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EDITORIAL

As We See It

We shall doubtless have to reconcile ourselves to endless buncombe about the farm situation in this year of national elections. For decades, even generations, it has been the usual thing, and since the advent of Franklin Roosevelt the farmer and the wage earner are more than ever the darlings of the political gods. Candidate Stevenson has already made it plain that he plans a major bid for the vote of the farmer as did President Truman in 1948. The Administration has taken special pains, albeit with apparent reluctance, to do what it could to please the farmer with larger cash benefits.

All this the ordinary man could better endure if only there were a greater measure of candor in what is being said and more real point in what is being done. The authorities at Washington have recently made public their usual August revision of earlier budget estimates for the current fiscal year, and there it is disclosed that, despite all the resolutions and all the condemnation of previous administrations for profligate agricultural subsidies, more than half of a several billion dollar increase in outlays this year is accounted for by more liberal treatment of the agriculturist. Of course, Administration officials lay the soothing unction to their souls that they are handing out these funds in a way which will not tend to increase production of unwanted goods, but it could hardly be plausibly claimed that these payments are other than plain largesse. Certainly no one supposes that they will help in any way

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Is Our Anti-Trust Policy In the Public Interest?

By DR. ROBERT E. BERRY
Associate Professor of Economics
Miami University, Oxford, Ohio

Using the General Motors bus case as a point of departure, Prof. Berry finds a lack of understanding regarding present status of our anti-trust laws, and a general inability in resolving our basic dilemma in anti-trust policy. (1) Explains Alcoa doctrine that "monopolization *per se* is illegal whether due or not due to unlawful activities designed to achieve monopoly"; (2) finds unreconciled our objectives of wanting efficient producers and wanting many small producers in a socially desirable economy; (3) depicts as key question whether 90% or some other figure constitutes "monopoly" power; and (4) advises those who view present General Motors case with alarm to object to Congress or the Courts, but not to Department of Justice.

When U. S. Attorney General Herbert Brownell Jr. appeared as guest on the debut program of the television show, *Press Conference*, in July and announced that the Department of Justice was bringing a civil action against General Motors on the charge of violating the anti-trust laws, his announcement was criticized on several grounds. But the most serious critcism was the charge that this action represented another "punitive" case against big business. And for those who had, perhaps naively, assumed that the present Administration would usher in a welcome relief from the cases brought by the Department of Justice in earlier years, cases which many businessmen had regarded as reflecting an anti-business philosophy of the New-Deal, Fair-Deal period, Mr. Brownell's announcement seemed all the more startling. Newspaper editorials, reminiscent of those which appeared during the A & P case, declared, in some instances.

Robert E. Berry

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Can We Improve Methods Of Appraising Growth Stocks

By RALPH A. BING
Head, Research Department, Sutro & Co., San Francisco

Predicting "stock prices will tend to gravitate around moderately lower yields and slightly higher price-earnings ratios," based upon public's awareness of long-term trend toward inflation and belief in less marked cyclical fluctuations, Sutro's head analyst envisions the prudent investor probably staying within reason in buying a high caliber growth stock now at a price roughly equal to 12 to 14 times prospective 1960-61 earnings. Mr. Bing critiques various growth stock appraisal methods, and offers an improved approach to problem. Warns on postulating unrealistic growth rates.

There is always brisk demand for so-called growth stocks, that is stocks whose earnings and dividend payments on a per share basis show an average long-term growth well in excess of the average 3% annual growth of our economy. The above-average appreciation of growth stocks in the equity market over the years, the tax limitations put on long-term capital gains, and the relatively small cash dividend income, all combine to make such stocks a natural choice for the wealthy investor.

With so many sophisticated investors—both institutional and individual—interested in growth stocks, how astutely are growth stocks being appraised? How closely can their intrinsic value be defined and evaluated?

Theoretically, the ideal appraisal of growth stocks, and for that matter of all stocks, would be something resembling the appraisal of bonds as closely as possible—if it could be done. Such an appraisal would presume a valid estimate of the life expectancy of an individual company, its prospective earnings and dividends until liquidation, as well as

Kaıpn A. Bıng

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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 36.

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

Penobscot Chemical Fibre Co.—E. H. Bradford, Manager Research Dept., F. L. Putnam & Co., Inc., Boston, Mass. (Page 2)

American Electronics, Inc.—Warren H. Crowell, Partner, Crowell, Weedon & Co., Los Angeles, Calif. (Page 2)

EDWARD H. BRADFORD

Manager, Research Department
F. L. Putnam & Company, Inc.
Boston, Mass.

Penobscot Chemical Fibre Co.

Timberlands with stands of growing pulpwood are the feature attraction of Penobscot Chemical Fibre Company. The common stock of this interesting company has unique investment appeal as a bargain value in natural resources. Properties are such as to give full protection against inflation. Business is well established on a long-term basis. The main product, chemical pulp for the paper manufacturers, is currently in a rising trend of demand and will probably be in short supply for some time to come. A sparkling new product in the resin field is currently in the process of development. Penobscot common stock is priced below the usual levels in comparison to earnings and also to book value. Despite only moderate dividends, the shares have marked appreciation possibilities. The special fascination, however, lies in the possibility that sooner or later one of the larger paper companies is likely to attempt to acquire Penobscot. In that case, negotiations might possibly begin at a price for Penobscot stock more than double its present quotation.

E. H. Bradford

Production of chemical pulp, soda and sulphite, for sale to companies manufacturing paper and paper products is Penobscot's principal activity. The business was founded in 1882. Three wholly-owned subsidiaries, Penobscot Development, Penobscot Purchasing and Tileston & Hollingsworth, own timberlands; cut, procure and store pulpwood and manufacture fine grade papers. The most important operation is the manufacture of pulp at the soda and sulphite plants at Great Works, Maine on the Penobscot River. These plants are fully integrated with self-contained hydro power, steam-electric power and facilities for making all the caustic soda used. Sales are chiefly to four larger paper manufacturers with lesser amounts sold in the open market. About 60% of the softwood and 65% of the hardwood for pulp is purchased from local sources. The remaining 35% of the hardwood and 40% of the softwood is obtained from properties of the subsidiary company. Supply of material is assured; but the company draws carefully from its own timberlands to provide proper cutting for regrowth. Tileston & Hollingsworth makes very fine paper for books and other high-grade uses at a plant at Milton, Mass. Operating units are well known for quality and reliability in the paper industry.

Although it is a little too early to evaluate Penobscot's entrance into the resin-plastic field, it is at least clear that this development has great possibilities. As is often the case, the stimulous came from wasted by-products. An energetic research department studied the problem and came up with a solution and a new product . . . a resin for plastics. The new product will be marketed under the name "Penob." Initial experimentation and pilot operations show considerable promise for this product as a plastic material. The full significance of "Penob" cannot, however, be determined until it has been more widely marketed.

Penobscot's finances, reflecting conservative management, are exceedingly strong. Net current assets amount to over $27 per share. In 1954, the company issued $1,400,000 4⅛% first mortgage bonds to replace 5s. Tileston & Hollingsworth, the subsidiary, has $80,000 unsecured notes due in 1958 and $137,000 unsecured 4⅝s due in 1968. Last year, $274,300 of 7% preferred stock was retired. Common consists in voting and non-voting shares. The voting shares of which 80,000 are outstanding are closely held by the management family; while 120,000 shares of non-voting stock are largely held in 50 to 100-share lots by stockholders in Massachusetts, Pennsylvania, New Jersey and New York. The ownership appears to be in strong hands and finances are outstandingly strong.

Earnings are in a rising trend. The fiscal year ending March 31, 1956 showed notable gains. Sales for the period increased to $18.8 million from $16.5 million and net increased to $776,610 from $484,174 of the year before. Per-share results for 1956 were $3.88—as compared to $2.32 in fiscal 1955. In each year, the company took conservative measures along depreciation, depletion and amortization lines. The total of these charges as applied to fiscal 1956 amounted to $3.10 per share. True earnings were, therefore, substantially higher than reported. Cash flow amounted to $6.98 per share for the year ending March 1956. In spite of this handsome cash intake, dividends are meager. In June, 1955, the quarterly rate was raised from 15 cents to 20 cents and a year-end extra of 25 cents was paid. The extra should be paid again this year.

Book value of Penobscot stock, at the date of the last figures published by the company, was $61.58 per share. That figure is about double the present price of the stock; but any sort of analysis would indicate that the book figure, itself, is as much as $25 a share below realities. The figure would depend on appraisal of the company's 480,000 acres of timberlands, which are carried at cost—less various reserve charges—at an average of approximately $3.90 an acre. Judging from other transactions in the pulpwood field and from "horseback" observation . . . real value would seem to be at least $10 an acre above present book. This adjustment, alone, would add $24 to the asset value of the stock . . . for a total of $85 per share.

In review, Penobscot stock, traded in the Over-the-Counter Market, is ideal for the man who can wait. It has inflation protection with reliance on a self-renewing natural resource — timberlands. Present price for the shares—about 31—is half of book; less than nine times last year's earnings per share and a little over four times cash flow. In the long run it appears probable that the company will be bought by one of the larger concerns. Recent examples of similar acquisitions are interesting. International Paper is currently negotiating with Long Bell Lumber and, as a result, Long Bell shares have appreciated sharply. Some time ago, Scott Paper took over Hollingsworth & Whitney and the value of the latter promptly doubled.

WARREN H. CROWELL

Partner, Crowell, Weedon & Co.
Los Angeles, Calif.
Members Los Angeles Stock Exchange

American Electronics

I have chosen "The Security I Like Best" from the field of Electronics. My choice is The American Electronics, Inc., with general offices and plants located in Los Angeles, Calif., which in the last decade seems to have become the hub of this astonishing industry in the United States.

Warren H. Crowell

In 1945, three young engineers pooled their intellectual and financial resources and formed what is now the present company. These men, borrowing the favorable aspects of a military table of organization, patterned the physical character of American Electronics along this principle. Five divisions are presently operated, each division being autonomous with a chief engineer responsible for its operations supported by a staff of engineers, designers and technicians. Each division has available engineering and technical assistance from other divisions and, of course, from the top echelon which may be likened to GHQ.

This type of operation has proved effective for American Electronics.

The record of sales and earnings reflects the dynamic characteristics of the industry. From 1949 to 1955 net sales have increased 1,570% from $353,947 to $5,935,104; operating income before depreciation, amortization, and Federal income taxes increased from $12,400 to $779,659, or 6,150%.

Fields served by The American Electronics, Inc. can perhaps best be broken down into the following groups:

(1) **Electrical Equipment**, producing 400 cycle power units pricipally for industry, electronic plants, research laboratories, etc. —ground support equipment for the Armed Forces such as weather simulators for the Air Force's jet planes and ground power supplies for industry in general. These include all types of fractional motors, which provide power plant for this equipment.

(2) **Nucleonics**, encompassing the use of and application of nuclei isotopes; also nuclear leak detectors for the military and industry; for the medical field, the scintiscanner, which will photograph soft tissues (presently impossible for X-Rays).

