronts, has been the great petroleum-drenching the economy has received. This territory has a petroleum Deity watching over it. Sixty per cent of the government's revenue is supplied by the oil industry, directly or indirectly, and likewise over 80% of the country's total foreign exchange needs. Petroleum exports amount to almost 90% of the total value of Venezuela's exports; with 95% of her oil production being exported.

Other countries, besides the United States, always have and are ever more trying to exploit the great opportunities down here: the Germans in public works and such things as scenic railways and trading. The Italians, as well as the Germans, are trying to get in on the public works boom, and Italians are most actively exploring a steel mill.

The U. S. Steel Corporation constructed a $350 million mill here in 1954, while in the same year Creole petroleum put in, in the normal course of events, $82 million in capital outlays.

Diversification and the Government

The country's high policy, as emphasized to by leading government officials here in Caracas, is to pursue a long-range policy of diversification through "oil sowing," in lieu of conspicuous, or other intensified consumption. Considerable government money is going into public works, housing, rural electrification, etc., where private business will not undertake the job. But for the foreseeable future, the degree of such diversification bids fair to be theoretical. This can be readily seen in the half-hearted diversification efforts to date. All is *peanuts* alongside of oil!

Digestion Is in Order

Perhaps any danger from this lack of effective diversification is largely theoretical. But there are a few other flaws in this boom which are becoming a bit discernible in this cloudless sky. Competition is coming in, attracted by the humming boom, at both the retail and manufacturing levels. Considerable worry is expressed over the plethora of shopkeepers, paying ever more exorbitant rents, and never marking up their goods at less than a 100% profit. Four big tire companies are operating on a major scale. There are three U. S. paint companies (being two too many, some think). Twenty-three new plastic companies have come in, with overproduction in textiles, and fish-canning (new plants with the existing ones operating at only 30 to 40% of capacity). And again viewing the comparatively short term, the stock market here is sitting on top of a violent boom and may well be heading for re-adjustment. Already there have been drastic mark-downs, particularly in the case of newly-offered issues.

Unto Him That Hath Shall Be Given

One of the most interesting Venezuelan developments, apparently, is the translation of prosperity into policies pursuing the free market. We have seen this in the tax rates and similar government attitudes. Commercial banking is all in private hands. The electric companies are private wherever possible. The telephone system has been nationalized, because its service was wretched, and the former British proprietary company couldn't afford the expenditure for equipment. The government never gets into the position of competing with private owners, and turns its own projects over to the latter just as soon as the latter produces someone able and willing.

The labor situation, with an absence of troublesome unions — with their potentials for trouble-making—is most favorable. There is no active unionism. The sparse unions are government supported: but this situation is to be kept highly confidential.

Perhaps the broad conclusion, then, is that there is no effective and broad substitute for the fortunate "birth" to wealth; that national wealth begets more wealth by reason of the exercise of the free economy and un-fettered initiatives. An endless chain, with natural resources, and the free market, the two needed co-operating contributors.

Cole, Others Join Francis I. Du Pont Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Cornelius Cole II has become associated with Hemphill, Noyes & Co., 510 West Sixth Street. Mr. Cole was formerly Los Angeles manager for Francis I. du Pont & Co. and prior thereto was with Shearson, Hammill & Co.

J. Pierce Gannon, Jr., previously with Harris, Upham & Co., Herbert L. Brackney and Burton M. St. John have also become associated with Hemphill, Noyes & Company.

Richard A. Probst With Ball, Burge & Kraus

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Richard A. Probst has become associated with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Probst was formerly with Gottron, Russell & Co. in the trading department.

Roy Reed Now With Marshall Company

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Roy S. Reed has become associated with The Marshall Company, 765 North Water Street. Mr. Reed was formerly with Bache & Co. and the Milwaukee Company. Prior thereto he was with Ames, Emerich & Co. in Chicago.

Joins Courts Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—James J. White has joined the staff of Courts & Co., 11 Marketta Street, N. W., members of the New York Stock Exchange.

Railroad Executives Discuss Outlook for the Industry

Continued from first page

of acquiring new plant and equipment, recently, top railway management has been talking in terms of long range planning—in terms of billions of dollars to be spent during the next five to 10 years. If these plans materialize it will bring great benefit not only to the railroads but to the entire economy of the country. All in all, the future of the industry appears to be more optimistic today than ever before.

However, the ability of the railroads to carry out an adequate program of freight car acquisition and plant improvement will depend in large measure upon their ability to earn sufficient net return to raise the new capital required for these purposes.

During the first five months of 1956, total operating revenues increased 9.64% over the corresponding period in 1955. Freight revenue was 10.63% and passenger revenue 1.85% above the revenues of a year ago. These increases were offset, however, by an 11.53% increase in total operating expenses, thus, there has been little or no improvement in net operating income.

Therefore, if the railroads are to accomplish their objective, they must find additional ways and means of increasing efficiency and eliminating waste and duplication.

In an effort to help solve one of the troublesome problems contributing to depressed railroad earnings, the Interstate Commerce Commission has recently instituted an investigation of the deficit from passenger train services. Through this and other proceedings the Interstate Commerce Commission is fulfilling its statutory responsibility to promote and preserve a healthy transportation system adequate to meet the needs of commerce and of the national defense.

GEORGE ALPERT

President, New Haven Railroad

The New Haven Railroad, during the first half of 1956, has accomplished practically a complete turnabout, from near disaster to what adds up to a most favorable outlook for the remainder of the year. When I became president of the New Haven last January, the railroad was losing approximately $1,209,545 per month. During the first six months we have not only managed to curtail these losses, but for the month of June, we succeeded in showing a net profit of $747,618.

George Alpert

The first objectives of this Administration have been accomplished. We seem to have regained stature in the eyes of our public; our commuter trains are running high in "on time"-percentages. (For the month of June, 98% of the commuter trains were on time.) Safety has been our first concern; we have up-dated and increased maintenance to insure even further safer conditions on our trains.

Therefore, we are able to say at this half-year period that the outlook for the New Haven (which, because of its high passenger rate, short haul nature, cannot necessarily be compared with other roads) is a healthy one. We have accomplished our turnabout; we are ready for a hard, aggressive selling campaign.

Our objective, as we see it, is to increase our passenger traffic as well as freight. As a public servant, the New Haven seeks to serve its public well, in the most efficient way possible. Toward this end, we have purchased three experimental trains, which, we hope, will eventually make the Boston-New York journey a regular three hour run. These trains will begin experimental test runs as passenger trains in September.

Another step to increase and strengthen our position insofar as passenger traffic is concerned was the purchase of 140 new Diesel locomotives, 68 of which have already been delivered .

May I repeat, the New Haven management feels it has been most successful through dealings with its public. When a commuter fare rise was recently pending, we demonstrated to our commuters the fairness of the rise and public sentiment joined our cause.

Of course, passenger service is a losing proposition on every railroad I know of. An important part of our losses are due to the number of lightly traveled branch lines we have. As long as the public required the service, we furnished it, but a change has taken place in these areas, and people now prefer to use the automobile. Consequently, many of the trains running along these branch lines in lightly populated areas are almost empty. We acknowledge that, in certain areas, rail service has become outmoded, and I know that we can again demonstrate to the public the reason for abandonment of these lines.

Of course, the bulk of our revenue must come from freight, and, here again, the outlook is an optimistic one. We have, in the first six months, strengthened our position. Our piggyback service, through which we can join hands with the trucking industry, has been extended and we will have 200 additional cars in operation by the end of September.

These, it would seem, are signs of things to come. In order for the railroad industry to keep up with other passenger-freight services, it must streamline its offerings, and keep the public informed. It is through this vein that the New Haven is striving to meet the future. In the light of the past six months, the New Haven Railroad will soon resume its rightful position among the Class I railroads of the country.

EUGENE C. BAUER

Chairman, Poor & Company

Although the aspects attached to the steel strike situation have created pressures that lean towards enhanced inflation, the indications are that our outstanding economic growth and the soundness of most Governmental activities point to continued good business, with, of course, some exceptions.

Eugene C. Bauer

Generally it is recognized that the matter of excess inventories is fairly well in hand and should not be a serious problem in the near future. Our steel supply over-all is currently satisfactory.

All of our units are enjoying good business, and especially Pioneer Engineering Works, Kensington Steel Company and Canton Forge and Axle Works Division should be materially benefited from the highway construction program as recently legislated.

A. E. BAYLIS

Vice-President, Freight Sales and Service, New York Central System

We anticipate some improvement in the over-all rate of economic activity in the last five months of 1956 as compared with the first seven months of the year. Our tonnage was seriously affected during the month of July by the steel strike and was similarly adversely affected during most of the second quarter because of lower than anticipated traffic for the account of the automobile industry. Because of the very poor July, the second half figures will probably be below those of the first half although beginning in late August or September a monthly level of from 3% to 5% ahead of earlier months and slightly in excess of 1955 corresponding periods, is anticipated.

A. E. Baylis

For the full year 1956, both total economic activity and New York Central freight traffic volume should be slightly greater than for the year 1955.

Due to broad scale repair program of freight cars started many months ago and additionally due to a very large new car acquisition program, freight equipment on the New York Central is in good supply, bad order percents are low and a continuing program of repair will reduce them further. Deliveries of new equipment, particularly in open top cars, will materially aid in accomplishing greater carloadings late this year. While temporary and spotty car shortages are expected, we do not foresee a prolonged curtailment in traffic activity due to car shortages during the remainder of 1956.

E. O. BOSHELL

President, Westinghouse Air Brake Company

Operations for the first six months of 1956 at Westinghouse Air Brake Company produced very satisfactory results. Sales and net income both were up substantially over the similar period of 1955 and activity was strong in all markets. Sales for the first half of the year amounted to $113,164,008, a 41% increase over the same months of 1955. Net income made an even more significant rise from 78 cents to $1.47 per share—an increase of 88%.

E. O. Boshell

These first six months' results reflect increased sales in nearly all product lines of the various divisions and subsidiaries. Construction industry activity continued at a record pace to produce a healthy order situation. Sales continued to be strong in petroleum, mining and other industries for equipment of a number of our divisions.

Sales of equipment to the railroads, long a major market for the company, remained at a high level. Our Air Brake division enjoyed an increase in orders for air brake equipments and noted greater interest in the Cobra (composition) brake shoe. The Union Switch & Signal division continued shipments of classification yard and centralized traffic control equipments at a record rate.

The outlook for the balance of the year is encouraging in all markets. The Highway Bill has become law and our units serving the construction industry stand ready to meet the expected increased demand. Sales to the railroad industry are due to remain strong as there is a great interest by the railroads in reducing handling time in classification yards by installing modern electronic equipment. More and more railroads are employing centralized traffic control to increase the use of existing tracks and, in some cases, to eliminate excess trackage. The continued introduction of light-weight, high-speed passenger trains should also result in increased orders for brake equipment, compressors, automatic couplers and electronic wheel slip detection equipment.

In view of the activity taking place in the railroad and construction industries, business is expected to remain at a fairly high level for the balance of the year.

WARREN W. BROWN

President, Monon Railroad

It continues to appear difficult to prepare an honest statement about the present and future of the railroad industry without being critical and pessimistic.

It is doubtful that Monon Railroad will equal in 1956 our net showing for the previous year, and it is reasonably obvious that Class I railroads as a whole will not approximate their 1955 results. Speaking for the Monon, I can say that since the last freight rate increase, we have experienced an accelerated diversion of our profitable traffic to the loosely-regulated trucking industry.

Warren W. Brown

This unabated destruction of common carrier railroad strength will continue as long as the Interstate Commerce Commission maintains its present philosophy of administering its mandate from Congress. These activities have contributed to a steady strangling of the ability of the common carrier railroad to maintain the degree of flexibility adequate to enable it to compete on equitable terms with the balance of the transportation industry.

Of course, from the standpoint of the Interstate Commerce Commission, the mandate from Congress is being properly interpreted. Taking either contention at face value, it appears that something must be done to change either the philosophy of the Commission, or if that philosophy should be deemed correct, to change the Interstate Commerce Act, for although some of the blame for the predicament of the railroads can be placed at the feet of railway managers, the fact remains that statutory limitations, or the interpretation of those statutory limitations, must bear a considerable proportion of the criticism for the present plight of the railroads.

I have been unusually interested in a statement presented by Chairman Arpaia of the Interstate Commerce Commission to the subcommittee on transportation and communications of the House interstate and foreign commerce committee on the subject of HR 6141, the house bill which embraces the recommendations of the so-called Weeks Report.

Among other things, the Interstate Commerce Commission indicates that in their opinion there has been much over-simplification of "transportation problems and the incidence of regulation." From the point of view of the railroad man, quite the opposite can be said to be true, for I must consider that the Interstate Commerce Commission has been unconsciously guilty of over-complicating both the transportation problems which can be said to exist, and of over-complicating the incidence of regulation.

The basic concept of regulation is that you regulate where there is no competition. This was true at the birth of regulation, but it is not true today. For anyone to maintain that a less-regulated railroad industry would be in a position to destroy competition means that one completely overlooks the reasons why those competing modes of transport are used today—the same reasons for which they would be used tomorrow, regardless of railroad strength.

Among the submissions of the Commission is this statement: "If, in fact, the 'hard core of transportation' in this country is common carriage, then all reasonable and practicable efforts should be directed toward its preservation. The overwhelming majority of people still must rely on public transportation. In their interest and for the national security it must be kept sound."

This statement incites in this railroad officer a warning to the Commission: It is to be presumed, in their conscientious deliberations of the common carrier position, that they will not overlook one factor involving any decline in the national business. Only the trucking industry has the capacity and the regulatory freedom to counteract any decline in tonnage. It now has the regu-

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American Business Abroad And the National Interest

By HON. HERBERT HOOVER, JR.*
Under Secretary of State

Impact of Soviet economic policy and outlook for American business opportunities and responsibilities are reviewed by Under Secretary of State Hoover, after first placing the American economic system in its correct perspective and evaluating its ability to cope with changed Soviet tactics. Points out: (1) that foreign efforts to speed up industrial development and raise living standards provide U. S. businessmen excellent opportunities and, at the same time, the responsibility to represent the American system; (2) how American trade is supported and encouraged, including capital outflow, without interfering in business activities; (3) Soviet trade is unpredictable and that the United States does not direct its trade for political ends—of importance to underdeveloped countries; and (4) preponderant share of world trade is between non-Communist countries.

One of the major factors affecting the future is the unpredictable character of Soviet economic policy, controlling as it does the lives of hundreds of millions of people. We have heard a great deal in the past year, for instance, about the new Soviet economic offensive.

Herbert Hoover, Jr.

What is it, and where is it going?

Is it a genuine movement toward peaceful economic expansion? Or are its objectives to spread communist political domination over new areas in the free world?

Is the American system capable of coping with this development? What are the opportunities and responsibilities of American business as we look ahead into the future?

These and many other questions arise as we watch the pattern unfold in the far corners of the world.

I would like to explore with you the answers to some of these questions . . . because our conclusions may have much to do with the shaping of our governmental and commercial policies for many years to come.

As we look back in history we find that in the 25 years prior to Stalin's death in 1953, through outright military power and aggression, aided by subversion from within, the communists expanded their domination over many parts of the world. Repeated threats to the independence of many countries culminated in open warfare in a number of instances. Our persistent attempts to arrive at peaceful solutions were rebuffed on countless occasions.

During Stalin's regime it was repeatedly announced that the communist objective was the ultimate domination of the world. Khrushchev has subsequently reiterated this aim on several occasions.

The effect on the free world was to draw together many nations for purposes of self-defense. As a reaction to this military aggression and threats to the peace of the world, 45 countries joined together in the Rio Pact, NATO, ANZUS, SEATO, the Balkan Alliance and the Baghdad Pact. The result was that the free world became stronger and more resolved than ever to resist communist threats of violence and subversion.

Although it had been obvious for some years that the old policies were no longer succeeding, it was not until after Stalin's death that new tactics and a new approach could be adopted. Peace and competitive co-existence became the order of the day. While the ultimate communist objectives remained the same, the problems for the free world have taken on new aspects.

I have outlined here, in only the broadest terms, the problems that we face today. Let us turn, for a moment, to the American economic system, and evaluate our own ability to cope with this change of tactics.

We know that the Soviets regard our own American system of free competitive enterprise as a vastly greater impediment to their own designs of world domination than that of any other country. It is upon us, therefore, that they concentrate their efforts and their strategy.

It is strange how unfamiliar our system is to many people abroad. As a matter of fact, one of the major efforts of the communists is to spread an image of the American system as one which embodies the most extreme form of exploitation.

Erroneous Marxist Concept of American Capitalism

The American system has evolved over the past 50 years in directions which were totally unforeseen when Marx and Engels were belaboring capitalism a century ago. Not only does the American system bear little resemblance to the classical Marxist concept of capitalism, it also differs significantly from the systems which prevail in other countries conventionally regarded as capitalistic.

When we talk about individual liberty in the United States, we have in mind something which goes beyond the freedom expressed in political institutions. A representative form of government, the right to vote, the secret ballot—these are all part of our heritage. But in this country individual freedom has assumed new and significant dimensions, many of which can be found in few other places in the world.

One such attribute is what has aptly been called "the freedom of opportunity"—the opportunity to choose one's job or profession and the opportunity to rise to one's fullest capabilities. Furthermore, there is no other country in the world where educational opportunities are as accessible as they are in the United States, or where there are equal opportunities available for economic success.

Faster Rising Lower Incomes In U. S. A.

It is no accident that the American system, with its freedom and incentive for the individual and with its stress on individual worth, has attained the highest standard of living for its people. Moral and spiritual values have provided the driving force for this achievement. And it is all our people who are the beneficiaries of this progress—not a chosen few. In fact, the difference in income between our factory workers on the one hand, and management personnel on the other, is smaller in the United States than in any other major industrial nation in the world, even including the Soviet Union.

I should like to cite a few figures which illustrate as well as anything I know the difference between the American system of today and the outmoded Marxist image of capitalism as a ruthless exploiter of the individual.

In recent years the average American family income has in-

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*An address by Mr. Hoover at the 26th National Business Conference of the Harvard Business School Assn., Boston, Mass.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Energy Review—Bulletin discussing latest developments in uranium industry — Harris Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin of suggested stocks for appreciation with good yield, and reports on **W. R. Grace & Co.** and **Continental Can.**

Atomic Letter (No. 20)—Comments on Atomic Funds Annual Report of June 30, Atomic Food Irradiation, British Uranium-buying in Canada, etc.—Atomic Development Mutual Fund, Inc., Department C, 1033 Thirtieth Street, N. W., Washington 7, D. C.

Boron—Analysis with particular reference to **U. S. Borax & Chemical Corporation,** and **American Potash & Chemical Company**—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Foreign Letter — Burnham and Company, 15 Broad Street, New York 5, N. Y.

Inflation and Natural Resources Shares—Survey—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

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

Pacific Northwest Industries — Annual review — Seattle-First National Bank Second Avenue & Columbia Street, Seattle 4, Wash.

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.

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

Stock Market in an Election Year—Reprints of a speech by Philip J. Fitzgerald—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available is a bulletin on **Transamerica Corporation.**

Stocks vs. Bond Yields—Bulletin—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available in the current issue of "Market Pointers" is a discussion of inflation and stocks, an analysis of the air conditioning industry, the shoe industry and suggested stocks with better than average return.

* * *

American Potash & Chemical Corporation—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y. Also available is a circular on the **Baltimore & Ohio Railroad Company.**

Campbell Taggart Associated Bakeries, Inc.—Statistical review —Sanders & Company, Republic National Bank Building, Dallas 1, Texas.

Chicago, Milwaukee, St. Paul & Pacific Railroad—Report—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Dravo Corporation — Analysis — Coburn & Middlebrook, Inc., 100 Trumbull Street at Pearl, Hartford, Conn.

Fanner Manufacturing Company—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a review of **Cooper Bessemer Corp., Westinghouse Air Brake Company** and **Worthington Corporation.**

Ferro Corporation—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Ferro Corporation—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin is information on **Chicago Corporation.**

Fresnillo Company—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Gamewell Company—Analysis—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

General Minerals Corp. — Memorandum — Rauscher, Pierce & Co., Mercantile Bank Building, Dallas 1, Texas.

Govt. of India Securities—Bulletin—Harkisondass Lukhmidass, 5, Hamam Street, Bombay, India. Also in the same bulletin is a discussion of the Indian automobile industry.

W. R. Grace & Co.—Memorandum—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Gulf Sulphur Company — Analysis — Garrett and Company, Fidelity Union Life Building, Dallas 1, Texas.

Walter E. Heller & Company—Brochure—Weinress & Company, 231 South La Salle Street, Chicago 4, Ill.

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

Port of Chicago Lake Calumet Harbor — Report — De Leuw, Cather & Company, 150 North Wacker Drive, Chicago 6, Ill.

Schield Bantam Company—Analysis—First Securities Corporation, 111 Corcoran Street, Durham, N. C.

Scudder Fund of Canada Ltd.—Report—Lehman Brothers, 1 William Street, New York 4, N. Y.

Seaboard Drug Co., Inc.—Data—Foster Mann, Inc., 40 Exchange Place, New York 5, N. Y.

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

Texas Eastern Transmission Corporation — Bulletin — Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Texas Louisiana Gulf Coast Lease Map — $7.50 per copy — Macha Drafting Company, 6132 Almeda, Houston, Texas.

Union Chemical & Materials Corp.—Bulletin—DeWitt Conklin Organization, 100 Broadway, New York 5, N. Y.

Securities Salesman's Corner

By JOHN DUTTON

Fundamentals of Security Salesmanship

ARTICLE VIII

—What To Read And Study—

Mutual Funds can be the stepping stone to a successful career in the investment business. Properly used they provide an investment that the beginner salesman can sell with confidence to his clients because they offer **"packaged** professional investment counsel." Some salesmen specialize in the "Funds" and become so expert in their presentation that they devote their time exclusively to selling such shares. The Funds make their investment decisions and they confine their analytical efforts to the selection of the type of Fund they believe suits the client's needs.

The security salesman and analyst however (who desires to become an investor advisor to his clients and an all encompassing thoroughly grounded investment man) will use the Funds where indicated in his best judgment. Therefore, he should have broad knowledge of the records of the various Mutual Funds over the years. He gains this knowledge through a very simple process—all he need do is read the facts in the records of the prospectuses of the various Funds.

Other Good Source Material

By far and the most complete compilation of data available on the subject of the Mutual Funds is the "Investment Companies" Manual published by Arthur Wiesenberger & Co., 61 Broadway, New York 6, N. Y. A past record of the different types of Funds is readily available there.

The Kalb, Voorhis (25 Broad Street, New York 4, N. Y.) dealer's service — "MSS" — also has some exceptional source material available from time to time, especially on using the Tax Laws to sell Mutual Funds. This service is valuable both from an educational standpoint regarding the uses of the Funds to solve tax problems, and also for its sales suggestions and the advertising material it presents.

Many of the Mutual Funds have material available that will assist the salesman to obtain a better idea of the inheritance laws, estate and gift taxes. It is yours for the asking.

Specialize on a Few Funds

There are so many Mutual Funds that it is well nigh impossible to keep up with the whole field. Select a few growth type funds, possibly a Canadian fund or two, a fund designed for income and captal gains, a balanced fund and an income fund. Try and pick out the one in each group you believe has the top management record and which you believe will continue to turn in a good performance. Keep in touch with these funds—study their portfolio changes, write to them for additional help and information when you need it. Become **acquainted with people connected with these particular funds who will understand what you are trying to accomplish and they will assist you.** It is better to place substantial business with a few funds than to scatter your business over the field. By your deeds they will know you! !

Visit the Funds

If possible, pay a visit to the home office of the funds in which you are interested. Spend some time with management and see for yourself what makes the wheels go round. Meet the men who obtain the facts, evaluate them and make the decisions. Establish a key contact in each fund with whom you can work. You will obtain information and assistance that will be helpful to you and your knowledge of your product will increase immeasurably.

The reason some men are so capable and sell such a large volume of Mutual Funds shares is that they are sold on their product. The best way to learn about the Funds is to visit them—the next best way is to compare their record of performance, not only for the past 10 years but for five, three, and two—also in periods of market declines as well as advances.

There is some brilliant research and able personnel in the Mutual Fund industry today and it is improving all the time—see it in action and you will have a different appreciation of what you are offering to your clients than you have ever before known.

P.S.—"What Every Salesman Should Know About Investment Funds," issued by National Securities and Research Corp., 120 Broadway, New York 5, N. Y., (revised ed.) has been designed to help salesmen understand and sell all Mutual Funds. It is a comprehensive source and text on the laws, regulations and tax status of the Funds, also a course in the sale and merchandising of Mutual Funds. It is a primer and a compilation of proven sales ideas by qualified experts.

With Eastman, Dillon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Theodore G. Loomis has been added to the staff of Eastman, Dillon & Co., 3115 Wilshire Boulevard.

Joins Gross Rogers

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Sanford L. Goldshine has been added to the staff of Gross, Rogers & Co., 559 South Figueroa Street, members of the Los Angeles Stock Exchange. He was formerly with Daniel D. Weston & Co.

Are Consumers Tired of Consuming

By ROGER W. BABSON

Referring to the popular, jazz phonograph record "Sixteen Tons" to determine whether this indicates consumers are tired of consuming or still want to "keep up with the Joneses," Mr. Babson, while not aware of any signs of consumer let-down, does counsel against additional consumer indebtedness and cautions merchants "to put more emphasis on cash transactions."

My grandson, Roger Babson Webber, is much interested in the study and relationship of future consumer purchasing to the books which people now read, the phonograph records they now buy, and the movies they now attend. He feels that these may be good barometers of future business changes. Recently he has been calling to my attention that a best - selling record has been the song "Sixteen Tons."

Roger W. Babson

The "Sixteen Ton" Story

This is a song of a man working in the mines, whose job was to dig 16 tons of "number nine coal" every day and who bought all his supplies at the company store. Although he worked for years, he never could get out of debt. Having been taught that all debts should be paid, he prayed to St. Peter to give him more time before "calling me home." My grandson feels that one reason this record has had such a big sale is that it represents the feelings of millions of consumers who are heavily in debt to some store.

Of course, consumers have a perfect moral right to borrow in order to enjoy automobiles, refrigerators, radios, and probably television sets. There is no moral reason why a working man should not be entitled to use credit—as well as his employer — even though this is a custom which did not prevail 50 years ago. Probably modern advertising has been the force to bring about this change; now even conservative banks, which scorned such consumer borrowing a few years ago, are soliciting it.

Most Merchants Must Give Credit

The "Five and Ten-Cent" variety stores have built up a huge business on an all cash, no delivery, and now self-service basis. There will always be a field for such stores, but to operate successfully, they must get the benefit of huge buying power through large chains. A great many consumers, however, demand credit, delivery, and more personal attention. Naturally, they must pay for these privileges, and if the local merchant doesn't grant them it is very difficult for him to continue in business. Also I understand that selling on instalment tends to bring the customer back to the store every month, thus stimulating further sales.

Consumers Make Business Conditions

Business conditions are not determined by bankers or politicians or even by the leaders in your community. Now, my grandson's important question today is whether consumers are getting tired and want to rest, or whether they are still determined to "keep up with the Joneses." Probably almost every reader of this paper is anxious to do both, and for a time this will continue to be possible, with a further increase in retail sales. If, however, the tire changes and retail sales fall off, the retailer will buy less from the manufacturer, the manufacturer will reduce the number of his employees, and the purchasing power of the country will decline. This could develop into a very serious vicious circle.

I see no sign of this at the present time. In fact, if it should come now, Congress would take immediate steps to check it. Probably the proposed tremendous new road-building campaign is partly to insure continued prosperity, in case there should be a severe slackening in installment sales, new building, and the automobile industry.

What Shall We All Do

We should not suddenly abandon installment purchases. But we all — whether merchants or consumers—should avoid getting into the pessimistic mood of the poor fellow digging the "16 tons of number nine coal." Certainly our appropriations for advertising should continue, as advertising is the life blood of business. On the other hand, it may be wise for consumers to avoid further debt and for merchants to put more emphasis on cash transactions.

I have often suggested to merchants that they have a price differential between cash and installment sales, but they tell me this is practically impossible. It seems, however, that the merchants' associations could prevent the situation from becoming worse. In the meantime, I throw out the question of what would happen to retail trade, general employment, and our present prosperity if 50% of the families should suddenly get discouraged like our "16 ton" friend, and stop buying on installments altogether. Or, what would happen if the banks and merchants started to repossess automobiles, refrigerators, television sets, and other things?

Kinnard Appoints Iowa Sales Mgr.

MINNEAPOLIS, Minn. — John G. Kinnard and Company of Minneapolis, Minnesota have just announced the appointment of Robt. E. Heath of Des Moines as the Iowa sales manager. Mr. Heath, with many years of investment experience, is now specializing in Mutual Funds and has representatives in the principal cities throughout Iowa. John G. Kinnard and Company are one of the oldest and largest retailers of Mutual Funds in the upper midwest.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Audra B. Custance and Harry A. Green have been added to the staff of King Merritt & Co., Inc.

Joins Archie Chevrier

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John J. Runger has joined the staff of Archie H. Chevrier, 519 California Street.

Two With Nolting, Nichol

(Special to THE FINANCIAL CHRONICLE)

PENSACOLA, Fla.—Gordon R. Barnett and Hugh S. Sease have joined the staff of Nolting, Nichol & Company, West Garden Bldg.

Lou Grier Adds

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Mrs. Eleanor F. Beskow has been added to the staff of Lon L. Grier & Co., 735 North Water Street.

Labor Monopolies and Their Growing Menace

By DONALD R. RICHBERG*
Davies, Richberg, Tydings & Landa
Washington, D. C.

Well known labor observer contrasts his concept of strong, responsible, democratic unionism with existing state of unionism which is described as a growing monopolistic destructive menace to a free economy. Mr. Richberg suggests Congress subject union monopoly to the same laws enforced against business monopolies and allow the application of existing laws to criminal lawlessness of strikes. Points out: (1) monopoly power is based on unionization of key industries; (2) government aid played a large role in labor growth; (3) compulsory unionism permits discipline over members comparable to governmental police power; and (4) changing nature of strike from physical violence to quiet test of financial strength though it still leaves violence in reserve.

The monopolistic powers of American labor unions are not revealed by statistics of total membership. Otherwise it might be assumed that 17,000,000 unionists could not monopolize employments filled by over 50,000,000 industrial workers.

Donald R. Richberg

But a different picture is presented when key industries are viewed. Over 1,400,000 unionized automobile workers can paralyze not only a major industry but scores of other industries dependent on automobile manufacturing. Over 1,300,000 union teamsters cannot only stop vital transportation to advance their own interests, but can, and do, aid scores of smaller unions to force their demands on employers dependent on teamster hauling. Over 1,250,000 steel workers have proved their ability to halt all production of products most essential to continued economic health. Six hundred thousand mine workers can, and have, shut down the coal industry even in a time of war. Even smaller unions of longshoremen, building workers, electrical, textile and garment workers, printing and telephone employees and others too numerous to mention have demonstrated a capacity to exercise monopoly controls over local, sectional or national industries.

Collective Coercion

The simple fact is that all unions seek monopoly powers so they may transform collective bargaining into collective coercion and compel the acceptance of demands for wages and working conditions which would never be agreed to voluntarily. This is not the demonstration of a special wickedness among union officials. It is a natural ambition common to all human beings to relieve themselves of the uncertainties and losses of fair competition, by acquiring a power to make others yield to force when persuasion fails to achieve one's selfish aims.

The only way a free economy can be preserved is for the government to write and enforce laws preventing and prohibiting the acquisition and use of monopoly powers by anyone. Contrary to this clear obligation upon our government, labor unions have been granted special aids to become monopolists and a special exemption from prosecution under the anti-trust laws. The reason for this extraordinary favoritism is found in a once widely approved effort to build up the power of labor unions as a counter-force against the inherently monopolistic powers of big business. Against monopolies there were 25-years of intensive public education by political leaders from John Sherman to Woodrow Wilson. A deep-seated antagonism to big business monopolies was developed which has been kept vigorously alive ever since by politicians ranging all the way from statesmen to demagogues.

Persistent Illusion of Labor Monopoly

But, from the time of President Wilson, and the passing of the Clayton Act exempting labor unions from anti-trust prosecutions, there has persisted the illusion that labor union monopolies were desirable and not, like business monopolies, destructive of a free economy. This illusion has been so prevalent that the AFL and CIO even had the audacity to argue in the Supreme Court that monopoly power was the proper and ideal objective of all labor organizations although obviously a sinful objective for any business organization.

Before discussing further the fallacy of this idea, which even the Supreme Court described as "startling," let us consider just how this growth of monopoly power has developed. Thereby we may see more clearly the weak spots in the law and in public opinion that have supported the rise of centralized economic power in labor unions to unprecedented and intolerable heights. Statistical indications have been given of the present size of labor unions controlling our most vital industries. But, to show how recently and how rapidly these union monopolies have developed, one more astonishing statistic should be recorded. The total membership of all labor unions according to Department of Labor estimates was less than three million in 1933 and over 17 million 20 years later. You will not be surprised to learn most of this rise came from 3,700,000 in 1935 to 14,800,000 in 1945. It is obvious that the enactment of the Wagner Act and its favorable administration for 10 years was largely responsible for this extraordinary expansion of membership.

Labor Growth Aided By Government

Thus we have the clearest evidence that government did played a large part in the growth of the present labor monopolies. Perhaps a most revealing story of how monopoly control has grown in one of our most vital industries has been written by the railway labor unions. These are often regarded as exceptionally reliable, conservative and independent labor organizations. Yet it is commonly forgotten that all of them except the four transportation brotherhoods are really national AFofL unions. Such are, for example, the electrical workers, machinists, sheet metal workers, carmen, clerks and telegraphers.

The railway unions were the first to obtain the valuable aid of a Federal law in the Railway Labor Act enacted in 1926. As a pioneer document, of which I was chief draftsman, let me call attention to the all important principle of reciprocal rights and duties for employers and employees written into that law. It provided, as a result, an instrument of peace, not an encouragement of strife. I may add here a personal note that it was the one-sided bias of the Wagner Act enacted nine years later that caused me to withdraw from its drafting and to continue to this day to be a persistent opponent of that sort of class favoritism in legislation.

The Railway Labor Act did not provide an invitation to labor to monopolize all the employments in an industry. Indeed it appeared to have left the door open to considerable employer influence in labor relations. So that in 1934 the unions sought and obtained amendments more severely restricting employer interference or coercion in the selection of representatives or conduct of collective bargaining. But even the 1934 amendments preserved many protections of employers from abuses of power and arbitrary strikes by the unions. The law clearly forbade not only company unions but also monopolistic union shop contracts.

Union Shop Railroad Amendment

Under this act, as amended in 1934, the railway unions grew and prospered for 17 years with nothing but a few abortive and brief strikes to mar a record of industrial peace which has no parallel in a major American industry. The unions meanwhile increased their numbers from a total of less than 500,000 members in 1935 to over 1,700,000 in less than 20 years. Yet in 1951, greedy for more power and revenues, they persuaded Congress to amend the Railway Labor Act to permit them to use employer coercion through union shop agreements to compel all railway workers to join a union or lose their jobs.

This demand for compulsory unionism, which is now prevalent throughout organized labor, is the strongest evidence of the monopolistic purposes of the unions. The railway unions for example did not need to conscript a small percentage of non-union employees in order to have union security. Their witnesses testified before Congress they had ample bargaining power with a law that gave the majority representative the privilege of binding all minorities by a trade agreement.

More Disciplinary Power

George M. Harrison, President of the Clerks and chief labor witness, testified that the unions held over 4,400 contracts on 99% of the railway mileage. The main reason they gave for demanding compulsory unionism was that they wanted not only dues from everyone, but also more power to discipline all members.

In pressing their compulsory legislation in Congress and later before a Presidential Emergency Board the unions assumed to themselves a right to exercise governmental powers over a society of workers exactly in accord with their arguments in the Supreme Court in 1949. Harrison told Congress frankly that he wanted compulsory membership, not only to bring in new members and their dues, but also to increase his power of discipline over old members. In the same vein he later complained to the Emergency Board that he had to police an organization of 300,000 persons without the police powers which the government of such a large city could exercise. Now think of the police power given by compelling all workers to join a union and pay it tribute and submit to its discipline or else lose their livelihood!

Inconsistent Union Views on Competition

The same arrogant desire for governmental power was boldly explained to the Supreme Court a few years previously when the A. F. of L. brief opposing state right-to-work laws made these assertions:

"The worker becomes a member of an economic society when he takes employment. . . . The Union is the organization or government of this society formed by the right of association. . . . It has in a sense the powers and responsibilities of a government."