(3) **Instrumentation**, the manufacture of such products as syn-

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Electronics Comes of Age

By W. R. G. BAKER*
Vice-President, General Electric Company
President, Radio-Electronics-Television Manufacturers Ass'n

Electronics Association President assesses the responsibilities of the industry, reviews the past phenomenal growth, and predicts, in this industry which has come of age, an increase from present $9 billion to $15 billion by 1960. Dr. Baker warns against inferior marketing and questions whether color TV's introduction was premature; praises the marketing of low price "portables"; summarizes the excellent results derived from "cross-pollination" between military and commercial needs; lays down the requirements and advantages of industry's responsibilities in terms of capital flow, avoidance of governmental intervention, and supporting education; and urges effective use be made of the radio spectrum—now that the time is opportune—to take advantage of UHF which, otherwise may be lost to the industry.

To my mind the electronics industry has come of age and, like any youth, when he grows to man's stature, must assume certain responsibilities toward society. The responsibilities I will discuss are important ones. Upon the acceptance of these responsibilities by the electronics industry rests not only the success and profitability of the industry, but to a large extent the success and profitability of our economy and perhaps even the success of our defense against aggression. We have responsibilities to the public, to our customers, consumer, industrial and military, to our employees, and to those who have invested their savings in our businesses. We cannot treat these responsibilities lightly.

Dr. W. R. G. Baker

In order to realize the scope of our responsibilities, let's pause for a moment and take a look at the size of our industry. It has been said that electronics is the fourth largest industry in the country. I'm not going to argue with the petroleum or chemical or automotive people about any exact relative rank. The important thing is that we're one of the largest industries in the country.

Industry's Size and Growth

At the end of last year we were producing equipment and services at an annual going rate of about $9 billion. This represents an increase of about 81% since 1950. Can you think of many other major industries which have grown 81% in the last five years?

In 1955, the total number of manufacturers of electronic end equipment, components, and hardware was estimated at 3,600 by the Electronics Production Resources Agency. Of these, 1,000 firms produced end equipment or major sub-assemblies of some type in the entertainment, commercial, or military fields. There were about 2,000 component manufacturers, while the remaining 600 companies associated with the electronics industry produced various related types of hardware.

However, despite the large number of companies in the industry, approximately 50 manufacturers account for more than 80% of the dollar volume of end equipment production. And about 150 of the component companies are responsible for 80% of the total component business.

Equally impressive are employment figures. The electronics industry provides employment for more than one and three-quarter million Americans. This amounts to one out of every 40 persons in our total work force. Even more significant is the fact that 75% of these jobs didn't even exist just 10 years ago.

Growth Potential

Our growth potential is unlimited. Many forecasters believe that our $9 billion industry of today will reach the $15 billion dollar level by 1960. As Hal March would say, "We have just reached the first plateau."

Like Topsy, the electronics industry "just grew." In many respects it was not an orderly growth. First the war effort and later the expanding television development snapped up every product and every component that was produced.

The pressure and confusion of war-time manufacturing covered up many mistakes. It was almost impossible not to make profits in a producers market. Of course, many companies which were born during the war years have continued to grow and expand. These are the firms which were conceived, founded and operated on sound, ethical principles of business and economics. Companies of this type have no reason to fear either competition or a consumers market.

There is no reason why this phenomenal growth should be retarded but, in some respects, it should become more orderly. It is part of our industry responsibility, for example, to see that new products are not put on the market until the product is ready for the market and the market is ready for the product. Premature and poorly planned marketing can, in

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*An address by Dr. Baker before the Western Electronic Show and Convention, Los Angeles, Aug. 24, 1956.

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Gillette Company: A Fabulously Successful Merchandiser

By IRA U. COBLEIGH
Enterprise Economist

An autumn look at one of the most renowned companies in mass merchandising, carrying a successful formula to new heights of earning power via shaves, waves and paper-mates.

A holiday on the outer reaches of Cape Cod, including a few unshaven days, reminded your correspondent of the very great debt society owes to the Gillette Company. After spending a couple of generations selling the advantages of beardless beauty to civilized men, via speedy stropless shaving, Gillette added distaff glamorizing by Toni permanents; and, in the past year, has been Paper Mating the men and women of the world with ball point pens. Quite a company, Gillette, sensationally successful in building a sound, basic idea into a $200 million annual business.

Ira U. Cobleigh

The idea of the founder, King C. Gillette, was simply this: to find and manufacture a low cost article filling a wide public need (preferably patented) which, after it was sold, could create a vast and unending repeat and replacement order business. The Gillette safety razor filled the bill; it was patented, trade marked, advertised and sold with a skill and zeal that have now become legendary in American merchandising; and the repeat orders for Gillette and Blue Blades have reached untold billions.

Today, the Gillette Company not only produces safety razors, and shaving cream to go with them, but sells more than half the razor blades used in the United States, and over 75% of all the double edged variety. If earlier advertising programs were effective (and they were — fabulously so) the current ones are certainly carrying on the tradition. The continuous and ubiquitous availability of Gillette blades is constantly kept in your mind by the 18 year old "Cavalcade of Sports" on the air waves, and by Gillette sponsorship of World Series and All Star games on both radio and TV. That such large scale advertising outlays are productive is evidenced by the fact that Gillette blade sales last year reached an all-time high.

Having done so much for improving the appearance of men, Gillette decided to work on the other side of the street, and provide beauty products for women. It acquired, in 1948, the Toni Company of Chicago, leading producer of home wave kits, including the Toni, Prom and Bobbi lines and, more recently, Casual, a pin-curl home permanent. Other beautifiers include Viv lipstick, Deep Magic facial cleansing lotion, and White Rain and Pamper shampoos. Because of the sensational growth in the hair-do and cosmetic markets, the Toni division is developing new lines which will fit in with its broad advertising and distribution program.

Toni was not only a logical addition for Gillette, but it has proved a highly profitable investment. Acquired at a cost of $20,500,000 (paid entirely out of company funds and without requiring public financing), it has already produced total net earnings above this purchase price; and Toni sales presently account for about 32% of total Gillette business.

Still stressing the repeat order business motif, Gillette on Sept. 30, 1955 purchased the Paper-Mate Company, a leading manufacturer and merchant of ball point pens, and the cartridges to refill them, repeatedly. The ball point pen has now become the major ink-delivering American writing instrument, with Paper-Mate a major factor in the business. It now contributes about 10% of Gillette consolidated sales.

Paper-Mate plants are located in Culver City, Calif., and in Puerto Rico. This production in Puerto Rico is particularly significant since, by locating there, manufacturing operations are exempt from taxation for a certain period of years. Gillette paid $15 million for Paper-Mate. Paper-Mate annual sales are now a third larger than that, and the prospects for sustained sales increase are considered bright.

Gillette is not merely a highly profitable enterprise in America. Gillette sells its products in 114 countries, and almost 50% of net income, after taxes, comes from foreign operations. Major expansion outside the United States would include a recently completed plant in Montreal for Gillette and Toni operations, and enlarged facilities in Brazil and England. About 25% of Gillette's net assets are overseas. The main Gillette plant is in Boston.

Gillette can be definitely classed as a growth cmopany. To illustrate this point, Gillette net sales were not quite $38 million for 1945. They crossed $100 million in 1951, and were $177 million last year. This year this total will pass the $200 million mark, perhaps by as much as $6 million. Now mere piling up of sales totals is not especially significant if profits don't rise correspondingly. In the case of Gillette, however, they do. Net profits of GS have grown from $4.9 million in 1945, to $29 million last year. In the seven years ended Dec. 31, 1955, net per share doubled.

Financially the company is in excellent shape with current assets (1955-year-end) of $50 million and a 3-to-1 current ratio. With the single exception of a $6 million 3¾% long-term loan arranged for the Paper-Mate acquisition, Gillette has been able to finance its expansion without debt. Capital expenditures are currently being made at the rate of about $6 million a year, of which about $2 million is supplied by the depreciation account.

Many investors complain that growth stocks pay too small dividends. That criticism, whatever its merits, certainly does not apply in the case of Gillette. For the past five years, the pay-out of net earnings in the form of cash dividends has averaged around 68%. The present dividend rate is $2 a year and there was a 25 cent year-end extra last year that could easily be repeated or increased for 1956. Over the longer run, Gillette has paid dividends, without hiatus, for over half a century; and there was a 2-for-1 stock split in 1950, and another in October 1955.

Present capitalization consists merely of the aforementioned $6,000,000 in debt, and 9,282,848 shares of common listed NYSE and now selling around 52½ to yield 4.3% (assuming a $2.25 dividend).

When a company has displayed such a long, uninterrupted advance in corporate prosperity as Gillette, there is frequently raised the question, "can this keep up?" In the case of Gillette the evidence is quite impressive that it can. Not only has the traditional razor and blade business been developing solid advances, but the new Toni and Paper-Mate lines fit perfectly into the overall progressive merchandising methods of the company; and the rate of growth projected for these newer divisions augurs well for stockholder welfare in the years to come.

Present management, headed by Mr. C. J. Gilbert, President, took over in 1938 (the year the "Cavalcade of Sports" was first sponsored) and has demonstrated both efficiency and vision. It has been many years since Mr. Gillette delivered his first safety razor, under a sales plan that envisioned the buyer always returning to the Gillette Company for blade refills. Well the plan is just as golden today as it ever was; and it works just as well among women and penmen as it did originally for shaggy visaged hombres anxious to smooth up and look sleek for a Saturady night date, or Sunday church. The lengthened shadow of Mr. Gillette is obviously not a "five o'clock one"; but rather one of the most impressive and large scale agencies for the distribution of specialized consumer goods on a world wide basis, and an enduring tribute to the virtues and possibilities of our enterprise system.

With A. M. Kidder Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Bagdan Pochmursky has become connected with A. M. Kidder & Co., Guardian Building.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

PONTIAC, Mich. — Rodney H. Morrison is now with King Merritt & Co., Inc.

Miracle of American Wealth Due to People's Capitalism

By EDWIN O. CARTWRIGHT*
Resident Partner, Merrill Lynch, Pierce, Fenner & Beane, Dallas, Texas

Dallas broker points to the increasing "people's capitalism," where more than 10 million persons directly and 100 million indirectly already own shares in the economic wonder called American business, as the answer to those who "preach doctrines inimical to our free-enterprise system." Mr. Cartwright compares estimated need of $360 billion of new tools and plants by 1965 with past decade's new investment of $232.6 billion, in stressing $150 billion of new capital must come from equities. States double taxation is unjust; reviews the functions and methods of the financial market; praises his firm's financial educational leadership; and claims "no other industry . . . so constantly warns its customers to learn the facts; understand the risks . . . provide first things first. . . ."

Our subject has so many facets that we must treat only with those seemingly productive of a greater degree of understanding. Logically, we should begin with the origin of securities and follow their course through the channels of underwriting into the hands of the investor. That path, however, permits less emphasis upon the economic significance of the so-called "common man" in our American system and of his towering financial and numerical, hence political, stature. I choose, therefore, to "begin at the end," about the men and women who actually own American business—those who have invested a portion of their savings in common and preferred stocks—the shareowners—every one a capitalist.

E. O. Cartwright

110,000,000 Direct and Indirect Shareowners

There is at hand a new study of share ownership in these United States which rudely abolishes any remaining vestige of the myth of "Wall Street ownership" or of business domination of any concentrated group. The New York Stock Exchange's newly published "1956 Census of Shareowners in American Business" shows that 8,630,000 people own shares directly in the publicly-owned corporations in the country. This is an increase of 33% since the Brookings Institution census in early 1952, when 6,490,000 were shareowners. One out of 12 adults now owns shares compared with one in 16 in 1952.

In addition, another 1,400,000 own shares in private corporations, indicating that more than 10,000,000 people hold **direct** ownership of shares in the economic wonder-of-the-world called American Business.

Moreover, some 100,000,000 people are **indirect** shareowners through their savings in life insurance companies, pension funds, profit sharing plans, mutual savings banks, and other financial institutions that invest part of their funds in equity securities.

The people who own America belong to every walk of life. Almost two-thirds of all direct shareowners have household incomes of less than $7,500 per year. One person in 36 with incomes of under $3,000 per year—many of them older and retired—is a shareowner, indicating that all or part of their income is derived from dividends. The numerical increase in shareowners has been greatest in the $3,000 to $5,000 and in the $5,000 and over income groups. The greater participation of lower income earners has dropped the median of all shareowners to $6,200 from $7,500.

For the first time the number of women shareowners exceeds men; they now constitute 51.6% of the shareowning family, versus 48.4% for men. Housewives and non-employed women represent the largest single group of owners—34.2%. No other category accounts for more than 18% of all shareowners.

Geographically the greatest increase in share ownership occurred not in the large population centers but in cities of 5,000 to 25,000 where a jump of 125% was recorded since 1952.

At no time nor in any other nation has such widespread business ownership existed. Nor has a progressive past ever foretold a more promising future for expansion of the number of American shareowners and the values of their securities. Truly the New York Stock Exchange slogan "Own Your Share in America" is proved profitable in fact to those who practice it. And by that fact our "People's Capitalism" hurls the lie at those who preach doctrines inimical to our free enterprise system.

Now why has this happened? I think it is because we are beginning to comprehend the American economic "law of growth"; that surplus dollars invested prudently work for us to provide steadily rising standards of living in the future. In spite of recessions and depressions, a long-term chart of American business records continuous expansion. The average rate of growth for the past decade has been about 3% annually and the average dividend return from common and preferred stocks was about 4.7%. Compound progression at these rates is easily understood as a vital force working for the long-term investor.

Our comprehension stems partially from widespread public education program in a period of unparalleled prosperity. Economic studies have shown the virtues of investing money in the securities of sound American corporations for long periods of time. We have learned to invest our savings rather than borrowing from the future. This contrasts with the frenzy of speculation indulged in by too many people in the late 1920's when the principal object was an effort to make a quick profit on small capital and a large debt, with little reason except perhaps a so-called "tip."

Shareowners a Strong Political Force

A total **direct** and **indirect** share ownership by 110,000,000 of our people represents about two-thirds of the nation's population. The time has come to recognize not only the economic, but the **political force of this host**. The demagogue of the future who under-

*An address by Mr. Cartwright before the American Law Student Assn., American Bar Assn. Annual Convention, Dallas, Aug. 28, 1956.

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The State of Trade and Industry

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

Dun & Bradstreet, the national credit agency, briefly summarizes the business situation in various industries, as follows:

Slight increases were reported in the output of steel, electric power, and coal this week, while the production of automobiles, lumber, and food products was below that of the previous week. Total industrial output was sustained at a high level, and exceeded that of the corresponding week last year.

Steel mills operated at 98.7% of capacity this week. Output climbed 2%, and was 7% higher than the year ago level. Appliance manufacturers and automotive producers noticeably boosted their orders for hot and cold rolled sheets.

A further decline in automotive output was reported this week, as more plants shut down for model changeovers. Production of cars and trucks fell 13%, and was 23% below the comparable 1955 level. Although truck output declined fractionally, it exceeded that of a year ago by 23%. Total production of trucks from Jan. 1 to Sept. 1 of this year was 10% below the similar 1955 level.

There was a 2% rise in electric power output this week, and it was 8% above that of a year ago. The most noticeable year-to-year gains occurred in the Rocky Mountain and West Central regions. While the production of petroleum decreased fractionally, it remained 7% over the comparable year ago level. Coal output expanded 2%, and exceeded that of last year by 7%.

Although paperboard producers reported a 2% rise in output this week, production was 6% below that of a year ago. Unfilled orders fell 2%, and were 37% below last year's level. While new orders increased 16%, they were 30% below those of the comparable 1955 period. Lumber output dropped 2%, but new orders rose fractionally. Lumber shipments were 7% below those of last year.

While the output of cheese decreased 3% this week, a 3% year-to-year gain was maintained. Flour production expanded 2%, and exceeded that of a year ago by 14%.

U. S. Saving Record $7,100,000,000 Higher, First Half of 1956

The Home Loan Bank Board reported Sept. 3 that the United States Saving record was $7,100,000,000 higher in the first half of the year during which time Americans had increased their savings accounts, savings bond holdings and reserves of life insurance policies rating more than $1,000,000,000 more in the first half year 1955 and $300,000,000,000 more than the first six months of last year. This record is, however, 4% below the 1954 first half and it is doubtful if this year's record of $14,000,000,000 will come up to 1954's peacetime record of $14,000,000,000 in new savings. In the first six months these savings rose to a record high of more than $242,100,000,000. In the breakdown, the Board reported that savings and loan institutions accounted for about 38.6% of the $7,000,000,000 in new savings the first half while life insurance reserves 36.5%. Credit Unions increased their proportion of the new savings from 2.6% in the first half of last year to 3% but the January to June increase by Mutual Savings and commercial banks both declined.

"Iron Age" Foresees Tight Steel Market

Steel users will get the bad news in a few days when automotive companies come into the market with their orders for November. When full impact of fourth quarter automotive production schedules is felt, the already tight market will snap shut like a vise, according to "The Iron Age," national metalworking weekly.

It won't be news to users of plates, structurals and oil country goods. But some slowness on the part of auto companies to commit themselves fully on 1957 model schedules has led to artificial feeling of plenty in a few other products.

Tip-off is a recent and sudden tightening of forging bars and billets and a quick pick-up in demand for manufacturers' wire from auto parts suppliers who have already received their orders for the new models.

Up to now, mills have generally left space open for November and December automotive orders. But when the word is out from Detroit, books (for all intent and purposes) will be filled for the rest of 1956 for most products.

Big problem causing steel consumer anxiety is the out-of-balance situation of their inventories. While cold-rolled sheets were momentarily easy during the automotive model changeover period, hot-rolled sheets have become as tight as any product.

Steel users going into the fourth quarter with well-balanced inventories may be able to survive the winter squeeze without too much trouble. Those who are short on some products now are in for it. There just isn't going to be enough to go around.

Some manufacturers who are heavy plate users have had to cut work-weeks because of unavailability of plates. Foreign steel and conversion are factors, but importers and arrangers of conversion deals are finding more price resistance than is usual in a tight market.

The steel industry is doing its best to meet the demand, but has its own problems. In other post-strike periods, the operating rate bounced back to well over 100% of capacity. This year the industry has had trouble bouncing back.

The reason: Maintenance and repair troubles at the steel furnaces, at the blast furnaces and on the rolling mills. This has added to the problems of recovering from the strike, which had the effect of 6 to 8 weeks' loss of production.

"Steel" Reviews the Steel Situation

In little over a month, the nation's economy has virtually

Continued on page 34

Uruguay—Hard-Pressed Economy

By A. WILFRED MAY

Mr. May, on basis of first-hand investigation, reports political and economic pressures obstructing the adoption of needed remedial measures and policies. Finds government leaders' growing acceptance and rationalization of unsound conditions in the areas of budgeting, taxation, and subsidies.

(Mr. May was in Uruguay in mid-August—Editor).

Uruguay exemplifies an economy, the increasing pressure on which puts her government in the position of embracing socialization and thus having a bear by the tail.

A. Wilfred May

The country consumes more than it is producing. In 1955 there was an adverse trade balance of $42 million. Either exports must be increased or the standard of living further reduced. New decrees are attempting to solve the exchange problem by stimulating exports and curtailing imports, via additional exchange controls. All export receipts must be turned into the Central Bank, which repays the owner pursuant to its varying regulations. This has been working out to the great dissatisfaction of certain categories of exporters, notably the wool-growers.

Wheat, which has displaced meat in importance in the nation's export picture, has been involving the subsidizing government in vast losses because of the unbalanced internal price structure.

Creeping Welfare State-ism

Retaining the quota system, an important new foreign exchange system was enacted Aug. 3, last. In the case of exports, it provides mixed rates, composed of varying percentages of the official rates. Formalizing and systematising the multiple structure which obtained previously, the test ahead via results in action, is awaited hopefully.

On its path of the Welfare State, the government has been founding a succession of autonomous agencies; practically all having a deficit, with the government picking up the I. O. U. chips. Railroading, public utilities, water, accident and fire insurance, are all nationalized. The national debt has been placed with the government-affiliated social agencies, but with these now all bought up to their capacity, an immediate troublesome crisis is presented.

Economic subsidies have wrought havoc on the budget. For the benefit of the consumer they are extended to wheat, milk, bread, meat, fertilizer, poultry, feeds, and tourism. These have added substantially to the budget deficits as reported. Thus in 1955, receipts were 477 million pesos, ordinary expenses 505 million, or a deficit of 28 million—plus an additional deficit of 71 million incurred by the subsidizing agencies. Deficits have thus occurred in 14 of the past 17 years.

Accompanying the chronic budgetary deficits have been creeping inflation; inefficient production of major commodities which has accentuated the subsidy need; and growing unemployment, to a great extent the result of a shortage of foreign exchange cutting down raw materials.

The inflation has been of the *creeping* type, with the cost of living now running at about 10% per year. But, despite the gradualness of the rise, consumer prices are now at a very high level. An American housewife, temporarily resident in Montevideo, assured me that prices there, with the exception of food, milk, and bread, which are subsidized, are actually higher than at home.

Typical Pension Abuse

Here again, as in other South American countries, the inflation is accentuated by politically-promoted wage rises; with the Legislature setting the salaries of all jobs. Also, as with some of her neighbors, needed production is curtailed by an exaggerated pension system. Employes are retired after 30 years of service, irrespective of age, with the consequence that as young as 50 years often constitutes the retirement age. Of course, there is no political entity courageous enough or otherwise able to change the situation.

Rationalizing the Situation

In lieu of the needed remedial steps to be taken, by way of bitter medicine, throughout the economy, this reporter encountered considerable rationalization of the existing situation in high places. Thus, the Minister of Foreign Commerce, Ariosto D. Gonzales, in discussing inflation and the increased government debt, insisted that "inflation is a natural phenomenon—a part-war process" after admitting that his country's prices and wages are to a great extent tied up with politics, and that the pressure from the legislature is obstructive to cleaning things up.