This concept of labor unions as the government of an economic state, within and dominating a political state, is one which has grown and blossomed with the growth of monopolistic powers which are not only tolerated but actually fostered by our political governments. It is most surprising, however, that the socialistic, totalitarian minded labor leaders of the present day still regard themselves as devoted to a democratic form of government supported by and supporting a competitive system of free enterprise. They will in one breath denounce all competition between workers, proclaiming and exercising monopoly powers, and in the next breath denounce business monopolies. In the same A. F. of L. brief from which I have quoted the argument was made in one paragraph that "workers cannot thrive but can only die under competition between themselves," and they must have "the right to eliminate wage competition," but business men must not have "the right to eliminate price competition."

Just how price competition is to be maintained when labor monopolies dictate to entire industries labor costs, production standards and every vital element that determines prices, cannot be easily explained. But we might call attention to the coal industry where a labor dictator, exercising complete monopoly power, established a three-day work week by flat and, with no appreciable opposition, has fixed for years all the wages which absolutely determine the price of coal.

An Economist's Congressional Testimony

A distinguished political economist, testifying before a Senate committee investigating labor monopolies (Dr. John V. Van Sickle, Feb. 23, 1950), flatly asserted: "Big labor threatens American capitalism." He acknowledged that "big business collectivism in industry compels an ultimate collectivism in government." In other words, the product of private monopoly is a demand for government monopoly, which is socialism.

"But," Dr Van Sickle went on to point out, "it is equally true that big labor collectivism also compels collectivism in government. Indeed the threat from the side of organized labor is greater than that of the side of business for the simple reason that organized labor's power is vastly greater than that of business. The owners of vital private businesses would never dare expose the public to the hardships to which they have been repeatedly submitted by powerful national unions, not merely in times of peace, but in times of war, when our national existence was at stake. Moreover the competition of susbtitutes and the march of technology drasti-

*An address by Mr. Richberg before the Commonwealth Club of California, San Francisco, July 27, 1956.

cally limit business' control of the market. Business does not now possess and never has possessed, the crippling power that organized labor possesses and uses."

Here is a plain and scientifically accurate statement of a menace which was confronting the American people when this statement was made over six years ago. This menace has grown greater with every passing year. The menace of labor monopolies to a free economy, to the maintenance of a competitive system of free enterprise—indeed, the menace to maintaining a free government of a free people—is much more evident and threatening today than six years ago. Yet there is no more likelihood today than in 1950 that necessary and obvious government action will be taken to curb further advances and aggressions of these ever larger and stronger monopolies.

A. F. of L. and C. I. O. Merger—Monopoly

Today we are faced with a recent merger of the two great labor federations, the A. F. of L. and the C. I. O., for the declared purpose of limiting competition between them. Today we are faced with sweeping demands that the right of labor unions to impose compulsory unionism be accepted and that all state and Federal laws sustaining the constitutional right of a worker to refuse to join a labor union be repealed. Today we hear loud threats that unless politicians become more subservient to labor demands they will be defeated and replaced by more labor puppets than now disgrace our public offices. Today we find big labor supporting every program for bigger and bigger government with only one qualification: That big labor remain the one dominant element in our society which by legal and illegal exemption from the criminal laws can exert a coercive power over us greater than that of government.

The exemption of the biggest monopolies in the nation from subjection to the anti-monopoly laws is particularly harmful because in labor unions we find combined the coercive powers of economic violence and physical violence. The economic coercion in fact rests largely on the physical coercion without which labor demands could not be enforced. Despite notorious exceptions, we hear much less nowadays about physical violence in strikes than a few years ago. This is because the techniques of mass picketing, injuring, assaulting and intimidating opponents of a strike have been so well worked out and are so universally free from government restraint or punishment that they need to be used only rarely. In most instances when a strike is called there is either immediate submission to the union demands or submission to the absolute stoppage of production in accordance with union orders.

The Modern Strike

A modern strike becomes, accordingly, largely a trial of financial strength: How long can the employer endure his losses? How long will the workers endure their losses? Sometimes the question is: How long will the public injuries be tolerable? But do not for one minute think that peaceful strikes would succeed if there were not behind the union's peaceful activities the threat of reckless violence if that should become neressary to prevent the employer from filling the jobs vacated but not abandoned by the strikers. The so-called right to strike is not in fact simply the right to quit a job. It has been described as the right to hold a job while not working at it, the right not only to stop working, but also to prevent any other person from taking the striker's job.

That is why the foul shape of terrorism is always lurking in the shadows behind the most peaceful appearing strike. If any real effort is made by employers to keep operating and by willing workers to work despite a strike ban, then suddenly appears crude violence in support of the strike—always hypocritically disavowed by the strike leaders. But dynamiting, stench bombing, train wrecking, cable cutting, physical assaults and intimidation of would-be workers and their families do not happen by mere coincidence as spontaneous outbursts of individual violence. They are part and parcel of the mass picketing, the auto smashing and similar organized lawlessness which are conceded to be authorized strike activities.

Legalized Power of Lawless Violence

The fragmentary and inadequate newspaper reports of recent strike violence against the Louisville and Nashville, the Southern Telephone Company, the Perfect Circle plant and the Kohler Company should have at least made it plain that that foul shape of terrorism lurks behind every strike threat, even by the most respectable and comparatively law-abiding unions. It should be doubly plain why such organizations with extensive open records of law-defying violence, seldom need to actually begin a terroristic program. The strike call itself is enough to warn any opposition of the wrath and ruin that will follow any attempt to break the strike.

There is no mystery about the source or existence of labor union monopolies. They are born out of legalized power of lawless violence.

The opinions of the Supreme Court are full of criticisms and helpless rebukes of labor union lawlessness. One opinion years ago pointed out that the law it was laying down permitted labor unions in combination with business groups "to shift our society from a competitive to a monopolistic economy." "But," said the Court, "the desirability of such exemption of labor unions is a question for the determination of Congress."

How to Curb Union Monopoly

There is no tough riddle in the question: How can these monopolies be curbed and these monopolistic powers be destroyed? The answer is a simple one: First, subject labor union monopolies to the same prohibitory laws and remedies which are enforced against business monopolies. Second, subject the criminal lawlessness by which strikes are maintained to the same Federal and state criminal lawlessness by which strikes are maintained to the same Federal and state criminal laws that are enforced against assaulting, maiming and killing, terrorism and destruction of property, when they occur anywhere except in a labor dispute.

It isn't the difficulty of this problem—of analyzing and solving it—that prevents a solution. It is simply the political, financial and corrupting powers of the labor union oligarchies that stifle every effort to end or even to check their monopolistic controls over industry. There are a comparatively few closely allied labor bosses in control of 17,000,000 harshly disciplined unionists. Their organizations are financed by an annual minimum of half a billion dollars regular dues. They are able in emergencies to raise millions more for propaganda, and political contributions that too closely resemble plain bribery. These lawless aggregations are supported by thousands of well-meaning, deluded people, as well as by hundreds of thousands of half-socialists, who regard labor unions as a great democratic opposition to what might otherwise become a tyrannical conspiracy of big business operators to exploit the people. Contrary to this delusion, the American people are actually being exploited today as never before by labor union monopolies exercising arbitrary and often very foolish controls over a free enterprise system to which they profess devotion, but which they are actually fast destroying.

To make such a speech as this seems to be like crying in the wilderness. But to one who grew up with the labor movement and did all he could to aid in the development of strong, responsible, democratic labor unions, there is such a tragedy in this super-growth of labor bossism into menacing national monopolies that the least I can do is to cry aloud, even in a wilderness of confused miseducated public opinion.

In Memoriam

EVERIT B. TERHUNE 1876-1956

Everit B. Terhune, the retired former Vice-President of The Chilton Co., Publishers of "Iron Age" and 15 other National Trade Magazines, died July 24, from a hip fracture. At the outset of his career following his graduation from Harvard in 1899, Mr. Terhune joined the staff of "The Boot & Shoe Recorder" serving in the subscription and advertising departments until he succeeded his father, William Lewis Terhune as publisher of that acknowledged trade authority and remained as head of the magazine until his retirement in 1954.

Mr. Terhune born in Plainfield, N. J., 79 years ago, was a man of high Christian principles and his life was distinguished by many benevolent, business and social activities. He was a founder and first President of the Boston Shoe Trade Club, a director of the Sales Executive Club of New York, and he helped to organize the Forty Plus Club which endeavors to find employment for men who are no longer young.

In 1923, Mr. Terhune participated at the League of Nations meeting in Paris as a representative of the International Chamber of Commerce. Herbert Hoover, while Secretary of Commerce, appointed him to membership in the Foreign Trade Committee. Mr. Terhune published his book "Whispering Europe" in 1925 dealing with the European situation.

In World War II, Mr. Terhune organized the "Barrels of Shoes for Europe" campaign. In addition to these activities, Mr. Terhune was a trustee of the Fifth Avenue Hospital and the New York Medical College and in 1951 he received the "210 Associates T. Kenyon Holly Memorial Plaque," a benevolent organization to help incapacitated and destitute workers in the shoe industries.

Everit B. Terhune whose refinement and education were distinguishing traits, was a man of lovable character and friendly nature, broadminded, generous and considerate of others always.

To his friends and business associates, Mr. Terhune was the personification of a stalwart American citizen, which was borne out by a lifetime of patriotic sentiments, opinions and accomplishments.—A. W.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Richard Robinson, Jr. is now connected with Palmer, Pollacchi & Co., 84 State Street.

Joins John G. Sessler Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Saul M. Millman is now connected with John G. Sessler Company, 10 Post Office Square.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn. — Walter E. Gorg, Jr. has joined the staff of State Bond & Mortgage Co., 28 North Minnesota Street.

Joins Fahey, Clark

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William R. Mann has been added to the staff of Fahey, Clark & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Railroad Securities

By GERALD D. McKEEVER

Portents in the Rail Picture at the Half-Year

The net results of railroad operations in the first half of this year has been foreshadowed by two ominous developments that have made the headlines recently. Both of these are in the same direction, which is for another increase in service rates to meet mounting costs that have proven the 6% increase in freight rates of last March 7 and the May 1 5% passenger fare increase to have been entirely inadequate. Consequently, on Aug. 10 the Pennsylvania RR., New York Central and four other Eastern roads petitioned the ICC for another 5% increase in coach fares and for a 45% increase in first class fares. Earlier, on July 26, representatives of Eastern roads had already begun a series of meetings to discuss the advisability of asking the ICC for an additional 5% increase in freight rates and it was reported on Aug. 14 that the roads had notified the ICC of their intention to do so.

That further relief is needed has become increasingly evident in the income statements of the roads for the past several months. With few notable exceptions, as in the case of the Pocahontas roads which are being blessed with a rebirth of coal shipments for export, the benefits of increased rates have been nullified increasingly by a proportionately greater increase in costs. This situation is highlighted in a study of the results of 25 roads which have thus far reported for June, and from which the outcome for the first six months of this year is reckoned. These roads, not confined to the East, but representing instead a good cross-section of the nation, showed an aggregate increase of $264 million in gross revenues for the period but, in spite of this, the net income of the group was down $2½ million from that of the corresponding 1955 period.

The strange part of this is that, while the current move for rate increases is being spearheaded by Eastern roads in both cases and, in the case of the proposed freight rate increase application, reluctance and hesitation has been shown by the Southern and Southern groups respectively, the 25-road sampling of the half-year results makes it appear that, thus far at least, the Eastern roads are less in need in most cases. For instance, the 10 Eastern roads included in this sampling showed a $9 million gain in net out of a $158½ million increase in aggregate gross as compared to the first six months of 1955 while, excluding the specially favored C & O and Norfolk & Western, the remaining eight showed a $1.4 million gain in net income on balance out of a $122.5 million aggregate increase in gross revenues. The only roads in this group which failed to show a gain in net income were the New York Central and its subsidiary, the Pittsburgh & Lake Erie. These two showed declines in net income of $4.9 million and about $157,000 respectively.

On the other hand, the results of the leading "westerns" were particularly disappointing. The Santa Fe, with a $13½ million gain in gross showed $3.2 million less net than in the first six months of last year, the Union Pacific with a $5 million gain in gross reported $2.1 million less net, and the Southern Pacific, with $7.9 million more gross, showed a $4½ million drop in net. The Southern group fared moderately better but with disappointingly small gains in net by the Southern Ry. and the Seaboard while the Illinois Central showed a small drop in net and the Gulf, Mobile & Ohio reported declines in both gross and net. Both of the latter are hampered in taking advantage of an allowable freight rate increase by having to meet low-rate Mississippi River barge competition. Such cases as these two raise the question of how much of a further allowable freight rate increase can actually be placed in effect before the railroads begin to price themselves out of more business. This is the question that railroad managements will have to decide in an increasing number of cases if freight rates are advanced again.

Limitations based on what the traffic will bear will probably be an increasing handicap to full enjoyment of further rate boosts the higher they go, and rail managements have long sought the discretion and the latitude to make such rate reductions as seem expedient to hold traffic on the rails. One of the cardinal points of the Weeks Report, or Cabinet Committee Report, as it is also called, is to accord to the roads more latitude along these lines. The latter possibility is some time in the rather distant future, however, since the House of Commerce Committee earlier this year agreed to defer until next year the submission of a bill which would thus broaden the discretionary powers of the railroads in matters of rate-making.

In the meantime the roads are not only faced with the task of trying to parry the current upthrust of costs but are also confronted with the makings of another round of wage increases. Demands for a 25% wage increase have been made by the Order of Conductors and Brakemen and by the Switchmen's Union of North America, and on Sept. 5 representatives of the railroads begin negotiations for a new contract with the Brotherhood of Railroad Trainmen and with the Brotherhood of Locomotive Firemen and Enginemen. The reason for hesitation given by the Western roads against going along with an application for a 5% freight rate increase at this time is in the question of "putting the cart before the horse." They favor awaiting the outcome of the wage negotiations, and this makes some sense.

In the meantime, however, the pressure on rail earnings is relentless despite vast strides to stem the tide of rising costs through dieselization, CTC, mechanization of road maintenance and other modernization at great capital expense. As a result, and aggravated by the effect of the steel strike on Eastern roads particularly, some observers place aggregate Class I rail net at something under $900 million for 1956 as against the record $925 million turned in last year. This, in spite of the fact that this year's net will have the benefit of some $200 million tax deferral due to fast amortization as compared with about $185 million in 1955.

Of less importance generally, but of great moment to at least three Eastern roads, is the question of another increase in passenger fares. According to the ICC standard accounting formula, the Pennsylvania R.R. in 1955 lost almost $50 million and the New York Central almost $38 million on their passenger business. It has been stated, however, that the loss of the Pennsylvania, for instance, was probably closer to $10 million on a cash or "out of pocket" basis, and this raises the question of the validity of the ICC formula. On July 26 the ICC scheduled a pre-hearing on a study of this formula to begin Sept. 5. It was reported on Aug. 15 that the ICC has scheduled a hearing on the passenger fare increases for Oct. 3.

Form Investors Service

DALLAS, Texas — Investors Service Corporation is engaging in a securities business from offices at 2522 Cedar Springs. Officers are John N. Save, President; Richard B. Johnson, Vice-President and Treasurer; and Robert W. Porter, Secretary.

G. E. Lambert Opens

George E. Lambert is conducting a securities business from offices at 156-08 Riverside Drive, West, New York City.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Harris M. Bash, Jr. is now affiliated with King Merritt & Co., Inc., 849 Peachtree Street, N. E. In the past Mr. Bash was with Hancock, Blackstock & Co.

Hayden Stone Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Harry H. Kenney has been added to the staff of Hayden, Stone & Co., 10 Post Office Square.

Joins Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Rufus M. Shaw has joined the staff of Investors Planning Corporation of New England Inc., 68 Devonshire St.

From Washington Ahead of the News

By CARLISLE BARGERON

Your correspondent has in mind six men who have been most determined in their opposition to Nixon. They have nothing in common with each other. I do not group them. It is just that on different occasions I have encountered them separately and each claimed to be 100% for Eisenhower but if Nixon was on the ticket they vowed they would not vote for it. More recently their attitude seems to have softened. Harold Stassen, it seems, has disappointed them. They welcomed Stassen's opposition to Nixon and expected him to explain to them why they were against Nixon. They didn't know themselves, but they were against him. Now here was Stassen who would give them substance for their feeling. Stassen hasn't done this. They feel let down.

Carlisle Bargeron

Stassen's only publicly expressed reasons for not wanting Nixon on the ticket is that he would detract from it; he would detract from it by 6%, said Stassen. Why? This Stassen hasn't said and the six men whom I have in mind seem to be left high and dry. They are beginning to wonder why they are against Nixon. And the prospects are that in the end they will be found accepting the Californian.

If Stassen's activities have had this effect to any large extent, then they have been helpful to Nixon. These six men, not political professionals, do not constitute the rank and file dislike of Nixon by any means. In fact, it seems to be quite the fashion to say you are for Eisenhower but you can't stand that fellow Nixon.

But I am wondering if these six men, coming from different neighborhoods, having no contact with each other, may not be representative. In that event Stassen is rendering a public service which he had no intention of rendering and Nixon would be indebted to him.

However, there is no doubt whatsoever that if the Republicans do name him as their Vice-Presidential candidate again, which seems to be likely, a lot of work has got to be done for him in the campaign. The Democrats, particularly the Americans for Democratic Action, have done a thorough job on him. His name has become as much of a household figure as Eisenhower's. And it is clear from the Democratic keynote speech by the boy orator, Governor Clement of Tennessee, that he is going to be the Democrats' principal target.

The situation is such that although Eisenhower intends to make as few speeches as possible, and of course, to keep them on a high and dignified plane, Nixon will have to go to work. This he will be glad to do and if unrestrained he will do a most effective job on the Democrats. This is what the professional Republicans like about him. It was he who made the fight in the Congressional campaigns of 1954, and getting down to rock-bottom, it is his effectiveness as a campaigner that makes the professional Democrats despise him. They are, in fact, afraid of him.

One thing that Nixon should do, and if he has his way, the indications are that he will do it. And that is, to challenge the Democratic nominee to a debate, whether he is Stevenson, Harriman or some dark horse.

In this way the public would have an opportunity to measure him, in the event he should become President, with the Democratic Presidential nominees. My guess is that he would fare very well.

To say that Nixon would not make as competent a President as any man the Democrats can bring up is to be blind to the facts. It is doubtful if any Vice-President in our history is more grounded in the Administration's policy in world affairs or domestic affairs as Nixon. He has a wider acquaintance with world leaders than any vice-president I have ever known. He has more than either Stevenson or Harriman, although the former has done a lot of world traveling and Harriman, as a Roosevelt lieutenant, has had a lot of experience in Europe.

To say that Nixon would not be better equipped or more capable than Truman under the eventuality that called Truman to the White House is absurd. He would be as old as was Theodore

Roosevelt when he became President.

But the campaign against Nixon is that it would be terrible to have him in the White House, and with Eisenhower's health an inescapable issue, it is going to be up to him to show that he is of Presidential stature. A good way to do that would be to challenge to debate the Democratic nominee. It would not only annoy this nominee but I am satisfied that Nixon would show up quite well in the comparison.

With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Clarence Shapero is now affiliated with Keller Brothers Securities Co., Zero Court Street.

Two With Columbia

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Jack Levy and Jesse L. Nelson are now with Columbia Securities Company, Incorporated, Equitable Building. Mr. Nelson was formerly with First Securities of Denver.

Joins Walter & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — John W. Schweigert has become affiliated with Walter & Company, First National Bank Building.

With Harry W. Peters

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Jess W. Felin is now with Harry W. Peters, 411 Main Street.

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.

Let's Stick to Fundamentals

By ROBERT HEILBRUNN
Heilbrunn & Company, New York City

That there are divergent viewpoints by security analysts regarding stocks' value, despite standardization of security analyses methods, leads Mr. Heilbrunn to recommend return to basic fundamental standards of value in assessing profit-increase opportunities. Points out that the higher price-earnings ratio, the lower the decline can go, and that present emphasis an current earnings—many at peak levels—can witness a magnified loss risk with an earnings decline. Examine popular concepts of "cash flow," "automation" and "growth stock" and declares "they are not new concepts at all." Believes cycles will continue, though more moderately, despite greater Government control.


Robert Heilbrunn

How is it that one security analyst will analyze a particular stock and come to the conclusion that it is undervalued and is a very good buy, while another analyst, after just as thorough an analysis, will come to the opposite conclusion. It seems quite natural to expect differences of opinion among ordinary investors and stockholders, who may not be too well informed about securities in general and about their own holdings in particular. However, is it not rather strange to find such varying points of view concerning the same securities among highly skilled and experienced, professional security analysts? Methods of security analysis have been quite well standardized over the years, and with the same information available to all interested persons one would expect a greater unanimity of opinion. It is not uncommon to read simultaneously bullish and bearish articles in concurrent issues of financial publications.

Diversity of Views Substantiated

As far back as 1932 an exhaustive study by Alfred Cowles of the Cowles Commission for Research in Economics of the University of Chicago* concerning the accuracy of purchase and sale recommendations by 16 financial services for the four and one-half year period ending July, 1932 showed results ranging from gains of 20% to losses of 33%. Also commitments in stocks made by 20 fire insurance companies for the four years from 1928 to 1931 showed results ranging from gains of 27% to losses of 33%. The results of this study made almost 25 years ago substantiate this diversity of opinion which still exists.

One of the basic standards of value of stocks is the price earnings ratio. At recent highs the Dow Jones Industrial Average was selling at about 14 to 15 times 1955 earnings.

This compares with 23 times in 1946, 17 times in 1937 and 20 times in 1929. From a comparison of these ratios one might draw the conclusion that stock prices are still low and have a long way to go. It goes without saying that they were too high at their peaks in 1946, 1937 and 1929, and anyone continuing to hold stocks until those ratios are again reached, and there is no assurance that they will be reached, is taking a substantial risk because the declines suffered by the Dow Jones Industrial Average were on the order of 25% for 1946, 53% for 1937 and 90% for 1929.

*"Can Stock Market Forecasters Forecast" by Alfred Cowles, Econometrica, Journal of the Econometric Society, Vol. 1, No. 3, July 1933, University of Chicago, Chicago 37, Illinois.

Misconception of Present Price-Earnings Ratio

Up until recent years it was common practice, when calculating earnings, to use an average of between five and ten years in order to equalize any unusually good or poor year's result, and to arrive at a figure which was considered to be a reasonable approximation of the next few years' expectancy. However, with the present emphasis on current earnings, which are at peak levels in a great many cases, the risk of loss becomes greatly magnified in the event of a decline in earnings. If five or ten year average earnings were used, the price earnings ratio at recent highs would be about 18 on a five-year basis and about 20 on a ten-year basis, instead of 14 to 15 times on the basis of 1955 earnings. This is quite a different and most inflated valuation.

It seems that with the advent of the current stock market boom there has been added to the nomenclature of finance a number of new technical terms. Three in great favor at the present time are: "automation," "cash-flow" and "growth stock." If you will carefully consider these terms and their definitions, you will realize that they are not new concepts at all, but that they have existed for many years. Iet us examine these words carefully and see what we can find out about them. "Automation" is a mechanism having its motive power so concealed that it appears to move spontaneously. There is no doubt that intricate machines, now termed "automation," have been in use for a long period of years, before the word "automation" was heard in Wall Street.

"Cash-Flow" and "Growth Stock" Are Not New Concepts

"Cash-flow" is a company's net profits plus all depreciation, depletion, amortization and similar bookkeeping items. Although, until recently, not having rated a title, the concept of "cash-flow" has been well known for years to those skilled in accounting. A "growth stock" is a stock that increases in price at a more rapid rate than the general market and is expected to continue to do so in the future due to the ability of the management to increase profits. There certainly can be no doubt that many of the companies to be growth companies today have had this quality for many years. It is simply that only in the last few years, this growth factor was recognized, labeled and capitalized on a most generous basis.

A study of the market action of a large number of growth stock issues shows that the large majority had generally average price movements until about three years ago, and then began to advance at a much more rapid rate than most other issues, when the growth idea began to gain favor. It seems that these new terms have been evolved to capitalize on the stock market boom and to rationalize the current action of growth issues. It is not strange that, in 1949, when stock prices were really on the bargain counter, very little, if anything at all, was heard about the three magic words, "automation," "cash-flow" and "growth stock"?

Business Cycle to Stay

I do not think there is much doubt that the business cycle will continue to function in spite of greater governmental control of our economy, although, admittedly, in a more moderate manner. Certainly, no one is looking for "a 1929" again. In fact, we are currently experiencing a decline in certain industries.

I doubt that there is any question that bull and bear trends in the stock market will continue, in spite of all the new era thinking prevalent today. Industrial stocks have recently experienced a decline of about 10%. We see, therefore, at the present time fluctuations of varying degree in both business conditions and stock prices.

Growth Stocks Not Immune to Decline

Every stock is worth a certain price, and, if it is bought for more than this price, the purchaser obviously risks suffering a loss, everything else being equal. Due to the continued emphasis being accorded to growth stocks at present, it is a possibility that some growth stocks are overpriced. In 1929 and also at various other times, growth stocks were too high and substantial losses were sustained by their owners. The fact that they were growth issues did not make them immune from serious decline.

This article is not being written to suggest a downward trend in the economy or the stock market. Rather, it is an appeal for returning to, or adhering to, basic fundamental standards of value.

In spite of the high level of the Dow-Jones Industrial Average today, there are many issues selling at attractive prices as well as many which appear to be too high. Sound and careful analysis and a close adherence to fundamentals can determine which issues are a buy, as well as those which are a sale. This procedure will mitigate the risks inherent in all stock ownership and increase the opportunities for profit at this very important stage in today's stock market.

R. A. Hansen Joins Irving Lundborg & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Roy A. Hansen has become associated with Irving Lundborg & Co., 310 Sansome Street, members of the New York and San Francisco Stock Exchanges. Mr. Hansen was formerly with First California Company.

With Birkenmayer Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert T. Kittleson has become affiliated with Birkenmayer & Co., Denver Club Building. He was formerly with American Securities Company and Honnold & Co., Inc.

Joins Boettcher & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert H. Ramsay has joined the staff of Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange. Mr. Ramsay was formerly with the First National Bank of Grand Junction.

Two With Sterling Secs.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Jack R. Evans and John D. Leatherman have been added to the staff of Sterling Securities Co., 714 South Spring Street. Mr. Evans was previously with Samuel B. Franklin & Company.

Leo MacLaughlin Adds

(Special to THE FINANCIAL CHRONICLE)

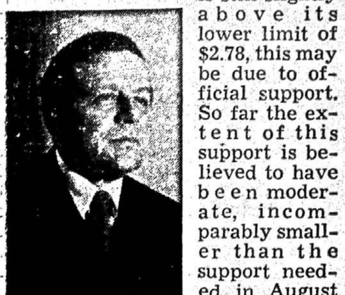
PASADENA, Calif.—Floyd W. Rickords has been added to the staff of Leo G. MacLaughlin Securities Company, 54 South Los Robles Avenue.

Sources of Sterling Strength Today and the Foreseeable Future

By PAUL EINZIG

Reporting that the British gold "reserve position is now stronger"; that any inflationary military measures could easily be offset by accentuation of the credit squeeze; and the government would not hesitate to use reinforcing physical controls should an emergency arise, prominent British Economic Analyst believes "there is every reason for assuming that the government will do everything to avoid . . . [sterling] depreciation." Dr. Einzig avers the government is definitely opposed to exchange flexibility as a prelude to convertibility, and disagrees with policy allowing London banks to deal directly with foreign non-banking buyers or sellers of foreign exchange.

LONDON, England—Since the beginning of the Suez crisis, sterling has been distinctly weak. Although at the time of writing it is still slightly above its lower limit of $2.78, this may be due to official support. So far the extent of this support is believed to have been moderate, incomparably smaller than the support needed in August 1955 when Mr. Butler's ill-advised reticence on the government's intentions about the flexibilty of sterling let loose a flight from the pound. This time Mr. Butler's successor made it quite clear that the government is opposed to changing the parity of status of sterling.



Dr. Paul Einzig

Some conservative enthusiasts of exchange flexibility, headed by Lord Hinchingbrooke, intended to attack the government's attitude in a debate planned for August 2, the day on which Parliament rose for summer recess. Since, however, they were informed that the Economic Secretary to the Treasury, Sir Edward Boyle, who was to answer the debate, would categorically reject their demand for an early flexibility as a perlude to convertibility, the debate was cancelled. Possibly those concerned may have also felt that, in view of the Suez crisis, it would be inopportune to press for convertibility or flexibility.

Psychological Factor

The pressure on sterling is not due directly to the material effects of the Suez crisis. The extent to which military and other measures have so far affected the balance of payments or the domestic economic situation is quite negligible, and is not likely to become appreciable among the factors affecting sterling, unless there should be a "shooting war" or a large-scale mobilization. But the crisis has already produced a noteworthy psychological effect. Even though speculative pressure on sterling is not excessive, there is a great deal of commercial buying of dollars in advance of seasonal requirements which usually begin to make themselves felt towards the end of August. To the extent to which the weakness of sterling is due to this factor, it need not cause any concern, because sooner or later the dollars would be bought in any case, so that the psychological effect of the crisis merely puts forward the autumn demand.

Possible Speculative Pressure

An aggravation of the crisis, in addition to its material effect on the balance of payments and on the inflationary position, would affect sterling by causing withdrawals of foreign balances from London and would accentuate speculative pressure. From this point of view the high interest rates prevailing in London may become a source of weakness, because they have attracted foreign funds which are now liable to be withdrawn. It is a shortsighted policy to try to bolster up a currency with the aid of high interest rates. The funds attracted by such means are liable to be withdrawn at a most awkward moment. Even if in the meantime they prevent a loss of gold, the counterpart of the gold retained is a corresponding increase in foreign sight liabilities, so that the reserve position is not strengthened.

Stronger British Gold Reserves

From the point of view of speculation, it was a mistake to relax exchange control by authorizing London banks to deal directly with foreign non-banking buyers or sellers of foreign exchanges. This measure, and other measures of a similar character adopted in recent years, facilitates speculating against sterling, even if the inability of London banks to grant credit to overseas borrowers does constitute a handicap.

The main source of potential pressure is not a speculative pressure in the pre-war sense but a deferment of payments for British goods and a postponement of purchases of British goods in anticipation of a devaluation. From this point of view it is well to bear in mind, however, that during the past six months the British gold reserve has strengthened considerably, and it will be further reinforced by the dollar proceeds of the Trinidad Oil deal which may reach the treasury in the not too distant future. Had the Suez crisis occurred 12 months ago, it might have produced a fatal result from the point of view of the stability of sterling. The reserve position is now stronger, however, and an accentuation of the credit squeeze could easily offset any inflationary effect of the military measures that may become necessary.

Emergency and Physical Controls

Moreover, should an emergency arise, the government would not hesitate to reinforce its disinflationary measures by means of physical controls. Indeed, since Mr. Macmillan is not at all prejudiced against physical controls, an aggravation of the crisis might provide him with an opportunity to override dogmatic resistance to them by some of his colleagues in the Cabinet. A return of petrol rationing would go a long way towards correcting the adverse balance of payments. Building licensing, steel allocation, and various import controls would be reintroduced if necessary. This would become politically possible without any loss of face, for any triumphant Socialist claim that "after all, Tory freedom does not work" could be countered by the perfectly valid argument that the Suez crisis has created a new situation that justifies a reappraisal of economic policies.

But even if the crisis should lead to a marked deterioration of the balance of payments, the government would maintain sterling at its present level. It is now generally admitted that a reduction of the value of sterling at the beginning of World War II was a grave mistake. That mistake will not be repeated. Obviously amidst conditions created by a shooting war a depreciation of sterling would not increase the volume of exports, because the exportable surplus would decline. A depreciation of sterling would only reduce the foreign exchange proceeds of the exports. It is true, it would discourage imports, but the same end could be achieved by import restrictions. There is every reason for assuming that the government will do everything to avoid a depreciation.

With American Secs. Co.

(Special to THE FINANCIAL CHRONICLE)

GREELEY, Colo. — Lester W. Ellis is now affiliated with American Securities Company, 1515 Eighth Avenue.

Three With King Merritt

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—George S. Bell, Melville Lecompte and Joseph H. Robinson have become associated with King Merritt & Co., Inc., 24 Julia Street.

Three With Columbia

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Benjamin Rutstein, Robert B. Sills and William B. Smith are now connected with Columbia Securities Company, Inc. of Florida, 3839 Biscayne Boulevard.

With Colorado Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Alan J. Artach is now with Colorado Investment Co., Inc., 509 Seventeenth Street.

Connecticut Brevities

The Pratt & Whitney Division of **United Aircraft Corporation** has recently leased about 79,000 square feet of floor space in a building in Middletown formerly owned and occupied by **Russell Manufacturing Company.** The building will be used in connection with the development of a nuclear aircraft engine, a project which Pratt & Whitney has been working on for several years. There is presently under construction in the southern part of Middletown a government-owned nuclear laboratory which will be occupied by Pratt & Whitney. In its semi-annual report United Aircraft showed earnings for the first six months of the year at $3.02 per share of common stock. At June 30, 1956 contracts, orders and letters of interest amounted to about $2.1 billion and a total of 53,877 persons were employed.

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A new corporation was recently formed by the merger of **The Bush Manufacturing Company,** West Hartford, and **C. A. Dunham Company,** Chicago, Illinois to form **Dunham-Bush, Inc.** Bush has manufactured a line of space cooling and refrigeration products and Dunham a line of heating products. The outstanding capitalization of the new company consists of 3,761 shares of 5% cumulative preferred stock, $100 par and 987,716 shares of common stock, $2 par value. It is estimated that combined sales of the two companies will amount to about $24 million this year.

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The Connecticut Water Company has been formed as a merger of **Guilford-Chester Water Company** and **The Naugatuck Water Company** and the acquisition by the new company of the water properties and franchises of **The Connecticut Light and Power Company.** The new company serves parts of 17 towns in Connecticut. Giving effect to the sale of 45,000 shares of common stock to the public at $16 per share, there are presently outstanding 152,014 shares.

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Insurance City Life Company has recently completed an offering of 15,805 shares of additional common stock $10 par value, through rights to its stockholders on a one-for-one basis at $16 a share. The additional capital will place the company in a position to expand its operations which presently include six eastern states.

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The **Stanley Works** is presently adding to its manufacturing space in New Britain by constructing two new buildings at a total cost of about $500,000 to expand its steel strapping division and an addition to its builders hardware division plant. The additions are scheduled to be completed within two years' time.

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Employees of **Aldon Spinning Mills Corporation,** whose plant is located in Talcottville, have received profit-sharing benefits totaling $61,000 as a result of the operations for its most recent fiscal year. The prior year, the first year that the plan was in effect, the profit-sharing distributed was less than one-third of the recent distribution.

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The Soundscriber Corporation, New Haven, has recently introduced a new Soundscriber dictating machine which it calls model "200" and calls the smallest, lightest and most compact dictating instrument of its type. The new machine weighs six pounds and is 2⅞ inches high, 6¼ inches wide and 10 inches long. With the use of an inverter it can be plugged into the cigarette lighter of an auto.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $6,873,000 of Pennsylvania Railroad 3¾% series FF equipment trust certificates due semi-annually from April 1, 1957 to April 1, 1971, inclusive, at prices to yield from 3.40% to 3.90%. The offering is subject to award and to approval by the Interstate Commerce Commission.

The certificates are the second and final installment of an issue aggregating $14,433,000 principal amount which will be secured by the following new standard-gauge railroad equipment estimated to cost $19,320,000: one passenger train consisting of an auxiliary power car and seven coaches; 908 box cars; 797 hopper cars, and 200 flat cars.

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

Joins Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William J. Murphy has joined the staff of E. F. Hutton & Company, 623 South Spring Street.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—David L. Anderson has become connected with King Merritt & Company, Inc., 1151 South Broadway.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Dr. Reuben Greenspoon has become affiliated with Mutual Fund Associates Incorporated, 444 Blackstone.

Williams Staats Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John M. Bush has been added to the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges. He was previously with E. F. Hutton & Co.

Three With Carroll & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Dewey B. Murphy, Clarence R. Scholz and Rocco Tate have become affiliated with Carroll & Co., Denver Club Building.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Herbert D. Bacher has been appointed Assistant Vice-President of the **Commercial State Bank and Trust Company of New York** it was announced Aug. 9 by Jacob Leichtman, President. Mr. Bacher formerly served as Assistant Secretary. Prior to joining Commercial State Bank in 1953, Mr. Bacher for 11 years was associated with the **Chemical Bank and Trust Co.** and the **National Safety Bank & Trust Co.**

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Lester Garvin has been appointed an Assistant Vice-President of **The First National City Bank of New York.** Mr. Garvin, who has been Manager of the bank's Buenos Aires Office, will be associated with the Caribbean District Western Group at Head Office.

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Samuel W. Meek, Jr., has been appointed an Assistant Trust Officer and Kenneth E. Frantz and William E. Wood, Assistant Secretaries of **City Bank Farmers Trust Company of New York.** Mr. Meek is a member of Trust Administration and Messrs. Frantz and Wood are associated with the Pension Trust Division of City Bank Farmers.