Minister Gonzales quite frankly attributed the continuing absence of a personal income tax to factors of politics—"we are living in political realities." However, in another top-level interview, the Minister of Finance, Arroyo Torros, insisted that imposition of an income tax would undermine individual liberty.

There is no income tax on individual incomes, although there is one imposed on corporations, progressively. A law proposing a personal income tax was recently defeated, with the Finance Minister who advocated it resigning in the process. The popular conviction is that an individual income tax hurts the small man.

Furthermore, while professing his devotion to stabilization as an objective, Sen. Torros maintained to me that "after all, the budget is of secondary consequence"; that budget unbalance is no different than the situation in other countries which conceive of unbalancing expenses as extraordinary and not to be counted; and cited the justification of his allocation of 200 million pesos to public health instead of to the military as in other nations.

Venezuela in Reverse

Thus, we see the converse of Venezuela where wealth and free enterprise act reciprocally to further the advantage of each. Here in Uruguay, on the other hand, economic difficulty both accentuates and is enhanced by socialization. In this framework, the Finance Minister's reflection that "countries that want free economies are those that can't afford it," seems to be only partly true. The lack of affording is a consequence as well as a cause.

* * *

Foreigners' holding companies may (as in Panama) still locate here free of identification; although, possibly in line with general misgivings, the practice has greatly diminished in recent years.

Stock Market Reappraisal For Last Quarter of 1956

By J. C. LUITWEILER

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

Mr. Luitweiler maintains highly irregular performance of individual issues as contrasted with that of the Averages urgently calls for portfolio reappraisal. Based on price-earnings ratio and confidence factors, he recommends liquidation of margin accounts; sale of issues at "abnormal" price-earnings ratios; disposal of issues having dubious long-term earnings outlook; building-up of substantial cash balances; and switch into defensive issues.

At present writing the average at the close of business, Aug. 31, was 502.04 as compared with the close at the end of 1955 of 488.40, which is a rise of only about 3%. In between we have had several brief advances and declines above and below this 1955 level. This average, however, does not tell the full story. The majority of stocks not found in the averages are below the highs they made earlier in the year. In fact, many stocks at their 1956 highs have failed to reach their tops made in 1955. The inability of so many stocks to get up into new high ground when the Dow-Jones Industrial Average pushed up there, coupled with the fact that an increasing number of stocks seem each week to be making new lows for 1956, is of sufficient importance to call for an attempt at reappraisal of the outlook for the remainder of the year. It may be a warning of an early change in the uptrend of the last several years.

James C. Luitweiler

Scrutiny of Individual Holdings Called For

At any rate, it seems to be sufficiently significant for investors to reappraise their individual stockholdings, to determine whether they wish to continue their investment therein despite the uncertain market outlook. The simplest yardstick for such appraisal is the so-called "price-times-earnings ratio"; meaning how many years of current earnings are necessary to equal the price at which a stock is selling. A company that is earning $10 per share and selling at 100 is at a 10-times-earnings ratio. This yardstick would be easy to apply to all one's holdings if a **normal** price-times earnings ratio were common to all types of stocks. But it differs widely with the nature of the business. For some companies their business is a case of "feast or famine." For them a low price-times-earnings ratio is normal. For others the earning power varies little between good times and bad times and investors are willing to buy their stocks on a much higher price-times-earnings ratio. Nevertheless by taking a company's average earnings over say 10 years and comparing them with the company's average annual high-low prices over these same years, one can find a fairly accurate "normal" price-times-earnings ratio. By comparing their 1956 price-times-earnings ratio with this normal ratio, one gets a fair idea whether this stock is selling at an exaggerated price level.

Stages of Business

There is, of course, another important factor to take into consideration. Businesses in this country, like human beings, seem to pass through four stages: infancy, adolescence, maturity and old age. This is due to the dynamic quality of our economy by reason of research, inventions and technological advances and our keenly competitive system. Companies in the first stage of infancy with very low present earnings, or no earnings whatever, often sell at what seem ridiculous price-times-earnings ratios because of investors' unbounded faith in their future. Often-times it is a misplaced confidence for the mortality rate is high! Adolescent companies have a much lower price-times-earnings ratio than mature businesses. Companies hoary with age usually sell on the highest price-times-earnings ratio. But this is oftentimes due to inertia of investors to dispose of stock that have treated them so well over a long lapse of time. But it is just such companies that may treat investors roughest in times of poor business. They should be carefully examined to be sure that there is plenty of research and infusion of new blood and new ideas present to assure their continued future success.

The Aircraft Companies

One might cite the aircraft manufacturers as an illustration of the above. For a long time these companies were "step-children" so far as conservative investors were concerned. They were treated as were the automobile manufacturers some decades ago. Then their high earnings of the war years and during the Korean Incident brought in feverish speculation, only to subside quickly on the theory: "This can't last." The best of these companies would seem to have passed through adolescence to maturity and their stocks are now found in conservative portfolios. From a yardstick of five or six times annual earnings, they are now being bought on ratio of eight or 10 times on the theory that their business has finally become an essential and important part of the national economy. Since their expected future earnings seem to indicate an up-trend it won't be surprising if they resist better than most categories of stocks a future down-turn in general business.

One more observation on this price-times-earnings ratio yardstick. The stock market as a whole and individual stocks sell "cum-confidence" and "ex-confidence." To put it into a formula: If X represents their normal price-times-earnings ratio, in a confident bull market such as we have enjoyed now for years, they will be bought at say X plus 25%. But should confidence in the immediate future wane a bit, this plus factor recedes and in times of recession, or depression, they will sell at X minus 25%. So if a company's stock selling at 100 represents X plus 25% this means that X is 80 and at X minus 25%, the price will drop to 60. And this may occur without any change in the earnings of the company! Just the reflection of the cum- and ex-confidence factor. Such a swing happens to the gilt-edge, blue-chip stocks as well as to the speculative issues.

It is because the writer believes that without necessarily any visible change in the immediate business climate, the confidence factor may wane before the end of this year, that this reappraisal of the stock market outlook is written.

Individual Application

The application to individual accounts is something that each investor must do for himself or with the help of his broker. Generally, however:

(1) An investor carrying stocks on borrowed money (a margin account or on a bank loan) should sell out enough of his holdings to pay off such loans.

(2) Stocks selling on inflated price levels gauged by their normal price-times-earnings ratio as above explained, should be sold.

(3) Stocks of companies whose longer range outlook for earnings at current levels is doubtful, should be sold.

(4) If one is inclined to be conservative, he should sell enough of his holdings to build up a substantial cash balance.

(5) If one wishes to remain more-or-less fully invested, he should switch from stocks above described into stocks of companies whose business is less sensitive to changing business conditions; such as utility stocks, natural gas companies and food stocks, or into stocks of companies with brilliant future earnings prospects (like some of the aircraft companies) even though there is a let-down in general business.

With Ashton & Co.

(Special to The Financial Chronicle)

DETROIT, Mich.—Rose York is with Ashton & Co., 15315 West McNichols Road.

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(Special to The Financial Chronicle)

DETROIT, Mich. — Robert F. McKeown has become affiliated with D. B. Fisher Company, Buhl Building.

What's Ahead for Glass Industry In a Steadily Growing Economy

By DAVID G. HILL*

President, Pittsburgh Plate Glass Company

In spite of 200% per capita glass-usage increase, the real "glass age," according to Pittsburgh Plate Glass head, lies ahead. Mr. Hill describes the general economy's future growth prospects, and refers to such glass products of tomorrow as: variable transmission window, electroluminescent lighting panels and glass heat which are expected to be as wondrous as the completely enclosed glass skyscraper is today. Finds long-term capital investment trend to have a stabilizing effect upon the economy, due to investment regularity, regardless of price, in hopes of a long-term capital gain. Sees historical hazards of carrying large inventories ended because of higher, rigidly binding labor costs which prevent, as heretofore, recessions and inventory reductions to reduce significantly manufacturers' prices.

Glass manufacturing was the nation's first industry, having been started in 1608 in Jamestown, Virginia. As many of you know, this first glass house is now being restored as nearly as possible to its original condition. Cooperating in this work are the glass industry and the National Park Service of the United States Department of the Interior. A special committee, including Richard B. Tucker of our firm, is guiding this project. The restored glass plant will be operated as a national historical monument and will serve to remind the nation of the important part our industry has played in its growth.

David G. Hill

According to old records reviewed during the restoration work, the first products of this colonial glassworks were glass beads. These were used for trading with the Indians. And it would seem, then, that the hardy pioneers who carried these glass beads to the Indians were actually the nation's first glass distributors. The records do not indicate just how they operated, but my guess would be that each trader was a combination jobber, distributor, and dealer. Maybe if some of us took the Bridey Murphy hypnotic treatment, we would find our past filled with coonskin caps, leather moccasins, and bows and arrows. At any rate, both the glass jobber and the glass manufacturer have their roots deep in America's past.

General Economic Trends

I think, however, that you are more interested in the present and the future, than in the past. You rightly want to know what lies ahead from the glass manufacturer's viewpoint. So, we've polished up our crystal ball in an attempt to see what the future holds. In view of the fate of some economic prophets during the past few years, I'll proceed rather cautiously in this forecasting business.

First, let us look at trends in the general economy and find out what the experts think—experts in this instance meaning economists. Some of these are forecasting a mild slow-down; others are claiming we are undergoing a "rolling readjustment." A third group is promoting the idea that we are on the verge of really "living it up." Undoubtedly, each of these groups has good reasons for its slightly divergent opinions. Where does that leave us? A bit confused, to say the least.

But we are not completely at a loss in trying to fathom what the future holds. One pretty good yardstick is the nature and extent of capital investment planned by business and industry. In the past 15 years there has been a significant change in capital investment policy. Prior to World War II industrial expansion was largely concerned with expanding existing plants. New plants and equipment generally were not large or complicated. Facilities could be built in a comparatively short time. Decisions to build or not to build were flexible and could be based on the immediate economic outlook.

Investments Stabilize the Economy

In recent years, however, mammoth plants have been the rule rather than the exception. In these are complicated equipment including automated processes. Modern plants take longer to plan and build and are geared to the long-range outlook. This has had a stabilizing effect on the economy. Putting it another way, it is like dollar averaging in common stocks where investing is done on a monthly basis regardless of price, in hope of a long-term capital gain. The parallel in industry is providing productive facilities to take advantage of our dynamic economy, feeling sure that any immediate excess in capacity will be fully employed over the longer term.

The extent of such long-range planning can be seen in reports on planned capital spending compiled annually by the McGraw-Hill Publishing Company. The essence of the report for 1956 was summed up in the phrase "Planned for a long climb." This means, of course, that businessmen and industrialists believe that the general economy will continue to rise. In commenting on this report, an editorial in the May 19, 1956 issue of "Business Week" stated, "Capital investment is still rising. Investment this year, 1956, is planned to run almost thirty-nine billion dollars, a full 30% ahead of last year.—Investment in 1957 is already planned to run on at the 1956 level.—Some 88% of the companies surveyed were able to give specific plans as far ahead as 1959."

Thus you can see, business and industry leaders are planning to invest literally billions of dollars in the future of America. This is a concrete demonstration of belief in an expanding economy. The report is particularly interesting in that it shows, as a result of planned expenditures, that industry will just about double present production capacity within the next ten years.

No Excess Production

Quite naturally, we ask ourselves whether or not there will be markets to take care of this tremendous capacity. Many people who should know, believe our

*An address by Mr. Hill before Flat Glass Jobbers Association, Minneapolis, Minn.

markets will continue to expand. They point to some important factors to buttress their belief. Our population, which increased 29,000,000 since 1946, is continuing to grow and should reach about 178,000,000 by 1960. Wages are expected to rise as well as the leisure time in which to spend them. Then we have the amazing growth in Gross National Product, spendable income, and other vital statistics.

As I said before, forecasting is a difficult as well as a hazardous task, particularly for the forecaster, who can really get himself out on a limb. However, my personal belief is that our economy is dynamic and that it will move forward at a steady pace. In an expanding economy, there will be growing opportunities for the glass jobber. We in the manufacturing end of this business have been and are doing everything we can to make it possible for you to capitalize on these opportunities. Our extensive research programs are creating new products and new uses for old products. We are constantly expanding our production facilities to give you more and more plate and window glass as well as supplies of processed and fabricated items.

Perhaps this is hard for some of you people to believe. If you couldn't get glass, your natural reaction was that not enough was being produced. Yet, manufacturers were and are turning the product out better, faster, and in greater volume than ever before in history.

Expansion of Production Facilities

Some indication of the extent of the industry's efforts to increase production can be seen in the advance report of the 1954 Census of Manufacturers conducted by the United States Department of Commerce. This reveals that between 1947 and 1954 there was a 50% increase in the sales of flat glass and flat glass products. It is obvious that facilities had to be expanded to make such an increase possible.

This same report shows that in 1947 about eleven and a half-million dollars were spent for new plants and equipment. In 1954 this had increased to over twenty-five million dollars, or up 17%. There are no figures available for 1955 and 1956, but it would be reasonable to assume that plant expansion and improvement are still going on. From published reports, we know that the Fourco Glass Company is installing wider drawing machines; American Window Glass is building new tanks; and Libbey-Owens-Ford and Pittsburgh Plate are expanding both window and plate glass facilities.

Apart from the increased production effected through improvement and expansion of older facilities, considerable progress has been made in providing new facilities. Libbey-Owens-Ford has, according to published stories, put several new units into operation at Toledo, Ohio. At Nashville, Tennessee, the Ford Motor Company is completing what reports say is the "world's largest glass plant." Last (February) there were reports that a new window glas plant was going to be built at Bryan, Texas. Pittsburgh Plate will soon roll its first rough plate from an entirely new facility at Cumberland and is working on plans for a new window glass plant at Decatur, Illinois.

Now, in the aggregate all these new glass producing facilities will add quite a bit to production capacity. What this would total, I have no way of knowing. But it should be sufficient to help everybody maintain adequate inventories.

Inventories

It seems to me that in discussing the future for flat glass the matter of inventories occupies a most important position. Historically the status of inventories has had a pronounced effect on our economy. As recently as 1954 we had what was termed an inventory recession. This simply meant that goods which had been accumulated, possibly as a result of the Korean War, had reached unmanageable proportions and were being liquidated. Because of the tremendous consumption of goods in

Continued on page 33

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter (No. 21)—Comments on the U. S. Navy's billion dollar atomic propulsion program including a tabulation showing the companies now working on the Atomic Aircraft Propulsion program. Also available Atomic Fund's annual report illustrating atomic industry by means of color photos—Atomic Development Mutual Fund, Inc., Dept. C, 1033 Thirtieth St., N. W., Washington 7, D. C.

Barge Industry—Analysis with particular reference to **American Barge Line Company**, and **Mississippi Valley Barge Line Company**—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y.

Capital Gains Situations—Bulletin—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.

Electronics—Discussion in September issue of "The Exchange" —Monthly publication of the New York Stock Exchange, subscription price $1 per year—The Exchange, 11 Wall Street, New York 5, N. Y.

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

Petroleum Outlook—September issue contains analysis of oil company management; discussion of Amerada; near-term oil outlook; oil production of 62 companies; interesting producers, etc.—special trail subscription $10 for four months—Dept. CF-1, John S. Herold, Inc., 250 Park Avenue, New York 17, N. Y.

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

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

Textile Stocks—Survey with particular reference to **American Enka, American Viscose, Cannon Mills, Dan River Mills, Industrial Rayon** and **J. P. Stevens**—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

* * *

Air Reduction Company—Analysis—Harris Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Schick, Inc., Getty Oil Co., Republic Natural Gas Co., American Telephone & Telegraph** and **Greyhound Corp.**

Bankers Trust Company—Report—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Beneficial Standard Life Insurance Co. — Analysis — Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.

Beneficial Standard Life Insurance Company—Study—George A. Searight, 115 Broadway, New York 6, N. Y.

Boeing Airplane Company—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Bullock's Inc. — Analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Business Men's Assurance Company of America — Report — Blair & Co., Inc., 44 Wall Street, New York 5, N. Y. Also available is a report on **Western Casualty & Surety Company** and on **Genung's Incorporated.**

California Pacific Utilities Company—Analysis—First California Company, Incorporated, 300 Montgomery Street, San Francisco 20, Calif.

Canada Packers Limited—Analysis—R. A. Daly & Company, Limited, 44 King Street, West, Toronto, Ont., Canada.

Cities Service Co.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Columbia Gas System — Memorandum — McDonnell & Co., 120 Broadway, New York 5, N. Y.

R. R. Donnelley & Sons Company—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Eagle Fire Insurance Co.—Circular—S. Weinberg & Co., 60 Wall Street, New York 5, N. Y.

Hershey Chocolate Corp.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Imperial Chemical Industries Ltd.—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available are analyses of **Fram Corporation** and **Wagner Electric Corporation.**

Jacobsen Manufacturing Company — Analysis — Shillinglaw, Bolger & Co., 120 South La Salle Street, Chicago 3, Ill.

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

McRae Oil & Gas Corp. — Memorandum — Keith Reed & Co., Fidelity Union Life Building, Dallas 1, Texas.

Pacific Gamble Robinson Co.—Report—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a report on **Miller Manufacturing Co.**

Pigeon Hole Parking of Texas Inc.—Memorandum—Stacy, Bell, Manthos & Company, Bank of the Southwest Building, Houston 2, Texas.

Pioneer Natural Gas Co. — Memorandum — Walker, Austin & Waggener, Republic National Bank Building, Dallas 1, Texas.

Pure Oil—Analysis—Seligman, Lubetkin & Co., 30 Pine Street, New York 5, N. Y.

Schick, Inc.—Report—Bache & Co., 36 Wall Street, New York 5, N. Y.

A. O. Smith Corp.—Memorandum—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Stanley Warner Corp. — Memorandum — Herzfeld & Stern, 30 Broad Street, New York 5, N. Y.

TMT Trailer Ferry, Inc.—6-page description—General Investing Corporation, 80 Wall Street, New York 5, N. Y.

White Motor Company—Analysis—Penington, Colket & Company, 70 Pine Street, New York 5, N. Y.

NSTA Notes

FLORIDA SECURITY DEALERS ASSOCIATION

The Florida Security Dealers Association will hold their annual meeting Oct. 11-12-13 at the Key Biscayne Hotel, Miami.

THE SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

The week-end Stag Party of the Security Traders Association of New York will be held at Dune Deck, Westhampton Beach, Long Island, Sept. 21, 22 and 23.

Dune Deck is perhaps the newest hotel on Long Island. Directly on the beach it has very elaborate accommodations for 104 people. Its bar and cocktail lounge is all you could ask, it is fast becoming famous for its excellent food. It has tennis courts. Arrangements will be made for golf at Southampton, possibly the Westhampton Country Club, greens fees $5. It's an hour's drive to Montauk for deep-sea fishermen. Plenty of local surfcasting, etc., of course. For those in the mood plenty of night life adjacent, Canoe Place Inn, Herb McCarthy's, etc. The Association will have all of the Dune Deck to ourselves, no outsiders.

Train will leave Penn Station Friday, Sept. 21, 4:19 p.m.

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COMING EVENTS

In Investment Field

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. 15, 1956 (Hot Springs, Va.)
Southeastern Group of Investment Bankers Association annual meeting at the Homestead.

Sept. 18, 1956 (Detroit, Mich.)
Bond Club of Detroit fall outing and golf party at Orchard Lake County Club.

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

Sept. 20, 1956 (New York City)
Cashiers' Division, Association of Stock Exchange Firms, fall golf tournament at the White Beeches Golf & Country Club, Haworth, N. J.

Sept. 21-23, 1956 (New York City)
Security Traders Association of New York Week End Stag Party at Dune Deck, Westhampton Beach, L. I.

Sept. 27, 1956 (Rockford, Ill.)
Rockford Securities Dealers Association seventh annual "Fling-Ding" at the Forest Hills Country Club.

Sept. 27, 1956 (New York City)
Corporate Transfer Agents' Association 10th annual outing at Colonia Country Club, Colonia, N. J.

Oct. 4, 1956 (Chicago, Ill.)
Investment Analysts Society of Chicago golf outing and field day at Medinah Country Club, Medinah, Ill.

Oct. 4-6, 1956 (Detroit, Mich.)
Association of Stock Exchange Firms meeting of Board of Governors.

Oct. 8, 1956 (Philadelphia, Pa.)
Municipal Bond Club of Philadelphia luncheon meeting at the Union League.

Oct. 11-13, 1956 (Miami, Fla.)
Florida Security Dealers Association annual meeting at Key Biscayne Hotel.

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.

The Future of British Sterling In View of Declining Reserves

By PAUL EINZIG

Dr. Einzig dismisses without hesitation rumor of possible sterling devaluation, notwithstanding unfavorable gold reserve outlook due to psychological effect of Suez crisis and Trade Union Council's decision to abandon wage restraint policy. Believes the Government may have to impose additional disinflationary measures—including physical controls—and take long overdue step of placing the blame for inflation "fairly and squarely on the shoulders of organized labor."

LONDON, Eng. — The decline of the Sterling Area gold and dollar reserves by £129 million to £2,276 million during August was more or less in accordance with expectations. Throughout the month sterling was under adverse pressure largely as a result of the Suez crisis which induced many foreign holders of sterling to withdraw their balances. Had it not been for this influence the decline would have been relatively moderate in spite of seasonal buying of dollars. The balance of payments has improved quite perceptibly during the current year thanks to the Government's disinflationary measures.

Dr. Paul Einzig

Such measures could not safeguard sterling, however, against pressure resulting from the psychological effect of the Suez crisis. Owing to this factor Britain lost in a single month nearly half of what she gained during the previous seven months. The gold reserve is now at about the same level at which it stood 12 months ago. This means that, from this point of view, the effects of all the disinflationary measures have been wiped out. Nor is the outlook very promising. At the time of writing the outcome of the Cairo discussions is still uncertain, but official circles in London are far from optimistic. It seems unlikely that an early settlement will be reached which would remove the adverse psychological factor pressing on sterling.