* * *

W. Emerson Gentzler, Assistant Provost of Columbia University has been elected Executive Vice-President of the **Empire City Savings Bank of New York,** it was announced on Aug. 13 by Charles Diehl, President. Mr. Gentzler will assume his new duties on Nov. 1, leaving his Columbia post on Oct. 31. Mr. Gentzler has been a member of the Bank's Board of Trustees since 1938 and is currently Chairman of the Examining Committee. In 1926, he entered Columbia University as a graduate student in mathematics and at the same time was appointed instructor in mathematics in University Extension. He has been associated with Columbia in various capacities throughout the past 30 years. He was appointed Bursar in 1935, became Business Manager in 1949 and Assistant Provost and Director for Students' Interests a year later. During World War II, he was a member of the Columbia Committee on War Research and currently is Acting Chairman of the Committee on Government-aided Research. In his new post, Mr. Gentzler will have offices at Two Park Avenue, the midtown office of the Empire City Savings Bank. Incorporated in 1889, the bank also has an uptown branch at 231 West 125th Street.

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The appointment of Frank W. Begrisch as a member of the Advisory Board of the 510 Fifth Ave. Office of **Manufacturers Trust Company of New York** was announced on Aug. 14 by Horace C. Flanigan, President. Mr. Begrisch is in the real estate and investment business with offices at 370 Lexington Avenue. He has been a director of Phillips Petroleum Co. since 1944; Vice-Chairman and Trustee of the Horace Mann School in Riverdale, etc.

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Charles J. Lane, President of Chas. J. Lane Corp., has been elected a trustee of the **Dollar Savings Bank of New York,** it was announced on Aug. 14 by Robert M. Catharine, the bank's President. Mr. Lane has spent over 35 years in the business equipment field. Sales manager of Security Steel Equipment Corp. until he started an independent business in 1936, he is also the inventor of the Visi-Shelf filing system and is actively connected with Visi-Shelf File, Inc.

* * *

The Fort Neck National Bank of Seaford, Long Island, New York, increased its capital, effective July 27, from $994,500 to $1,392,-300. The capital was enlarged as the result of the sale of new stock to the amount of $397,800.

* * *

The **Meadow Brook National Bank, of Freeport, N. Y.,** announces that its recent offering to stockholders of 104,500 shares of its $5 par value common stock at $21 per share has been fully subscribed and the books closed. Lee Higginson Corp. headed the investment group which acted as underwriters.

* * *

Under date of Aug. 9 the Aug. 13 Weekly Bulletin of the U. S. Comptroller of the Currency, reported that the **National Bank of Phelps,** at **Phelps, New York,** with common stock of $50,000, was merged with and into the **Security Trust Company of Rochester, N. Y.** under the charter and title of the latter bank, effective June 4, in accordance with the statutes of the United States and the laws of the State of New York.

* * *

Promotions in Managership of three branch offices of the **National State Bank of Newark, N. J.** have been announced by the bank's President, W. Paul Stillman, according to the Newark "Evening News" of Aug. 7, which in its account of the promotions says in part:

"Edgar N. Caruso, Jr., an Assistant Cashier, is being promoted to Assistant Vice-President in charge of the Vailsburg office. He has been with the office since 1938. It formerly was a branch of the Lincoln National Bank, absorbed last year by National State.

"Wilbur E. Dunkel is taking charge of the Lincoln office with title of Assistant Vice-President. An Assistant National Bank Examiner from 1945 to 1950, he became an Assistant Cashier with Lincoln National in 1951, remaining in the post when the merger was effected."

William A. Blind formerly Acting Manager, is being given the title of Manager of the Airport office. He was employed in 1940 by the **Orange First National Bank,** since merged with National State.

* * *

The proposed merger of the **Rutherford National Bank of Rutherford, N. J.** with the **First National Bank of Garfield, N. J.** (both in Bergen County), is planned, the union of the two to be brought about through a new bank to be known as the **National Community Bank of Rutherford.** This is learned through Rutherford advices to the Newark "Evening News" of Aug. 9 from a staff correspondent which indicated that a plan for the merger was approved on Aug. 8 by the respective boards of directors. A meeting of the stockholders to act on the proposal will be held on Sept. 18. The advices in the Newark "News" also state:

"Rutherford National is Bergen County's largest bank, with resources of $49,452,205 and deposits of $45,879,571. First National of Garfield has resources of $20,-133,060 and deposits of $18,919,280. Figures are as of June 30. The Rutherford bank, established in 1895, has seven offices. There are two in Lyndhurst and one each in Rutherford, Carlstadt, East Rutherford, North Arlington and Wallington.

"The Garfield bank, founded in 1934, has an office in East Paterson besides its main quarters in Garfield. Both have drive-in teller service, as does the Wallington branch of the Rutherford bank. William L. Staehle and Peter De Leeuw, Jr. are Presidents, respectively, of the Rutherford and Garfield institutions. Mr. De Leeuw is President of the Bergen County Banks Assn., while Mr. Staehle is its Treasurer."

* * *

An addition of $50,000 has been made to the capital of the **Merchantville National Bank & Trust Co. of Merchantville, N. J.** by the sale of that amount of new stock, the capital thereby having been increased from $150,000 to $200,-000 as of Aug. 3.

* * *

Girard Trust Corn Exchange Bank of Philadelphia opened its new South Philadelphia office on Aug. 6. The new office, the 17th in the Girard Corn Exchange system, is located on Passyunk Avenue west of 23rd Street. The bank, together with the new Penn Fruit Co. supermarket now under construction, is part of the expanding Oregon Avenue shopping district. A parking lot, providing space for more than 100 cars, is available for customers. Girard Trust Corn Exchange Bank has remodeled the existing building to provide the most modern banking facilities, including safe deposit and night depository. The bank has assigned a staff of eight persons to the South Philadelphia office. Stuart H. Brown is Assistant Treasurer in charge and Alex Brunoff Assistant Manager. The head teller is S. Eugene De Mari. The office is open daily from 9 a.m. until 3 p.m., Monday through Thursday, and on Friday until 6 p.m.

* * *

John S. Smith whose intention to resign from the management of the **Mellon National Bank & Trust Co. of Pittsburgh,** of which he had been Vice-President, was noted in our Aug. 9 issue, page 586, will, it is announced become Financial Counselor to the University of Pittsburgh on Sept. 1. The Pittsburgh "Post Gazette" of Aug. 6, from which we quote further said:

"Mr. Smith will advise the business staff of the University and the Finance Committee of the Board of Trustees. He also will act as liaison officer with banking and other financial institutions in matters involving investments and financing major acquisitions of property."

Mr. Smith was Manager of the Farmers Bank office of Mellon National Bank & Trust.

* * *

Plans for the merger of the **Mechanics & Merchants Bank of Richmond, Va.** with common stock of $300,000 into the **Central National Bank of Richmond** with common stock of $2,250,000, were approved and made effective at the close of business July 31. The merger was consummated under the charter and title of the **Central National Bank** which at the effective date of the merger had a capital stock of $2,587,500, in 129,375 shares of common stock, par $20 each; surplus of $4,650,000 and undivided profits of not less than $626,930.

* * *

William A. Patterson, President and Director of United Air Lines, Inc., was elected a Director of **Harris Trust and Savings Bank of Chicago,** at a special meeting of the bank's stockholders on Aug. 8. President Kenneth V. Zwiener announced that Mr. Patterson becomes the 21st member of the Harris board. Mr. Patterson, born in Honolulu, began his business career in 1914 with the **Wells Fargo Bank in San Francisco,** where he became Assistant to the Vice-President. He entered commercial aviation in 1929 as Assistant to the President of the Boeing Airplane Co. and since has been intimately associated with the progress of air transportation. In 1933 he became a Vice-President of United Air Lines, and was elected President of United the following year. Mr. Patterson is a Trustee of the Committee for Economic Development, the Museum of Science and Industry and Northwestern University and is a Director of various other organizations.

* * *

As of June 28 the **First National Bank & Trust Company of Pekin, Ill,** reported a capital of $500,000, increased from $150,000. Of the increase $300,000 resulted from a stock dividend of that amount; while the sale of the new stock, yielded $50,000.

* * *

Joseph M. Dodge, Chairman of the Board of **The Detroit Bank of Detroit, Mich.** reported at a meeting on Aug. 7 that the Board of Directors declared a dividend of 26 cents a share on the $10 par value common capital stock of the bank, payable Aug. 31, to or upon the order of the shareholders of record Aug. 10. This dividend is that part of the quarterly dividend of 40 cents a share normally payable Sept. 30, 1956, which is allocable to the period from July 1, 1956 to August 31, 1953. The proposed merger with the **Detroit Wabeek Bank & Trust Co. of Detroit,** the **Birmingham National Bank of Birmingham, Mich.** and **Ferndale National Bank of Ferndale, Mich.** with the Detroit Bank is expected to become effective at the close of business Aug. 31. For this reason, the remaining portion of the quarterly dividend normally paid Sept. 30, 1956, which covers the period Sept. 1 to Sept 30, 1956, will be paid by the consolidated bank and will be added

Continued on page 31

THE MARKET . . . AND YOU

By WALLACE STREETE

Uncertainties kept the stock market restrained this week. The Suez situation weighed a bit on selected international oils at times, while the political convention captured the spotlight even among investors and left the market listless. It was all enough to snap a string of eight weekly advances in a row — a rather good showing for a summer rally—but did little to decide the future course. Twice so far the previous record peak reached in April has turned back the industrials but there was no great disposition to sell and pull the market down importantly.

* * *

Technically, the list has performed well, holding in the 512-520 area for more than four weeks and the sentiment is rather general that once the uncertainties are cleared up the market will be in an easy position to forge to new highs. The momentary setbacks were mostly on decreased volume with little follow-through to them.

* * *

The one flaw in the technical picture is the persistent refusal of the rails to get going. In fact, they have yet to rebound from the reaction of the steel strike even in the face of a definite upturn in carloadings as the steel mills worked back toward capacity operations.

Caution Still Prevalent

There is still plenty of caution prevalent since so many favorable developments have been discounted in full by the market's long runup. Against increases in industrial prices of 20% in the first half of 1954, and 15% last year, this year's improvement was held to a meager 4%. Whatever else it proves, it certainly is convincing evidence that the final and explosive stage of sheer speculation, normally the windup of bull markets in earlier periods, isn't making its appearance so far in this bull market. And when there aren't a wide variety of speculative excesses to be corrected the chances of a violent downturn are lessened that much more.

Gulf—Split Still Expected

Gulf Oil was one of the more erratic of the individual situations, the reasons a bit mixed up in the process. The Suez Canal fracas weighed on Gulf initially but then abortive rumors of a stock split circulated, and when no split was voted at a director's meeting a bit of chagrin was evident completely apart from the Suez dickering. That the stock will eventually be split is anticipated rather widely and the company, at least so far, has done nothing concrete to dispel such hopes. The timing of it is the big question left.

* * *

Aircrafts continue in good popularity when the market is buoyant, a favoritism pointed up by the award to Boeing of a fat contract for better than half a billion dollars of defense products. Apart from occasional corrections for individual issues in the group, which is a normal condition, the plane shares were able to give a good account of themselves generally.

Chrysler Leads Car Parade

Motors, too, were able to perk up mildly as the shutdowns for the new models started. Chrysler was able to do better marketwise than the others, which again is a normal reaction considering how sharply the issue was marked down from last year's peak. Ford, while favored by mutual fund portfolios, had a rather calm market life.

Paper Stocks Highly Regarded

The paper section was seldom at a loss for a favored issue or two. Riegel Paper, for instance, was able to push to a new high on one of the drearier market performances this week. International Paper was also in occasional demand, although there was a bit of profit-taking to contend with once the company confirmed that earnings for the first year had soared. Paper firms, like the steels, were once considered the leaders in the boom-bust field of violent cyclical fluctuations.

* * *

In recent years the development of new products that made serious inroads into the cloth bag and wooden case fields, plus the big trend toward supermarket prepackaging, have linked the paper makers far more closely with the rising trend of the country's population. International Paper, for instance, is generally regarded as of blue chip quality yet has an uninterrupted dividend record stretching back only a scant 10 years and St. Regis Paper, also a better-known paper producer, is only on the brink of reaching a 10-year chain. A couple of the paper makers, Mead and Minnesota & Ontario, have been available recently at a conservative 10-times-earnings figure.

Copper Issues Acting Well

Earnings of the copper producers were also fully in line with expectations, despite the recent retreat in the price of the red metal. Anaconda was able to post a profit nearly double that of the first half of last year and that of Phelps Dodge ran well above 50% over the showing for the earlier period. The stocks turned a bit irregular when copper retreated from its lofty peak price, but the reports bore out the more considered view that the companies would be reporting plush net income nevertheless.

Steel Equities Rebound

Steels, unlike the rails, were able to recover easily once their strike troubles ground to a conclusion. The fact that the shutdown didn't come until the first half was completed has kept projections of full year's income to the modest side even in the face of some good half-year statements. Bethlehem, for instance, was able to boost results from $8.25 last year to $9.55 this year. Few if any of the dividends are considered in anything approaching jeopardy and final results for the year should be fully comparable with those of 1955. Yet some of the best grade issues, including Bethlehem Steel and National Steel, have been available at an above-average yield of 5% or better. Even Republic Steel, which already has covered its indicated 1956 dividend, has also been available at about 5% against a general market yield from quality issues of well below 4%.

Ferro's Bright Future

Ferro Corp., which is largely dependent on the steel and other metal lines for its principal product, porcelain enamel frit, is one company that is a bit depressed even with the market generally at high levels. This is a reflection of what is almost as good as fact, a slight reduction in earnings this year over last year's results. In part the hard going of appliance lines recently is responsible. More substantial, however, are the heavy commitments for improvement and expansion by the company which, in time, will give it the aura of "growth" and contribute to future results. Ferro has held in a narrow range of less than 10 points this year, currently selling near the low and also available at a yield of around 5%. It is something of a pet among those who, in this era of multi-million share capitalizations, are partial to issues without too much stock around. Ferro's total is only a bit shy of two-thirds of a million shares.

[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.]

Continued from page 2

The Security I Like Best

will attract greater savings, produce more loans (at compensatingly higher rates of course) and thus more net income. Also very helpful along these lines, as it becomes more well known, should be the provision in the Rules and Regulations for Insurance of Accounts by the Federal Savings and Loan Insurance Corporation which enables pension funds, under certain conditions, to invest unlimited amounts of money with an individual savings and loan association and have the entire sum fully insured.

Interest from home loans is at present the Association's principal source of income and, understandably, "to meet the needs of increasing business, three new offices, employing 122 persons, were opened in 1955" to replace outdated quarters. This of course should be obvious (if the reader will bear with a few more statistics) because the Association's Savings Accounts at the end of 1955 increased over 1954 to 35,796, totaling $100,458,273, or 6,606 new accounts worth $25.7 million. The principal functions of the GW Savings and Loan Association (incorporated in 1924) are "to provide a savings investment medium through issuance of investment certificates, and home financing by lending money on the security of first mortgages or trust deeds for purchasing, constructing and improving residential real property." Most of these loans are on single family homes selling in the low five-figure brackets, bearing an average rate of interest of about 6.1%. The loan delinquency record has been unusually small, with only four loans having gone through foreclosure in the last eight years and none in the past two years.

In February, 1956, the Company acquired the Bakersfield Savings and Loan Association, Bakersfield, California, with assets of $24.6 million. Bakersfield is located 115 miles north of Los Angeles in a rich agricultural and oil producing area, has 139,000 persons in its trading area and in eight years this Association has become the largest in the San Joaquin Valley. This acquisition "should prove to be a constructive and significant addition," says the Company, and should further increase the already substantial earning power of the parent company.

First quarter 1956 earnings were $1.36 per share, which include operations of the Bakersfield company, and dividends at present are $1.20 per share annually, payable 30c quarterly. Taxwise, the Association is subject to both Federal income and California franchise taxes. But the practical effect of special Treasury Department regulations now in force is that the Association will be subject to tax on only that part of its earnings out of which it intends to pay dividends, in this case $1.20. However, in this coming year, since "certain undivided profits and other funds were accrued prior to 1952" . . . "payments will result in no income tax liability to the Association." An interesting new development is the Company's recent entrance into the insurance agency business (approved by stockholders on August 13th this year), which appears to be a very natural adjunct to its normal activities.

Marketwise, there seems to be no yardstick by which to judge where Great Western Financial Corporation should sell. There are few, if any, exactly like it. But surely it deserves to sell much higher than seven times 1955 earnings, with larger 1956 earnings expected. And surely, too, the fact that it is in the banking business and entering the insurance field should increase the present low times/earnings ratio. The reader need only examine the record below and we feel sure he will come to the same conclusion.

Great Western Savings & Loan Assn. and 22 Escrow Companies—	1955	1954	Per Cent Increase
For the year—			
Gross earnings	$8,369,908	$5,916,717	41.5
Earnings before income taxes	3,018,855	2,038,917	48.1
Income taxes	94,000	69,548	35.2
Net earns. ofter inc. taxes and before appropriation to general reserves	2,924,855	1,969,369	48.5
At year end—			
Total assets	128,931,306	91,203,799	41.4
Principal balance of loans	117,157,868	83,302,644	40.6
Number of savers	35,796	29,190	22.6
Outstanding investment ctfs.	100,148,008	74,694,178	35.4
General reserves, undiv. profits and capital	8,897,813	6,187,105	43.8
Number cf home loans outstanding	19,571	15,318	27.8
Average length of all home loans (years)	12½	12½	---
Average interest rate on all home loans (%)	6.1	6.1	---

Great Western Corporation and Subsidiaries, Combined*	1955
Net earnings before appropriation to general reserves	$2,920,207
Per share	4.87
Number of shares outstanding	600,000
Number of stockholders	2,845

*Great Western Corp. for the period from July 30, 1955 to Dec. 31, 1955 and its subsidiaries for the entire year 1955, combined.

Joins Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

STOCKTON, Calif.—Ernest E. Weyand has joined the staff of Hannaford & Talbot, 2221 North Orange Street.

Two With Allen Inv.

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo.—Raymund M. Haddock and Stanley C. Miller are now with Allen Investment Company, 1334 Pearl Street.

Joins Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — David E. Brown has become associated with Daniel D. Weston & Co., Inc., 541 South Spring Street. He was formerly with Marache, Dofflemyre & Co.

Dean Witter Adds Two

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William W. Campbell, Jr. and Dwight P. Phillips are now with Dean Witter & Co., 632 South Spring St.

With Bosworth, Sullivan

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Dean P. Bonnette, Jr., is now with Bosworth, Sullivan & Company, Inc., 660 Seventeenth Street. He was formerly with L. A. Huey Co.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

The subject of firmer interest rates is again appearing on the financial pages of the newspapers; and firmer interest rates generate better bank earnings. Basically, of course, the force behind the firmer rates is the high degree of activity in the country's economy. The nation's over-all business is good despite a few sore spots, notably the automotive and agricultural industries. Disposable income continues high, the number employed has reached another new record, and the Gross National Product continues at new levels.

All of this, directly or indirectly, affects interest rates, and it might be added, volume of bank loans. But other factors contribute, too. There has been a heavy demand for new financing; the new steel wage contract has touched off a series of fresh wage increases; and every little threat of a minor recession prompts our Washington officials to talk about a return to the no-downpayment stimulation for home building—as though the present 2% requirement on veterans could be considered as any sort of deterrant!

These housing officials do not look with kindly eyes on the Federal Reserve restrictions, and if they have their way much in funds will be taken out of the loan market via the no-down-payment program, for between the Veterans Administration and the Federal Housing about half of the nation's home building is absorbed.

On wage increases, that in the aluminum industry followed steel's; and John L. Lewis is soon to be heard from, and the industry expectation is that he will not talk in small figures.

While new bond issues are having to firm up yields because of the lower trend in bond prices, few borrowers will be disposed to postpone their issues since call provisions always make later refunding possible if interest rates return to a more normal level.

All of this, obviously, makes for inflationary pressure. The Reserve is said to be more concerned over the inflationary trend than with deflation. What tends to give emphasis to the inflationary aspect of the business picture is the fact that loan volume has not behaved strictly according to its orthodox pattern.

Normally, directly after the end of the calendar year, loan volume contracts. Then toward late summer it starts to increase as crops begin to move and industry goes into high gear building up inventories for the fall and winter. But in this year's first quarter, which could have been expected to show a sizable loan contraction, they expanded by about three-quarters of a billion dollars. To be sure, much of this was to provide for taxes under the Mills plan; but it did tend to firm rates more than would otherwise have been the case.

The Federal Reserve is not unmindful of the threat of further inflation in the economy, and one of its stronger weapons against the trend is the use of the rediscount rate. This rate is the one charged banks that borrow from the Federal Reserve Banks. The rediscount rate was increased on five occasions during 1955 to the present 2¾%, and as increasing it further will probably act as a check-rein on borrowing, a move to a 3% rate seems to be in the cards. The counterpart rate in Canada has just been raised to that figure.

But if a 3% rediscount rate is ordered by the Reserve it undoubtedly will bring about an increase in the prime-name rate to business, possibly to 4% from the present 3¾%. The effect of this on bank earnings will be of importance, for rates to other than prime names are scaled upward from the prime figure; and the spread between the prime rate and the average for all borrowers is the difference between 3¾% and 4.15%, or .40 percentage points. In all of 1955 the figure comparable to the 4.15% was 3½% for the 12 leading New York banks.

The remaining months of 1955 will contribute substantially to bank earnings.

Gerald B. Ryan With Walston & Co. Inc.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Gerald B. Ryan has become associated with Walston & Co., Inc., Mile High Center. Mr. Ryan, who has been in the investment business in Denver for many years, was formerly with Dempsey-Tegeler & Co. and Peters, Writer & Christensen, Inc.

Gerald B. Ryan

G. C. Bradley V.-P. Of Evans & Co. Inc.

George C. Bradley will become a Vice-President of Evans & Co., Inc., 300 Park Avenue, New York City, members of the New York Stock Exchange, as of Aug. 23. A. B. Diss withdrew as an officer of the firm July 31.

A. L. Stamm Admits

Philippe E. Baumann will become a partner in A. L. Stamm & Co., 120 Broadway, New York City, on Sept. 1.

Continued from page 7

American Business Abroad And the National Interest

creased over 50% in real terms. But the lowest fifth of income recipients have experienced an even larger increase than the average. Their incomes rose 125%.

Of all the great industrial nations, the one that relies most heavily on individual initiative and private enterprise has come closest to providing abundance for all.

There are other dimensions of individual freedom in the United States which have grown in importance as this country has matured. The American worker's freedom of organization is traditional in our system, and responsible trade unions have an accepted place in our national life.

Property ownership in America is widely diffused. About eight million people are stockholders in American corporations. Four million farmers own the farms which they work. More than three million small business enterprises belong to individual owners. No small clique owns America. The responsibilities and the profits are widely shared.

Our Independence and Free Competition

There are many essential ingredients in our environment. But one above all is relevant to our discussion tonight. That is the tradition of independence and free competition that has existed in America. It is a tradition that goes far back in our history. It is the very foundation upon which our system has been built.

How has this tradition of independence and individual responsibility affected our approach to foreign economic relations?

I think the answer is that we instinctively conduct our relations with other countries in a way which will strengthen their integrity, sovereignty and independence. This is the natural reaction of Americans to their own history of independence and freedom.

We want other countries to be strong, independent and free; and the more they are so, the better we like to do business with them.

Under our system, international trade and investment are commercial operations carried on by widely dispersed interests, competing against each other as well as against those from other countries. With us, political control is irrelevant to normal commercial relationships.

There are no political strings attached to American business operating abroad.

World Economic Facts of Life

What are the economic facts of life that face American business in the world today?

World trade, as measured by exports, was at an all-time high in 1955—$92 billion.

Trade between the free world countries in 1955 was $80 billion, or 86% of the total.

Trade between the Soviet bloc and the free world was $4.4 billion, or less than 5% of the total. In addition there was trade among countries inside the bloc of $7.8 billion, or 9% of the total.

The significant point of these figures is the great preponderance of world trade which took place among the non-communist countries.

The United States alone generates almost 20% of all international trade. A substantial portion of this trade, amounting to $11 billion of imports and exports, was with Latin America, Asia and Africa. These are the newly developing areas which are among the prime targets of the Soviet economic drive.

By contrast, the trade of the communist countries with these areas amounted to about one billion dollars.

The low level of communist trade with the rest of the world is mainly due to a deliberate policy of self-sufficiency. The leaders in the Kremlin want to build a self-contained economic unit. Their recent trade offers to the newly developing countries are politically inspired. Khrushchev, himself said: "We value trade least for economic reasons and most for political purposes."

Russia Trades for Political Ends

The United States does not direct its trade for political ends. It is important that other countries should understand this fundamental difference between the American and the Soviet reasons for international trade.

Our approach carries substantial advantages in dealing with other nations. For under our system, companies and industries are constantly vying with one another to create new products, new processes and new services. Another advantage inherent in our system is that it offers relative stability of markets. Demand cannot be turned on and off for political purposes. This is particularly important for the newly developing countries which depend largely on a few export products to earn the foreign exchange to finance their external requirements.

The Soviet trade offensive to date consists mainly of offers to buy or sell raw materials or to deliver specified types and quantities of capital goods, often on a direct barter basis. This is necessarily a cumbersome and limited method of trading. Furthermore, it does not give any assurance of large or continuous markets. Soviet trade practices are unpredictable. They may be a large buyer or seller one year, and disappear from the market the next. Such in-and-out behavior may be related to their domestic difficulties, to needs of satellite countries, or to political objectives elsewhere. Moreover, the history of Soviet trade suggests that the renewal of a transaction may well be attended by political demands, even though the first deal did not appear to be based upon such a consideration.

Sustained economic progress must come from stable trade conditions, from expanding and diversified markets, and from trade activated by commercial and not political considerations. This is the kind of trade the American system offers.

Supporting and Encouraging American Trade

While American business must shoulder the largest part of the responsibility for our own economic activity abroad, it cannot be expected to do so without adequate support and encouragement from our own Government.

Physical security is indispensable to economic progress. Hence the need for our collective security arrangements and military assistance programs.

Certain types of investment, such as roads and port facilities, cannot be financed on a wholly private basis. Hence the role of the International Bank and the Export-Import Bank in helping to finance basic development projects abroad.

Many types of technical assistance, such as education and public health, require government organization to recruit and channel skilled personnel. Hence the various technical assistance programs.

Nations that have recently achieved their independence and newly developing countries need assistance to strengthen their economies and to maintain their liberty. Hence our programs of economic aid.

Such programs are vital and indispensable if the challenge of communism is to be met, and if we are to preserve freedom in many areas of the world.

These governmental programs are complementary to the potentially far larger role of normal commercial activity. American industry, with its many centers of initiative and ingenuity, with its ability to combine capital, technical know-how and managerial skill, is eminently qualified to play a major role in accelerating economic development overseas.

It is true, of course, that although much attention has been given to the problem of private investment abroad, especially in newly developing countries, the need for foreign capital remains great.

There are a variety of reasons why private capital has not moved abroad in even larger volume than at present. Indeed a good part of the discussions at your meeting today has been concerned with this problem. The reasons are partly political conditions overseas; partly inadequate knowledge of opportunities; and partly a reflection of the fact that the major interests of the American business community have traditionally been at home.

Encouraging Capital Outflow

The Government has taken a variety of steps to encourage a larger flow of capital abroad.

The commercial and tax treaty programs have long been an integral part of the effort of our Government to develop on a reciprocal basis standards of fair treatment. Since World War II, 15 commercial treaties, with modernized provisions relating to investments have been negotiated. Similar treaty proposals are under negotiation or consideration with more than half a dozen other governments. At home and abroad, our Department of Commerce and our foreign missions perform a variety of services, largely of an information and trade promotion nature, for American business interested in foreign trade and investment.

American investors can insure themselves against the inability to transfer their profits and capital, and against expropriation, in countries with which we have negotiated agreements to that effect. The problem of more favorable tax treatment for income earned from foreign investment has also been the subject of much attention. In fact, measures in this field are now before the Congress.

In cooperation with other free world countries we are continuing our efforts to encourage the expansion of private investment. If we succeed, the American system can play its full role in making the world a better place to live in—both here and abroad.

Areas of American Business Opportunity

Let us take a closer look at the opportunities that exist abroad and the responsibilities of the American businessman in the present world situation.

American business today may easily be affected by what happens in far corners of the globe. A measure of our own foreign interests is the fact that direct private American investment abroad now exceeds $18 billion, and the value of American merchandise exports and imports in 1955 alone was over $25 billion.

Today, science and technology promise ever new attainments in human satisfactions and welfare for our people. At the same time, however, the greater part of mankind is still living in areas where industrial production and living standards are both extremely low.

Most of these people are now making great efforts to speed up their industrial development and raise their standards of living. In fact, this effort constitutes one of the most far-reaching economic and social changes in history. In this setting, American business abroad faces great opportunities and heavy responsibilities.

The opportunities exist both in a strictly business sense and in terms of the general interests of our country.

With production and incomes increasing in many areas and with a steady reduction of restrictions hampering international trade, new opportunities constantly present themselves for developing foreign markets. With American industry becoming more dependent upon basic materials from abroad, we are constantly developing new sources of supply. As newly developing countries move rapidly into the mainstream of the world economy, foreign investment opportunities of all kinds will increase on an expanding scale.

Asia, Latin America, Middle East

I know from many years of personal experience that one area of American business activity abroad of great potential importance is in providing engineering, construction, and other services. These services are required on a large scale by countries in Asia, Latin America, and the Middle East which are just beginning to develop modern industries. Their impact often goes far beyond the immediate projects that may be involved.

In purely individual terms, too, there will be many challenging occasions for Americans to participate in the world-wide process of constructive change and to foster healthy economic growth abroad complementary to our own.

The opportunities for the exercise of business initiative in these situations are, I am sure, appreciated by all. The relationship between such actions, however, and the national interest may be less evident.

Through increased trade and expanded investment abroad, American business can support not only the continued growth of our own economy, but the accelerated development of other free world countries. By helping to impart to the peoples of the other areas of the world a sense of progress, of achievement, and of purpose in life, the American businessman will be helping to assure that their aspirations and their strivings are channelled along sound and constructive lines.

Acting As Responsible Representatives

As I have already indicated, while American business is faced with challenging opportunities abroad, it must also be prepared to shoulder corresponding responsibilities.

After all, the American businessman abroad is the representative of the American system to many people who have no other basis upon which to judge it. To carry with him the spirit of responsibility that is the hallmark of American industry at home should be his constant aim.

Our effective businessman abroad respects the attitudes of other nations. He takes an interest in training his foreign personnel with a view to raising them to positions of responsibility. He makes them feel an integral part of the enterprise. He is alert to present the true image of the American system.

In short, he strives to develop a mutuality of interest with the country in which his enterprise is located. In the largest sense of the word, the American businessman is an ambassador of his country.

Summary

I have discussed some of the elements which account for the strength of the American system, the challenge it faces in the communist economic offensive, and the way it is responding to this challenge. I have also touched upon the great opportunities that exist for American business to make increasing contributions toward strengthening the free world.

Great as is our faith in the American system, we do not content ourselves merely with a passive belief in it. The initiative and resourcefulness which have been concentrated on solving our own problems are now serving the broader interests of the free world. Thus we are taking a long step toward solving the overriding question of this century—whether in vast areas men will continue to enjoy the opportunities of freedom.

$36,454,000 Toronto Debentures Offered For Investment

An underwriting group headed jointly by Harriman Ripley & Co. Incorporated and The Dominion Securities Corporation is offering $36,454,000 debentures of The Municipality of Metropolitan Toronto (Province of Ontario, Canada). The offering consists of (a) $33,591,000 of 4%, and 4⅛% sinking fund debentures due on Aug. 15, 1961, 1966, 1971, 1976 and 1986 and (b) $2,863,000 of 4% instalment debentures due serially on Aug. 15, 1957-1975, inclusive.

The sinking fund debentures are offered at prices yielding approximately 3.95% to 4.40%, according to maturity. The instalment debentures are priced to yield from 3.60% to 4.30%.

Principal of and interest on the debentures are payable in the City of New York in lawful money of the United States of America.

The instalment debentures are non-callable. The sinking fund debentures are redeemable at the option of the Metropolitan Corporation on and after Aug. 15, 1966, at call prices which range from 103% to 100% plus accrued interest.

The sinking fund debentures are so designated as the by-laws under which they are issued provide for annual deposits in a consolidated sinking fund, such amount as with interest at an estimated rate of 3% per annum capitalized yearly will be sufficient to repay the sinking fund debentures in full at maturity.

Net proceeds from the sale of the debentures will be applied largely to roads and sewage, schools, waterworks, local improvements, Toronto Transit Commission and housing.

The Municipality of Metropolitan Toronto was incorporated under The Municipality of Metropolitan Toronto Act, 1953 which provided for federation of the municipalities in the Toronto Metropolitan Area for certain financial and other purposes. The "Area Municipalities" are 13 in number, with the City of Toronto the focal point of the area. The Metropolitan Area extends along the north shore of Lake Oontario for about 25 miles and northward from 6 to 12 miles and has an area of about 240 square miles.

To Be Carl W. Stern Co.

SAN FRANCISCO, Calif.—Effective Aug. 31 the firm name of Stern, Douglass & Co., Inc., 465 California Street, members of the New York and San Francisco Stock Exchanges, will be changed to Carl W. Stern & Co., Inc.

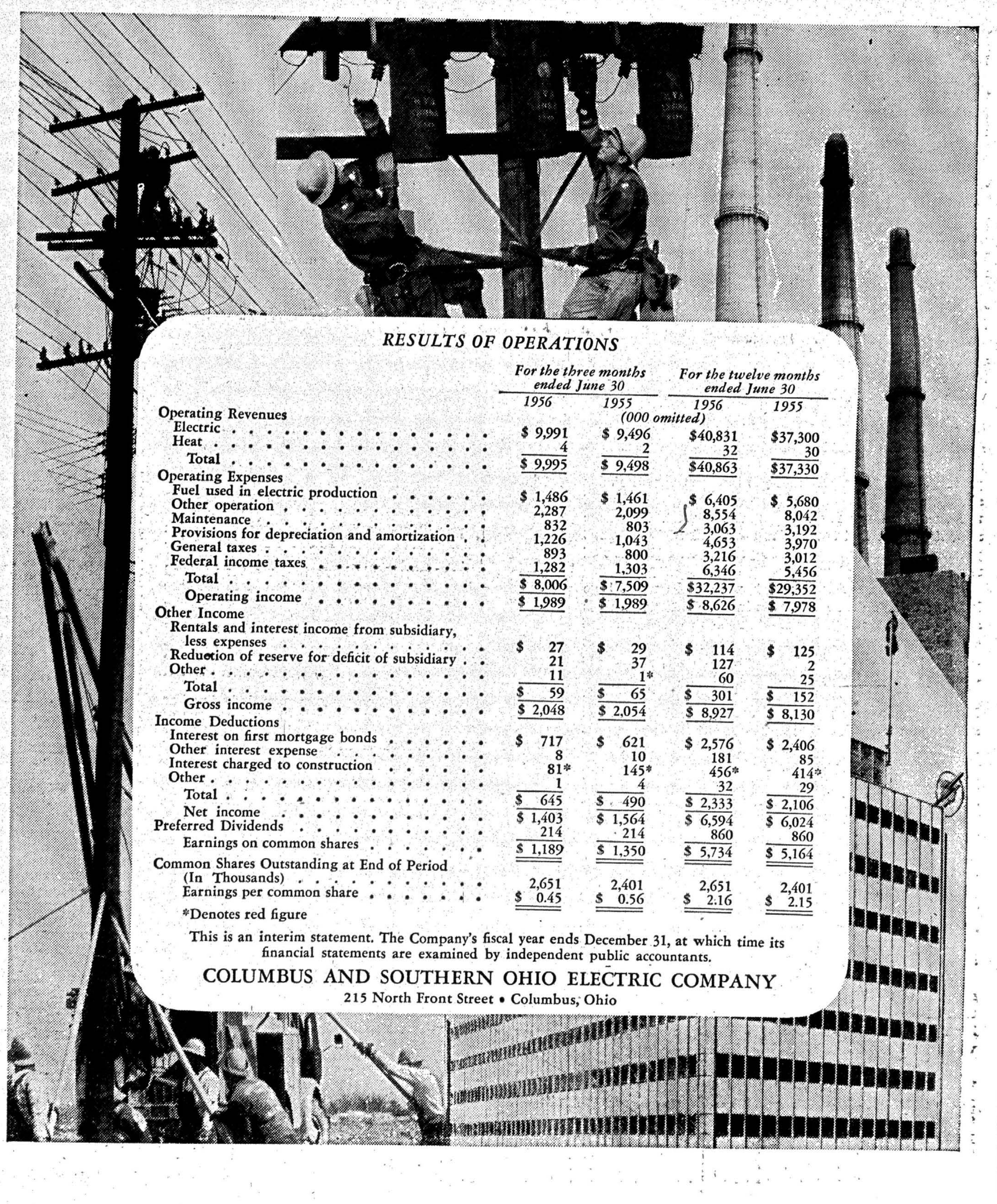
B. W. Bodager Opens

PITMAN, Ohio—Bill W. Bodager is engaging in a securities business from offices at 187 First Street.

Robert W. Boos Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robert W. Boos is conducting a securities business from offices at 223 South Beverly Drive.



Railroad Executives Discuss Outlook for the Industry

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lated-in ability to make the rails the *only* tonnage loser in a decline. Thus the rails are in the unenviable position of being the *first* and the *worst* victims of bankruptcy in the entire American industrial empire.

EDWARD G. BUDD, Jr.

President, The Budd Company

Approximately two months ago in a talk to the Financial Analysts Association of Philadelphia I said it was "our opinion that after approximately a year of testing and experimentation and appraisal the railroads will make up their minds which of the many new types of trains recently introduced they prefer and following that will launch a heavy passenger car program which should last for a good many years."

Edward G. Budd, Jr.

These remarks were given about a month before we introduced a lightweight stainless steel railway car called "Pioneer III" which we completely designed and built ourselves. This car weighing 595 lbs. for each of the 88 passengers it carries in its standard 85 foot length is the lightest car ever built in this country that still meets all of the strength and safety requirements of the Association of American Railroads.

We spent several months thoroughly examining and testing "Pioneer III" and its radically new lightweight truck with air springs before we introduced it to railroad men. Now I am even more convinced that "Pioneer III" provides the most logical answer to the railways' search for lightweight cars that will provide great economy in operation and passenger comfort.

But is is not just to the lightweight cars that we look for the development of a market, but to other types of cars which we believe will also provide the railroads with economy of operation and a better passenger profit figure.

It is our opinion that lightweight equipment while offering many advantages to the railroads will not be the universal answer to every passenger service.

Because of this belief we have not limited our research activities and our sales efforts to one idea. Rather we have developed and promoted several new trains all of which have their place.

These include:

(1) The new Hi-Level cars which recently went into service on the Santa Fe's El Capitan between Chicago and Los Angeles. This is an all-coach train where the passengers sit "upstairs" and yet have an exceptionally smooth and quiet ride plus a greatly improved view of the wonderful scenery throughout the west. Economic advantages are that seven cars are required to haul 496 passengers as compared to 350 persons in eight cars of the original El Capitan.

(2) The Slumbercoach which we developed will go into operation on the Burlington in late October. This is a unique arrangement of private rooms to accommodate 40 coach passengers. Each have beds, complete toilet facilities and generous luggage space. In this passengers can have complete privacy at coach fares.

(3) The "Flying Cloud" which we are now completing for the New Haven Railroad's New York-Boston service is a train that will have exceptionally high performance with available top speed of 110 miles per hour and seating capacity of 448. An adaptation of our Rail Diesel Car, each of the six cars of the fixed consist of the "Flying Cloud" will be self-powered by 300-horsepower General Motors Diesel engines located beneath the floor. They will also be equipped with axle-mounted electric traction motors that will take the train in and out of Grand Central Terminal.

(4) Orders for our Rail Diesel Cars continue at a steady pace and this development of ours of some six years ago has proved its worth in economy and flexibility in every kind of service from suburban commuter service to mainline runs time and time again.

(5) The tubular train which we delivered early this summer to the Pennsylvania Railroad is another variation of lightweight equipment that we believe will be highly successful as a popular vehicle for the Pennsylvania Railroad New York-Washington service.

(6) Our foreign business is one which is perhaps less well known than our domestic but it is an important and growing activity. We build cars here for export and have licensees in Europe, Brazil, Australia and are now completing arrangements in other countries. We will shortly announce orders for 100 export cars of varying types.

JAMES F. CLARK

President, ACF Industries, Incorporated

Because of the steel strike, 1956 may be an 11-month, or even a 10-month year for the railroad equipment industry as far as production is concerned.

At American Car & Foundry, largest in point of sales of ACF Industries' seven divisions, I fear we will lose a day—or more—for every day the strike lasted. Although we suffered only moderate production curtailment during the strike itself, we will lose an equivalent amount of time while our fabricating plants wait for inventories to be restored to where they can resume full-scale operations without interruption for want of materials.

James F. Clark

However, with peace restored in steel, the outlook from here on is good. Strikes are short-range affairs, and this one will have only a momentary effect on our long-range planning.

After Labor Day, we hope, steel in necessary, quality and quality will be flowing into our plants again. We have a backlog of orders for 17,000 freight cars. We won't complete 90% of these orders as we had hoped to do during our fiscal year—that is, by April 30, 1957—but we'll be busy.

The effect of the strike on earnings, naturally, will be felt. The reshuffling of steel companies' order books last November cause closing of three American Car and Foundry plants for an aggregate of 18 weeks. That meant a loss before taxes of $1,100,000. The interruption this year will be more severe. We are, however, protected by escalation clauses to most of our sales contracts for increased costs of material and labor.

Back on the bright side, we are ahead of the field in both freight and passenger equipment. The ACF-Talgo is running on the Rock Island, and will shortly be in service on the New Haven and Boston and Maine. The Adapto with its versatile container service, we believe to be the vital link between the truck with its door-to-door convenience and the train with its tremendous edge in tons hauled per man hour. Because it is 10 inches lower than standard cars, the Lodapto, our new version of the Adapto, will open various tunnel bottlenecks that have shut off the growing piggy-back service between many sections of the country.

Shippers' Car Line Division of ACF Industries is adding more new cars to its fleet during this fiscal period than it has in many a year. The fleet will cross the 15,000-car mark this year, and is steadily increasing and diversifying its service to the nation's growing industries.

I am more at home discussing my own company and its divisions than I am attempting to be a prophet for the industry as a whole. Nevertheless, I will prophesy to the extent of saying that I believe the wide cyclical swings of the railroad equipment industry will decrease as time progresses.

ACF Industries, Incorporated, as readers of the *Commercial and Financial Chronicle* are aware, has been striving—with a good deal of success—to diversify and expand into other metalworking fields so it will not be so dependent on railroad equipment business. But even so, I am optimistic about the future of the railroad equipment industry.

Several railroad presidents have told me they intend to have consistent and steady buying programs. These men are leaders in the industry. If they set the example, other railroads will follow. There is obviously no economy in waiting to order long-lead items like railroad cars until there are calls for them on the lines. Passenger car orders have been waiting on some jelling of the railroads' own ideas of what they want and need, but they will be forthcoming.

Furthermore, in recent years our own industry has awakened to the need for research and development of new products of such an economical nature that the railroads will feel it incumbent upon themselves to buy them.

C. McD. DAVIS

President, Atlantic Coast Line Railroad Company

Based on the progress made during the first half of the year, it is apparent that 1956 will prove to be another record year for industrial development in the area served by Coast Line.

C. McD. Davis

Announced expenditures for new plant facilities and new equipment compare favorably with the same period of 1955 and there is every indication that expenditures for that purpose during the last half of 1956 will be even higher than during the first six months.

Among the types of industry most actively engaged in substantial expansion programs are the pulp and paper, chemical, synthetic fibre, cement, electronic equipment, carpet manufacturing, food processing, phosphate rock and construction material industries. The pulp and paper industry, as a whole, is in a period of unusual activity. Demand for many paper products, particularly newsprint, exceeds present production capacity. A number of existing mills served by Coast Line have expanded their plants or are in process of greatly expanding production facilites. A large number of pulp and paper concerns are presently engaged in surveys looking to establishment of new plants in the Southeast, and it is expected that several new projects of this type, involving a large capital investment, will be announced and will reach the construction stage during the latter part of this year. The pulp and paper industry is an important source of traffic to the rail lines serving the Southeast, particularly Coast Line.

The chemical industry has opened up a vast new field of opportunity for development in the South. New plants for the production of chlorine and caustic soda, nitrogen solutions, titanium oxide and other chemicals are under construction or have recently been placed in production. Prospects for the establishment of additional major chemical operations in the area served by Coast Line are encouraging and it is expected that the chemical industry will provide an important source of additional traffic for Coast Line.

The carpet industry, both tufted and woven, is becoming solidly entrenched in the Southeast and its further expansion in territory served by Coast Line and its subsidiaries has already been announced. Additional developments in the woolen industry are also expected to take place during the remaining months of this year. There seems little reason to doubt that the Southeast will become an important factor in the wool textile business in the next few years.

Expansion of generating capacity by electric power companies serving areas in which Coast Line operates continues at a high level. Several new plants are under construction at this time and establishment of other new plants has been announced, cost of which runs into many millions of dollars. These plants are designed for future expansion to meet the demands of an over-expanding economy.

Florida continues to ride the crest of a high wave of industrial growth and general development approaching boom proportions. The growth of the State has particularly resulted in the establishment of a great number of service industries and distribution and warehouse facilities throughout the State.

These several factors give Coast Line a reassurance that the remainder of the year 1956 contains ample promise of a continued expanding economy in the territory served by it.

HARRY A. DeBUTTS

President, Southern Railway System

Speaking for Southern Railway System, I feel confident in predicting that when all the results are in, 1956 will measure up to the best years the Southern and the South have ever had.

This optimism for the future of the railway and the territory it serves stems in large measure from the South's position in the heart of what might well be called an "industrialization spiral."

Harry A. DeButts

New industries by the hundreds have taken root in the South during the past decade. Their spending for construction and the new payrolls they bring have been and are infusing new vigor into the South's economy—putting more dollars into pockets and cash registers, and thereby providing increasing markets for all kinds of products and services.

As a result, other companies are seizing the opportunity to set up shop in the South to serve this expanding market. Industrial growth along the Southern's lines this year offers clear evidence that the "industrialization spiral" is still moving steadily upward.

Work has already started on 189 new plants and major expansions that will represent investments of $223 million. Other similar projects already announced will add another $400 million to that total. Last year the industrial expansion on Southern's lines created 20,000 new jobs and we expect to exceed that this year.

Serving a territory of such promise makes us optimistic in spite of the handicap of having to operate under monoply-type regulations. Still, we cannot be expected to enjoy seeing our traffic drained away by other carriers and the public denied lower transportation rates because railroads are forced to hold a "rate umbrella" over their competitors.

At our recent annual meeting I found our stockholders keenly interested in the legislation presented to Congress as a result of President Eisenhower's Cabinet Committee report—legislation that would permit common carriers to make competitive rates. What was said then expresses clearly the reasons we believe such legislation should be passed.

Southern has spent more than $370 million in the past ten years to modernize its property and improve its operation. We have a far better and more efficient railroad than we have ever had before.

Yet if we try to pass along these benefits to our shippers in the form of a lower rate, our action is often disapproved by regulatory authorities because it would take traffic away from some other form of transportation—which, incidentally, obtained the traffic in the first place by undercutting railroad rates.

We think this makes very little sense, and that it re-

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James G. Couffer Now With Drexel & Co.

James G. Couffer has joined the New York Office of Drexel & Co., 30 Wall Street, New York City, the investment banking firm has announced. Mr. Couffer was formerly a Vice-President of B. J. Van Ingen & Co. Inc. Prior to that he was a Vice-President in the municipal bond department of Blyth & Co., Inc.

James G. Couffer

Securities Business Subject of Council

TROY, N. Y.—The sixth annual Industrial Council, a national forum of educators and American Industry, will have as its subject, "The American Securities Business," it has been announced. The sessions will be held at Rensselaer Polytechnic Institute, Oct. 11, 12 and 13.

W. Carroll Mead, partner, Mead Miller & Co., Baltimore, Maryland and James H. Liberty, director of the Council, jointly announced the event. Mr. Mead, who is chairman of the Education Committee, Investment Bankers Association of America, is serving as chairman of the forum program committee.

Taking an active part in the Council's session will be leading executives of companies who are members of the American Stock Exchange, Association of Stock Exchange Firms, Boston Stock Exchange, Investment Association of New York, Investment Bankers Association of America, Midwest Stock Exchange, National Association of Investment Companies, National Association of Securities Dealers and the New York Stock Exchange. It is expected that most of the other regional exchanges, in addition to the Boston and Midwest Stock Exchanges, will participate.

The purpose of the Industrial Council is to promote better understanding of the key role of business and industry in today's world. It is organized by R. P. I. with the cooperation of American business. Approximately 1,000 leaders of the oil, chemical, electrical manufacturing, automotive and pharmaceutical industries have been host to nearly 4,000 secondary school teachers and officials from across the nation in the five preceding sessions.

Some 750 educators representing secondary schools from Maine to California will attend the "American Securities Business" session. Most of them will be secondary level social studies teachers but included will be state commissioners of education, superintendents and members of teachers college faculties. Meeting with them will be top executives of companies in the securities business—investment banking and brokerage houses—who will lead discussions pertaining to the role of their business and education and how the two can best work together to meet the problems of today's world. Secondary level educators were selected to attend the Council because they analyze the country's structure for the youth of the nation.

In major luncheon and dinner addresses, leading spokesmen for the securities business will tell of its achievements, objectives and problems as they see them in relation to the country's economy and progress. The points which they bring out, as well as questions in the minds of the educators, will serve as bases for informal discussions during morning and afternoon panel sessions, in which both the educators and industrialists will participate. Not listed in the formal program but considered an important part of the session are opportunities throughout the weekend for the teachers and investment men to meet and talk informally.

Two With Daniel Reeves

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—James M. Henry and Philip D. Maughan have become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Henry was previously with Harris, Upham & Company.

$50,000,000 of Debs. Offered by 13 Banks For Cooperatives

The 13 Banks for Cooperatives on Aug. 14 offered publicly $50,000,000 of seven-month consolidated collateral trust debentures through John T. Knox, their fiscal agent, with the assistance of a nationwide group of security dealers.

The debentures are being offered at par and bear interest at 3.50% per annum. The interest is payable with the principal at maturity. They are dated Sept. 4, 1956, and will mature April 1, 1957.

The proceeds from the sale of these consolidated debentures will be used to redeem the $40,000,000 of 2.95% debentures due Sept. 4, 1956, and for lending operations.

These consolidated, secured debentures are the joint and several obligations of the 13 Banks for 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 Banks make and service loans to farmers' marketing, purchasing, and business service cooperatives on terms particularly suited to their needs.

Shelley, Roberts Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Duane M. Hinds has been added to the staff of Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

Joins E. F. Hutton Co.

(Special to The Financial Chronicle)

FRESNO, Calif. — Gerald J. Johnson has joined the staff of E. F. Hutton & Company, 1035 Van Ness Avenue.

Bache Adds to Staff

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Robert A. Morefield has been added to the staff of Bache & Co., 445 North Roxbury Drive. He was formerly with Samuel B. Franklin & Co.

Join Harry Pon Staff

(Special to The Financial Chronicle)

AZUSA, Calif. — Pamela B. Sweet has joined the staff of Harry Pon, 711 North Azusa Ave.

Continued from first page

Social Realism as Seen In Soviet Russia Today

deformity faced away from the canvas. His work was hailed as "social realism."

This lack of agreement on how to approach problems, and casual subterfuge in concealing defects, seems to typify most aspects of modern Russia. My observations are necessarily superficial, having returned from only 23 days in the Soviet Union, but coupled with more penetrating analyses of the Russian scene, they may point up the combination of fiery nationalism, child-like naivety, political indifference, and personal geniality which comprise the composite, enigmatic Soviet citizen.

Touring Russia gives even the most dedicated observer a kaleidoscopic, uncorrelated view — a thing of colored bits and pieces, which never quite fit together. I found no real national pattern, even in communism. Two characteristics alone seem common to most Russians, an evidently sincere personal desire for peace and an abysmal ignorance of the make-up and intent of Western society.

THE AUTHOR

Ted Hallock was sent to the Soviet Union during the period July 13 to Aug. 15 to tape-record interview material for broadcast within Oregon. His trip was sponsored by his employers, J. Henry Helser & Co., investment managers headquarters in Portland, Ore..

Hallock's interviews—14 in all—will be heard over KPOJ in Portland and throughout Oregon. He also has taken 16mm film footage in Moscow for a TV release in Oregon.

Hallock was sent on a similar mission in September, 1952 to England, to record a series on British socialism. The resulting broadcasts received an award by the English-Speaking Union of the United States and a citation by Ohio State University.

A Russian View of U. S. A.

Economically, Soviet people who care enough to have read either their own country's internal propaganda or Western informational media consider the United States as being firmly controlled by "monopolists" (unnamed). All U. S. workers are "exploited" (unspecified); we stress the maintenance of "informal colonies" (such as "Venezuela"); our one million unemployed are "tragic"; our injustice is personified by Eastland, McCarthy, the Matusow perjuries, and the Rosenberg and Sacco-Vanzetti cases.

However, Russians seem to accept at face value their own employment theses of having 50 do the work of 1; of doing without the writ of **habeas corpus** (and without trial by jury). They cannot or will not discuss the nature of the 1933-35 "purge trials." They blame secret police activity and unjustified arrests and executions on Beria and stoutly resolve that all this is now past. They brush aside almost any inquiries as to the nature of the MVD compared with the FBI—about which they profess to know a great deal, all bad. Neither Poland, nor Czechoslovakia, nor Hungary, nor Romania, nor Yugoslavia, nor Albania, nor Bulgaria, nor East Germany, nor Communist China, Korea, or Viet Nam are Soviet "satellites" in any sense of the word and certainly they are not "informal colonies" . . .

If, as the recent Harvard University report has stated, young, white collar workers are the political and economic guts of the Soviet Union, then a remark to me by one working intellectual has significance. When I asked polite questions about various Khrushchev policies in foreign affairs, my informant told me "government policies are none of my business." Even assurances that **my** government's policies were definitely **my** business seemed to have no effect; the subject was closed.

Prior to entering Russia, I resolved not to compare the country with anything but itself 30 years ago. Contrasted with serfdom under the Czars, the communist experiment today is enjoying magnificent success. Contrasted with economic and political developments in backward countries elsewhere in the world, throughout the past three decades, the results are sluggishly sad.

Duality of Identity and Purpose

Further, by its subscription to Marxist-Lennist political concepts, Soviet Russia enjoys (or suffers) the concurrent roles of independent state and political leader of worldwide communist ideology. Just as her foreign relations suffer from this duality of identity and purpose, so do the material standards of her peoples. And so does an attempt at objective observation; everything you see of a physical nature is colored to some extent by political considerations.

For example, the directing surgeon at a major Moscow hospital (serving 50,000 people) dismissed Freud, Jung, and Adler as psychiatric historians because "their theses do not acknowledge man's role in the economic state." The director of the world-famed Hermitage Museum in Leningrad (which is cramed with Titians, Rembrandts, DaVincis) stated flatly that "social realism was a quite adequate and complete art form, containing all the beauty required; that more people are interested in the socially real art in this museum than in the masters."

Those Russians I interviewed believed firmly in the world domination of communism (they did not discuss world domination by the Soviet Union—and here again dual identity clouds the issue). A 19-year-old girl counselor in a Young Pioneer camp near Yalta told me, with a beguiling smile, that "of course capitalism will fall; yes, communism will triumph." Would communism use force to win? "No. It will come about peacefully, in time." How long? "Well how long do **you** think it will be before **your** workers revolt," she answered.

Inferior Production

A good example of the two-sidedness of "social realism" lies in the field of private construction the major target of Russia's current (sixth) five-year plan. I was told that Moscow was building at an annual rate of 1,300,000 square meters — almost exactly enough to keep pace with her birth rate (however, Russian builders are speeding their construction pace with such techniques as pre-cast concrete, etc.). The current Moscow sanitary code specifies a minimum of 9 square meters per person, which is not now being observed.

New buildings (primarily multiple dwellings) are going up everywhere, and—against the skyline — with huge cherry-picker cranes at work, trucks loaded with construction material, it's impressive. But get up close. Turn the canvas around and look at specific building methods—the speed of work, the calibre of work—and it becomes "naturalism." Bricks are laid with a mortar mix which resembles small rocks mixed in sand, but after an exterior mortar has been plastered over the whole, a wall appears sound as a nut—from the outside. Plaster in still uncompleted buildings is cracking. Cement work is uneven. Walls do not look plumb. But, withal, hundreds of man hours are devoted to the addition of rococco dormers, drain gutters, facades and other **exterior** representations of solidarity.

Distorted Statistics

Russia has learned the impressive science of impressive statistics. The vice-mayor of Kiev (population one million) told us that one of the major problems of his citizenry was that they had to wait "one or two months for a new motor car—the demand far exceeds the supply." During a later visit to one of the Soviet Union's three automobile factories, in Moscow, I learned that the actual waiting period was from one to two years.

Incidentally, the Mosckveetch factory which I visited (making a four-passenger sedan much like a miniature Plymouth) has turned a mass-production trick with interesting overtones. The factory was re-built in 1947, producing a car costing 9,000 rubles—$2,250; four rubles equals one dollar. In mid-1955 retooling was begun to produce the Mosckveetch 402, a newer model. This car went into production in May of this year and costs **15,000** rubles. Prior to May, the plant turned out 180 autos a day; it **now** produces **130** a day and hopes to reach 160 by year's end.

Back to Kiev — in this city which has a burning demand for private autos; this city of one million people—there are 5,000 private passenger cars. More, impressive statistics: In Kiev there are, says the vice-mayor, 60,000 college students, 22 daily newspapers, 59 hospitals or clinics, 193 kindergartens, 5,000 doctors, and 7,000 teachers. I tried in vain for three days to see the inside of one of the 59 hospitals, and of course schools and colleges were "in recess" for the summer so there was no point in seeing one of them. But then on most of our trip, when we asked to see some utilitarian phase of Russian society, it was either "too early," "too late," "open tomorrow," or "I shall call Moscow."

No Private Savings

One of the strongest bases for a prosperous capitalistic society is the ability and incentive to save money; for its own use or for its earning power. This reasoning seems foreign to the Russian. Talking for two hours in Odessa to a newly-married couple on vacation I learned that "we do not save money, only for vacations. The state takes care of the rest." A government bond does exist, which—I was told—pays 6% per annum, but how extensively it is held I do not know. Younger persons, by now thoroughly imbued with and dependent upon a paternalistic government, are unfettered by worries about "security" or "tomorrow."

Contradictory Outspoken Views

The double standard of "social realism" was again apparent when a biologist on shipboard to Sochi assured me that antibiotics were in widespread use; available free to all. Yet in Moscow I was told that the number one five-year plan goal for the Crimea is the erection of more sanitoria, primarily for tuberculars. This prompted my question "what about the 'widespread use' of streptomycin?" To which there was no answer—a standard Russian dodge is to protest lack "of authoritative knowledge."

A doctor from Dnieperpetrovsk told me that, according to journals he received, the incidence of poliomyelitis was insignificant—and a Moscow doctor independently confirmed this. But the Russians are working on a polio vaccine. I asked why, if the incidence of disease was so very small. No understandable answer.

Here are some sample Russian questions about America: are all strikers fired immediately after going on strike? Do Negroes live in ghettos? Is there any free education in America? What happened to Autherine Lucey? Can you refuse to testify before a Congressional committee without taking the Fifth Amendment? Why did the U. S. attack North Korea? Can everyone work if he wants to?

American Reading Matter

In interview after interview, we posed some basic questions concerning available American reading matter—in Russian or English. The best-known authors are Howard Fast, Mark Twain, Jack London, Sinclair Lewis, Upton Sinclair, Ernest Hemingway and, in some cases, William Faulkner. The "New York Times" and "New York Herald-Tribune" are available in libraries within large cities to "qualified students." No other western literature of any kind was in evidence in any of the cities we visited: Moscow, Leningrad, Yalta, Sochi, Kiev, Odessa, Tbilisi, Minsk, Rostov-on-Don, or Vilnius. All Voice of America broadcasts in Russian are jammed, yet—again paradoxically — English-language VOA programs are let in. Jan Peerce, who sang recently in Moscow, was referred to by Soviet critics as "the Voice of America we like to hear."

Lenin vs. Khrushchev

We posed, time after time, what seemed to us the major paradox in Russia: now that the 20th Party Congress has laid major emphasis upon peaceful co-existence, how is such a policy compatible with Lenin's views toward world domination by communism? Inevitably the answer was that communism would, slowly but surely, by peaceful economic pressure, achieve an eventual conquest.

Exemplifying the steel core of ideologically-controlled thought, young interviewees consistently acknowledged that they had not challenged Stalin's revered status until last February, and that they now realized he was "a bad man," after Mr. Khrushchev told them the story. The full text of Khrushchev's public speech has apparently been printed everywhere in Russia. The private speech has been read to party members only; they in turn have been asked to "break the news slowly to the public." This was told to us openly.

Party members accept the criticism of Stalin quite stolidly, believing firmly that govenment-by-group is here to stay (albeit one of our party saw Khrushchev across the street from our hotel in Moscow after attending funeral services for a high official—surrounded by a awe-struck crowd which kept whispering "Khrushchev — Khrushchev," as though the Lord was in their midst). The government is handling its downgrading of Stalin commensurate with its various steps toward decentralization—when you buy a new automobile you obtain a new set of instructions.

However, Moscow seems to have miscalculated the effect of its de-Stalinization campaign upon the Togliattis and other satellite party leaders who do not have the Red Army and MVD to insure public acceptance of the changed line. These men have to attempt to explain the change in Marxian terms which, as one informant put it, is "difficult because the Russians have put their foot through Marxism every other day for the past 30 years."

Six Generalizations

If you will accept generalizations drawn from composite specifics, then I would lump my most salient observations as follows:

(1) Many Russians make good money; good, middle-class earnings (in urban areas, and without comparing their buying power with our own), but they are sorely limited in soft goods, light manufactured goods and in substantial, agricultural produce. I was offered 800 rubles for my shoes, 1,000 rubles for my wrist watch, and 2,500 rubles for my Leica camera.

(2) In heavy industry, forced to develop their own equipment because of economic sanctions imposed by the West, Russia is producing—as illustration—electrical turbines and heavy stamp presses of calibre (albeit still using presses from Toledo, Ohio and electrical equipment from England, Switzerland, etc.).

(3) The propaganda job accomplished since the revolution (as in establishing Godlessness as custom), coupled with the gradual expiration of the Czarist generation, have made Russia theoretically immune to Westernization. No fear seems to exist of the effect of Western ideas from visiting delegations. Perhaps this self-assurance will soon allow the circulation of Western literature, social information, and political theory on a free basis.

(4) The Russian people do not want war, but defend with fervor their arms status and condemn with equal fervor the arms and defense policies of America (i.e., the "open skies" proposal is "purely a military intelligence scheme"). President Eisenhower is respected as a man who knows war well, who hates it as much as the Russians, who wants peace, but who is surrounded by "scheming advisers" (one teacher of law told us, "Mr. Dulles does not talk like you do.").

(5) The rights of the human being are subordinate to his physical welfare—which is of course essential to the maintenance of an effective communist economy. Young Russians dismiss God with no apology, accept political indoctrination as necessary, have little apparent regard for how hard they have worked for their money or what they can or cannot do with it.

(6) Young Russians consider that they live in a free state—artistically and physically. They do not choose to discuss whether or not it has political limitations; which then becomes a self-truth. When I asked one young lady whether or not she ever became bored with the journalistic writing style in "Pravda" or "Izvestia" (acknowledging in my question that both papers spoke only the truth, constantly), she immediately took offense and cited the case of Ilya Ehrenburg, asking if I thought he was a good reporter. I asked her to name several other Ehrenburgs. She didn't.

Halsey, Stuart Group Offers Consumers Pow. Co. 4% 1st Mtge. Bds.

Halsey, Stuart & Co. Inc. and associates yesterday (Aug. 15) offered $40,000,000 of Consumers Power Co. 4% first mortgage bonds dated Aug. 1, 1956 and due Aug. 1, 1986 at 101%, to yield approximately 3.94%. The group was awarded the issue on Aug. 14 on a bid of 100.21%.

Proceeds from the sale of the bonds will be used by the company for the acquisition of property, the construction program, the improvement and maintenance of service, or to reimburse the treasury for expenditures made for these purposes. Expenditures of Consumers Power for construction in 1956 are estimated at $91,000,000, of which approximately $29,300,000 was expended to May 31.

The bonds will have the benefit of an annual sinking fund for which they will be redeemable at prices ranging from 101% to 100%. The bonds are also redeemable at the option of the company at prices ranging from 105% to 100%, plus accrued interest in each case.

The company is engaged, entirely in the State of Michigan, in the sale of electricity in 1,482 communities and townships, including rural areas, and in the distribution of natural gas in 286 communities and townships. Population of the area served is estimated to exceed 3,500,000. The company also supplies steam heat in five communities and, incident to its electric and gas business, sells appliances.

Operating revenues during the 12 months ended May 31, 1956, totaled $201,170,000; gross income available for interest, $37,673,000; and net income $30,957,000.

With Daniel F. Rice

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Benjamin K. Schwedel has been added to the staff of Daniel F. Rice and Company, 317 Seventy-first St.

Joins Atwill & Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Joseph T. Cashman has become affilated with Atwill and Company, Inc., 605 Lincoln Road.

Curtis Merkel Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Sulvus P. Palmer is now connected with Curtis Merkel Company, Inc., 601 First Avenue, North.

With A. M. Kidder Co.

(Special to THE FINANCIAL CHRONICLE)

TALLAHASSEE, Fla.—Glenn T. Allen, Jr., is now affiliated with A. M. Kidder & Co., Hotel Floridan.

Two With West Florida

(Special to THE FINANCIAL CHRONICLE)

TALLAHASSEE, Fla. — Dave Caskin and Mrs. Agnes W. Martin have joined the staff of West Florida Securities Company, Inc.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—Nathan Abel is now with King Merritt & Company, Inc.

Halbert, Hargrove Adds

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Byron F. Mowell is now with Halbert, Hargrove & Co., 115 Pine Avenue.

Railroad Executives Discuss Outlook for the Industry

Continued from page 20

sults in unnecessarily higher costs to shippers and to the public. We feel that all agencies of transportation will serve best when competition is full and fair, in both service and rates, and when the shipper is allowed to choose the carrier that can serve him best.

CYRUS S. EATON

Chairman, The Chesapeake and Ohio Railway Company

The resurgence of the railroad industry remains one of the brightest spots in a bright business picture. Unlike his equine contemporary, the iron horse has been gaining steadily in vitality, and his marvelous combination of swiftness and efficiency as a mover of bulk commodities cannot be challenged by any other form of transportation.

Cyrus S. Eaton

The confidence of the railroads in their own future is evidenced by the $13,000,000,000 the Class I carriers have budgeted for capital expenditures and material purchases for the years 1956 through 1960. Our Chesapeake and Ohio Railway alone anticipates an outlay of $561,000,000 during this five-year period, to maintain our position as the world's largest carrier of bituminous coal and to keep pace with the constant growth in both coal and merchandise traffic.

C&O set an all-time record for net income in 1955, with a total of $58,000,000, or $7.25 per common share. All indications point to still another new high in earnings in 1956. C&O net for the first seven months of this year equaled $35,500,000, or $4.42 per common share, which is 46¢ per share above the previous record for the period established in 1955, even though July revenues this year were reduced below expectations by the nation-wide steel shutdown. With the restoration of merchandise and coal traffic to pre-strike levels, and with the vigorous and growing demand for coal at home and abroad, C&O looks for capacity business for the balance of 1956 to make this year the best in our 171 years in the transportation industry.

D. V. FRASER

President, Missouri-Kansas-Texas Railroad Company

With the signing of new contracts between the nation's steel companies and labor, I look for improvement in the business of the Katy Railroad and the railroad industry generally for the balance of this year.

Except for the steel industry itself, the railroads were hit harder, perhaps, than any other industry by the steel strike. While some users of the basic metal ran out of supplies, others were permitted to sustain operations by digging into inventories. All, however, should be good customers as the mills resume production and this augurs well for the nation's carriers during the months ahead.

D. V. Fraser

The impact of continuing drought in important parts of Katy territory on the railroad's volume of freight traffic and revenues is being partly offset by a vigorous program of locating new industries along its right-of-way and a revitalizing of its sales efforts throughout the country.

Katy's gross revenues for 1955 were modestly higher than those of 1954, and the same pattern is developing for 1956, based on results for the first six months. The fact that net income is lower can be attributed to a program the Katy is engaged in to rebuild its plant and expand its services to shippers.

Train performance is being bettered and freight schedules improved. New segments of the system are being utilized for piggy-back service. Sales department forces are being augmented and seven new off-line sales agencies have been established at potentially good locations throughout the country.

Maintenance programs for right-of-way and equipment have been expanded for the year and right-of-way maintenance work has been mechanized with the purchase of more than $500,000 worth of equipment.

The Katy also has been engaged in a stepped up car repair program to substantially reduce its bad-order ratio. More than 775 units of new freight equipment have been added to the car fleet since the first of the year and an additional 550 units are scheduled for fall delivery.

Passenger train consolidations have been effected and unprofitable service is being eliminated wherever possible. A consolidation of operating divisions in Texas is scheduled for early September, giving the entire system but two major operating divisions. Studies are underway for modernizing yards so as to speed operations. Approval has been given by the Interstate Commerce Commission for the abandonment of two unprofitable segments of branch lines and other segments are under study.

These steps and others in the planning stage are all designed to strengthen the Katy Railroad for the job of better serving the expanding economy of the Southwest.

F. S. HALES

President, Nickel Plate Road New York, Chicago & St. Louis

Confidence in business prospects for the remainder of this year was reborn in the railroad industry early after the settlement of the month-long strike in the steel industry.

Felix S. Hales

This optimism in no way minimizes the major effects of the strike. During the first six months of 1956—all prior to the shut-down in steel production—revenue carloads on the Nickel Plate were up 10.3%, operating revenues 14.2% and net income 12.8% compared with the same period in 1955. However, in July, 1956, carloadings declined 19.9% compared with the same month a year ago, pulling the percentage of increase in the first seven months down to 5.7% compared with the corresponding period of 1955.

Contributing to the confidence that business will approach the pre-strike level are various factors. Increases in personal income and individual savings in the first half of this year indicate a higher buying potential. While consumer spending rose in the first half, it did not match the rise in personal income. This would indicate that consumers are in a better position to buy now than they were a year ago, although it is not yet known what direct and indirect effects the idleness in the steel industry might have had on this upward trend in savings and buying.

Other factors favorable to good business for the rest of 1956 are the probable pick-up in the automobile market when new models are introduced, continued activity in industrial construction, the projected road building programs, and rising farm prices.

Perhaps the most disturbing note in the economy is the new inflationary trend brought about by wage increases which will continue over a three-year period in the steel industry. Already, there have been advances in the prices of finished steel and steel products to meet the increased production costs. Other industries are certain to face a new round of wage demands.

As a new spiral in wages and prices develops, it seems imperative that the railroads be given greater freedom in establishing rates which are competitive with other forms of transportation, and freedom to adjust rates, without delays, to meet changing costs and conditions.

ARTHUR E. HEIMBACH

President, General Railway Signal Company

The progressive railroad managers of today are doing all that is possible with the finances at hand to improve their operations and reduce expenses by consolidating interlockings, installing centralized traffic control, constructing modern classification yards with yard automation, and modernizing signaling in general.

Arthur E. Heimbach

As a result our volume of business for the first six months of the year has been very satisfactory and should continue to be well into next year.

We are continuously improving our systems through the application of electronics, where justified, and developing new tools for the railroads to further increase their operating efficiency without jeopardizing the marvelous safety record they have established.

Nevertheless much more could be accomplished if steps were taken to relieve the railroads from the present antiquated regulations under which they are forced to do business. Actually most of us realize that the conditions which brought about this legislation no longer exist.

The outstanding performance of our railroads and their personnel, both in this country and abroad, during World War II and the Korean conflict must have indicated to our military organizations that within the foreseeable future, the railroads are indispensable to the defense of our country, in that they are the only form of transportation that can approach our military requirements in the case of an emergency.

Therefore, it would seem to be the duty of ODM to convince the general public and our legislators that new legislation must be enacted to make it possible for the railroads to compete with other forms of transportation, so that they may become financially sound. In addition, they should be given a fair share of Government business and subsidies, if necessary, to maintain them in a strong position. This is no more than our Government is doing for private industry and other forms of transportation, which we consider vital to the defense of our country.

With the present progressive railroad management, there is no doubt that a large proportion of any increased revenue, resulting from the above actions, would be used to improve the physical plant of the railroads. This would enable them to perform the duties that will be required of them by the military if and when an emergency occurs.

CURTIS M. HUTCHINS

President and Chairman, Bangor and Aroostook Railroad Company

It is difficult to the point of impossibility for an official of a railroad with our geographic location and traffic pattern to comment with any assurance on the outlook for the railroad industry in general.

Curtis M. Hutchins

However, we are sufficiently knit to the area in which we operate to forecast our own outlook with considerable confidence. Because of unusual conditions peculiar to our territory, our business for the last six months of 1955 was abnormally good. We do not expect 1956 to equal it. But we do expect, by normal standards, that July-December, 1956, will be most satisfactory.

For proper understanding of this relatively optimistic forecast, I should point out that some economic factors which sharply affect a substantial portion of the railroad industry do not affect the Bangor and Aroostook.