Moreover, sterling is liable to be affected unfavorably by the decision of the Trade Union Council to abandon wages restraint. It is true, its support for wages restraint has failed to prevent the trade unions from putting forward frequent and excessive wages demands in flagrant disregard of exhortations by the Trade Union Council. But the fact that the Council itself has now declared itself in favor of unrestricted wages inflation is liable to encourage the Unions further in their excessive demands. The result will be either a sharp increase in costs and prices in Britain or a series of strikes, or both. This would inevitably accentuate pressure on sterling through its effect on the balance of payments. In the circumstances a further decline of the gold reserve during the Autumn must be anticipated. This decline will be offset to some degree by the receipts of the proceeds of the Trinidad Oil transaction, but in face of the possible extent of the adverse pressure this item will be unable to arrest the decline let alone reverse it.

No Sterling Devaluation

Notwithstanding the unfavorable outlook, rumors of a possible devaluation of sterling may be dismissed without hesitation. In existing circumstances a devaluation would bring no benefit at all. To the extent to which the adverse trade balance during the autumn will be due to strikes, there would be a decline in the volume of goods available for export, so that it would be futile to attempt to stimulate exports by lowering the exchange rate of sterling. To the extent to which exports will be handicapped by higher wages the stimulating effect of cheaper sterling would be offset by the increase in the domestic consumption resulting from the additional wages inflation. A devaluation would cause an immediate increase in the prices of imported goods which provide additional excuse for wage demands.

Mr. Macmillan is determined to defend sterling at its present level. This would necessitate further disinflationary measures in the form of an accentuation of the credit squeeze and of the restrictions on installment credit transactions, and possibly also in the form of higher taxation. In addition, the Government may have to overcome its dislike for physical controls. There may be import restrictions, and building licences may be reintroduced. The Trade Union Council declared itself emphatically in favor of these measures, so that if and when the Government should resort to them it would appear to be yielding to trade union pressure. It is a bad principle that trade unions should be allowed to influence policies not directly connected with the wages and working conditions of employees.

From this point of view it is a matter of regret that the Government did not adopt a certain measure of physical controls earlier this year. O course, the aggravation of the situation by the Suez crisis could not be foreseen. Even so, it was a mistake to adopt a dogmatic attitude against physical controls in difficult circumstances in which such controls have a certain limited justification.

Additional Credit Squeeze

It seems probable that for the second year running there will have to be an autumn budget to cope with the deterioration of the economic situation following on the annual budget in April. The extent to which taxation measures could help in the existing situation should not, however, be overrated. In order to reduce domestic consumption it would be necessary to tax the lower income groups and this would further stimulate wages demands.

The only possible way in which the situation can be dealt with is through weakening the bargaining powers of the trade unions by means of an accentuation of the credit squeeze. This would entail unemployment which is bound to be unpopular. It is a great pity that public opinion has not been adequately prepared for the necessity for resorting to that course. In the hope of appeasing the trade unions Members of the Government have hitherto carefully avoided putting the blame for inflation and for the adverse effect of disinflation measures fairly and squarely on the shoulders of organized labor. If public opinion can be made to realize that wage demands must entail further disinflationary measures which again must entail more unemployment and short-time working, the attitude of the trade unions will be subject to increasing criticism even among workers themselves.

It is true, up to now the number of those affected by the increase of unemployment and short-time working is a mere fraction of the number of those benefitting by higher wages. But should the wages inflation continue the proportions might easily change. And even those who have not suffered the adverse consequences of the wage inflation are now bound to feel less certain about their prospects. What matters is that they should be made to realize that there is a direct connection between their wage demands and the uncertainty of their future employment.

Hornblower & Weeks To Admit Partners

Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Stock Exchange, on Oct. 1 will admit George Vicira, Edward V. Laffan and Oliver H. Heighway to partnership. Mr. Heighway will make his headquarters in the Chicago office.

On Sept. 30, Isaac C. Elston, Jr., Dean D. Francis and Henry E. Greene will retire from limited partnership. On Oct. 1, Paul B. Skinner, Percy W. Brown and Paul H. Davis, general and limited partners, will cease to be general partners, but will continue as limited partners. Luther Dearborn, general partner, will become a limited partner.

Charles S. Leahy

Charles S. Leahy passed away Sept. 7 at the age of 69 following a long illness. Prior to his retirement he was active in the investment business as a member of the old New York Curb Exchange, of which he was a former Governor and a Vice-President.

Investment Company Management

By JOSEPH H. HUMPHREY*

Vice-President, Calvin Bullock, Ltd.

Calvin Bullock Vice-President explains the procedure used in the establishment and implementation of programs guiding the mechanics of portfolio administration, including such factors as: statutory regulations, board of directors, committees, consultants, indispensable analysts, economists, and purchases and sales. Mr. Humphrey avers: (1) investment company is the single most important institutional holder of common stocks, amounting to one-fourth of total institutional holdings; (2) tendency is to invest for long-term growth; (3) there is wide division of opinion as to advisability of maintaining any reserves; (4) common stocks provide "one of the most convenient and effective means of preserving the purchasing power of one's savings," and the only convenient means to participate in the economy's long-term growth.

I want to present, as a matter of perspective, a few facts and figures regarding the nature and size of the investment industry. Total assets of investment companies amount to nearly $10 billion, of which $8.6 billion is represented by open-end funds, and the balance by closed-end funds. As you know, an open-end fund, more commonly known as a mutual fund, regularly or from time to time offers its shares for sale and contracts to redeem any shares offered to it at prices based on market value of its assets. A closed-end fund, as indicated by its name, neither undertakes to make any regular offer or to redeem its shares. Most of the industry's growth has occurred over the last decade. To use the jargon of the Street, one may classify it as a growth industry.

J. H. Humphrey, Jr.

In comparison with the $92 billion of assets held by life insurance companies, the size of the investment company industry appears relatively small. Its role in the equity markets is, however, more important than indicated by this comparison. Based on samples, I should judge that around 85% or $8.5 billion of investment company assets are invested in common stocks. A recent study by the New York Stock Exchange indicates equity securities held by institutions amounted to $40 billion at the end of 1955, of which $35 billion may be roughly estimated as consisting of common stocks. With respect to the common equity market, therefore, the investment company is a very important factor, probably accounting for about a quarter of total institutional holdings of common stocks. Furthermore, no single type of institutional holder is as important a holder of common stocks as the investment companies. The industry may indeed be said to have come of age in this postwar period.

*An address by Mr. Humphrey before the Sixth Annual Forum on Finance sponsored by the Joint Committee on Education representing the American Securities Business, New York City, Aug. 29, 1956.

Anti-Inflation Hedge

The reasons for this preference by the investment companies for the common stock as an investment vehicle are fairly obvious. Common stocks provide one of the most convenient and effective means of preserving the purchasing power of one's savings. Considered against the background of inflation that the world has witnessed over many years, this is an attribute of utmost importance. Furthermore, common stocks provide the only convenient means available to the investor of participating in the long-term growth of our economy. Of course, the rise in the market over the past several years has done nothing to diminish the popularity of common stocks. To balance the picture, one should note a further attribute of common stocks; price fluctuation. Seasoned investment company management recognizes that stock prices are not always a one-way street and will attempt to guard against anticipated price declines, and may commit a part of its assets to reserves in the form of fixed income securities.

However, it is apparent from what I have said that investment company portfolio management is primarily geared toward common stock investment. This is its fundamental characteristic.

Laws Affecting Investment Companies

A brief word as to the legal aspects of the industry insofar as they affect portfolio management may be of some interest. The industry operates under the supervision of the Securities and Exchange Commission through the Investment Company Act of 1940. In general, this Act seeks to restrict investment companies to their function as investment media by setting up certain restrictions designed to prevent utilization of investment company assets as a means of securing or exercising control over other companies. For example, investment in the securities of any one issuer is limited to 10% of the outstanding securities of such an issuer. Also, to qualify as a diversified type of investment company, investment in the securities of any one issuer is restricted to not over 5% of the assets of the investment company.

Certain phases of the internal revenue code also are peculiar to the industry. Basically, the code considers the investment company as a conduit, and insofar as it distributes all of its income and its realized net capital gains, no tax is payable by the investment company. To qualify for such treatment at least 90% of investment income must be distributed but the company has the option of retaining or paying out realized capital gains. It is the usual practice of mutual funds to give the shareholder an option of receiving cash or an equivalent in shares for his capital gain dividend. Under a newly amended section of the code, effective next year, the investment company pays on behalf of shareholders a 25% tax on realized capital gains not paid out, with the balance being added to capital surplus and to the respective cost of the stock held by shareholders. If an individual shareholder's tax rate is less than 25% he receives a compensating credit. The shareholder likewise receives the dividend credit with respect to domestic dividends, or a credit for taxes withheld on foreign dividends. In other words, he is treated the same as if he held the stocks directly. A shareholder cannot receive a credit for income from tax-exempt securities which may be held by the fund, and for this reason tax-exempts are rarely purchased by investment companies. It is possible that legislation may be enacted in the near future to correct this discrimination.

It is apparent from this brief recital that tax considerations, as is often the case in individual investments, do not dominate the investment decisions reached by a fund.

Before setting about to describe how the job in portfolio management is handled by our firm, I should like to dwell briefly on the nature of the funds for which this management is designed. Our firm manages six investment companies with aggregate assets approaching half a billion dollars. These funds include two stock funds: one designed as a high grade income fund, and the other designed primarily for appreciation; a balanced fund, a part of whose assets as a matter of policy must consist of fixed-income securities; and a fund designed for participation of American investment in Canada; and a closed-end fund listed on the New York Stock Exchange. In addition, we have since 1932 managed a Canadian fund which is now primarily designed for sale in Canada and abroad. As you see, our job covers a broad investment interest.

Portfolio Management Is Different

Management of an investment company portfolio is not merely similar to managing the portfolio of an individual on a larger scale. First, there must be an intelligent diversification of risk; this is one of the principal reasons for being of the investment company. Then the proper securities must be selected in order to meet the investment objectives of each fund—this is the job of management. In discharging this function, management must take a long look; because of the large sums involved a fund cannot be in and out of the market as nimbly as an individual. When I first came into the business in the thirties, trading was much more prevalent among funds. Now, not only because of size but because a better investment experience seems to be secured, the tendency is to invest for long-term growth.

Composition and Policy of Directorate

In order that portfolio management not become a rather haphazard function, it must be made cohesive by following a clearly defined policy. The formulation of basic policy for the guidance of portfolio management is the function of the boards of directors of the respective investment companies who act on behalf of the shareholders. It may be of interest to point out that according to the Investment Company Act of 1940 the majority of the directorate of a mutual fund must be composed of individuals not affiliated with the management company.

It is self-evident that a good board can be of inestimable help in the portfolio management of an investment company. On our boards, for example, are men who are directors in leading American and Canadian companies who from their business and financial experience render good counsel. One man is a renowned expert on the stock market; another is an authority in the field of money and banking having been the first head of the Bank of Canada; another is versed in knowledge of military affairs, having been Secretary of the Army and now associated with a larger producer of defense equipment. With the military budget taking almost $40 billion a year, this is a factor that must seriously be taken into account by investment managers. But these examples suffice to illustrate the point.