Two pertinent examples are the reduction in automobile output and the recent steel strike. Neither had any effect worth noting on our freight revenues since an overwhelming percentage of our tonnage is in potatoes, paper, pulpwood and petroleum products.

The last three are practically stable commodities and even the first is not too unstable since our potato growers have never suffered a major crop failure.

CHARLES C. JARCHOW

President, American Steel Foundries

American Steel Foundries had net income of $6,709,522, or $5.50 per share, on sales of $89,926,007 in the nine months ended June 30, 1956. This is a record for nine months in net income, also for regular product sales.

The volume of shipments in nearly all product lines was higher in the nine months just ended than it was in the same period a year ago. Shipments of railroad products were 70% higher. However, the volume of railroad products a year ago was abnormally low. Unfilled orders amounted $60,000,000 on June 30, 1956, as compared to $40,000,000 on Sept. 30, 1955.

Charles C. Jarchow

The steel strike has made it difficult to forecast the rate of operations and earnings for the balance of the fiscal year. Production schedules in some areas have been adversely affected because of setbacks in delivery schedules by customers as a result of their inability to secure basic steel products. Assuming the "pipe lines" are filled in a reasonable time, we could have our best year.

Orders for new freight cars have increased substantially. In the 1955 fiscal year there were only 31,000 new freight cars delivered to the railroads. On July 1, 1956, there was a backlog of about 130,000 cars to be built. The rate at which these cars can be built will depend upon the availability of steel, but it would appear that about 65,000 cars will be delivered to the railroads in 1956. It has been estimated that the railroads will require an average of 75,000 new freight cars each year for at least the next five years. At current prices these cars would cost approximately $3,000,000,000, or about as much as has been spent on new freight cars in the past 10 years. Over the past year old cars have been retired faster than new cars could be built to take their place.

Prior to the end of World War II railroad products made up more than 90% of the company's volume; but since that time the company has entered the machine tool and hydraulic machinery business, it has entered the precision roller chain and sprocket field by acquiring Diamond Chain Company, Inc., and the field of coating and wrapping steel pipe for the gas and oil industries by acquiring Pipe Line Service Corporation.

Our diversification moves have provided a degree of stability that did not exist when the company's business was so dependent upon the volume of purchases by the railroads. Recently the Board of Directors, in addition to the regular quarterly cash dividend of 60 cents, declared a five percent stock dividend as tangible evidence of the company's diversification and growth in the past few years.

With the backlog of orders on hand for railroad products and the prospects for continued buying on their part, coupled with the favorable outlook for those segments of our business which are devoted to other than railroad products, our business future looks good for the

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Public Utility Securities

By OWEN ELY

Notes on the Communications Companies

American Tel. & Tel. announced several weeks ago that it would offer stockholders rights to buy one new share for each ten shares held at $100 per share. The rights will be mailed Oct. 1, but the record date has not yet been announced (it will probably be around Sept. 10-14). A stockholders' vote has been called for Sept. 5 to authorize an increase in the number of shares from 60 million to 100 million. The offering, which will not be underwritten, will make available about $575 million cash to the Bell System for its construction program. However, this will take care of only about six months' requirements since the System, after utilizing depreciation and other internal cash, must raise about $100 million each month through bank loans or sale of securities. A.T.&T. had only recently sold $250 million convertible debentures, and late last year sold $634 million convertibles.

Stockholders will be given their choice of paying in one instalment Nov. 5 (after the rights expire) or in two instalments, Nov. 5 and Feb. 1. Holders of the Convertible Debenture 3⅞s of 1967 should either sell or convert their bonds at least four business days before the record date of the rights, or they will lose the value of the rights—which, based on the current price of the stock around 184, would be worth about $7.63, or $76.30 per $1,000 bond.

The number of telephones in service in the Bell System has more than doubled in the postwar period. Gross plant investment, reflecting not merely this growth but also the higher cost of construction resulting from postwar inflation, has jumped from $5.7 million to $15.3 million. With continuing growth it looks as though Bell will need about $2 billion a year from here on, nearly two-thirds of which must come from securities. The company is endeavoring to make system capital structure one-third debt and two-thirds common stock (with a negligible amount of preferred stock) but of course this is somewhat flexible.

In the last year or so, in view of the increase in Bell earnings, there has been some criticism of the company's failure to raise the $9 dividend rate, fixed since 1922—despite the fact that rights have been offered seven times in the past decade, which if sold would have added about $1.50 per annum to the dividend. The proposed new rights, which will be much more valuable than those offered for debenture subscriptions in recent years, may be intended to mollify stockholders anxious for a "split" or a higher dividend rate.

There are six regional subsidiaries in the Bell System in which the public holds stock. These companies follow much the same financing methods as the parent company, except that they do not issue convertible debentures, but give rights only to new common stock as a rule. Two of these companies are now planning to offer stock.

New England Telephone & Telegraph (69% controlled by American) about a month ago proposed to offer 613,000 shares at $100 in the ratio of 1-for-5 to holders of record Aug. 29. The company has annual revenues of about $285 million. It earned $8.89 a share in the 12 months ended March 31, and pays $8.

Pacific Telephone & Telegraph (91% controlled by A. T. & T.), with annual revenues of $715 million, is currently planning to sell $78 million debentures, and to offer shareholders 1,562,267 shares of common stock on a 1-for-6 basis.

General Telephone Corporation, controlling the largest independent system, has been growing even more rapidly than the Bell System because of its policy of acquiring other independents. Some time ago it acquired Theo. Gary & Company, and Gary's principal telephone subsidiary Continental Telephone was recently merged into General through an exchange of stock. This should permit closer coordination of the two Systems with resulting operating economies. The large telephone equipment manufacturing company formerly controlled by Gary, Automatic Electric of Chicago, is to be housed in a new modern factory building, replacing some 14 old structures.

The comparative share earnings record of the two leading telephone companies have been as follows in recent years, as reported by Standard & Poor's:

	American Tel. & Tel.	General Telephone
1956 (Est.)	$12.50	$2.90
1955	12.27	2.63
1954	11.42	1.84*
1953	11.32	1.77*
1952	10.43	1.45*
1951	11.00	1.17*

*Adjusted for stock splits, etc.

Western Union recently went through its usual biennial battle with the labor unions, which resulted in wage increases of about $15 million per annum. The company sought an offsetting rate increase of $11.4 million but this application has now been reduced to $9.7 million. It appears likely that there will be some little delay before the FCC gives its decision. Last year $2.10 a share was reported, and the dividend rate is $1.00.

Forms E. T. Cronin Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward T. Cronin has formed Edward T. Cronin Company with offices at 548 South Spring Street to engage in a securities business. Officers are Edward T. Cronin, President, and Vernon P. Gray, Vice-President, Treasurer and Secretary. Mr. Cronin was previously with Dempsey-Tegeler & Co.

Form Empire Plan'g Corp.

Empire Planning Corp. has been formed with offices at 570 Seventh Avenue, New York City. Gerald S. Jeremias is President. He was formerly with First Investors Corporation.

With Samuel B. Franklin

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Norman W. Bolton is now with Samuel B. Franklin & Company, Crocker Building.

Jamieson Adds Three

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward S. Donn, Raymond J. Elledge and Nate Krevitz are with H. L. Jamieson Co., Inc., 6399 Wilshire Boulevard.

R. Victor Reid

R. Victor Reid, Manager of the trading department of Eisele & King, Libaire, Stout & Co., and well known in financial circles for 32 years, died over the week-end. He was 52 years old.

Mr. Reid was a member of the Security Traders of New York City. Prior to his association with Eisele & King he was with York Affiliates.

Four With FIF

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — C. P. Averett, Rowland W. Day, John C. Miller and John L. Patrick have become affiliated with FIF Management Corporation.

Samuel Franklin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—R. Truman Dawes, Lloyd A. Jones, Myron J. Mendel and Jon M. Oliver have been added to the staff of Samuel B. Franklin & Company, 215 West Seventh St.

Joins A. M. Kidder

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Franklin H. Johnson has become affiliated with A. M. Kidder & Co., 139 East Flagler Street. Mr. Johnson was previously with Markis Investment Bankers.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Albert S. Magruder is now with King Merritt & Co., Inc., Chamber of Commerce Building.

Copley & Co. Opens

COLORADO SPRINGS, Colo.—Copley & Co. has been formed with offices in the Burns Building to engage in a securities business. Officers are William L. Copley, President; Joyce M. Copley, Treasurer; and Diana L. Weir, Secretary.

Luna, Matthews & Waites

BIRMINGHAM, Ala.—Luna, Matthews & Waites has been formed with offices in the Frank Nelson Building to engage in the securities business.

Railroad Executives Discuss Outlook for the Industry

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balance of the current and well into the succeeding fiscal year. The various ingredients that now exist in most segments of business and industry will contribute to a growing and healthy economy for the future.

W. A. JOHNSTON

President, Illinois Central Railroad

In the early part of this year, our studies of the business outlook for the Illinois Central indicated that both our revenues and income for the year 1956 would exceed those realized in 1955. Since then, our business, as well as that of many other companies, has been adversely affected by the extended coal miners' vacation and the steel strike. Now that these particular situations are behind us, our prospects for the year, though slightly not as promising as they had previously appeared, again are believed to be very good.

Wayne A. Johnston

We are expecting our revenues before expenses and taxes to substantially exceed those of last year. After expenses and taxes, our net will be only slightly less than the $26½ million for 1955. The large increases in wage costs and payroll taxes imposed upon us the latter part of 1955 are taking a larger part of revenues this year than last since the increase in freight rates allowed by the Interstate Commerce Commission has not been sufficient to offset those increased costs of operation. It is significant that the steel companies refused to consider the possibility of a retroactive settlement of the wage demands on them, even for as short a period as 15 days, because of the resulting inability to recover the increased costs through increases in prices. The railroads have been and continue to be confronted with nonrecovery periods for increased wage and other costs for as long a period as a year or a year and a half. Users of the railroads should be interested and concerned in keeping them financially strong and should, therefore, help us in shortening these lag periods as much as possible.

The result of the settlement of the steel strike on the economy of the country remains to be seen. The large increases in wage rates in that industry and the immediate increase in steel prices clearly will have inflationary effects. The economy of our country can progress only through increased productivity. It is increased productivity which adds dollars that have increased purchasing power. To safeguard against inflation requires the joint efforts of labor and industry to preserve the inherent strength of our business system. Proposals by labor which add to costs must be held temperate; consideration of these proposals should embrace extreme analysis and careful judgment on the part of industry.

McCLURE KELLEY

President, Baldwin-Lima-Hamilton Corporation

Baldwin-Lima-Hamilton Corporation is a merger of, among other companies, the Baldwin Locomotive Works and the Lima Locomotive Works, both long preeminent in the steam locomotive field. Both Baldwin and Lima were reluctant to change to the diesel electrics and hence permitted others to move into their place and the results, after they did make the change, were not entirely satisfactory. Hence, present management determined some time ago to take an entirely new view of the locomotive field and after thorough study arrived at the conclusion that there was a better approach to locomotive power than diesel electrics.

McClure Kelley

Baldwin-Lima-Hamilton's approach is that great savings can be achieved through a light weight, moderate speed diesel engine coupled to a hydraulic-mechanical transmission connected directly to the driving axles. This has features desirable on all type locomotives and especially does it answer the problem of all railroads which are faced with large losses in their passenger service. The new Mec-Hydro type locomotive, with its head-end power for train heating, lighting and air-conditioning, can be coupled with light weight cars at a low per seat price and with particular advantages of both lower fuel costs and lower maintenance cost, prove a very attractive medium to the railroads in their efforts to reduce losses in passenger traffic.

Baldwin-Lima-Hamilton's first prototype has been delivered to the New York Central and is proving its worth and at the present time two other locomotives are about to be delivered to the New Haven railroad. Baldwin-Lima-Hamilton thinks that this advanced engineering step should open up an entirely new field of more economical motive power and in passenger service where the added advantage of light weight is available, it should be most appealing. If this proves so there should be an urgent demand as all the railroads are considering very seriously an answer to this problem.

Other divisions of the company are booked up heavily in the railroad field on wheels, axles and railroad machinery and equipment and we anticipate this market well into next year.

JOHN P. KILEY

President, Chicago, Milwaukee, St. Paul and Pacific Railroad Company

An expected increase in volume of freight traffic did not materialize in the first six months of 1956, principally because of the slackening of sales and production of agricultural implements and automobiles and to decrease in government releases of storage grain in the area served by our railroad.

John P. Kiley

Net income for the first six months was affected by the decrease in traffic volume and also by the failure of the 6% freight rate increase on March 7, 1956, to offset the higher wage and other costs that took effect during the latter part of 1955.

With the recent termination of the steel strike which did not affect our railroad to the extent other railroads were affected, I believe we can look forward to higher industrial activity throughout the nation in the remaining months of 1956, which with the crop movements will provide annual earnings for our company about equal to those of the year 1955.

Most rail unions in recent weeks have filed demands for another round of wage hikes and national negotiations between carrier groups and some of the unions have begun. The possibility of seeking another increase in freight rates is being considered.

Our improvement budget for this year has not been curtailed because of lesser net income than expected in the first six months, which is thought to be only temporary. The new modern automatic retarder yard at St. Paul, Minn., costing $4,700,000, is nearing completion. The yard at Council Bluffs, Iowa, has been enlarged and improved to provide for anticipated additional traffic through the Omaha gateway. A new freight yard with a 60-car icing platform is being constructed at Othello, Wash., to expedite the handling of traffic from and to the Columbia River basin which continues to grow with the expansion of irrigation in that area. Delivery has been made of 44 Diesel-electric locomotives, one hundred steel covered hopper cars, fifty 70-ton mechanical refrigerators, and fifty 50-ton insulated steel box compartmentizer cars. Other units on order include 100 steel cabooses, fifty 50-ton Airslide steel covered hopper cars, one thousand 50-ton steel box cars, and one hundred 70-ton covered hopper cars.

Patronage of the five daily passenger trains in each direction, known as the Overland Streamliners, jointly operated with the Union Pacific and Southern Pacific railroads, since Oct. 30, 1955, continues to be very good, and the results of this new association have been very gratifying.

H. F. KNEEN

President, Safety Industries, Inc.

Our incoming business in railroad equipment for the first two quarters of 1956 was reasonably steady. While it represented a significant increase over the same period in 1955, it consisted mainly of equipment for active maintenance programs and there was no equipment for major car building or remodeling programs. Moreover, there appeared to be a significant lack of prospects for any sizable new equipment programs and, for this reason, future prospects looked rather dim. We assume that this is due in part to the fact that the railroads are holding up any possible new programs until they are able to evaluate the new lightweight trains.

H. F. Kneen

In the last six weeks the picture has brightened considerably. There is now renewed activity in subway and commuter-type cars which are usually purchased in large quantities. Furthermore, during the first five months of this year, Class I railroads had a 1.9% increase in passenger revenue over the same period in 1955 and since then they have obtained an additional 5% fare increase. During the same period the total operating revenue increased 9.5% over 1955.

It is expected that by the fourth quarter of this year passenger car programs will be started and will continue through 1957, possibly into 1958.

The sale of electrical, air conditioning, and lighting equipment on such programs, together with the fairly steady market of renewal parts and modernization programs, gives a bright prospect for our future.

Since Jan. 1, 1956, and our acquisition of The Howe Scale Company, now a wholly-owned subsidiary, our share of the railroad track scale market has increased and, with expanding freight handling facilities, this market is expected to grow during the next two or three years.

For the first half of this year our bookings on railway apparatus are 26% higher than for the first half of 1955, and our backlog is 16% higher.

ROBERT S. MACFARLANE

President, Northern Pacific Railway

The Northern Pacific Railway expects the high level of business activity, which existed during the first half of 1956, to carry over into the second half.

The economy of Northern Pacific territory continues to grow, with industrial development in the Northwest and Pacific Northwest progressing at a healthy rate.

Robert S. Macfarlane

According to U. S. Department of Agriculture reports, cash receipts from farm marketing in the states served by the NP were slightly higher during the first six months than in the same period last year. An increase in the volume of farm products sold made up for the somewhat lower average prices which prevailed for some commodities.

Output of farm products in NP territory is expected to be below 1955, an above-average crop year. Production of 1956 grain, for example, is expected to be about 13 to 14% below that of last year. A freeze in early November, 1955, damaged Washington orchards with injury to fruit trees, fruits and berries. Offsetting, at least in part, some of these potential traffic losses are substantial increases in canned and frozen vegetables, especially peas, and a large acreage of potatoes, sugar beets, soybeans, corn and dry beans.

Northern Pacific's 1956 capital improvements program calls for an expenditure of more than $32,000,000, an increase of $4,000,000 over 1955. Purchase orders for new passenger cars and diesel locomotive units are being filled on schedule. Nearly all of the 79 diesel units ordered have been delivered by the builder. A two-month delay in the railway's freight car building program was caused by the recent steel strike. Construction of 500 box cars is now slated to begin about Nov. 1. This project, which will be carried over into 1957, will be followed by the construction of 200 ore cars and an additional 500 box cars. Effects of the steel strike are also being felt on the company's track program. We expect to complete all of our scheduled main line track relay, but some relay of branch lines will be carried over into next year.

W. G. MILLER

President, Montreal Locomotive Works, Ltd.

Present indications are that Montreal Locomotive Works will have a highly successful year—tempered by the reservation that we do not know as yet the full effect of the recent steel strike upon us.

This excellent state of affairs is brought about to a large extent by the cooperation of the Canadian railroads in their programmed buying, which not only gives our industry stability but an opportunity to operate efficiently.

W. G. Miller

Indications are that the present rate of diesel electric locomotive purchases should continue for some time. This, coupled with the capital expansion going on in this country and in which we are participating broadly, assures us of a continued high level of activity.

Our expanding diversification program is also achieving excellent results and this coupled with the foregoing enables us to look forward to a period of steady growth.

H. J. McKENZIE

President, St. Louis Southwestern Railway Lines

The Cotton Belt finished the first six months of thi year with gross revenues exceeding 7% of the gross fo the same period last year. Our business did not show any decrease as compared with last year until the mont of July. On the basis of cars handled, we were 5% of in July of 1956 as compared with the same months o 1955. While we do not have our actual gross revenue for the month of July, it is possible that the precentag of decrease will be somewhat greater than that reveale by car account and may run as much as 8% to 10% below July of last year.

There is no question but that the steel strike cause some loss in business to our lines but we do not con sider that it will be of major consequence. Most com panies had large inventories and they were permitte to continue with their operations during the perio that the steel mills were shut down. There, of cours has been a great number of shipments from the mill themselves that have been lost but possibly this can b picked up during the third and fourth quarters.

We feel that the revenue for the third quarter wi possibly be below the third quarter of last year but w are looking forward to a good fourth quarter. It our opinion that we will wind up by the end of this yea with about the same gross revenues that we had durin 1955.

The Cotton Belt, during the last three years, has bee doing its part in relieving the national car shortag By the end of next year we will have purchased an

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As We See It

doubtless any other administration will keep open to all —except our enemies in times of war.

In the event of any major conflict, certainly any world-wide conflict, the exigencies of that war would, we imagine, determine what happened to the Suez Canal, and that quite regardless of prior arrangements. But what of the Canal in ordinary times? It is certainly understandable that Britain and France do not wish to leave that waterway subject to the whims and intrigues of such incendiaries as Nasser. Then there is the question of the behavior of the other Arab lands. The Egyptian firebrand has evidently aroused them to fever pitch. No one knows what they may undertake to do next should it prove possible to defy Britain, France and perhaps the United States without serious harm. About equally hazardous, considering the oil and other Western property in Arab land as well as the Canal itself, is to proceed with vigor to put little Egypt in its place.

What the solution is, we shall, of course, not undertake to say. There are able men in both of the leading parties in this country, and Britain and France have faced many such crises in their long history. It is our ardent hope that some peaceful and fully satisfactory mode of handling this situation will sooner or later be found and applied. We can only hope that the Kremlin will not choose to exploit the impasse to the fullest, and that India, a champion of all those who wish to break the chains of empire, will use her influence in a constructive way. There are many things in this world that need to be mended or altered, but the world did not reach its present status in a day, and time will be required to effect important changes in it if great destruction is to be avoided.

These are some of the problems which we hope are today being pondered by the so-called great powers of the world. These are the considerations which we can only hope will govern them all, including the Kremlin. But what of the Arabs and the other peoples who feel themselves deeply aggrieved by colonialism? Are there not aspects of this situation which should give them pause in their headlong race for freedom to do as they please not only with what nature gave them but with various other forms of wealth which they would not today have but for these same foreign peoples whom they regard as oppressors? It is foreign capital which is taking oil and other valuables from the depths of the earth in backward lands and converting them into something which can serve mankind. It is the accumulated wealth of Western peoples which was responsible for the Suez Canal in the first place.

It may be very well for these backward peoples to be told that much of all this wealth is now in foreign ownership by virtue of exploitation in the past, that foreigners now get more than the lion's share of the wealth that is being created from their raw resources, and much more of the same sort. It may be that the terms under which these projects are being operated in some instances really ought to be revised and liberalized. The fact remains, though, that foreign capital is in these regions only because it can get a better return than it can find elsewhere—or thinks it can—and in the absence of such an incentive further capital contributions are not likely. Native firebrands can seize oil refineries and canal facilities, but they can not always operate them profitably without foreign help—as repeated experience has shown.

All, or virtually all, the peoples have other resources that they presumably want to develop. They or their spokesmen are constantly shouting about improving their economic processes and bringing their people from their present backward state to some semblance of a comfortable existence. This conceivably they could achieve for themselves in the course of time, a very long time, assuming willingness to deprive themselves for a long period of the fruits of what they are doing and a very considerable aptitude for the techniques of production and distribution of goods and services. The fact remains, however, that were they to achieve it in this way it would be almost if not quite without historical precedent, and certainly would be the hard way.

These are some of the considerations which the Egyptians, the other Arab countries and various other so-called backward peoples should bear in mind when they are tempted to go into such dramatics as the Egyptian leader indulged in the other day when he "seized" the Suez Canal. There are those in Iran who now doubtless wish they had considered them carefully before they went off the deep end some years ago. They are some of the facts which none of them can for a moment afford to forget or overlook in the heat and ardor of their struggle to be rid of "foreign domination" within their own land. Otherwise, no matter what these foreigners may do, it is the natives who will be the chief sufferers.

Obviously, too, such situations as that now obtaining in the Arab world have a very vital bearing upon our give-away programs. Whatever our impulses may be and whatever limits our generosity may reach, it must be clear even to the day-dreamers that we in the very nature of the case can do but little to improve the condition of the backward peoples of the world if they do not keep their word, respect property rights within their lands or do those other things which can reasonably be expected to attract capital.

Greenberg Strong Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Stanley D. Gardenswartz is now with Greenberg, Strong & Co., First National Bank Building.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — George R. Kirwan has joined the staff of Hamilton Management Corporation, 445 Grant Street.

Rogers Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Jesse L. Nelson has been added to the staff of Rogers & Co., Kittredge Building.

Railroad Executives Discuss Outlook for the Industry

Continued from page 26

obtained delivery on a total of 3,500 new cars at a total cost of approximately $28 million. We have been co-operating with the shippers in obtaining the type of cars that will be needed today and in the foreseeable future. We have been fully dieselized for the last three years and have done much toward shortening freight schedules, inaugurating additional service, and providing the very best in the way of railway freight transportation.

HENRY S. MITCHELL

President, Duluth, South Shore and Atlantic Railroad Company

At mid-year the railroad industry finds itself in a situation in which it is having difficulty in absorbing recent wage increases and at the same time is confronted with new wage demands and also substantially higher costs for materials and supplies because of wage awards in industries which supply the railroads.

Henry S. Mitchell

Many railroads are producing superficially satisfactory performances by rigid economies which cannot be maintained indefinitely. A railroad consumes its physical plant in performing its services and inevitably this must be replaced either in kind or with improved facilities. Continual increases in cost in all phases of railroad operations when coupled with the unjustified restrictions and discriminations now prevalent under both State and Federal regulations do not make a healthy climate in which the railroad industry can thrive. Largely because of economies produced by administrative and technological improvements, 1956 on the whole should be a reasonably good year despite the losses of traffic from the steel strike.

On our railroad we have materially increased our expenditures for improving the physical property and are planning to install train radio to further expedite our service. As industrial activity regains momentum after the termination of the steel strike, we expect to have at least as good a year in 1956 as we had in 1955.

H. C. MURPHY

President, Burlington Lines

The prospects for the remainder of 1956, from the standpoint of the Chicago, Burlington & Quincy Railroad, are for a reasonably favorable last half with final results probably on a par with or slightly better than 1955.

H. C. Murphy

Like the railroad industry as a whole, we are confronted with the increasing disparity between unit operating revenues and costs. During the first half of 1956, the railroad industry attained a 5.8% gain in carloadings over 1955. Despite this increase in work performed, the proportionately greater increase in operating costs compared with operating revenues resulted in a slightly decreased net income for the industry. This is a brief illustration of the exceptional situation confronting the railroads in an otherwise expanding economy.

In the case of the CB&Q individually, the first half record shows freight revenue up 5.1% over the same period last year. Passenger revenue was up 5.17%. Net income was 5.6% higher than for the first half of 1955.

The lost production resulting from the steel strike will have a depressing effect on carloadings during the second half, although there is some hope that this will be offset to a degree by late-season ore movements and by efforts to rebuild inventories. Generally the picture is favorable through the remaining months of 1956.

Burlington's car supply as a whole has been adequate, while meeting the demand for box cars continues to be a problem. So far in 1956 the Burlington acquired about 600 new freight cars, the majority of which were box and flat cars. It is expected about 270 more will be completed by the end of the year. In addition we are carrying on a program of heavy shop repairs to 2,500 freight cars.

New industries have been located and industrial development continues to expand in Burlington territory, which should result in an increase of traffic.

Burlington is constructing a new automatic electronic, gravity-hump freight classification yard in Cicero, Illinois. This new facility will increase operating efficiency, and freight car availability.

Two all-new Vista Dome Denver Zephyrs will go into service this fall between Chicago and Denver with through cars to Colorado Springs. The new cars will include dome cars and the latest in coach and sleeping car accommodations. In the new train the Burlington for the first time is introducing thrifty new Slumbercoaches. There are two on each train and each Slumbercoach will contain accommodations for forty passengers in single and double units in duplex arrangements. Each unit provides a specially-designed coach room with comfortable arm-rest window seat by day, a comfortable bed for sleeping at night—also a private toilet and washstand plus space for luggage. The charge for this accommodation will be the coach fare plus a modest occupancy charge.

ROBERT H. MORSE, JR.

President, Fairbanks, Morse & Co.

Railroad equipment makers have a busy six months ahead. In general, they are sold into the first quarter of next year and these backlogs were pushed even farther back by the recent steel strike.

Robert H. Morse, Jr.

Our own company ended the first half of the year with a backlog of railroad orders twice as great as a year ago. By the end of the year, we will deliver the first of our new Speed Merchants, 1,720-horsepower diesel-electric locomotives designed to power the modern, high-speed lightweight passenger trains. The Speed Merchant was conceived at first to pull the new Talgo-type trains, planned for passenger service on two Eastern railroads. However, with modifications, it is capable of powering any of the three lightweight car designs now being built in the railroads' bid to gain greater passenger traffic.

While we produce many products for the railroads—pumps, scales, generators, etc.—our primary piece of railroad merchandise is the locomotive. For the last dozen years, with the exception of the first half of 1954, locomotive builders have been able to keep their production lines running almost steadily, which is a unique situation in what always has been a "feast or famine" business. However, we are now at a point where locomotive builders must sit back and take stock of this situation: As of June 1, our best estimates indicated that 90% of the nation's steam locomotives had been replaced with diesel units. The goal of complete dieselization of the railroads was within 10%—approximately 2,700 units—of completion. Where does the locomotive business go from there? Perhaps the answer is greater concentration on the upgrading of older diesels, which is a substantial, potential market. Or there may open a market for diesel replacement, which one major road already has undertaken.

Historically, the railroads have been tied to the state of our economy. When times are good, they buy. With most of the economists forecasting continued prosperity, railroad equipment makers, naturally, are expecting continued good business, too.

P. J. NEFF

President, Missouri Pacific Railroad Company

The year 1956 started with every indication that conditions on the Missouri Pacific would be better than 1955. Carloadings, which were running almost 6% better in the first half of the year, have been seriously affected by the steel strike and strikes of other industries in our territory. July ended with loadings for the first seven months just about the same as the first seven months of 1955.

P. J. Neff

Operating revenues for the first six months totalled $151 million—up over $6 million compared with 1955. There was carried down to net income during this period $8,105,000 compared with $6,541,135 in 1955.

Reflecting the economies in operation through a $342 million rehabilitation program undertaken during the past ten years, Missouri Pacific was the only major railroad in the Southwest to show a reduction in its operating ratio during the first five months (latest period for which figures are available)—76.1 compared with 77.9 last year.

The outlook for the third and fourth quarters are very encouraging. With the ending of the steel strike it is my belief that that industry and others affected by its recent work stoppage will see a resumption in production, resulting in an increase in carloadings, that will bring our year-end business up to our forecast.

Like all railroads MoPac is faced with the inability to quickly offset rising costs with corresponding rate increases and with the inability to meet inland waterway competition through compensatory rate adjustments.

We are deeply concerned about the failure of the Interstate Commerce Commission to permit us to advance freight rates sufficiently to offset the recent Emergency Board's increase in wages to labor. It seems likely the industry must ask for another advance in rates, especially in view of the pending new demands by railroad labor for another wage hike.

Inland waterway competition is especially serious in MoPac territory since we are subjected to more of this type of unfair government-regulated transportation than any other railroad—all the way from Omaha, Nebr. to Brownsville, Texas on the Missouri-Mississippi rivers and Intra-Coastal Canal. Failure of the Interstate Commerce Commission to permit us to adjust our rates to regain much of this traffic, which we could handle at a profit, makes it difficult to maintain a proper balance between revenues and expenses. Adoption of the Cabinet Committee report by the next Congress would correct this inequitable situation, with the shippers the ultimate beneficiary.

J. P. NEWELL

Vice-President, The Pennsylvania Railroad Company

On the Pennsylvania Railroad, our freight traffic for the first six months of 1956 has been 14% over the same period of last year, with no material change in passenger traffic. We anticipate that our volume for the year 1956 will be slightly better than 1955, despite the adverse effect of the recent steel strike.

James P. Newell

Our plans contemplate that general business for the first quarter of 1957 will be better than for the same period of 1956, with the balance of the year about equal to the same period of this year, and the total volume for the year at least above 1956. Despite periods of adjustment—some of which may be substantial—we are confident of a continuing increase in general business volume over the next five years, and are directing our efforts to having our property in proper condition to handle the traffic that will be available. A major problem confronting us, as well as many railroads, is the inflationary tendency, as indicated by the recent steel settlement. At the present time, the railroads are confronted with major wage requests from practically all of their employees—with decision expected before the end of the year. While improved operating techniques are being developed and will continue to be developed—thereby offsetting some of the increased costs—there is no question but that increased rates must be forthcoming if we are to retain our relative position with respect to earnings—which have not been satisfactory for the railroad industry when compared with earnings in manufacturing and other industries. Many capital expenditures are desirable which will improve service and operating efficiency, but these are dependent upon satisfactory earnings.

During the past year the Pennsylvania Railroad has effected the following improvements: The new Samuel Rea Car Shop at Hollidaysburg, Pa., was completed and has demonstrated its ability to turn out 50 heavy repair shop cars per day; the eastbound portion of the new yard at Conway, Pa., was placed in service and is improving our operation and producing the anticipated efficiencies—although a major portion of the benefits will not be obtained until the entire yard is completed, which will be during the coming winter; 74 additional new diesel units have been acquired, and a new lightweight tubular passenger train was purchased and is in service between Washington and New York. Additional mechanization has permitted us to hold our track maintenance at a high standard despite the increased cost of material and labor.

Likewise, our program for disposing of other property, including real estate, which is not required for railroad operation, has been continued. Simplification of the corporate structure has continued to receive major attention, with the number of subsidiary and affiliated companies having been reduced from 171 on Jan. 1, 1953, to 107 at present. Modernization of our facilities has continued throughout the year, resulting in the abandonment of many facilities and tracks which are not required with present-day diesel operation. TrucTrain ("piggy-back") on the Pennsylvania has continued to develop despite some difficulties which have been experienced—but they have been net and resolved. We contemplate continued expansion and development of this new type of transportation.

The outstanding development of the year has been the new plan of organization which was made effective Nov. 1, 1955. Nineteen Superintendent's divisions and three regions were replaced by nine somewhat autonomous regions, each under the jurisdiction of a Regional Manager, who has a complete staff and who reports directly to System headquarters. The functioning of the new organization has been most satisfactory and the results have fully justified this major change.

The railroad industry is the backbone of transportation in this country, and, as such, is indispensable. There has been a gradual awakening of the public to that fact but, to date, there has been a lack of action to translate into actualities any of the proposals which would be of assistance to the industry. The problems of subsidized competition, unfair discrimination against the railroads, high taxes and unsatisfactory return on the investment in railroads require some positive action. If it can be forthcoming during the ensuing year, it should be helpful—not only to the railroads but to the economic welfare of the entire country.

D. J. RUSSELL

President, Southern Pacific Company

Southern Pacific is spending record sums to expand its business capacity. How better can we demonstrate our confidence in the future of the territory we serve?

The railroad's outlay for capital improvements this year will be even greater than last year's all-time high of $117,600,000. Further, SP expects to keep on pouring out improvement money in a big way for several years to come.

Donald J. Russell

Despite temporary setbacks in some kinds of freight business this spring and summer, Southern Pacific believes 1956 will turn out to be another good year for gross revenue. The net, however, is the important thing. Like many another rail carrier, we are faced with the problem of carrying out much-needed expansion on inadequate net earnings.

This year we have felt the effects of a decline in home building, cutbacks in automobile production, and, to a lesser degree, the July steel strike. In the first six months of the year, Southern Pacific did little more than hold its own in traffic volume. True, our transportation system's freight revenue for these months totaled $293,890,876, an increase of $11,854,788 over the same period in 1955. But the bulk of this increase came, not from greater business, but from the higher interstate freight rates which the ICC made effective on March 7.

This summer's down-turn of revenue points up our need for intrastate freight rates in line with the interstate rates. Only three of the eight states served by SP have so far authorized within-the-state increases.

We expect a moderate upturn of freight traffic late this month and September, with volume spiraling up further in the final quarter. Steel mills will operate at capacity production, new car models will stimulate auto sales; heavy construction, boosted by government building projects, will stay at high level.

Taking the long view, we are more active than ever in preparing for the further growth of the burgeoning West and Southwest.

For example, this summer we placed a $24,000,000 order for 154 new diesel units. With the 185 units ordered last year, these will bring out fleet to 2,030. We are already more than 90% dieselized, and we are aiming at complete dieselization in 1958.

Early this year SP opened a $7,000,000 freight car classification yard at Houston. The new gravity yard, making use of radar and other electronic devices, has enabled us to cut car movement time by about five hours.

First units of another radar yard, this one a $6,000,000 facility at Eugene, Oregon, will go into operation this fall.

To speed car movement still more, SP this June completed a $7,000,000 project increasing the capacity of its busy stretch of line between Colton, Calif., and Yuma, Ariz. We converted 114 miles of automatic block signals to centralized traffic control and extended sidings and rearranged spacing on 71 miles of existing CTC.

We also stepped up construction this year on a 13-mile rock fill to replace SP's famed trestle across Great Salt Lake. This biggest of Southern Pacific's projects—a $49,000,000 job—is slated to be finished in early 1960.

Along with property improvements like these, we have vigorously pursued new ideas in service.

We established an integrated air-truck freight service last May. Our highway subsidiaries are working with a number of air lines, handling shipments between many western points and transcontinental air terminals at San Francisco, Portland, Los Angeles and Reno. This month we announced plans to start similar air-truck operations in Texas.

A pioneer among western railroads in "piggybacking" —the movement of highway truck trailers on rail flatcars—SP now transports almost 300 trailers a day. We have just approved the expenditure of another $2,000,000 on new piggyback equipment.

We are well into the pipeline business, too. Southern Pacific Pipe Lines, Inc., began running refined petroleum products through its $35,000,000 line from the Los Angeles and El paso refineries to the Tucson-Phoenix consuming areas early this year. By mid-spring, the operations were in the black.

Encouraged, we are surveying a new pipeline route over the High Sierra to connect the San Francisco Bay area with Reno and Fallon, Nevada.

These complete land transportation services are being continuously retooled to meet public needs in the West and Southwest, the fastest growing sections of the country.

A. P. SHEARWOOD

Chairman, National Steel Car Corporation, Ltd.

During the last 12 months, substantial orders for freight equipment have been placed by Canadian Railways, so that despite large shipments we have accumulated a backlog of orders which will keep us fully occupied for many months ahead.

The supply of steel and lumber will probably be the major factor affecting profits in the months to come, but future results should show a marked improvement as compared with figures shown in our last annual report for the period ending March 31, 1956.

R. H. SMITH

President, Norfolk and Western Railroad Company

The Norfolk and Western's volume of business and net earnings for the first six months of the current year have been good. But the railroad's volume of freight business for July and resultant earnings were materially reduced by the steel strike and the coal miners' holiday which lasted until July 10.

R. H. Smith

With the strike now at an end, there appears promise of capacity operation of the steel industry for the balance of the year. This we hope will enable us to recover the loss of earnings in July. Normally, earnings for the last half of the year are somewhat better than those for the first half and we hope that will be true again this year.

Physically the railroad is in excellent condition. Equipment condition is good, with bad-order freight cars averaging less than 1% of total ownership. Track maintenance is current. Although the railroad at present owns more coal cars, as measured by capacity, than it did on Dec. 31, 1943, in the middle of World War II when it was handling a larger volume of coal, it has acquired 3,000 new coal cars during the current year and has 5,000 more on order or under construction, all of which it expects to secure by the end of 1957.

A most encouraging feature of the coal business, the railroad's principal traffic producer, is the steadily increasing foreign demand for American coal. In the month of June an all-time record volume of this traffic was handled by the Norfolk and Western, and the July figure then exceeded that of June.

The thing of most concern is the fact that the wage scale which the railroad has to pay and the costs of the equipment and supplies it has to purchase are increasing at a much faster rate than its freight rates and other service charges. For instance, from 1940 to the end of 1955 average wage rates per man-hour increased more than 165% (excluding fringe benefits which were substantial), the average cost of a 70-ton coal hopper increased more than 174%, and the indications are that the steel price increase resulting from the recent steel industry labor wage settlement will increase the cost of a coal car another $250. The average cost of a ton of rail increased 161% from 1940 to 1955.

But against such increases in the principal items that go to make up its operating expenses and its new equipment costs, the railroad's average freight revenue increased from .648¢ per revenue freight ton mile in 1940 to .980¢ in 1955, or an increase of only 51.2%. If these unbalanced trends continue, the results will be serious.

And the railroads today have demands for tremendous wage increases from the labor organizations representing practically all of their employees.

H. E. SIMPSON

President, The Baltimore and Ohio Railroad Company

H. E. Simpson

Our gross earnings for the first six months were $235,537,525, with net income of $14,022,859. Our forecasted gross earnings for the year 1956 are $455,000,000, with net income of roundly $28,500,000.

These figures take into account the difficulties caused by the recent steel strike and not anticipating any further serious labor difficulties this year.

First Colony Life Ins. Stock Offered at $12.50 a Share

Johnston, Lemon & Co. and Scott, Horner & Mason, Inc. are joint managers of an investment banking syndicate which is offering 175,000 shares of First Colony Life Insurance Co., Inc., common stock at $12.50 per share.

Net proceeds from the sale of the common shares will be used primarily to increase the capital and surplus of the company, thus putting the company in a position to expand its business by increasing the amount of insurance which it may be permitted to write.

First Colony Life Insurance Co., with its home office in Lynchburg, Va., holds a multiple line charter which permits it to write ordinary life insurance, annuities, group life, industrial life, health and accident insurance, hospital and medical expense, group accident and health, and non-cancellable accident and health insurance. The company commenced writing insurance on June 8, 1956, and as of July 25, 1956, it had received applications in the aggregate amount of $740,054, of which policies in the amount of $612,654 had been issued.

Upon completion of the current financing outstanding capitalization of the company will consist of 310,000 shares of common stock, $2.25 par value.

Participating in the offering are —Auchincloss, Parker & Redpath; Ferris & Co.; Stirling, Morris & Co.; Rouse, Brewer & Becker; Goodwyn & Olds; Mackall & Coe; Birely & Co.; Wyllie and Thornhill; and Alester G. Furman Co.

With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Jack M. Fenster is now connected with California Investors, 3932 Wilshire Boulevard.

3 With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Grant H. Chidester, Richard B. Hammond, John R. Pierce, and Paul F. Taylor are now affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

Continued from page 3

A Realistic American Viewpoint Of U. S. Foreign Investments

gross figure comparable to the figure the individual investor normally uses and such as I referred to above for my own company. The gross figure, rather than the net net of nets, is the amount that relates to the investors' decision-making process; a decision must normally be made for the investment of each dollar's worth of that amount as was the case, for example, for the Jersey investment I have referred to. Moreover, it is the gross amount which carries with it the initiative, the managerial skill, and technical assistance characteristic of direct private investment.

Even if the net outflow figure were zero, U. S. investors would still be making a tremendous contribution to economic development by introducing technological improvements and by replacing their depreciating equipment with more productive equipment. In foreign areas, just as in the United States, most of the rise in output per capita cannot be explained by additional doses of reproducible capital goods and of labor. Most of it has come from increases in the output per unit of labor and reproducible capital employed. This fact has been stressed by Professor Schultz in the most recent edition of the Proceedings of the American Economic Association, where he quoted figures indicating that over a period in the United States only about a tenth of the rise in per capita output could be attributed to the increase in the stock of tangible capital. It is because of this fact that I regard the gross investment as the more satisfactory measure. Actually I don't know whether the gross figure for U. S. direct investment abroad would be four or six or eight times the net outflow. The figures on the gross are just not available.

Commerce Department to Publish Such Data

Fortunately, the Department of Commerce has recognized the interest in the gross figure and is now compiling for publication later this year a figure on gross direct U. S. private investment in Latin America. I am looking forward to the event and hope that comparable figures for other areas will follow. The need in Latin America is clear. By referring to the table you can see that in 1954 the capital outflow to Latin America was only $222 million for all industries and a withdrawal of $22 million is shown for the petroleum industry alone. Yet in that year alone the affiliates of my company operating in South America spent almost $200 million for new plant and equipment and in the search for oil. For this year the budget amount is even higher, approaching $400 million. Here again is an evidence of the great discrepancy between gross and net.

The discrepancy is also evident in the figures for individual countries. As an example I have included Venezuela in one of the tables. The capital outflow from the U. S. into the petroleum industry in Venezuela is shown at only $7 million in 1954. Yet in that year alone the affiliates of my company in Venezuela made expenditures of about $125 million for new plant and equipment and in the search for oil. Even aside from this statistical evidence I think anyone who has observed the economic progress of Venezuela would doubt that such progress resulted from annual investments of the order of magnitude of only $7 million.

Improper Investment Interpretation

In this connection I might note that I was both surprised and disappointed recently when a friend of mine, a professor of economics no less, suggested to me that the oil companies were not contributing to Venezuelan development since they were taking more out of the country than they were putting in. In arriving at this contention he had probably excluded from consideration the tremendous current expenditures of the U. S. investors in Venezuela for taxes, royalties, and operating expenses. Probably he had compared the $7 million outflow to Venezuela with the estimated $342 million earnings in 1954 by U. S. oil companies in Venezuela. For the reasons already given the $7 million does not seem the proper figure to compare; and it might be pointed out that the oil companies had to make large investments at the same time in other parts of the world to provide outlets for the Venezuelan production. Neither does the $342 million seem a proper figure to use for profit withdrawal, since a portion of that amount was reinvested in Venezuela by the branches and foreign affiliates involved. Nevertheless, even if the proper investment figure had been used and had been found to be greater than the proper figure on earnings withdrawn, the argument would be invalid. Wise investments create new wealth in a country, wealth in form of greater supply to the consumer, greater employment, greater tax revenue, and greater profit. The fact that a successful investor then withdraws some of that profit he has created is no reversal of the wealth - producing process. As bankers I'm sure that you are fully aware of the role of investment and financing in turning potential wealth into actual wealth. I am afraid, however, that there are some countries which are now suffering as a result of a failure to realize this role.

Sometimes the representatives of such countries have attempted to depreciate the value of U. S. private foreign investment in general by comparing the gross earnings of $2,306 million in 1954 on U. S. direct investment abroad with the $761 million outflow. They then go on to say sometimes that under-developed areas in particular cannot afford to pay the earning rates required by private investors and that therefore they should be given ample governmental credit at interest rates of 4% or 5%. Again, it seems to me, a proper comparison is not being made; current earnings should be compared to their own parents, that is to the investments in previous years, and not to current investments which will give birth to additional earnings in future years. It might also be pointed out that the argument for government credit leaves out of account the fact that amortization payments on public loans are likely to drain at least as much foreign exchange from a country as the excess, if any, of private profit repatriation rates over interest rates on public loans. This is true because direct investors normally not only leave their capital invested, but actually add a portion of their earnings to it.

Investments Here Not Comparable to Those Made Abroad

Another occasional criticism has been that the assistance given by private U. S. investors to foreign areas is not really important since the annual increases in foreign investment here have been of the same order of magnitude, and sometimes, as in 1954, even greater than the increases in U. S. investment abroad. This criticism overlooks two important aspects of the investment increases. Firstly, there is no close relation between the two types of investment increases; one does not determine the other. Whatever the flow of funds to the U. S., whether for new investments in the U. S. or for the purchase of U. S. exports, the outflow of investment from the U. S. is helpful to the financial position of the foreign areas concerned. There is no more reason to compare the outflow for investment to the inflow for investment than there is to compare the outflow for investment to the inflow for the purchase of commodies or to the inflow for any other purpose. Secondly, it can be seen from the tables what an overwhelming proportion of the increase of foreign investment in the U. S. is in investment in government securities, short-term securities, bank deposits, and other forms of portfolio holdings whereas the increase in U. S. private investments abroad is largely in direct investments, which normally carry with them initiative and technical innovation.

Need for Public Loans and Grants

Despite the weakness of these criticisms I have mentioned, I don't wish to leave the impression that I think private investment will by itself remake the world in the next few years. Inter-governmental assistance—not only direct military assistance, but also economic assistance, in the form of loans and a few grants—will be necessary in some areas where there are the political requirements for assistance but not the political prerequisites for private investment. At the same time, where it is allowed to prove itself, private direct investment, through its combination of permanence, initiative and innovation, will prove a powerful force toward the development of a free world wholly comprised of self-supporting and progressing areas.

The Influence of the U. S. Government on Private U. S. Direct Investment Abroad

In view of the clear advantages to world economic development and to the U. S. economy of private U. S. investment abroad, one would expect that it would receive the full support of the U. S. Government. In terms of policy statements by the executive branch and by bipartisan commissions there is such support. Unfortunately, there are some shortcomings in the practice of what is preached. Taxes are, in my estimation, the area of the greatest government influence, and the area, too, where the shortcomings are significant. But there are other important areas of influence, let me mention these first.

Randall Commission Recommendations

In 1954, the Commission on Foreign Economic Policy — the Randall Commission— reported to the President and Congress that:

"There are various types of action which the United States Government can take to encourage the flow of private investment abroad.

"The government can and should give full diplomatic support to the acceptance and understanding abroad of the principles underlying the creation of a climate conducive to private foreign investment. This requires better coordination of policy and action by the various United States agencies and representatives in the field of foreign economic policy, and, in particular, a clear formulation of the government's position with respect to private investment abroad, stressing support of the private enterprise system and the interests of United States investors."

It is not easy to generalize on performance in this area of diplomatic activity. For your own country each of you would probably be a better judge than I. It is my impression, however, that the representatives abroad of the U. S. Government have been taking an increasing interest in seeking both an understanding of the contribution of private U. S. investments in foreign areas and fair treatment for those investments.

A further comment of the Randall Commission was that:

"To some extent the general climate and legal environment for private investment may also be improved through the negotiation of international treaties relating to foreign investment. Although it must be recognized that such treaties more often record the existence of a favorable climate than create it, the discussions which take place in the attempt of two governments to reach agreement may in themselves be beneficial. The United States Government should continue to use the treaty approach to establish common rules on the fair treatment of foreign investment."

Foreign Investment Treaties

At that time five comprehensive modern treaties dealing with general economic relations with individual foreign countries had been signed since the war. Since then two more have entered into force and five others have been signed by the U. S. It is my understanding that three others are now under active negotiation. Clearly progress has been made in this area.

A third recommendation of the Randall Commission, over the strong objection of a sizable minority, was "that the program of guaranties against expropriation or inconvertibility of exchange be given a further period of trial and that during this period guaranty coverage on a discretionary basis be authorized for the risks of war, revolution, and insurrection on new investments abroad." At the time the program had grown slowly over its five years of existence. Since then it has expanded at an accelerated pace, so that at the end of May this year something in excess of $110 million out of $163 million in authority to issue guaranties had been used and the program had expanded to cover investments in 30 countries; applications for guaranties in excess of $300 million were pending. The program has never been extended to cover war risks, but the proposal remains a live issue in Congress. In May the House Foreign Affairs Committee voted for the war risk coverage, for extending the life of the program for ten years, and for increasing the authority to issue the insurance by $300 million.

Public Competition to Private Lending

There was another comment by the Commission that "there are special circumstances in which United States economic and foreign policy objectives can be served by public lending. . . . Wherever possible, such loans should be made to private enterprise abroad, and foreign public lending should not encourage the displacement of private by public operations. It should also be emphasized that public lending should not compete with, or displace, private foreign investment, including private loans to foreign borrowers, and this principle should be made abundantly clear to prospective borrowers." Here again it is difficult to judge, but I have seen various evidences of full awareness by the lending institutions both of the desirability of not displacing private investors and also of the desirability of entering into partnership with private investors to reduce the need for public financing. The formation of the International Finance Corporation might be taken as evidence of this awareness; yet each time a new agency is created I have worries whether the apparent availability of yet another source of public funds will provide the excuse for inaction in some governments on the making

International Investment Position of the United States
(Latest published figures as of May, 1956, in $ billions)

	Increase During Year 1954	Value at Year-End 1954	Increase During Year 1955
U. S. Private Investments Abroad	2.8	26.6	
Long-term	2.1	24.4	
Direct	1.4	17.7	
Capital Outflow—			
Gross Deductions Net	.761		.686
Inv. of Subsidiary Income—			
Gross Deductions Net	.641		
Foreign Securities	.5	5.0	
Net Capital Outflow	.2		—.1
Net Increase in Security Values	.3		
Other	.1	1.6	
Short-term	.6	2.2	
U. S. Government Investment Abroad	—.1	15.6	.3
Total U. S. Investment Abroad	2.6	42.2	
Foreign Investments in the U. S.	3.1	26.8	
Private Long-Term Direct	.205	3.981	
Other	2.9	22.8	
U. S. Net Creditor Position	—.6	15.4	

Distribution of Private U. S. Direct Investment
($ Millions)

	Petroleum			Other Than Petroleum			Total			
Investment in	Capital Outflow during 1954	Increase during 1954	Value Year-End 1954	Capital Outflow during 1954	Increase during 1954	Value Year-End 1954	Capital Outflow during 1954	Increase during 1954	Value Year-End 1954	Capital Outflow during 1955
Latin Am.	—22	4	1,688	124	218	4,568	102	222	6,256	119
Venezuela	7	32	1,038	46	59	361	53	91	1,399	
Canada	202	227	1,160	267	470	4,779	469	697	5,939	340
W. Europe	23	62	671	13	174	1,934	36	236	2,605	116
Other	92	124	1,824	62	120	1,124	154	264	2,948	111
Total	295	418	5,353	466	1,101	12,395	761	1,419	17,748	686

SOURCE: Survey of Current Business; August, 1955, March, 1956.

of policy changes which would remove the barriers to the inflow of private capital.

Tax Burdens and Inequities

Finally, and most importantly, the Randall Commission recommended that the government "provide an inducement to foreign investment by removing certain United States tax burdens and inequities." The Commission was not unmindful that there are already some features of present U. S. tax law which reduce the impact of U. S. taxes on income from investment abroad; foreign income taxes may be credited against the U. S. taxes which would otherwise be payable on income from abroad; investments in the Western Hemisphere meeting certain restrictive conditions are entitled to a 14 point reduction in the rate of U. S. tax; and the income of subsidiaries incorporated abroad is left free of U. S. tax until the income is distributed as dividends. In my view, these provisions should be regarded, not as special benefits to the investments affected, but rather as recognition of the fact that income from investments abroad is of a nature different from domestic income. What is now particularly needed is the general extension of the last two features to the income from other types of investment abroad.

Last fall I was invited by a subcommittee of the Congressional Joint Committee on the Economic Report to appear with three others as a panel to discuss the present U. S. tax treatment of income from abroad. In our report to the committee all four of us agreed that form, rather than substance, now plays too important a role in determining the incidence of U. S. tax on investments abroad. We all also agreed that some lightening of the present burden of tax on foreign income was necessary, though we disagreed as to just how the burden should be eased. I recommended broad extension of both the 14 point rate reduction and the deferment of tax on income from investment abroad. This is the program which was recommended by the Randall Commission, and it is the program which the President has urged in messages to Congress in each of the last three years. So far no legislation has resulted. This spring the Administration discontinued its efforts to persuade the Congress to take action on the program this year.

Meanwhile, the Administration is making some efforts to implement the announcement made at the Rio Economic Conference in 1954 by Secretary of the Treasury Humphrey that the U. S. was willing to modify the U. S. tax system in particular cases to provide that the effective U. S. tax rate on income from investments in a country would not be raised when that country lowered its tax rate for a limited period to attract investment. So far no treaties of this type have reached the stage of signature.

Lack of Tax Treaty Accomplishment

This lack of accomplishment either by legislation or by treaty in the tax field is unfortunate, the more so because there is need for various technical changes as well as for the two major extensions which I have mentioned. Reform is needed. There is something wrong with the present system, which places U. S. investors at a disadvantage in the presence of strong foreign competition. There is something wrong with a system which effectively encourages foreign governments to raise their rates at the expense of the U. S. Treasury. There is something wrong with a system which assures the same tax payment on a dollar earned in a low-tax underdeveloped country as on a dollar earned, say, in Canada, where the local government can certainly provide more of the services which make economic activity secure. There is something wrong with a system which imposes no current tax on the income of a subsidiary in, say, Mexico but imposes a high U. S. tax on the income of a branch engaged in the same business in Mexico.

Some day, maybe next year, the needed changes will, I hope, be made in the interest of a proper flow of private investment from the U. S. At the same time, of course, it is recognized that even if government treatment were made perfect in the U. S., and in other capital-exporting nations, the policies of governments in foreign areas could prevent the inflow of private capital into those areas.

The Influence of Foreign Governments on Private U. S. Direct Investment Abroad

Among the important components of a country's investment climate there are various aspects of government performance which are of such broad influence as to justify strenuous efforts for improvement even aside from their impact on the investment inflow. Among these components are the degree of continuity and stability in government authority, the extent of internal security and protection of individual freedom, the level of attainment in efficiency and promptness in government functions, the extent of freedom in the foreign exchange market, and the degree of avoidance of favoritism and corruption in administration. To give but one example from this list, let me quote the introduction from a May 24 report in the New York "Times," after substituting a few blanks:

"The climate for industrialization is critically handicapped in Blank. Foreign capital hesitates to come to the country. Anyone who wants to open a business in Blank usually ends by deciding against the venture. The reluctance of investors, either foreigners or Blanks, to take part in the growth of the country lies principally in corruption. . . . When a man decides to go into business here, he and his associates must figure immediately the large costs involved in obtaining the necessary licenses and permits. They also must reckon taking into the business with them one or more persons in the government."

Such a situation would be a threat to the future of the country even if it did not also drive investors away.

In addition to such general influence, there are many—I feel far too many — other ways in which governments are prone to affect directly the process of investment. For example, each investment proposal may be required to pass extensive screening and licensing by multiple bureaus, and the investment goods themselves may have to run a separate gauntlet before being allowed across the border. In the process there is always the danger that the rules will be applied in such a way as to preserve a favored position for some well-connected private firm or corporate minion of the government. Possibly many of you have had personal experience with such instances as I have had. Even after an investment is admitted there is the danger that the complex exchange regulations or the tax laws will be written or administered in such a way as to discriminate against the investor from abroad.

A U. S. State Discriminates Against Canadian Brewery

Perhaps no one of our countries is immune to this disease. Recently I noticed with dismay that the legislature of our State of Maryland, under the obvious urging of local brewing interests, had barred a reputable Canadian firm from investing in a new brewery in the state. The old attitude of "we believe in competition, but . . .!" Fortunately such discrimination against investors from abroad is not frequent in the U. S., so far as I know. While the U. S. is the largest exporter of capital, we are still benefiting at home from foreign participation and competition in investment in the extractive as well as the manufacturing fields. Yet the disease of discrimination is still present.

It is certainly true that there are a few areas of the world in which the discrimination against the foreign investor is far more serious—to the detriment of the present standard of living and of the hope for the future. These areas exhibit in varying degrees a reluctance to benefit from knowledge and physical capital offered from abroad by private investors. In the extreme instances of economic nationalism governments have in the past failed in their obligation—an obligation both to their own citizens and to the citizens of the rest of the world—to make the best use of the physical and human resources under their command.

One can discern, however, even in the case of some of the more xenophobic nations, a hopeful trend. In some places the first steps have been taken toward the active seeking of credits from private foreign suppliers and of technical assistance contracts with foreign private firms. When there is some experience with the cost of these short run methods in contrast to the alternative of allowing the long run participation of private equity investors, then possibly other steps will be taken toward lowering the barriers against the private foreign investor. To be sure, governments rarely change policy overnight, and, indeed, often cannot.

The Influence of Public Opinion on Private U. S. Direct Investment Abroad

Governments, when they restrict private investment activity, do not normally act just because they are fully self-motivated groups of meddesome men. In large measures they are directed by the currents of public opinion. Governments do play an important role in forming public opinion, but once the opinion is created it is an independent force. When I have referred to the misfortune of ill-conceived government interference, in a sense I have merely been saying that the public needs to be better informed.

Public opinion is important in the capital-exporting nations as well as the capital-importing nations. In a capital-exporting nation, for example, it is easier to obtain appropriate tax legislation on income from investment abroad if there is greater public understanding of the problems of foreign investment. In a capital-importing nation—and most of our countries are — it is easier for public servants devoted to the national welfare to avoid harmful restrictions on investment it there is a better public understanding of the benefits resulting from the inflow of foreign investment. To be realistic, it is often easier for governments to withstand the pressure of self-interested local groups if there is a public understanding of where the general interest lies. This is as true in the field of investment restriction as it is in the field of trade and payments restrictions.

Public Educational Efforts

Efforts at public education on the subject of investment are justified on the part of the investors themselves, the U. S. Government, foreign governments, interested private groups, and other businessmen as well. As an investor the company I work for conducts both in the U. S. and abroad programs of action and publication designed to bring home to the public their stake in the company's investment. As an interesting example, it was front-page news in Argentina a few months ago when Esso Argentina flew nurses from its advanced training center in the North of the country down to Buenos Aires to relieve the critical shortage of nurses during the capital's severe polio epidemic; the company was able to make the nurses available because as a private investor it had not been content to concern itself simply with the handling of petroleum. It had sought to advance the health of its employees. As a result it had set up an advanced training school to provide nurses for its own installations in the country.

Earlier I mentioned the forthcoming study by the Department of Commerce on U. S. investment in Latin America. In addition to publishing the first estimates of gross investment that study will also treat statistically the contribution made by U. S. investors to the employment, production, and exports of the area. It seems likely to me that this will prove to be a useful educational effort. The public releases of foreign governments also serve to give the picture of the impact of private investment. I was struck just recently when I read of the announcement by the government of Alberta in Canada that since 1947, when a Jersey affiliate, Imperial, discovered oil, the government of that province alone had taken in more than $525 million in royalties and revenue from sales and leases on lands for oil and gas exploration and development. Much of this had been invested by investors from Europe and the U. S.

Private Public Reporting

Some private groups have also been doing an outstanding job of public reporting. If you have not seen the studies prepared by the National Planning Association on foreign investments which have been successful for the investors and the host communities, I would recommend to you their studies on Sears Roebuck in Mexico, Casa Grace in Peru, the Sun Life Insurance investment in the Philippines, and the Jersey affiliate, Creole, in Venezuela. In reading these studies one becomes aware of a contribution of the foreign investor which is in a broad sense a cultural one, that is the introduction of new attitudes within the private business system. It has been alleged that private business within some foreign areas pursues high profits and dividends at the expense of broad sales volume, that the local investor hoards his funds or invests them unproductively. The approach of the United States investor is surely different, emphasizing a wide market, and constant reinvestment for growth.

As bankers, in the interests of your own countries and your own businesses, I hope that you will add your voice to an educational process which should result in greater opportunities for private investors whatever their nationality. I have talked only about the U. S. investors, for that was my assignment, and it is a subject with which I have some experience. I hope I am not for that reason any less appreciative of the contribution of the investors of other areas who cross international boundaries and of the normally greater numerical contribution of those who are investing within their own country. For all of the investors it is my hope that the future will hold increasing opportunity.

In your positions of public leadership at home I hope you will make a contribution toward making that opportunity possible. In your positions of business responsibility I wish you good luck in making the best use of the opportunity!

Continued from page 15

News About Banks & Bankers

to its quarterly dividend payable in December, 1956. Details of the merger of the banks indicated, with the **Detroit Bank** were given in our issue of June 28, page 3086.

* * *

John S. Coleman, President of Burroughs Corp. and William M. Day, President and a Director of the Michigan Bell Telephone Co., were, on Aug. 13, elected directors of **National Bank of Detroit, of Detroit, Mich.** Charles T. Fisher, Jr., President, announced. Mr. Coleman is President of the Chamber of Commerce of the United States, a Trustee of the U. S. Council of the International Chamber of Commerce and of the Committee for Economic Development, a board member of the National Industrial Conference Board, a member of the Council on Foreign Relations, Trustee of the Power Reactor Development Company, a Trustee and member of the Finance Committee, Eisenhower Exchange Fellowships, Inc., and a Director of various companies. Mr. Day is a Director of the American Ordnance Association, President and a Director of Metropolitan Detroit Building Fund, a Director of the United Foundation and the USO, a Trustee of the University of Detroit, etc. National Bank of Detroit reported resources exceeding $1,750,000,000 in its June statement.

* * *

A charter was issued as of July 31 for the **Carolina National Bank of Easley, at Easley, S. C.** The new bank which will represent a conversion to the National System of the **Easley Bank,** will have a capital of $300,000 and surplus of $289,468. It will be under the management of Julien D. Wyatt as President and Carnis B. Davis as Cashier.

* * *

The sale of $50,000 of new stock by the **Peoples National Bank of Miami Shores, Fla.,** has brought about an increase in the bank's capital from $600,000 to $650,000 as of June 27.

* * *

The ground level banking room of the **First City National Bank of Houston, Texas,** was virtually doubled when a large new annex was opened to the public, Aug. 6. The enlarged banking room, with nearly half a city block of ground floor space, may be entered from four streets. With its 23,000 square feet of floor space, it becomes the largest street level banking room in Houston and one of the largest of its kind in the Southwest, according to First City National Bank officials. Desks of 13 officers were moved into the new area. It also houses the statement, collection, payroll, and commercial loan departments, installment loan tellers, and installment and personal loan interviewers, etc. In addition to the enlarged main banking room, the First City National Bank occupies the basement, and first four floors of the 22-story building as well as the second floor and part of the basement of the garage across the street. The First City National Bank, which had deposits of $612,340,516 at the June 30 bank call, was formed March 30 by the consolidation of the **First** and **City National Banks.** It indicates that it is the largest bank in Houston and the third largest in Texas and the South.

* * *

The First National Bank of Mount Vernon, Wash., with common stock of $100,000, was absorbed, at the close of business July 13, by the **National Bank of Commerce of Seattle, Wash.**

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Joseph Samulowicz has been added to the staff of Paine, Webber, Jackson & Curtis, Penobscot Building. He was formerly with Baker, Simonds & Co.

With Suburban Secs.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Edward J. Potokar is now with Suburban Securities Co., 732 East 200th St.

Joins Samuel & Engler

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Robert S. Dingledine, Sr. has joined the staff of Samuel & Engler Company, 16 East Broad Street.

Now With Vercoe

(Special to THE FINANCIAL CHRONICLE)

MANSFIELD, Ohio — David L. McGinty is now connected with Vercoe & Co., Farmers Bank Building.

Form United Investors

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—United Investors, Inc. has been formed with offices in the U. S. National Bank Building, Mile High Center, to engage in a securities business. Officers are Floyd Marks, President; Harold M. Quiat, Vice-President; and Lars O. Prestud, Secretary-Treasurer.

Stanford L. Hyman, Edwin A. McMillan, Ernest H. Neff and Morris O. Thedford are associated with the firm's staff.

Walter Plankinton Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Walter R. Plankinton has opened offices at 1602 S. Quitman Street to engage in a securities business.

Form Western States Mge't.

(Special to THE FINANCIAL CHRONICLE)

ENGLEWOOD, Colo. — Western States Management Co. has been formed with offices at 333 East Hampden to engage in a securities business. Officers are Robert J. Giesen, President; William B. Chenoweth, Vice-President; and Ross Gregory, Jr., Secretary-Treasurer. Mr. Giesen and Mr. Gregory were formerly with Honnold and Co., Inc.

Amlyn Services Formed

Amlyn Services has been formed with offices at 15 West Forty-fourth Street, New York City, to engage in a securities business.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is not only in the summer doldrums, but it is also continuing to labor under the influence of the boom psychology, which means that the pressure which has been on the money market is not being lifted under prevailing conditions. The demand for money is showing no signs of abating and this indicates the competition for the available supply of loanable funds is as keen as ever. The new money raising operation of the Treasury went about as expected, even though short-term rates have been tending upward.

Canada's Central Bank Rate Now 3¼%

For the fifth time in 12 months, the Bank of Canada increased the Central Bank rate, upping it from 3% to 3¼% to the highest level on record. This latest move is another attempt to curb the inflationary trends in Canada. The increase in the bank rate by our neighbors to the North is not expected to result in a further increase in the discount rate of the Federal Reserve System, even though the inflation pressures here are also very strong.

The intermediate and long-term securities continue to bring up the rear, because more favorable income can be obtained in non-government investments. In spite of the lack of interest in the aforementioned issues, a modest amount of buying is being done in these securities, with public pension funds and small institutional investors making commitments in selected obligations of the most distant and middle-term governments.

Good Demand for New Certificates

The reception, which was given to the Treasury offering of tax anticipation certificates was considered to be "very good," with subscriptions amounting to about $10.6 billion compared with the $3 billion (at 2¾%) of new money which the government was interested in borrowing at this time. Accordingly, allotments were made on a 29% basis in the case of large subscriptions. Last October, when the Treasury came to the market with an eight-month 2¼% tax certificate, the allotments were 32% on the large orders. According to reports, corporations were the principal buyers of the recently offered tax certificates because they had funds available for such an issue.

Treasury 2½s of 1961 Attract Interest

There appears to be not more than the usual small interest around for most of the Treasury obligations, except for the near-term maturities which are still the most active ones because the market for these issues continues to be sizable and broad. On the other hand, it appears as though some off-hand attention is being given to certain of the intermediate term issues by those that have funds for investment, or will have in the not too distant future.

The obligation that is presently being watched by not a few money market specialists as well as investors is the 2½% due 11/15/61. It is being pointed out that this issue is at levels which have appeal for those that are interested in a good return, with not too long a maturity. This obligation, by the 15th of Nov., will be in the note classification. It is reported that there has been a fair amount of buying going on in this security and it would not be surprising if this were to be stepped up, with any change in money conditions, whether they be favorable or otherwise. Some of the near-term government securities, according to advices have been sold, and the proceeds have been reinvested in the 2½s of 1961.

Government Bonds As Group Ignored

Competition from other forms of investment continues to plague long-term government securities and, in spite of new yearly lows in many cases, these issues have not yet reached levels where they are attracting more than a modest amount of buying. It is reported that insurance companies have been sellers of some of the longer Treasuries in not too sizable amounts. This kind of liquidation, however, in this very thin and very inactive marekt has tended to have an unfavorable effect upon prices of these obligations. The issue which was reported to have been in for a certain amount of selling recently was the 3¼% due June 15, 1978-83.

On the other hand, it is indicated that the most distant Treasury bond, the 3% due Feb. 19, 1995, has been fairly well taken by public pension funds. These purchases, according to advices, have been made mainly on a scale basis, and even though they have not been too large, they have tended to cushion somewhat the decline which has been going on in this bond.

It is also indicated that a fair amount of the money which was invested in the 2¾s of Sept. 15, 1956-59, and which are being paid off by the Treasury the middle of next month, is being put to work in tax exempt obligations. It is reported that the bulk of these funds are being invested in issues with a maturity not in excess of seven years.

Tax Swaps Under Way

Switches continue to supply a fair amount of activity to a very narrow and uncertain market. There is, however, no particular pattern discernible as far as these exchanges are concerned at this time. It is evident that these swaps are for tax purposes and more of them will be made as we go into the closing months of the year.

Join J. D. Creger Staff

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif. — James N. Attarian, George R. Duffy, Charles N. Groutage, Monroe E. Hirschy, Bert L. Sharp, and Raymond H. Smith are now with J. D. Creger & Co., 124 North Bright Avenue.

Allen Inv. Adds Four

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — James C. Ganter, John J. Kablev. Galen T. Leach and Melvin D. Miller have been added to the staff of Allen Investment Company, 1334 Pearl Street.

Continued from page 4

The State of Trade and Industry

of these stocks jumped to $20.9 billion at the end of June from $20.4 billion a month earlier.

An increase of less than $100,000,000 in total seasonally-adjusted wholesale stocks, the report said, was offset by a similar decline in the book value of retail inventories.

Last Monday the Commerce Department announced that the purchasing power of the U. S. consumer made an all-time peak rate in June, a period when the value of goods and services produced attained their highest record. The Commerce Department reports that the April-May-June quarter output rose to an annual rate of $408,300,000,000, or $5,000,000,000 above the first 1956 quarter and $21,000,000,000 above the same period last year. The Commerce analysis attributes at least half of this year's quarter increase to rising prices, rather than a boost in the "real volume of production."

The "Iron Age," national metalworking weekly, states in its Wednesday release that steel ingot production moved to within shooting distance of pre-strike levels this week. But the effects of strike losses will be felt for months to come and over a broad area, including Europe.

Before the walkout, mills had accepted orders for export to bolster an expected letdown in third quarter. The strike knocked their calculations into a cocked hat and European consumers will not get the steel they had counted on.

In the weeks ahead, U. S. producers will be hard-pressed to accommodate domestic consumers. The strike loss of 11-12 million ingot tons shortened even those consumers who went into the walkout with comfortable inventories. The position of structural and plate consumers is critical.

To make matters worse, producers are running into melting and rolling maintenance problems.

Despite all the problems growing out of the strike, production this year will equal the 111.6 million tons produced in 1953, but will be far short of last year's record 117 million tons.

Efforts to replenish shortages and rebuild inventories will keep the steel production rate at high level for balance of the year and beyond. It will be late in the year before mills can effect material reduction in backlogs and carryovers.

Meanwhile, producers are concerned over the ominous silence of John L. Lewis, leader of the United Mine Workers. Mr. Lewis is certain to ask for as much—or more—than his protege, Dave McDonald, got for the steel workers. Mr. Lewis has the power to shut down the steel industry's captive mines to enforce his demands. At any rate, higher coal-producing costs are a certainty.

Markets generally continued to advance and the expected leveling-off is not yet in sight.

Magazine "Steel" Reviews Steel Industry Situation

Steel demand will outstrip production the rest of this year, according to the magazine "Steel." It said orders kept coming in while consumers lived off inventories during the five-week strike.

This metalworking publication reported that producers of durable goods have an order backlog 18% greater in dollar volume than they had a year ago. It believes steel consumption the rest of this year should exceed that of the corresponding period of 1955 when records were broken.

The problem of supply is complicated by the question of how long it will take mills to get back into operation, according to thn they had a year ago. It believes steel consumption the rest this national metalworking publication.

Production of steel in the first week after the strike (week ended Aug. 12) was at 52.5% of capacity (1,292,494 net tons), a jump of 33 points over the preceding week when only the unstruck capacity was in operation.

Just before the strike started (week ending June 25), national ingot production was at 95.5% of capacity (2,351,108 net tons), a point and one-half below where it was a year ago before the one-day strike shut down mills. Despite the strong demand for steel, production couldn't get back up to 97% until four months later although there was an immediate recovery to around 93%.

Now that base prices of steel have risen and will be steady for a while, the "Steel" asserts that demand will reflect only the needs for consumption. The price increase, averaging $8.50 a ton or 6.25%, falls short of what was expected. To help offset increased costs, extras may be raised as they were last year when the base price increase was only $7.35 a ton or 5.8%.

The new prices were being reflected in "Steel's" price composite on finished steel. In the week ended Aug. 8, it reached $137.75 a net ton, a $6.48 rise over the preceding week's level.

Smaller firms operating during the strike raised prices an average of $9 a ton. They are now getting in line with Big Steel.