The directors meet monthly to review security transactions, and to discuss and formulate major policy directives. For example, over the past months the chances of hostilities arising in the Middle East have been appraised in the light of developments, and evaluated as to its effect upon our portfolios, specifically in relation to oil company shares. At each meeting there is a thorough discussion of the economic outlook, and after reaching a decision, the directors formulate a major policy directive such as calling for an increase in cash reserves or the adoption of a more defensive position in our portfolios.

To provide a closer and more effective application of policy as laid down by the directors, a small committee has been set up consisting of several of the outside directors and several senior officers of our firm. This committee operates in a more specific manner with respect to security transactions and proposed buying and selling programs, and to the amount of cash reserves. I might parenthetically note that there is a wide division of opinion in the industry with respect to the advisability of maintaining any reserves. Although there are cogent reasons on both sides, it is still the policy of our firm that timing as well as selection is a function of an investment company, and that the interest of the shareholder is best served by performing both functions.

Modified Formula Plan

I should say that my remarks as to establishment of cash reserves do not apply to our balanced fund which operates on a modified formula plan. Such a fund is designed for the investor who desires relative stability of income and capital such as widows and retired people. The basic purpose of the formula plan is to reduce risk by cutting back common stock holdings as the market rises and thus becomes more vulnerable to price declines. The formula is not inflexible and the pivot point—i.e., where common stock and fixed-income securities are in equal proportions—is changed for any structural change in our economy. It was changed twice in the post-war period for inflationary reasons: the first was when the character of the postwar economy with its inflationary characteristics became manifest, and again at the time of Korea. The pivot point is not changed because the market is high or because of "new eras."

To return to the thread of our discussion, I have described how the directors define major policy and assist management in the performance of its job. For further assistance in discharging its managerial duties, recourse is had to outside experts on a consulting basis. These lie primarily in the field of economics and industrial areas of a specialized technical nature. In addition, there are of course a host of other outside sources available to us such as banks, brokerage houses and trade associations.

Research Operations

Having been given a framework of policy by the directors and the investment committee, it is the function of the portfolio administrator to implement this policy by selection and timing of purchase and sales of individual securities. In this he relies upon the work of the research department which he heads. Let me describe how our department operates and the procedure whereby selection of securities is made.

Our research department consists of a staff of senior analysts who are aided in their work by appropriate clerical and stenographic assistance. We judge that it takes about 10 years to develop a man to the point where he may be considered a senior analyst. Although we consciously try to work in some leavening of youth in our organization, the members of our staff consist primarily of men of long years of experience and of mature judgment.

Each senior is responsible for following and reporting on a specific industry or group of industries. One specialist, for example, covers the utility industry; another the oils; another the railroads; and another the light consumer goods. There is also a specialist in charge of the economics section whose work I shall discuss later in more detail. Such division of work is made insofar as possible along related lines. For example, the analyst who is responsible for the light consumer goods group deals with such related industries as textiles and foods. This in turn involves keeping abreast of developments in agriculture. Since sales of agricultural equipment depends upon the prosperity of the farmer, this analyst has this industry under his jurisdiction rather than the analyst who handles the machinery and equipment group.

The field allocated to each man is so broad as to avoid the dangers of over-specialization. The analyst who handles the railroads also covers shipping, pipelines, trucking, and airlines. In other words, he covers the whole broad field of transportation. The viewpoint of the analyst is further broadened at the regular weekly meetings of the department at which the current business picture is reviewed, and important developments in individual industries are reported and discussed.

General Economic Research

The first step in the process of making selections for purchase and sale, is to ascertain at what state we are in the economic cycle. This is the basic premise on which any investment policy must be built. It will affect our choice of industries and companies in which to invest. For example, if such economic study leads to the conclusion that the economy is drifting into a recession, investment in cyclical industries and companies will be avoided. Obviously, the extent to which we reach correct conclusions in establishing this basic premise will play a large part in determining the results of our portfolio management. It is a vital part of our work and I should like to outline our method of procedure.

At the beginning of each year, the specialist in this field prepares a forecast for the subsequent 12 months. This is in the form of an economic model giving, by quarters, the trend of the Gross National Product and its important components. The total figure is reached by examining the various segments of the economy and fitting them together with due regard for their interrelationship.

The economic picture presented by this forecast enables us to set the broad course of our economic policy. For example, it is used as a common denominator by our analysts in arriving at their projections of earnings covering the industries and companies for which they are responsible.

Economic forecasting is unfortunately a highly inexact science, and one should always be checking and testing such forecasts. In our own case, we tie in current statistics and our economic discussions at our weekly meetings with the Gross National Product and its major components. In this way any material deviation from our estimates calls for investigation and some soul searching as to our previous conclusions. In this way also, one may follow the progress of the economy in a logical and orderly fashion. In my opinion, this is one of the most fruitful uses to be derived from the economic forecast.

Approved List Constructed

Having satisfied ourselves, momentarily, as to the basic economic background, the next step in the process of selecting securities is the construction of an approved list based on recommendations of the research department. This list contains various classes of securities suitable to our needs such as high-grade, meduim-grade and speculative bonds, convertible securities, preferred stocks and common stocks. The common stock portion is set up on a percentage basis, taking that portion of the portfolio invested in common stocks at 100%. A percentage is then allocated to each industry group: say 15% to the oils, 12% to the utilities, etc. Each industry group is further broken down by percentages as to individual companies within tnese industries which we favor for investment. This approved list does not impose an inflexible limit to our selections. Rather, it serves as a guide to our investment thinking. It is formally revised about every two months, but actually it is continuously being revised by additions, eliminations, and modifications arising from changed market conditions and recommendations from the research department.

Purchase and Sales

The next step in the procedure of translating ideas into purchases and sales is the setting up of an active purchase and sales program for each of the investment companies which we manage. Each morning this program is reviewed and price history noted, and a buying and selling program is established for the day. This program is given to the trading desk with definite limitation set on the amount of each security to be purchased or sold, and on prices. This program is checked during the course of the day and all transactions are closed out at the end of the trading day. Although this is the normal method of operation, large blocks of securities may be purchased or sold off the board if price or other considerations make such an operation more advantageous. Transactions of this type are not left to the discretion of the trader, but are handled directly by the portfolio administrator. This daily buying and selling program is established in consultation with members of the investment committee, and a report of its disposition is likewise made at the end of the day.

The above procedure as to establishment and implementation of programs represents the mechanics of portfolio administration and as such may be of interest to you. The substance lies primarily in the work of the individual analyst which provides the base on which the portfolio is constructed.

I wish that it were possible to go into greater detail regarding the nature of the work of the analyst rather than the following rather brief summary.

The Work of the Analyst

The first job of the analyst is to understand thoroughly and to follow carefully the industry for which he is responsible. This involves a wider area of knowledge to cover than is commonly realized. Let us take the petroleum industry as a specific example. The analyst must know the basic economic trends and characteristcs of the industry, such as consumption, prices, and growth. Without necesarily being an engineer, he must understand the technical patterns of the industry and their economic significance such as, for example, the capital requirements and competitive effects of the trend toward higher octane gasoline. He must be able to weigh the effects of competing forms of fuels such as natural gas and coal, and the probabilities of competition from atomic power. He must be cognizant of pertinent legal and tax considerations peculiar to the industry. Furthermore, the background against which all this is considered is the world. The action of a Middle Eastern political figure may have fundamental repercussions on the Canadian oil industry, or on the profitability of an oil pipeline in British Columbia. Only with the background of a thorough knowledge of the industry can the analyst make an intelligent appraisal of an individual company.

In connection with the study of individual companies, the financial reports are carefully analyzed. Balance sheets are examined with particular emphasis being given to the working capital position, and the plant construction expenditures. This is not only important from the viewpoint of its effect upon dividend policy and future financing, but also as an indication of the growth element present in the company. The income account is scrutinized for such factors as sales trends, profit margins, tax position and return on invested capital. The latter is incidentally a highly important figure to follow closely during this period of heavy capital expansion.

Every effort is made to furnish the analyst with adequate tools. Our files contain a vast amount of original documents such as company reports, legal documents such as court decisions and consent decrees, and others. In addition to regular annual and quarterly reports of corporations, we have in some cases data as to sales and earnings on a monthly basis, which are particularly useful in checking current trends in various industries. Our files also contain secondary sources of information such as various reports from engineers, brokers and other financial sources. These files are supplemented by a library which contains not only the standard financial services, but a large number of government and trade publications both domestic and foreign.

Field Trip Interviews

As a supplement to this desk work, our analysts engage in extensive field trips for the purpose of interviewing corporate, and sometimes, government officials. This year, for example, our schedule calls for visiting well over 200 companies.

We have found these interviews to be extremely helpful. For one thing, they enable us to form a much more intelligent opinion regarding management. The analyst is able to obtain a better insight into the company and the problems it faces. The interview is also important in acquainting the analyst with the company's policies and its future plans. Finally, and not the least important, these discussions with an able corporate executive of economic trends affecting his company and industry is a great help in the formulation and in the checking of our own views on the general economic outlook. I should perhaps mention that the value of these interviews is pretty much in direct proportion to the experience and ability of the analyst.

Summary

This completes the outline of the procedure of our operations from the setting of a major policy by the directors to the work on individual securities by the analyst. Contrary to popular conception, the results of investment management are not secured by hot flashes of genius. They are obtained by the hard conscientious work of experienced men. It is work that is never finished as one can never assemble all the facts that he would like to have in arriving at investment decisions. Nor is mere assembling of facts sufficient. To be of value they must be evaluated by competent men if the proper investment decision is reached. Such conscientious and competent work may not yield spectacular results but it should produce a satisfactory investment result over the longer term to the shareholder and, I believe, perform a useful social function.

Joins Bieder & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Robert G. Carey has been added to the staff of Bieder & Company, 1330 Dixie Lane South.

With Johnson, Lane, Space

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—William D. Krenson is now affiliated with Johnson, Lane, Space & Co., Inc., Citizens & Southern National Bank Building.

Form Lichtman, Mong Co.

MENLO PARK, Calif.—Morton E. Lichtman and Clements R. Mong, Jr. have formed Lichtman, Mong & Co., with offices at 1139 Chestnut Street, to engage in a securities business. Mr. Lichtman was formerly with Elworthy & Co., Hannaford & Talbot and Stone & Youngberg. Mr. Mong was with LaMontagne-Sherwood & Co.

Bargains in Railroad Bonds

By CHESTER S. EVERSON
President, U. S. Railroad Securities Fund, Chicago, Ill.

Railroad investment company President notes that carrier bonds, now selling at lowest prices and offering highest yields in many months, appear to have moved onto the bargain counter which, in turn, may hasten a reversal in price trend as a result of attractiveness to insurance companies, pension and other funds and individual investors. Mr. Everson presents sample tables of quality-grade and high-yield railroad bonds indicating the extent of their current attractiveness.