The metalworking authority said that increased steel prices will cost metalworking companies $275,000,000 to $300,000,000 this year, figuring that about 35,000,000 million tons of finished steel products will be shipped between Aug. 7 and Dec. 31. It estimated that the cost of steel in a $2,500 auto is increased $14 by the price boost; in a $300 refrigerator, 95 cents; in a $2,400 farm tractor, $6.50.

Increases in steel's base price in 1957 and 1958 will be lower than this year's because the labor package will cost less (about 16 cents an hour). Best guesses for price boosts in the next two years are between $6 and $6.50.

The nonferrous metal market is being affected by the Suez situation, according to "Steel." It reported that tin and copper prices especially are feeling the effects of Egypt's seizure of the Suez Canal. Tin prices are hovering near the $1 a pound mark.

Steelmaking scrap prices continue to reflect expected strong demand. In the week ended Aug. 8 "Steel's" steelmaking scrap price composite moved up to $54.83 a gross ton, a $1.63 increase over that of the preceding week.

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 85.5% of capacity for the week beginning Aug. 13, 1956, equivalent to 2,106,000 tons of ingot and steel for castings as compared

with 57.5% of capacity and 1,415,000 tons (revised) a week ago, when most of the country's steelworkers were on strike.

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 15.3% and production 377,000 tons. A year ago the actual weekly production was placed at 2,176,000 tons or 90.2%. 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.

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

Automotive output for the latest week ended Aug. 10, 1956, according to "Ward's Automotive Reports," dipped again due to shutdowns for model changeovers.

Last week the industry assembled an estimated 107,933 cars, compared with 111,152 (revised) in the previous week. The past week's production total of cars and trucks amounted to 127,517 units, a decrease of 4,399 units below the preceding week's output, states "Ward's."

Last week's car output dropped below that of the previous week by 3,219 cars, while truck output declined the past week by 1,180 vehicles. In the corresponding week last year 149,199 cars and 23,491 trucks were assembled.

Last week the agency reported there were 19,584 trucks made in the United States. This compared with 20,764 in the previous week and 23,491 a year ago.

Canadian output last week was placed at 4,090 cars and 1,646 trucks. In the previous week Dominion plants built 7,103 cars and 1,970 trucks, and for the comparable 1955 week, 2,306 cars and 819 trucks.

Electric Output Slightly Higher in Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 11, 1956, was estimated at 11,530,000,000 kwh., according to the Edison Electric Institute.

This was an increase of 340,000,000 kwh. above that of the previous week. It increased 801,000,000 kwh. or 7.5% above the comparable 1955 week and 2,534,000,000 kwh. over the like week in 1954.

Car Loadings In the Final Full Week of Steel Strike Advanced 1.6% Above Week Preceding

Loadings of revenue freight for the week ended Aug. 4, 1956, which were affected by the fifth and final full week of the steel strike increased 10,481 cars or 1.6% above those of the preceding week.

Loadings for the week ended Aug. 4, 1956, totaled 660,287 cars, a decrease of 100,000 cars or 13.2% below the corresponding 1955 week, and a decrease of 7,305 cars, or 1.1% under corresponding week in 1954.

Business Failures Down

Commercial and industrial failures declined to 229 in the week ended Aug. 9 from 282 in the preceding week, reported Dun & Bradstreet, Inc. While failures remained above the 169 in the comparable week a year ago, they dipped slightly below the 233 in 1954. The toll was down 9% from the pre-war level of 252 in 1939.

Liabilities of $5,000 or more were involved in 190 of the week's failures as compared with 234 last week and 139 a year ago. Small failures, those with liabilities under $5,000 decreased to 39 from 48 in the previous week, but exceeded the 30 of this size occurring in the similar week of 1955. Twenty-seven businesses failed with liabilities in excess of $100,000, the same number as a week ago.

All industry and trade groups reported a decline in failures during the week. In retailing, the toll dipped to 133 from 135, in wholesaling to 22 from 25, while somewhat sharper declines brought manufacturing failures down to 31 from 57 construction to 28 from 42, and commercial service to 15 from 23. All of the increase from the 1955 level was concentrated in retail trade and construction; the toll among manufacturers held even with last year while service and wholesaling lines dipped below a year ago.

All except two of the nine major geographical regions reported a decline. Failures in the Middle Atlantic States fell to 77 from 89, in the South Atlantic to 19 from 29, and in the Pacific States to 49 from 76. However, the East North Central toll edged up to 41 from 38, and the East South Central to 9 from 4. Despite the week's decline, failures equaled or exceeded last year's level in all areas except New England. A noticeable rise from 1955 appeared in the Middle Atlantic Region, where the toll was almost twice that of last year.

In their trade review of the week ending Aug. 10 Dun & Bradstreet summarizes retail and wholesale trade conditions in the following manner.

Retail Trade Rises: Continued cool weather and numerous August sales promotions spurred consumer buying of back-to-school apparel, linens, and furniture this week. Automobile dealers reported a marked rise in purchases of used cars, but sales in new automobiles fell somewhat. Total retail trade expanded noticeably, and moderately exceeded that of the similar week a year ago.

Consumer response to the August furniture sales was noticeably higher than that of last year, with substantial gains reported in bedding, modern dining room sets, and upholstered chairs. Volume in linens, blankets, and towels rose considerably. There was a continued decline in purchases of air conditioners and electric fans, and sales remained under comparable year ago levels.

Apparel stores reported an upsurge in consumer purchases of children's Fall clothing; sales of girls' skirts and boys' jackets expanded considerably. Shoppers stepped up their buying of women's sweaters, Fall dresses, and blouses; popular accessories were scarfs, millinery, and jewelry. The call for fur coats was higher than that of the corresponding 1955 week.

While sales of frozen foods and fresh produce mounted appreciably this week, the call for canned vegetables, fruit, and fish was moderately reduced. Housewives' purchases of fresh meat, poultry, and eggs fell somewhat, but volume in butter and cheese was sustained at a high level.

Purchasing Steady: Slight increases in wholesale orders for furniture, television sets, and children's Fall apparel this week were offset by volume reductions in food products, air coolers, and some textile lines. Although the total dollar volume of wholesale trade remained at the level of the previous week, it moderately exceeded that of the similar week last year.

An upsurge in re-orders for women's woolen sweaters was reported this week, and most deliveries were behind schedule. Bookings in women's Fall coats, dresses, and skirts expanded somewhat, while interest in cotton dresses and beachwear decreased moderately. Volume in lingerie and blouses was sustained at a high level. The buying of children's Fall clothing improved noticeably, with considerable gains in boys' sport shirts and slacks.

Wholesalers reported a considerable rise in furniture orders this week; best-sellers were bedroom suites, occasional chairs, and upholstered living room sets. Purchases of lawn tables and chairs continued to fall. Buyers increased their orders for television sets, radios, and lamps, but the call for air conditioners and fans was below that of both the preceding week and a year ago.

While textile buyers boosted their purchases of carpet wool this week, trading in woolens and worsteds declined moderately; volume in flannels, corduroys, and velvets expanded appreciably. Except for moderate decreases in cotton twills and ducks, transactions in cotton grey goods were sustained at the previous week's level.

There were slight decreases in the purchasing of fresh meat, poultry, and dairy products this week. Volume in fresh produce, frozen foods, and canned goods was close to that of the preceding week; the buying of rice, coffee, and sugar improved somewhat.

Wholesale Food Price Index Edged Higher in Latest Week

After holding steady the previous week, the Dun & Bradstreet wholesale food price index rose moderately last week to stand at $6.10 as of Aug. 7. This compared with $6.08 a week earlier and marked a drop of 2.2% from the year-ago level of $6.24.

Higher in wholesale cost this week were flour, wheat, oats, hams, bellies, lard, butter, sugar, coffee, tea, raisins, steers and hogs. Lower in price were corn, rye, barley, 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 Continued to Advance Moderately the Past Week

The general commodity price level showed a further moderate uptrend last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 291.42 on Aug. 7, as compared with 288.96 a week earlier and with 275.18 on the corresponding date a year ago.

Grain markets continued irregular with trading activity down rather sharply from a week ago. There was a steady undertone to wheat as country selling diminished and prospects for export sales remained bright. Export clearances of wheat during July were reported at about 37,000,000 bushels as against approximately 26,000,000 bushels in July, 1955. Oats continued to show strength largely due to the expected short crop.

The July 1 report of the Department of Agriculture placed the crop at 1,144,000,000 bushels, which if realized, would be the smallest yield since 1943.

Cash corn was quite steady. Buying by processors was not aggressive but continued light offerings acted as a firming influence. Trading in grain and soybean futures on the Chicago Board of Trade was less active the past week. Daily average purchases totaled about 45,300,000 bushels against 62,800,000 the week before, and 47,300,000 a year ago.

The refined and raw sugar markets were firm at the week-end, the latter selling at 5.65 cents, ex-duty, the highest level of the year.

Green coffee prices edged upward toward the close, reflecting buying by roasters to build their inventories in advance of possible shipping delays.

Cocoa prices were fairly steady throughout the week. Warehouse stocks of cocoa continued to mount and now total 436,275 bags. This was a gain of 10,388 bags over a week ago and compared with holdings of 249,000 bags at this time last year. Demand for lard was only fair; prices were irregular and slightly higher at the close. Hog prices advanced in closing sessions as the result of active bidding. Swine receipts for the week were the largest in several weeks. Cattle receipts were also larger than a week ago but good demand held values up.

Spot cotton prices turned firmer last week. The better tone reflected price-fixing and short covering which met with an absence of any particular hedging pressure.

Demand was also influenced by less favorable crop advices and by reports from the South indicating the development of a holding movement by growers.

Also tending to support values was the issuance during the week of two unexpectedly low private crop estimates. Reported purchases of cotton in the 14 spot markets last week totaled 187,600 bales, against 60,600 the previous week and 72,400 a year ago. Cotton purchased under the export program accounted for most of the week's increase.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Aug. 4, 1956, registered an increase of 12% above those of the like period last year. In the preceding week, July 28, 1956, an increase of 2% was recorded. For the four weeks ended Aug. 4, 1956, a gain of 7% was recorded. For the period Jan. 1, 1956 to Aug. 4, 1956, the index recorded a rise of 4% above that of the corresponding period in 1955.

The sharp increase was attributed to the fact that the year ago department sales were less for the reason that the city was threatened by hurricane "Connie" and shoppers stayed at home.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended Aug. 4, 1956, increased 7% above those of the like period last year. In the preceding week, July 28, 1956, a decrease of 1% was reported. For the four weeks ended Aug. 4, 1956 an increase of 3% was reported. For the period Jan. 1, 1956 to Aug. 4, 1956, a gain of 4% was registered above that of 1955.

Dominick & Dominick Underwrite Mack Trucks Offering

Mack Trucks, Inc. is offering today (Aug. 16) rights to its stockholders of record Aug. 15 to subscribe to an aggregate of $19,109,000, 5½% subordinated debentures due 1968, with warrants to purchase 191,090 shares of common stock, $5 par value.

The issue, which is being underwritten by a group headed by Dominick & Dominick, will be made to common stockholders on a rights basis in the ratio of $500 principal amount of debentures ($500 minimum units) to each 50 shares of stock held. Subscription price is $500 per unit. The rights will expire at 3:30 p.m., EDST, Aug. 30, 1956.

Each $500 debenture will be issued with attached ten-year warrants to purchase five shares of common stock. The warrants are exchangeable for separate warrant certificates on Feb. 15, 1957. The warrant certificates will be exercisable on or before Sept. 1, 1959 at $40 per share and at ascending prices up to Sept. 1, 1966. The debentures will be dated Sept. 1, 1956 and will mature Sept. 1, 1968.

Proceeds from the sale will be used to provide Mack Trucks with additional working capital and funds to finance its expanding business.

Mack Trucks is a leading manufacturer of trucks ranging in gross vehicle weight from 16,000 pounds to over 136,000 pounds. The heaviest trucks, in which the firm specializes, are engineered and constructed to the particular requirements and work abuse of the industries in which the are employed. They are not produced on a mass-volume basis.

The company is one of the most highly integrated manufacturers in the truck industry, building its own engines, clutches, transmissions, axles, housings, carriers, axle shafts, cabs, and other component parts.

The debentures are subjected to a sinking fund, commencing on Sept. 1, designed to retire the entire issue. The initial sinking fund retirement price is 102%. The debentures are also redeemable at optional redemption prices ranging from 105½% if redeemed prior to Sept. 1, 1959 to 100% if redeemed on or after Sept. 1, 1967.

Net sales for Mack Trucks for the six months ended June 30, 1956 totaled $126,610,000, compared with $83,737,000 for the similar 1955 period. Net income for the 1956 first half was $5,754,000, against $3,292,000 in the first six months of 1955.

Conservative Inv.

PASSAIC, N. J.—The Conservative Investors has been formed with offices at 63 Pleasant Avenue to engage in a securities business. Nandor Schatz is a principal of the firm.

Benjamin Co. Branch

BATON ROUGE, La. — Benjamin & Company has opened a branch office in the Reymond Building under the direction of Thaine H. Walden.

New Gardner Branch

NEWTON, N. J.—W. A. Gardner & Co. has opened a branch office at 53 High Street under the management of L. Gordon Miller.

New Morton Branch

MEMPHIS, Tenn.—B. C. Morton & Co. has opened a branch office at 2717 Union Avenue under the direction of Nicholson B. Perkins.

Ernest M. Horch

Ernest M. Horch of Lazard Freres & Co., New York City, passed away.

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.

★ **Allen (Leon B.) Fund, Inc., New York**
Aug. 14 filed (by amendment) 238,000 additional shares of common stock. **Price**—At market. **Proceeds**—For investment.

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 Investment & Income Fund, Inc.**
Aug. 10 filed $18,062,500 of Systematic and Single Payment Plans.

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 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.

★ **Aquafilter Corp.**
July 2 (letter of notification) 50,000 shares of common stock (par 10 cents) to be offered to two individuals. **Price**—50 cents per share. **Proceeds**—To Herman L. Shaw, President of company. **Office**—270 Park Avenue, New York, N. Y. **Underwriter**—None.

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.

★ **Arena Enterprises, Inc., Washington, D. C.**
Aug. 13 (letter of notification) 800 shares of class A common stock (par $49) and 800 shares of class B common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$50 per unit. **Proceeds**—For equipment and working capital. **Office**—3120 Newark St., N. W., Washington 8, D. C. **Underwriter**—None.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

• **Armstrong Rubber Co.**
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. **Offering**—Temporarily postponed.

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 Vo. (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.

★ **Augello Petroleum Co., Inc.**
July 29 (letter of notification) 140,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For oil and gas promotion expenses. **Office**—Anchorage Hotel, Anchorage, Alaska. **Underwriter**—None.

Automation Industries Corp., Washington, D. C.
May 11 filed 179,000 shares of common stock (par $1). **Price**—$5.25 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter** — None. Harry Kahn, Jr., of Washington, D. C., is President and Treasurer.

★ **Axe-Houghton Fund A., Inc., Tarrytown, N. Y.**
Aug. 1 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

• **Bahamas Helicopters, Ltd. (8/27-31)**
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.

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 $1,000,000 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. **Offering**—Postponed.

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. One stockholder has agreed to purchase any unsubscribed shares.

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.

★ **Burroughs (J. P.) & Sons, Inc.**
July 31 (letter of notification) 4,166 shares of common stock (par $1). **Price**—At market (estimated at $5.87½ per share). **Proceeds** — To go to Charles A. Fellows. **Office**—625 West Second St., Flint, Mich. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York 4, N. Y.

★ **Cadwell Mining Co., Denver, Colo.**
Aug. 13 (letter of notification) 600,000 shares of common stock (par one mill). **Price**—50 cents per share. **Proceeds**—For equipment, payment of current liabilities and working capital. **Office**—2450 Kendall St., Denver, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

• **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) being 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. The offer will expire on Dec. 3, 1956.

★ **Carolina Telephone & Telegraph Co.**
Aug. 13 filed 12,000 shares of common stock (par $100) to be offered for subscription by officers and employees of the company pursuant to its Employees' Stock Plan.

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 Cooperative Wholesale**
Aug. 6 (letter of notification) $250,000 of promissory notes. **Price**—At face amount. **Proceeds**—To retire notes that are maturing and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

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.

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.

★ **Claussen Bakeries, Inc., Augusta, Ga.**
Aug. 13 filed $250,000 of 6% debentures due 1966, and 166,000 shares of common stock (par $1), of which the debentures and 16,000 shares of stock are to be offered publicly and the remaining 150,000 shares of stock are to be offered for subscription by class A and class B common stockholders at the rate of two-thirds of a share of new common stock for each class A and/or class B stock held. **Price** — Of debentures, 100% of principal amount; and of stock to stockholders, $5.50 per share; and to public, $6.50 per share. **Proceeds**—Together with funds from private placement of preferred stock by H. H. Claussen Sons, Inc., a subsidiary, to retire debentures and subsidiary's preferred stock; for expansion and other corporate purposes. **Underwriter**—Johnson, Lane, Space & Co., Inc., Savannah, Ga.

★ Clayloon Uranium Co.
Aug. 1 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—745 Peyton Bldg., Spokane 1, Wash. **Underwriter**—None.

★ Clinton Marina Inc., Clinton, Conn.
Aug. 3 (letter of notification) 252,000 shares of preferred stock (par $1) and 42,000 shares of common stock (par $1) to be offered in units consisting of six shares of preferred and one share of common. **Price**—$7 per unit. **Proceeds**—For building the first completely integrated marine center on the Connecticut shore to fulfil the public demand for better berthing and servicing facilities for all pleasure craft. **Office**—P. O. Office Box 12, Clinton, Conn. **Underwriter**—None.

★ Colonial Ice Co.
Aug. 6 (letter of notification) 15,000 shares of common stock (no par) to be offered to common stockholders. **Price**—$20 per share. **Proceeds**—For acquisition of 5% negotiable notes of Stonhard Co., Inc. **Office**—Greensboro, N. C. **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.

★ Combined Industries, Inc.
Aug. 6 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To pay accounts payable, for equipment and inventory purchases and for other general corporate purposes. **Business**—Wrought iron furniture, etc. **Office**—33-01 Far Rockaway Boulevard, Edgemere 91, N. Y. **Underwriter**—Harold D. Levine, 82 Beaver Street, New York.

● Commercial Credit Co.
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). **Offering**—Indefinitely postponed.

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.

● Consolidated Natural Gas Co.
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**—Were to have been received up to 11:30 a.m. (EDT) on Aug. 28 at Room 3000, 30 Rockefeller Plaza, New York 20, N. Y. Statement withdrawn on Aug. 15 in view of present market conditions.

NEW ISSUE CALENDAR

August 17 (Friday)
Central Illinois Light Co.________________Preferred
(Union Securities Corp.) $8,000,000

August 20 (Monday)
Idaho-Alta Metals Corp.________________Common
(Fenner Corp.) $180,000

August 21 (Tuesday)
Bliss & Laughlin, Inc.________________Common
(Kalman & Co., Inc.) 29,500 shares
Pacific Telephone & Telegraph Co.____Debentures
(Bids 11:30 a.m. EDT) $78,000,000

August 22 (Wednesday)
General Acceptance Corp.____________Debentures
(Paine, Webber, Jackson & Curtis and Union Securities Corp.) $20,000,000
Hooker Electrochemical Co.________________Common
(Smith, Barney & Co. and R. W. Pressprich & Co.) 110,423 shares
Minneapolis-Honeywell Regulator Co.__Debentures
(Union Securities Corp.) $25,000,000

August 23 (Thursday)
Associates Investment Co.____________Debentures
(Salomon Bros. & Hutzler and Lehman Brothers) $50,000,000
Gold Seal Dairy Products Corp.____________Class A
(All State Securities Dealers, Inc.) $1,000,000

August 24 (Friday)
Indiana National Bank________________Common
(Offering to stockholders—to be underwritten by Blyth & Co., Inc.) $7,750,000

August 25 (Saturday)
Detroit Edison Co.________________Debentures
(Offering to common stockholders—no underwriting) $59,778,900

August 27 (Monday)
Bahamas Helicopters, Ltd.________________Common
(Elair & Co. Incorporated) 300,000 shares
Mica & Minerals Corp. of America________Common
(Peter Morgan & Co.) $570,000

August 28 (Tuesday)
Haughton Elevator Co.________________Common
(McDonald & Co.) 160,511 shares
Republic Cement Corp.________________Common
(Vickers Brothers) $9,650,000

August 29 (Wednesday)
New England Telephone & Telegraph Co.__Com.
(Offering to stockholders—no underwriting) $61,301,000
Ocean Drilling & Exploration Co.__________Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co. and Reinholdt & Gardner) 211,238 shares
Pacific Telephone & Telegraph Co.________Common
(Offering to stockholders—no underwriting) $156,226,700
Puerto Rico Jai Alai, Inc.________________Bonds
(Crerie & Co. and Dixon Bretscher Noonan, Inc.) $1,100,000
Puerto Rico Jai Alai, Inc.________________Common
(Crerie & Co. and Dixon Bretscher Noonan, Inc.) $385,000
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
Vanadium Corp. of America____________Debentures
(Offering to common stockholders—underwritten by Kidder, Peabody & Co.) $10,000,000

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
North American Aviation, Inc.____________Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) about $40,000,000

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 noon EDT) $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) $25,000,000

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

October 23 (Tuesday)
Central Illinois Public Service Co.________Common
(Bids to be invited) 170,000 shares

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

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.

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.

★ DanCu Chemical Co.
Aug. 7 (letter of notification) 18,000 shares of class B common stock and 9,000 shares of 6% cumulative convertible class B preferred stock. Each share of class B preferred stock may be converted into one share of class B common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital, etc. **Address** — P. O. Box 1053, Oklahoma City, Okla. **Underwriter**—None.

★ Deseret Pharmaceutical Co., Inc.
Aug. 3 (letter of notification) 152,500 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For inventory and working capital. **Office**—516 Boston Bldg., Salt Lake City, Utah. **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 Shopping Centers, Inc.
July 20 filed 3,140,000 shares of common stock (par $1), of which 2,140,000 shares are being 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 Aug. 9, 1956 (with an oversubscription privilege); rights to expire on 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 National Mutual Fund, Inc.
June 27 filed 50,000 shares of common stock (par $1), of which 10,000 shares are to be offered for sale at $10 per share to not more than 25 people, whereupon the company will declare itself an open-end investment company and change the offering price of the remaining 40,000 shares to net asset value plus a distributing charge. **Investment Adviser**—First National Investment Corp., San Francisco, Calif. **Underwriter**—First National Securities Co., same city, of which Wiley S. Killingsworth is President.

Florida Sun Life Insurance Co.
March 16 filed 32,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To expand company's business. **Office**—Fort Lauderdale, Fla. **Underwriter**—None. Offering will be made through James C. Dean, President of company.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

General Acceptance Corp. (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.

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★ General Merchandise Co., Milwaukee, Wis.
Aug. 13 filed 180,000 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds** — To repay outstanding bank loans and for working capital. **Business**—Wholesale catalog mail order business. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

★ General Telephone Co. of California (9/11)
Aug. 13 filed $20,000,000 of first mortgage bonds, series J, due Sept. 1, 1986. **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.

● 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) being 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. Statement effective Aug. 12.

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. (8/23)
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.

★ Graybill Industries, Inc.
July 25 (letter of notification) 100,000 shares of treasury stock. **Price**—At par (25 cents per share). **Proceeds**—For purchase of material and machinery necessary for manufacture of concrete mixer. **Office**—Superior, Wis. **Underwriter**—None.

Growers Container Corp., Salinas, Calif.
May 28 filed 600,000 shares of common stock (par $1) to be offered primarily to individuals and firms who are engaged in or closely allied to the growing and shipping industry. **Price**—$3 per share. **Proceeds**—For working capital, capital expenditures and other corporate purposes. **Underwriter**—None.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

★ Gulf States Utilities Co. (9/10)
Aug. 10 filed $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)
Aug. 10 filed 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.

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 (8/28)
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 being 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.

★ Hydrometals, Inc., Chicago, Ill.
Aug. 10 filed 78,275 shares of capital stock (par $2.50) and rights to subscribe to an additional 391,375 shares (exercisable over a five-year period at $13 per share). Of the total, 77,500 shares, plus rights to purchase an additional 387,500 shares, are to be offered in exchange for the license rights and assets of Hayden Projects, Inc., and the remaining 775 shares, plus rights to buy an additional 3,875 shares, are to be issued to Cady, Roberts & Co., New York City, as a fee for its services with such transaction.

● Idaho-Alta Metals Corp. (8/20)
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.

★ Illinois Bell Telephone Co. (8/31)
Aug. 10 filed 580,531 shares of capital stock to be offered for subscription by stockholders of record Aug. 31, 1956, on the basis of one new share for each eight shares held; rights to expire on Sept. 28, 1956. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent, American Telephone & Telegraph Co., which owns 4,612,578 shares (99.32%) the Illinois company's stock. **Underwriter**—None.

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.

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 nonassessable 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.

★ Justheim Petroleum Co.
Aug. 6 (letter of notification) 175,161 shares of common stock (par five cents). **Price**—At market (estimated at 9½ cents per share). **Proceeds**—To go to Hunter Securities Corp. **Office**—First Security Bldg., Salt Lake City, Utah. **Underwriter**—Hunter Securities Corp., 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.

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. Statement withdrawn June 26.

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 nonassessable 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.
July 27 filed $19,109,000 of sinking fund subordinated debentures due Sept. 1, 1968 (with warrants to purchase 191,090 shares of common stock) being 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**—100% (flat). **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 notfication) 280,000 shares of common stock (par 17½ cents). **Price**—25 cents per share. **Proceeds**—For payment on properties; repayment of advances; exploration and development and working capital. **Office**—508 Peyton Bldg., Spokane, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

● Mica & Minerals Corp. of America (8/27)
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.

★ Midas Minerals, Inc., Drummond, Mont.
Aug. 13 (letter of notification) 300,000 shares of participating common stock. **Price**—50 cents per share. **Proceeds**—For working capital. **Address**—Box 424, Drummond, Mont. **Underwriter**—None.

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.

★ Mines Prospecting & Exploration Co.
Aug. 6 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—425 Edith St., Missoula, Mont. **Underwriter**—None.

● Minneapolis-Honeywell Regulator Co. (8/22)
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.

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.

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 Musitime Corp.
Aug. 7 (letter of notification) 393,000 shares of common stock (par one cent). **Price**—75 cents per share. **Proceeds**—To repay loan and for general corporate purposes. **Office**—730 Fifth Avenue, New York. **Business**—Background music business. **Underwriters**—M. J. Reiter Co., New York; Shelley Roberts & Co., Denver, Colo.; and General Investing Corp., New York.

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; with rights to expire on Sept. 28. 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.
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.

★ Nuclear Instrument & Chemical Corp.
July 27 (letter of notification) 7,307 shares of common stock (par $1). **Price** — At market (not to exceed an aggregate of $50,000). **Proceeds**—To go to Earle B. Titton. **Office**—223 West Erie St., Chicago 10, Ill. **Underwriter**—None.

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. (8/29)
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; rights to expire on Sept. 11. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — New Orleans, La. **Underwriters**—Morgan, Stanley & Co., New York, and Reinholdt & Gardner, St. Louis, Mo.

★ Omni-Metals, Inc., Salida, Colo.
Aug. 13 (letter of notification) up to 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For operating capital. **Address**—P. O. Box 500, Salida, Colo. **Underwriter**—None.

Pacific Finance Corp. (Calif.)
April 10 filed $25,000,000 of debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term bank loans. **Underwriters**—Blyth & Co., Inc., and Hornblower & Weeks. **Offering**—Indefinitely postponed.

Pacific 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**—To be received up to 11:30 a.m. (EDT) on Aug. 21 at Room 2315, 195 Broadway, New York, N. Y.

● Pacific Telephone & Telegraph Co. (8/29)
July 27 filed 1,562,267 shares of common stock to be offered for subscription by common and preferred stockholders of record Aug. 29, 1956 in the ratio of one share for each six shares (common and/or preferred stock) held. American Telephone & Telegraph Co., the parent, owns 90.70% of the outstanding common stock and 78.17% of the preferred stock, and intends to purchase 1,399,824 shares of the new stock which represents its pro rata portion of the offering. **Price**—At par ($100 per share). **Proceeds**—To repay temporary borrowings and for new construction. **Underwriter**—None.

Pan-Israel Oil Co., Inc. (Panama)
May 29 filed American voting trust certificates for 1,430,000 shares of common stock (par one cent), of which 1,000,000 certificates are to be offered for public sale, 180,000 shares and certificates therefor are subject to options and 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 exploration, drilling and development of oil and gas acreage in Israel. **Underwriter**—H. Kook & Co., Inc., New York.

★ Perfect-Line Manufacturing Corp.
Aug. 6 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—$2.25 per share. **Proceeds**—For working capital. **Office** — Hicksville, L. I., N. Y. **Underwriter**—P. J. Gruber & Co., Inc., New York.

★ Phoenix Oil & Gas Corp.
Aug. 6 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Of 1,000,000 shares, two cents per share; and of 3,000,000 shares, one cent per share. **Proceeds**—For oil and gas development. **Office**—1522 Fairfax, Denver, Colo. **Underwriter**—None.

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 Rico Jai Alai, Inc. (8/29-30)
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**—

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For mining expenses. **Office**—573 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

Radium Hill Uranium, Inc., Montrose, Colo.
June 14 (letter of notification) an undetermined number of shares of common stock which when sold at the market will bring in an aggregate amount of $42,500. **Proceeds**—For mining expenses. **Office**—Bryant Bldg., Montrose, Colo. **Underwriter**—Shaiman & Co., Denver, Colo.

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.

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.

★ **Reliance National Life Insurance Co.**
Aug. 6 (letter of notification) 4,000 shares of class B non-voting common stock (par $10). **Price** — $40 per share. **Proceeds**—For general operation of a life insurance company. **Office**—64 E. 21st South St., Salt Lake City, Utah. **Underwriter**—None.

● **Republic Cement Corp., Prescott, Ariz. (8/28)**
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.

★ **Snow Mountain Inn., Inc.**
Aug. 3 (letter of notification) $291,000 of non-interest bearing debentures due Aug. 8, 1966, and 8,730 shares of common stock (par $1) to be sold in units consisting of one $1,000 debenture and 30 shares of stock. **Price**—$1,030 per unit. **Proceeds**—For working capital. **Underwriter**—None.

★ **Southern Nevada Power Co. (9/18)**
Aug. 10 filed $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); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively expected to be received up to noon (EDT) on Sept. 18 at First National City Bank of New York, 2 Wall St., New York, N. Y.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—For expenses incident to development of oil and gas properties. **Office**—801 Washington Bldg., Washington, D. C. **Underwriter**—None.

Southwestern Resources, Inc., Santa Fe, N. M.
June 8 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—To exercise options, purchase additional properties and for general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Texas.

★ **Springfield Citizens Tribune, Inc.**
Aug. 13 (letter of notification) $200,000 of 6% debentures due July 1, 1968 and 10,000 shares of common stock (par $10) to be offered in units of a $1,000 debenture and 50 shares of stock. **Price**—$1,500 per unit. **Proceeds**—For expansion, machinery and working capital. **Office**—910 S. 9th St., Springfield, Ill. **Underwriter**—None.

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.

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.

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.

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.
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-Rundle Corp., New Castle, Pa.
July 27 filed 50,000 shares of common stock (par $10) to be offered for subscription by certain employees of company. **Price**—$18.50 per share. **Proceeds**—To Sears, Roebuck & Co., the selling stockholder. **Underwriter**—None.

★ **Vanadium Corp. of America (9/5)**
Aug. 14 filed $10,000,000 of convertible debentures due Sept. 1, 1976, to be offered for subscription by common stockholders of record on or about Sept. 5 at the rate of $100 of debentures for each 13 shares of stock held. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Kidder, Peabody & Co., New York.

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.

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 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.

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.

★ **Wildcat Mountain Corp., Boston, Mass.**
Aug. 13 filed $800,000 of 6% subordinated cumulative debentures due Dec. 1, 1976, and 6,000 shares of common stock (no par) to be offered in units of a $400 debenture and three shares of stock. **Price** — $500 per unit. **Proceeds**—For construction and working capital. **Business**—Mountain recreation center. **Underwriter**—None; offering to be made by officers and agents of company.

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.

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. **Offering**—Expected in October.

● **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 Oct. 1 for subscription by stockholders of record Sept. 14 on the basis of one new share for each 10 shares held. 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. (10/23)**
Aug. 13 it was reported company plans to issue and sell 170,000 shares of common stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: 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. **Bids**—Expected to be received on Oct. 23. **Registration**—Planned for Oct. 1.

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.

★ **Chicago & Illinois Midland Ry.**
Aug. 14 it was announced company plans to issue and sell through negotiated channels an issue of up to $9.000,000 first mortgage bonds. **Proceeds** — To retire outstanding 4¾% notes and for purchase of leased equipment.

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)**
Aug. 7 it was announced company may issue and sell $25,000,000 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.

★ **Delaware Power & Light Co.**
Aug. 13 it was reported company plans to raise about $8,000,000 through the sale of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; W. C. Langley & Co. and Union Securities Corp. (jointly); Blyth & Co., Inc., and The First Boston Corp. (Jointly). **Offering**—Expected before end of 1956.

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.

★ **Flair Records Co.**
Aug. 13 it was reported company plans to issue and sell to residents of New York State 50,000 shares of common stock. **Price**—$2 per share. **Underwriter**—Foster-Mann, Inc., New York.

General Contract Corp., St. Louis, Mo.
April 18 it was announced that company plans $5,000,000 additional financing in near future. **Proceeds**—To go to Securities Investment Co., a subsidiary. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. It is also possible that a new issue of common stock will be offered for subscription by common stockholders before April, 1957. **Proceeds**—To repay bank loans, etc., and for construction program.

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.

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.

★ **Indiana National Bank, Indianapolis, Ind. (8/24)**
Aug. 9 it was announced that Bank plans to offer to stockholders of record Aug. 24, 1956, the right to subscribe on or before Sept. 13 for 125,000 shares of capital stock (par $20) on a 1-for-4 basis. **Prices**—About $62 per share. **Underwriter**—Blyth & Co., Inc., New York.

Kansas City Power & Light Co.
April 24 stockholders approved a proposal increasing bonded indebtedness of the company by $20,000,000. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined (probably not until first half of 1957).

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.

Metropolitan Edison Co. (11/13)
July 2 it was reported that company is considering the sale of $10,000,000 first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Expected on Nov. 13.

Metropolitan Edison Co.
April 16 it was reported company may issue in July or August, depending upon market conditions, about $5,000,000 of preferred stock (in addition to about $5,000,000 of bonds). **Underwriter** — For preferred stock also to be determined by competitive bidding. Probable bidders: Smith, Barney & Co. and Goldman, Sachs & Co. (jointly); Salomon Bros. & Hutzler; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

Michigan Bell Telephone Co.
April 19 company applied to the Michigan P. S. Commission for permission to issue and sell $30,000,000 of 40-year debentures later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Minneapolis Gas Co.
April 16 stockholders approved an increase in the authorized common stock (par $1) from 1,700,000 shares to 2,500,000 shares. Previous offer to stockholders was underwritten by Kalman & Co., St. Paul. Minn.

National Pool Equipment Co., Birmingham, Ala.
July 23 it was reported early registration is expected of 200,000 shares of common stock. **Price**—Expected at $3 per share. **Proceeds** — For general corporate purposes. **Business** — Manufactures swimming pools and related equipment. **Underwriters**—Mid-South Securities Co. and Clark, Landstreet & Clark, Inc., Both of Nashville, Tenn.

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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. (9/10)**
Aug. 10 the directors voted to offer 1,145,011 additional shares of capital stock to stockholders of record, around Sept. 7, 1956, on a 1-for-6 basis; rights to expire on Sept. 24. **Price**—Expected to be fixed on or about Sept. 6. **Proceeds**—About $40,000,000 for working capital, equipment, etc. **Underwriter**—Morgan Stanley & Co., New York. **Registration**—Expected today (Aug. 16).

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.

★ **Pacific Northwest Power Co.**
Aug. 13 it was reported company plans to sell about $32,000,000 of common stock to the organizing companies and that arrangements are expected to be made to borrow up to $60,000,000 on a revolving bank loan which will be reduced through the sale of bonds to institutional investors as well as the general public. **Proceeds**—To pay, in part, for cost of new power project to cost an estimated $217,400,000.

Pan Cuba Oil & Metals Corp. (Del.)
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

Pittsburgh Rys. Co.
May 4 it was announced that Standard Gas & Electric Co. will offer to its stockholders rights to subscribe for 540,651.75 shares of Pittsburgh Rys. Co. **Price**—About $6 per share.

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. Botomly, 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.

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.

★ **Scripto Inc., Atlanta, Ga.**
Aug. 6 it was reported that early registration is planned of 360,000 shares of class A common stock. **Underwriter**—Johnson, Lane, Space & Co., Savannah, Ga.

★ **Sears, Roebuck & Co.**
Aug. 13 it was reported that company may be considering new financing. **Proceeds**—To repay $200,000,000 bank loans. **Underwriter**—Goldman, Sachs & Co., 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.
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 Pacific Co.**
Aug. 8 it was reported company may issue and sell in September or October $35,000,000 of mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.

Southern Union Gas Co.
April 19 it was announced company is considering issuance and sale to stockholders later this year of some additional common stock on a pro rata basis (with an oversubscription privilege). **Underwriter**—None.

★ **Southwestern Public Service Co.**
Aug. 7 it was announced company plans to issue and sell in February or March, 1957, $5,000,000 of first mortgage bonds and $5,000,000 additional common stock first to stockholders on a 1-for-20 basis. **Proceeds**—For construction program. **Underwriter**—Dillon, Read & Co., New York.

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.

★ **Transcontinental Gas Pipe Line Corp.**
Aug. 13 it was reported company may offer to its stockholders about $7,000,000 additional common stock later this year. **Underwriters**—White, Weld & Co.; Stone & Webster Securities Corp.

★ **Ulrich Manufacturing Co., Roanoke, Ill.**
Aug. 13 it was reported early registration is expected of 50,000 shares of common stock. **Price**—About $6.50 per share. **Proceeds**—For general corporate purposes. **Business**—Manufactures road building and hydraulic equipment. **Underwriter**—White, & Co., St. Louis, Mo.

★ **Underwood Corp.**
Aug. 13 it was reported that company may offer publicly this fall an issue of convertible debentures. **Underwriter**—Lehman Brothers, New York.

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.

With Allen Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Dozier J. Blackwell, Charles Bosworth, Jr., Malcolm D. Crawford, Edward D. Erickson, John A. Munger, William D. O'Neill, Ronald N. Retchless, Gwen R. Sampson, E. R. Carl Straub, Wilson E. Tarr, Alvin Vaira, Wiley W. White, and Lee A. Stark are with Allen Investment Company, Mile High Center.

Mutual Funds

By ROBERT R. RICH

Bullock Studies Synthetic Fibres

The rapid growth of synthetic fibres over the past 15 years, to a mill consumption in 1955 of 1,419 million pounds for rayon and acetate, and 431 million pounds for the other synthetics, is a shining example of the value of industrial research in a highly competitive, free economy, according to the latest "Perspective," published by the Investment Management Department of Calvin Bullock.

"Primary credit belongs to the chemical industry," "Perspective" states, "but important contributions have also been made in the fields of textiles, petroleum, rubber, floor coverings and other industries."

"Perspective" finds the production of nylon, a fibre fast gaining in use for tire cords, currently running at 290 million pounds a year. Glass fibre, although up to now largely used in insulation but with growth prospects almost as spectacular as nylon, has a current production of 78 million pounds a year.

Because of the great variety of synthetics already created, "Perspective" believes future emphasis is likely to be on supplementing natural fibres through blending, rather than on substitution or replacement.

"King Cotton is by no means dead, as this natural fibre still holds approximately two-thirds of the total textile fibre market," "Perspective" states. The growing competition from synthetics has stimulated cotton manufacturers to develop improved finishing and styling. The washability of cotton has also been a real plus factor.

"Wool has been losing ground steadily throughout the postwar period, and the number of woolen and worsted spindles has declined by 45% over the past six years. Wool has been at a competitive disadvantage because of its extreme price volatility and because of its dependence on imports."

"Perspective" notes that the rapid postwar development of synthetic fibres has had significant effects in the field of investment management and that future growth is certain to have important repercussions.

"Profit-wise, the chemical industry has thus far been the principal beneficiary," "Perspective" declares, "but sizable earnings have also accrued to producers of apparel fabrics, as well as the makers of tire cord, hosiery, etc. The development of synthetic rubber and fibres has considerably enhanced the investment characteristics of tire companies and future increase in the use of man-made fibres seems likely to result in similar, though not near term, benefits to the textile industry."

D.I.F. Growth Sets New Records In Total Assets

New records were established on July 1 by Diversified Growth Stock Fund, Inc., in number of shareholders, total net assets and net asset value per share. On that date, 6,464 shareholders owned net assets of the Fund totalling $15,338,635. Net asset value per share was $13.06, compared with $11.52 on Dec. 31, 1955, an increase in value per share of 13.4% in six months' time.

At the mid-year, the largest investments of the Fund were in oil and gas, instrumentation, metals and electronics stocks, in that order. The 42 issues held were diversified among more than a dozen leading growth industries.

Atomic Fund To Show Film

Atomic Development Mutual Fund, Inc. will have a special showing of the new motion picture, "The Petrified River — the Story of Uranium," at the Mutual Fund Sales Convention in Chicago, Sept. 20-22. The 28-minute color motion picture was produced by Union Carbide and Carbon Corporation in cooperation with the Bureau of Mines of the U. S. Department of the Interior. It shows the mining, concentrating, and refining of uranium; its processing into reactor fuel; and the use of uranium for power production, propulsion and isotope production.

Massachusetts Life Fund, a balanced mutual fund, reports for the quarter ended June 30, 1956, total net assets of $30,737,787, equal to $39.29 per share on 782,398.22 shares outstanding. This compares with $24,100,367, equal to $37.56 per share on 641,713 shares outstanding for the same period a year ago.

On June 30, 1956, common stocks represented 61.22% of the Fund's assets, with 9.89% in preferred stocks and 28.89% in bonds and cash. Largest industry holdings in the common stock section on June 30 were in public utilities, oils, steel, automotive and aircraft and paper.

Additional funds during the quarter were invested principally in a selected list of high-grade bonds and common stocks. Aetna Life Insurance Company, Commonwealth Edison Company, New Jersey Zinc Company and Rayonier, Incorporated were added to common stocks, and General Electric debentures were added to the bond section. Holdings eliminated were Union Oil Company of California convertible bonds.

Whitehall Fund net assets were $7,945,262 on June 30, a gain from $7,124,420 at the beginning of the year and from $6,445,216 at mid-1955, it was reported today by Francis F. Randolph, Chairman of the Board and President.

Asset value was $12.43 per share on June 30 for the balanced mutual fund, comparing with $12.63 on March 31 and $12.18 at the first of the year. Adding back the December 1955 distribution of 71 cents a share from realized gain on investments, asset value increased 4.3% from June 30 of last year.

Mr. Randolph told share holders that stresses and strains which developed in the national economy in the past quarter were not alarming but represent "the type of risk that is taken into account in your fund's conservative, balanced investment policy."

Assets continued to be divided roughly 50% in cash, fixed-income bonds and preferred stocks and 50% in common stocks at mid-year, and the Chairman reported there were no important shifts in individual common stock holdings during the second quarter.

Trust Merge

Manufacturers Trust Company has announced completion of a merger of its two discretionary common trust funds "A" and "B," thus producing a single fund with a present value of more than $35,800,000. This is one of the largest funds of its kind in New York City. The combined fund has 1,476 participating trusts, the average participation being $24,300 per trust.

Delaware Fund Assets at Peak

Delaware Fund's net assets climbed to a new high of $42,230,639 on June 30, last, from $37,760,795 at the year-end, the fund's latest semi-annual report shows. Net asset value per share in the same period rose to $11.13 from $10.97.

The number of shareholders and shares outstanding also reached record levels on June 30, 1956, with 3,793,240 shares held by more than 13,000 individuals, fiduciaries and organizations on that date. This represents gains of 54% in shareholders and 38% in shares outstanding since June 30, a year ago.

At the close of the first half of 1956 Delaware had 93.42% of its assets invested in common stocks, with the balance in preferreds, bonds and cash. A $6,662,687 investment in oil equities, constituting 15.80% of total resources, represented the largest single holding by industry. Other large industry investments include: steel, 8.46%; natural gas, 6.53%; chemical, 6.25%; electric utility, 6.23%; machinery, 6.05%; railroad, 4.93%; food, 4.44%; metals and mining, 4.38%; and electronics and electrical equipment, 4.04%.

* * *

Gas Industries Fund has announced that the fund's per share net asset value at June 30, 1956 was $14.23, an increase from $13.93 during the first three months since the end of the fiscal year, March 31, 1956. These and other figures indicative of progress are contained in the Gas Industries Fund quarterly report, just published.

Mr. Orr called attention to an important development which can have growing significance over the years to many of the companies in the fund's portfolio. This is the passage by Congress of the $33 billion highway construction program. The aim of providing an up-to-date highway system to meet commercial, military and agricultural needs of the country will modernize 41,000 miles of an interstate system which carries an estimated 20% of the nation's highway traffic.

The increased use of gasoline, diesel fuel and other oil products is expected to benefit producers, refiners and distributors. In addition, producers of asphalt, used

Continued on page 43

CORRECTION

T. Rowe Price Growth Fund's security purchases in second quarter exceeded sales by 10-to-1 instead of reverse ratio mentoned in "Chronicle" survey.

The "Chronicle" erred in reporting in its page one quarterly survey of investment company portfolio operations, published Aug. 9 under the headline, "Funds' Policy Dominated by Cautious Buying," that stock sales by T. Rowe Price Growth Stock Fund, Inc. during the second quarter were ten-fold the purchases. During the second quarter the fund bought $505,053 for its portfolio and sold $53,160.

In its half year report, the fund stated, "As the stock market continued its upward trend and numerous stocks seemed over-priced in relation to near-term earnings and dividend prospects, the percentage of common stocks in the portfolio was reduced from 92.9% in January 1955 to 78.5% in the latter part of May 1956.

"After industrial stock averages had declined approximately 10% and many individual stocks more than twice that amount, approximately 4% of the fund's assets representing a portfolio of liquid reserves were used to make selective purchases. As of June 30, 1956, the market had experienced a substantial recovery and common stocks represented 84% of the total portfolio."

Personal Progress

The appointment of Mary Ann Goldberg to the staff of Delaware Distributors, Inc. was announced here by W. Linton Nelson, Chairman. In her new post, she will direct public relations for the $45 million Delaware Fund, mutual investment company.

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. 19	§85.5	*57.5	15.3	90.2
Equivalent to— Steel ingots and castings (net tons)	Aug. 19	§2,106,000	*1,415,000	377,000	2,176,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 3	7,065,450	7,085,800	7,085,850	6,639,500
Crude runs to stills—daily average (bbls.)	Aug. 3	¶7,964,000	7,950,000	7,974,000	7,487,000
Gasoline output (bbls.)	Aug. 3	27,045,000	27,474,000	27,736,000	25,953,000
Kerosene output (bbls.)	Aug. 3	1,854,000	2,200,000	2,028,000	2,094,000
Distillate fuel oil output (bbls.)	Aug. 3	12,841,000	12,632,000	12,434,000	11,063,000
Residual fuel oil output (bbls.)	Aug. 3	7,551,000	7,629,000	7,677,000	7,146,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 3	177,561,000	177,052,000	178,549,000	156,476,000
Kerosene (bbls.) at	Aug. 3	29,607,000	28,883,000	26,760,000	32,475,000
Distillate fuel oil (bbls.) at	Aug. 3	119,289,000	113,600,000	98,289,000	119,479,000
Residual fuel oil (bbls.) at	Aug. 3	44,598,000	43,168,000	39,779,000	45,273,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 4	660,287	649,806	478,297	760,387
Revenue freight received from connections (no. of cars)	Aug. 4	593,319	581,238	527,925	641,163
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 9	$322,829,000	$309,454,000	$657,377,000	$334,458,000
Private construction	Aug. 9	189,264,000	190,237,000	437,272,000	188,211,000
Public construction	Aug. 9	133,565,000	119,217,000	220,105,000	146,247,000
State and municipal	Aug. 9	118,302,000	110,141,000	143,067,000	128,596,000
Federal	Aug. 9	15,263,000	9,076,000	77,038,000	17,651,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 4	9,240,000	9,030,000	1,290,000	9,099,000
Pennsylvania anthracite (tons)	Aug. 4	579,000	581,000	52,000	482,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 4	104	97	90	97
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 11	11,530,000	11,190,000	10,878,000	10,729,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 9	229	282	251	169
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 7	5.619c	5.179c	5.179c	5.174c
Pig iron (per gross ton)	Aug. 7	$62.95	$61.36	$60.61	$59.09
Scrap steel (per gross ton)	Aug. 7	$55.50	$52.67	$44.83	$44.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 8	39.650c	39.525c	44.500c	35.700c
Export refinery at	Aug. 8	38.275c	37.300c	46.925c	39.625c
Straits tin (New York) at	Aug. 8	99.000c	93.250c	94.250c	96.875c
Lead (New York) at	Aug. 8	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Aug. 8	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Aug. 8	13.500c	13.500c	13.500c	12.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 14	93.23	92.69	94.34	95.00
Average corporate	Aug. 14	102.30	102.80	104.31	107.98
Aaa	Aug. 14	105.86	106.39	108.16	111.07
Aa	Aug. 14	104.66	104.83	106.21	109.60
A	Aug. 14	101.97	102.46	103.97	108.16
Baa	Aug. 14	97.16	97.78	99.52	103.13
Railroad Group	Aug. 14	100.81	101.31	102.80	106.56
Public Utilities Group	Aug. 14	102.46	103.13	104.48	108.52
Industrials Group	Aug. 14	103.64	103.97	105.86	108.70
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 14	3.12	3.08	2.94	2.87
Average corporate	Aug. 14	3.61	3.58	3.49	3.28
Aaa	Aug. 14	3.40	3.37	3.22	3.11
Aa	Aug. 14	3.47	3.46	3.38	3.19
A	Aug. 14	3.63	3.60	3.51	3.27
Baa	Aug. 14	3.93	3.89	3.78	3.56
Railroad Group	Aug. 14	3.70	3.67	3.58	3.36
Public Utilities Group	Aug. 14	3.60	3.56	3.48	3.25
Industrials Group	Aug. 14	3.53	3.51	3.40	3.24
MOODY'S COMMODITY INDEX	Aug. 14	422.9	419.8	409.8	400.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 4	341,759	242,240	273,007	367,978
Production (tons)	Aug. 4	280,659	268,101	178,617	278,376
Percentage of activity	Aug. 4	95	94	56	98
Unfilled orders (tons) at end of period	Aug. 4	524,084	464,529	512,197	691,068
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 10	108.99	109.01	108.93	106.84
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 21	1,327,688	1,326,164	895,964	1,181,336
Dollar value	July 21	$74,679,772	$69,678,346	$47,241,503	$62,963,160
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 21	1,140,773	1,062,866	812,134	1,026,744
Customers' short sales	July 21	5,065	6,389	2,837	6,740
Customers' other sales	July 21	1,135,708	1,056,477	809,297	1,020,004
Dollar value	July 21	$58,411,850	$53,330,636	$40,563,965	$52,325,371
Round-lot sales by dealers—					
Number of shares—Total sales	July 21	296,950	255,380	209,510	276,650
Short sales	July 21				
Other sales	July 21	296,950	255,380	209,510	276,650
Round-lot purchases by dealers— Number of shares	July 21	470,370	509,960	327,240	455,040
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 21	480,570	514,360	307,080	491,690
Other sales	July 21	11,796,380	11,744,040	8,201,790	11,463,630
Total sales	July 21	12,276,950	12,258,400	8,508,870	11,955,320
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 21	1,464,850	1,525,140	1,111,680	1,546,480
Short sales	July 21	270,210	307,060	183,410	271,570
Other sales	July 21	1,197,420	1,327,010	839,360	1,323,940
Total sales	July 21	1,467,630	1,634,070	1,022,770	1,595,510
Other transactions initiated on the floor—					
Total purchases	July 21	270,670	343,490	233,870	327,900
Short sales	July 21	17,700	16,900	13,500	27,600
Other sales	July 21	342,400	374,580	221,450	293,470
Total sales	July 21	360,100	391,480	234,950	321,070
Other transactions initiated off the floor—					
Total purchases	July 21	616,395	580,600	435,800	496,165
Short sales	July 21	105,070	115,220	71,530	90,230
Other sales	July 21	631,048	682,369	477,374	582,525
Total sales	July 21	736,118	797,589	548,904	672,755
Total round-lot transactions for account of members—					
Total purchases	July 21	2,351,915	2,449,230	1,781,350	2,370,545
Short sales	July 21	392,980	439,180	268,440	389,400
Other sales	July 21	2,170,868	2,383,959	1,538,184	2,199,935
Total sales	July 21	2,563,848	2,823,139	1,806,624	2,589,335
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 7	114.2	114.2	114.1	110.2
Farm products	Aug. 7	89.4	*90.5	90.4	87.8
Processed foods	Aug. 7	102.6	102.9	102.6	100.9
Meats	Aug. 7	82.4	83.7	81.7	81.5
All commodities other than farm and foods	Aug. 7	121.8	121.5	121.4	116.8

*Revised figure. ¶Includes 1,032,000 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
AMERICAN GAS ASSOCIATION—For month of May:			
Total gas (M therms)	5,743,178	6,678,181	4,840,721
Natural gas sales (M therms)	5,440,902	6,307,662	4,575,594
Manufactured gas sales (M therms)	24.902	29,078	36.613
Mixed gas sales (M therms)	277,374	341,441	228,514
AMERICAN PETROLEUM INSTITUTE—Month of May:			
Total domestic production (barrels of 42 gallons each)	242,583,000	237,543,000	227,817,000
Domestic crude oil output (barrels)	218,976,000	214,386,000	2?6,983,000
Natural gasoline output (barrels)	23,554,000	23,102,000	20,779,000
Benzol output (barrels)	53,000	55,000	55,000
Crude oil imports (barrels)	29,074,000	24,462,000	23,017,000
Refined products imports (barrels)	14,825,000	14,695,000	12,222,000
Indicated consumption domestic and export (barrels)	266,706,000	265,155,000	246,348,000
Increase all stocks (barrels)	19,776,000	11,545,000	16,708,000
AMERICAN ZINC INSTITUTE, INC.—Month of July:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	83,080	*78,454	84,400
Shipments (tons of 2,000 pounds)	49,531	*68,327	81,713
Stocks at end of period (tons)	103,253	*69,704	51,290
Unfilled orders at end of period (tons)	53,559	45,921	64,056
COAL OUTPUT (BUREAU OF MINES)—Month of June:			
Bituminous coal and lignite (net tons)	39,605,000	44,770,000	36,004,000
Pennsylvania anthracite (net tons)	2,442,000	*1,925,000	2,143,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average=100—Month of July:			
Adjusted for seasonal variations	126	*124	124
Without seasonal adjustment	99	118	98
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of June:			
Contracts closed (tonnage)—estimated	337,230	353,271	318,150
Shipments (tonnage)—estimated	284,719	306,223	282,325
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of June:			
Gas-fired furnace shipments (units)	73,300	65,100	74,100
Gas conversion burner shipments (units)	15,500	11,300	16,000
Gas operated boiler shipments (units)	7,400	6,200	7,100
Domestic gas range shipments (units)	164,000	161,900	204,000
Gas water heater shipments (units)	247,300	233,900	*227,100
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of July (1947-49=100)	78.4	81.5	82.8
METAL OUTPUT (BUREAU OF MINES)—Month of May:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	144,345	*137,038	155,026
Silver (in fine ounces)	3,113,596	*3,251,337	3,430,747
Copper (in short tons)	98,128	95,610	90,824
Lead (in short tons)	28,818	*29,625	28,932
Zinc (in short tons)	46,087	*44,957	44,273
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of July:			
Copper (per pound)—			
Domestic refinery	40.807c	45.056c	35.700c
Export refinery	36.002c	40.260c	36.504c
Lead—			
Common, New York (per pound)	16.000c	16.000c	15.000c
Common, East St. Louis (per pound)	15.800c	15.800c	14.800c
‡‡Prompt, London (per long ton)	£113,659	£113.226	£105.940
††Three months, London (per long ton)	£112.040	£111.071	£105.601
Zinc (per pound)—East St. Louis	13.500c	13.500c	12.500c
††Zinc, London, prompt (per long ton)	£93.483	£94.006	£91.226
††Zinc, London, three months (per long ton)	£92.341	£92.387	£91.214
Silver and Sterling Exchange—			
Silver, New York (per ounce)	90.137c	90.464c	90.438c
Silver, London (pence per ounce)	78.500d	78.625d	78.869d
Sterling Exchange (check)	$2.79335	$2.80217	$2.78494
Tin, New York Straits	96.265c	94.635c	96.805c
§§Tin—New York, 99%	95.265c	93.635c	95.805c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$255.000	$258.115	$264.920
¶Antimony, New York boxed	36.470c	36.470c	31.970c
Antimony (per pound), bulk, Laredo	33.000c	33.000c	28.500c
Antimony (per pound) boxed, Laredo	33.500c	33.500c	29.000c
Platinum, refined (per ounce)	$105.000	$105.000	$82.540
†Cadmium, refined (per pound)	$1.70000	$1.70000	$1.70000
‡Cadmium (per pound)	$1.70000	$1.70000	$1.70000
§Cadmium (per pound)	$1.70000	$1.70000	$1.70000
Bobalt, 97	$2.60000	$2.60000	$2.60000
Aluminum, 99% plus ingot (per pound)	25.900c	25.900c	23.200c
Magnesium ingot (per pound)	33.750c	33.750c	28.500c
**Nickel	64.500c	64.500c	64.500c
Bismuth (per pound)	$2.25	$2.25	$2.25
PORTLAND CEMENT (BUREAU OF MINES)—Month of April:			
Production (barrels)	26,134,000	23,386,000	24,818,000
Shipments from mills (barrels)	27,087,000	22,222,000	24,993,000
Stocks (at end of month—barrels)	28,678,000	29,854,000	26,106,000
Capacity used (per cent)	100	87	103
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of June:			
Total operating revenues	$900,465,909	$925,355,033	$878,350,933
Total operating expenses	686,410,493	701,614,581	646,779,081
Operating ratio	76.23	75.82	73.64
Taxes	$96,728,965	$100,511,767	$101,672,019
Net railway oper. income before charges	94,980,853	102,472,454	106,780,581
Net income after charges (estimated)	77,000,000	85,000,000	88,000,000
U. S. GOVT. STATUTORY DEBT LIMITATION—As of July 31 (000's omitted):			
Total face amount that may be outstanding at any time	$278,000,000	$281,000,000	$281,000,000
Outstanding—			
Total gross public debt	272,645,336	272,750,813	277,584,032
Guaranteed obligations not owned by the Treasury	73,716	73,888	41,514
Total gross public debt and guaranteed obligations	$272,719,052	$272,824,702	$277,625,547
Deduct—other outstanding public debt obligations not subject to debt limitation	462,021	463,485	482,814
Grand total outstanding	$272,257,031	$272,361,216	$277,142,732
Balance face amount of obligations, issuable under above authority	5,742,968	8,638,784	3,857,267

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic five tons or more but less than carload lot boxed. §§Price for tin contained. **F.o.b. Fort Colburne, U. S. duty included. ‡‡Average of daily mean and bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from East St. Louis exceeds 0.5c.

Our Reporter's Report

Management of Consumers Power Co., obviously willing to recognize the changed conditions in the capital market, went ahead this week with its program for raising $40 million through the sale of a new bond issue.

The 30-year, first mortgage bonds drew a total of four bids, the highest 100.21 for a 4% coupon rate which was $1.60 a bond above the lowest tender specifying the same interest rate.

Early indications were that this issue, having pretty much a clear track in the investment market, was experiencing good inquiry. As books opened it appeared that upward of 60% of the total had been spoken for with hopes high that the balance would work off readily.

As an indication of what has transpired in the money market in the last eighteen months or so since this company previously raised capital, this financing was of more than passing interest considering several late postponements.

At the start of February, 1955, Consumers Power Co. floated an issue of $30 million of 35-year bonds due in 1990. This issue was brought to market with a 3¼% coupon rate at an offering price of 102.325 for an indicated yield of around 3.17%.

Bankers repriced the current issue for public offering at 101 for a yield of better than 3.94% despite the fact that the maturity is five years shorter. The 75 basis points difference in yield pretty well measures the change in the money picture in the interval.

Watching the Federal

The new firming in the cost of short-term money to the Treasury on its weekly bill "rollover," together with markups in commercial paper and bankers' bills, is turning renewed interest to the weekly meetings of the Federal Reserve Banks.

It now appears that the capital market, including the investment banking fraternity, will be casting a weather-eye in that direction in the weeks ahead unless there is other evidence of change in Reserve thinking, through open market operations for example.

While no further markup in the rediscount rate structure generally is expected to develop, it is noted that two of the 12 central banks continue to maintain a 2¾% charge as against 3% for the other ten. Monetary authorities could make another gesture, it is pointed out by bringing the two into line.

Slated For Market

Several issuers are due to come into the market next week for sizable chunks of capital. Largest is Pacific Telephone & Telegraph Co.'s $78 million of 32-year debentures. This A. T. & T. affiliate has definitely set Tuesday for the opening of competitive bids.

Detroit Edison Co. has a $59.7 million offering of convertible debentures scheduled for offering to shareholders starting next week. Holders are entitled to subscribe for $100 of debentures for each 21 shares held. There will not be any underwriters standing by on this business.

And Minneapolis - Honeywell Regulator Co., by the negotiated route, is slated to market through bankers $25 million of 20-year sinking fund debentures to repay bank loans and expand working capital.

Two Out of Three

Two out of three of the major finance companies which had new issues slated for market have decided to postpone such offerings due to the rising level of costs.

Latest is Commercial Credit Corp. which has set back its $50 million project indefinitely for that reason. It sought the money for 20-years. A week ago C.I.T. Financial Corp. decided to forego its planned offering of $75 million of 15-year debentures.

A smaller unit in the field, General Acceptance Corp., which set back its $20 million of 15-year debentures earlier this month now expects to go ahead probably next week. Associates Investment Co., a fourth on the list, has $50 million of 20-year debentures on tap, also tentatively for next week.

Continued from page 41

Mutual Funds

in road construction, and carbon black, used in tire manufacture, may also be expected to benefit.

* * *

National Investors Corp. increased moderately in value in the second quarter of 1956 in contrast to lower security prices in general, it was pointed out in the mid-year report by Francis F. Randolph, chairman of the board and President. A quarter-end record asset value of $10.25 a share was set on June 30, up 13.1% from $9.06 at the first of the year.

Net assets were a new high of $65,000,982, an increase from $57,289,942 at the beginning of the year and from $55,111,650 on June 30, 1955.

One of every four National Investors shareholders now has a systematic program for regular investing or for plowing back dividends and distributions into additional shares, Mr. Randolph stated. The number of plan holders increased sharply following announcement of the new, simplified Accumulation Plan in the March 31 report.

Although the past quarter saw reflection of some of the stresses and strains that ordinarily develop in a period when the national economy is operating at a very high level, the chairman told shareholders that this development had not yet reached a point at which modification of the corporation's emphasis on growth stock investments seemed advisable.

National Investors continued fully invested in common stocks during the second quarter. Aviation, electrical and electronics and public utility common stock investments were increased, and a new position was taken in a company having a substantial interest in fields relating to atomic energy. Reductions were made in aluminum, chemical and railroad holdings, and the textile industry investment was eliminated.

Fund Sales Make Records

Wellington Fund sales in the month of July reached the highest level for any month of July in the fund's 27-year history. Gross sales of Wellington Fund for July amounted to $8,056,000 compared with $5,856,000 in July last year, A. J. Wilkins, Vice-President, reported. Sales of Wellington Fund for the seven months to July 31, 1956, also set new records at $62,075,000 compared with $38,398,000 in the first seven months of 1955.

Net assets of Wellington Fund at July 31, last, were at a new all-time high of $585,286,224, an increase of $120,529,203 over net assets at the end of July last year. Mr. Wilkins reported that Wellington Fund now has a record number of shareholders on its books. At July 31, last, holders of Wellington shares totaled 185,000, placing the fund among the ten largest companies in the country in number of shareholders.

Sales of shares of the National Securities Series of mutual funds during the month of July aggregated $4,520,945, the largest volume for the month and about 13% above the July, 1955 figure of $4,003,728 E. Waln Hare, Vice-President of National Securities & Research Corporation, sponsors and managers of the funds, announced.

"Purchases of these shares during the first seven months of 1956 totaled $42,391,547, the best ever recorded by the corporation and 24% above the previous high of $34,248,186 which was registered in the same period last year," Mr. Hare said. Net assets of the National Securities of mutual funds reached a new high of $291,945,833 on July 31, 1956.

Putnam Fund purchases of new shares during July, 1956, were the largest for any July in the history of the fund, up 38% over July last year. With redemptions for the month down 7%, the amount of net new money entering the fund represented an increase of 57% over July, 1955.

First Investors Corp. distributors of shares of most mutual funds, and sponsors of its own periodic payment plans for the accumulation of shares of Wellington Fund and Mutual Investment Fund, Inc., reports July 1956 sales of $13,384,696, an increase of $3,694,627 or more than 38% from the $9,690,069 reported for the period July 1 to 29, in 1955. First Investors Corp. also reports that its total mutual fund sales for the first seven months of 1956 amounted to $77,042,324, an increase of close to 40% over the $55,144,203 in sales for the first seven months of 1955.

Two With J. Logan

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Margaret S. Mayfield and Trennis K. Lile have joined the staff of J. Logan & Co., 721 East Union Street.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — With the heartiest cooperation of the Eisenhower Administration, Congress has perfected another remedy for an occasional and seldom occurring Treasury illness—fiscal congestion.

This remedy is rated as of considerable efficacy in forestalling the occasional piling up of taxpayers' funds in the Treasury. Its fiscal laxative effect is gentle but sure. And the motto for the new remedy is: "It works while you are not looking."

The particular remedy is steaming up the scale of payments and the objects of such payments under the grants phase of the fiscally insecure "social security" program.

Not too many people are aware of the multiplicity of programs and huge costs which are housed under the tent of that agency so drolly called the "Social Security Administration." Most people think of "social security" as that thing which nicks their payroll 1½%—soon 1¾%—and supposedly saves money for them for a pension which comes to them at or after age 65.

Actually, this is only part of the great circus. On dozens of accounts the Treasury uses a system of "matching funds" by which the Federal Government pays half or more—most often more—of what the state pays to help the lame, the halt, and the blind.

This was the scheme which was bulled up to new powers in the last session as the handy, dependable fiscal laxative. The money comes from no special taxes. It comes from "general revenues," which often as not means from the cuff, except when an unprecedented boom blows up revenues more than $8 billion above what that Administration expected, as happened in fiscal 1956.

How it Works

The basic *modus operandi* is that Uncle Sam will chip in five bucks if the state will chip in five bucks or $2.50, as the case may be, toward supporting the indigent aged, the disabled, or the feeble-minded.

Now Congress not only raised the bucks it will let loose under this program, but will include payments for new programs enacted at the last session.

A few dollars a head a month here and a few more there doesn't sound like money, but when the recipients of each run as they do into the hundreds of thousands, then it becomes real money.

Little Noticed

There is nothing secretive about these programs. The legislation was all out in the open. However, newsmen have a congenital distaste for such triviata, and they figure probably correctly, so do their readers. Besides for each front page fight such as that over whether the disabled shall get pensions at age 50 and women at age 62, or whether $1 billion shall be cut from the foreign charity program, there are at least a dozen of these "small" bills which pass unnoticed in the great and indigestible glut of news, each one of these new programs committing the government to programs of from tens of millions to often over $100 million annually, year after year into eternity.

So in effect, the new fiscal laxative works while people are not looking.

Some Programs

It would take pages just to briefly summarize and describe this panoply of programs which guarantee (?) security to millions, and then one could only cover the additional amounts and the additional new objects of expenditure voted by the Congress. However, a few of the leading programs will be mentioned.

Beginning Oct. 1, the Federal Government will raise to $60 a month from $55, the largest individual payment which will be made for indigent old age assistance, aid to the blind, and the totally disabled under the Federal-state participation plan.

Two dollars will be added in Federal monthly payments for dependent children. (Incidentally, in all the above categories Uncle Sam's share far outweighs what the states must pay).

Uncle Sam already assists states to pay for medical care. These payments also go for the disabled, the aged, the blind, dependent children. This is liberalized and hereafter will include payments for medical insurance.

Why Are People Poor?

Uncle Sam for the first time, presumably, is going to pay for research into learning why some people are poor. Some $5 million is authorized for "research and demonstration projects" in the field.

Another new program is the authorizing of funds to train personnel in public health, vocational rehabilitation, and child welfare programs, This will cost (initially, of course) only $5 million, and will pay 80% of the cost of these training programs, state and local agencies, but 20%.

Amendments specifically empower the Federal Government to share in states' costs of providing appropriate welfare services, "as well as assistance to needy people."

In another amendment Congress seeks to make sure, among other things, that "physically and mentally handicapped" children under 16 are eligible for Federal assistance.

Secretary Folsom said that "the Administration asked for the largest amount of money for medical research ever requested of Congress in one year. The appropriation finally enacted was for a larger amount than had been requested."

Benson Wins Broad Lending Powers

Many admirers of Ezra T. Benson, the Secretary of Agriculture, must think it is a shame that the Democratic team is always running a competition with the Republican team. Otherwise, Mr. Benson would some day rate a Legion of Merit award from some future Democratic Administration and perhaps have a statue erected in his memory on the park-like Mall in front of the imposing pillars of the Administration building of the Department of Agriculture.

For Mr. Benson has persuaded Congress to give his Department's Farmers Home Administration more money to make loans or to insure private loans for a greater variety of purposes than the agency has ever had—far surpassing previous Democratic Administrations. Just in case the Democrats ever come back to power, they won't have to fight a hostile Republican Congress to get those powers, for they are now law.

Among the new powers of Farmers Home is the authority to help part-time farmers to get credit, through insured or direct loans. These will be used to enhance the economic status of these under-privileged farmers under the Departments' "Rural Redevelopment" program, a pet project of President Dwight D. Eisenhower.

It is now officially provided that Farmers Home — the government—can insure farm mortgage loans on "family sized" farms to refinance private indebtedness when the latter is for inconvenient terms like 5, 10, or 20 years, and put them into 40-year loans. For good measure, Farmers Home may insure a second mortgage loan where it cannot accommodate a farmer otherwise.

Theoretically this refinancing activity is for a three-year period only. Like all "temporary" new programs, however, it probably will be extended indefinitely. This is a device for taking lending business away from private business and putting it under public sponsorship.

Ease Production Loans

At the present time Farmers Home may lend initially $7,000 for seven years and a maximum of $10,000 at any one time to any one borrower for operating purposes. It has now been provided that a person may borrow initially as much as $10,000, have altogether in subsequent loans a total indebtedness to the government of $20,000 in operating loans, and in emergency cases have 10 years for repayment.

Farmers Home is supposed to be the guardian of the "family sized" farm. To need a production loan of $20,000, these farmers must have large families.

Early in the Administration a new "temporary" scheme was voted, so-called "special emergency" loans. Farmers Home already can lend to farmers to aid them in physical emergencies, such as droughts or floods. The new "special emergency" is characterized by the House Committee on Agriculture as "economic emergency" loans.

In other words, if the price of any given farm product declines so seriously as to jeopardize the farmer or cattleman's chance of getting private credit, the government can step in. This initial "temporary" function was extended two more years and the funds available were authorized to be $65 million instead of $15 million.

Lease-Purchase Business Grows

At the close of Congress a total of 99 Federal post offices and Federal buildings of one kind of another were in the works under the Eisenhower-Administration lease-purchase program. Their aggregate cost will exceed $683 million.

These are projects which will be built and paid for on the instalment plan, 4% down and 4% principal each year for 25 years, plus interest and local real estate taxes. Instead of using the traditional method of paying in cash for buildings it wants, the government now enters into a "lease-purchase" agreement with a "private enterpriser" who will undertake to build a structure designed exclusively for Federal use under a 25-year lease which in practical fact is a loan.

This eliminates all but the downpayment or annual instalment due, from the budget.

[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

"——Anything to that rumor about you taking a bit of a market loss recently?"

Merrill, Turben Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Tom Holevas is now associated with Merrill, Turben & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Holevas was formerly Mansfield manager for Vercoe & Co. and prior thereto was with Merrill Lynch, Pierce, Fenner and Beane in Chicago.

Blatt With B. C. Morton

(Special to The Financial Chronicle)

BOSTON, Mass.—Louis C. Blatt has become associated with B. C. Morton & Co., 131 State Street. He was formerly Boston manager for Hugh Johnson & Company, Inc.

Business Man's Bookshelf

Living With The Antitrust Laws—Professor Herbert C. Morton—Amos Tuck School of Business Administrtaion, Dartmouth College, Hanover, N. H. (paper).

Pension And Profit Sharing Plans In Business Reorganizations—Meyer M. Goldstein — Pension Planning Company, 625 Madison Avenue, New York 22, N. Y.

Regulations Issued by Switzerland Regarding Its Payments With Various Countries—Ninth supplement—Bank for International Settlements, Basle, Switzerland (paper) Sw. Fcs. 15 (original publication plus nine supplements Sw. Fcs. 75).

Texas-Louisiana Gulf Coast Lease Map — Macha Drafting Company, 6132 Almeda, Houston, Texas ($7.50 quantity prices on request).