Over the past two years the stock market has had an outstanding rise and, despite the recent reactions, many leading stocks continue to sell at historically high levels. To sophisticated investors, sound and still attractive values may exist in stocks, but bargains have long since disappeared. In view of this situation, it is interesting to note that one important group of securities presents a radically different picture. Instead of going up, the price of railroad bonds has been going down. During the past two years while stock prices were advancing, bonds generally were declining and the rails have led the parade. The decline has now reached a stage where many railroad bonds including a number of bank-quality issues, are selling in the open market at big discounts from "face" value.

Daily reports of activity and prices focus the attention of the public on stocks. Less publicity tends to obscure the market action and trend in prices of bonds. Yet, bonds comprise a major segment of the securities market. Bond investments of insurance companies, for example, far exceed their entire investments in stocks. By their very nature, moreover, bonds are classified as a basically sounder type of investment security than stocks and command a more stable market in times of financial stress.

For those who have become accustomed to think of securities only in terms of stocks, it might be well to recall that there is a great deal of difference between a stock and a bond. The fundamental difference between these two types of securities is quite significant. A $1,000 first mortgage bond represents a mortgage (or lien) secured by tangible property assets for which the issuing corporation is obligated to pay the "face" or principal amount of $1,000 at a specified future date plus a certain rate of interest until such date. A common stock, on the other hand, represents an equity in a business and dividends at all times are dependent upon the prosperity of the business and are subject to the discretion of directors.

The interest attached to bonds is treated by a corporation as a charge against its earnings. Such interest and all expenses must be paid and funds provided for taxes before dividends may be declared on common stock. The bondholder as part-owner of a loan secured by corporation assets is in a position somewhat similar to the owner of the mortgage on a man's house. The stockholder, however, shares only in such profits of the corporation as are realized after all expenses, bond interest and taxes are paid. It is this difference that explains why, for generations, insurance companies, banks, trust funds and other large investors have consistently invested much more of their funds in bonds than in stocks.

Bonds in the Bargain Counter

For the past two years the trend of bond prices has been downward and this has applied to all principal groups of bonds—government bonds, municipal and public authority (tax-free) issues, bonds of industrial corporations, public utilities and railroads. The decline in railroad issues has been sizable. As a result, many railroad bonds are now selling at the lowest prices and offer the highest yield, or rate of return, in many months.

Compared with market levels existing only a few short years ago, railroad bonds appear to have moved onto the bargain counter. The sharp decline in prices, moreover, seems destined to hasten the day when, if history repeats itself, a distinct change and reversal in price trend may be witnessed. Normally, bargains attract buyers and if enough buyers enter a market, prices strengthen. Three particular groups of investors seem likely to be attracted to railroad bonds, namely: institutional investors, particularly insurance companies; various funds, including investment companies; and, astute private investors.

A unique situation exists with respect to a select number of high quality railroad bonds (issues eligible for investment by banks, trust companies and institutions in most States) that were issued as late as 1945 and 1946. Today these same bonds are selling in the open market at prices many points lower than the prices at which these bonds were first sold and at very substantial discounts from the principal amount ($1,000 per bond) which will become due upon maturity of each issue. At current market levels these quality bonds produce income at a higher rate than when they were issued. Such bonds should offer genuine attraction to institutions such as insurance companies, banks, trust companies and large foundations.

A Sample Bond List at 3.51%

A list (see List A) of $6,000 principal amount of such bonds composed of $1,000 each of six different issues, would have cost $6,109.50 when such bonds were issued in 1945 and 1946. Today these bonds sell at from 12 to 22 points below their initial offering prices. Thus, $6,000 principal amount of the same bonds at prevailing market prices would cost only $5,000.00 which amounts to a combined discount of $1,000.00 from the $6,000 "face" value or principal amount that will become due upon maturity of the bonds. The $177.50 of annual interest produced by these 6 bonds is equivalent to a return of 3.51% based on present market cost as against a return of only 2.91% when the bonds were first issued.

A sampling amongst the wide variety of high-yielding railroad bonds in the open market discloses such sizable discounts as to offer possibilities for substantial capital gains in the event prices ever return to or near "face" value. Such bonds offer special appeal to various investment funds including investment companies, pension funds and large investors to whom possibilities for capital gains are quite important, especially when coupled with fixed income at a generous rate.

High Yielding Railroad Bonds

A list of six different railroad bonds (see List B) each of which has a record of continuous interest payments over a long period of years, illustrates bonds that are selling at wide discounts from "face" value and at prices offering high yields. At recent market levels, $6,000 principal amount of these bonds would represent an investment of approximately $4,760 and provide fixed income at the rate of 4.73% annually. High and low market values of each bond over the last 10 years, show wide variation. Over the past decade these six bonds collectively have shown a minimum value of $4,000 and a maximum value of $6,210.

Finally, the combination of fixed income at an attractive rate and possibilities for long-term capital growth seems unlikely to escape the attention of astute, private investors even with modest amounts of capital to invest. A large number of available issues makes possible some interesting arrangements in selecting railroad bonds. List C illustrates the manner in which six $1,000 railroad bonds might be combined to establish regular monthly income. The $6,000 principal amount of bonds costing approximately $4,520, would produce fixed income payable each month in the year and at an attractive rate of return for the investor.

Such income of the investor as he derives from interest on sound bonds, "goes on" continuously. Thus, it might be said for the man who owns bonds, that his money works for him while he sleeps and it is employed seven days a week, every week in the year, including Saturdays, Sundays and holidays.

Dynamic Reversal Factors

Just when the decline in bonds including railroad issues will spend itself and the trend of prices shall turn upward, remains to be seen. An abrupt reversal of government policy to re-establish support of government bonds at "face" value, an easing in general credit conditions and a lowering of interest rates may have to be witnessed before bond prices turn upward. In the interim, investors are being treated to railroad bonds on the bargain counter.

LIST A

Quality-Grade Railroad Bonds Selling at Big Discounts From "Face" Value

Year issued	Moody Rating		Mtge. position	Initial offering price	Curr. yield then	Approx. price (8/21-56)	Curr. yield now
1945	A	Great North. Ry. Co. Gen. 3⅛s ser. N, 1990	First	100—	3.13%	88—	3.55%
1945	A	Louisv. & Nashv. RR. Co. First & ref. 2⅞%s ser. G, 2003	First	98½	2.92%	82	3.51%
1945	Ba	The Penn. Railroad Co. Gen. mtge. 3⅛s ser. F, '85	First	101.68	3.07%	79	3.96%
1945	Baa	Reading Company First & ref. 3⅛s ser. D, '95	First	101.87	3.07%	80	3.91%
1946	Aaa	Union Pacific Railroad Co. Ref. 2½s ser. C, 1991	First	102.19	2.44%	82	3.05%
1945	Aa	The Virginian Ry. Co. First lien & ref. 3s, 1995	First	106.71	2.81%	89	3.37%
Total cost of $6,000 principal amount of bonds ($1,000 each of the above six issues) at initial offering prices				$6,109.50	2.91%		
Approx. cost of $6,000 principal amount of the same bonds ($1,000 each of the above six issues) at recent market prices						$5,000.00	3.51%

LIST B

High-Yielding Railroad Bonds at Sizable Discounts From "Face" Value

Moody Rating	Years of Continuous int. paymnts.		Mtge. position	Approx. price (8/21-56)	Curr. yield	Range of Market values 1946-56* High	Low
Ba	61	The Ann Arbor RR. Co. First 4s, 1998	First	83—	4.82%	$1,040	$740
B	29	Cleve., Cin., Chi. & St. Louis Ry. Co. Ref. & impr, 4½s ser. E, 1977	Gen'l	74	6.08%	1,000	540
A	75	Louis. & Nash. RR. Co. St. Louis Div. 2nd (now 1st) 3s, 1980	First	89	3.37%	1,060	800
Ba	59	N. Y. Cent. & H. Riv. RR. 3½s, 1997	First	75	4.67%	1,140	680
Ba	33	N. Y. Lack. & Wes. Ry. Co. 1st & ref. 4½s ser. B, '73	First	85	5.29%	1,030	680
Ba	60	Northern Pac. Ry. Co. General lien 3s, 2047	Senior	70	4.29%	940	560
Approx. cost of $6,000 principal amount of bonds ($1,000 each of the above six issues) at recent market prices				$4,760	4.73%		
Market valuation over 10-year period						$6,210	$4,000

*Indicates high and low market value per $1,000 bond, 1946 to 8/21-1956 omitting fractions.

LIST C

Railroad Bonds Combined to Establish Regular Monthly Income

Moody Rating	Mtge. position		Approx. price (8/21-56) per $1000 bond	Annual interest	Curr. yield	Semi-annual int. coupons Months*
Ba	First	Alleg. & Wstn Ry. Co. First 4s, 1998	$800	$40.00	5.00%	Apr – Oct
Ba	First	The B. & O. RR. Co. First cons. 4s ser. B, 1980	850	40.00	4.71%	Mar – Sep
B	Second	Del., Lack. & W. RR. Co. Penn. Dic. ref. & coll. 4½s, 1985	760	45.00	5.92%	May – Nov
Ba	First	Lehigh Valley Ry. Co. First extended 4½s, 1974	850	45.00	5.29%	Jan - July
Ba	First	Morris & Essex RR. Co. First ref. 3½s 2000	610	35.00	5.74%	Jun – Dec
Ba	Senior	N. Y., Cen. & Hudson Riv. Railroad Co. Lake Shore coll. Tr. 3½s, 1998	650	35.00	5.38%	Feb – Aug
Approx. cost of $6,000 principal amount of bonds ($1,000 each of the above six issues) at recent market prices			$4,520			
Total interest per annum				$240.00	5.31%	

*Semi-annual interest coupons on $1,000 each of the above six bonds would produce monthly income at fixed amounts as follows:

January	$22.50	August	17.50
February	17.50	September	20.00
March	20.00	October	20.00
April	20.00	November	22.50
May	22.50	December	17.50
June	17.50		
July	22.50	Total for year	$240.00

Cashiers' Golf Tourney

The annual Fall Golf Tournament of the Cashiers' Division, Association of Stock Exchange Firms, will be held at the White Beeches Golf & Country Club, Haworth, New Jersey, on Thursday, Sept. 20, George J. Miller, of Hallgarten & Co., and President of the Cashiers' Division, announced. About 150 members and guests are expected to attend.

Carl L. Mochwart, Assistant Vice-President of Manufacturers Trust Co., is Chairman of the Division's Golf Committee.

Investment Course to Be Held at New School

Series on securities selection and management to begin in New York City on September 27.

The New School for Social Research announces a 12 weeks' course, "Your Investments," by A. Wilfred May and Dr. Leo Barnes

Dr. Leo Barnes A. Wilfred May

opening Thursday, Sept. 27, from 5:30 to 7:00 p.m.

Mr. May, of the "Commercial and Financial Chronicle," is well known as economist, author, lecturer and radio commentator. He formerly served on the Securities and Exchange Commission and recently was a witness before the Senate Banking and Currency Committee.

Mr. Barnes is Chief Economist and Financial Editor, Prentice-Hall, Inc. and author of "Your Investments" and "Your Buying Guide to Mutual Funds and Investment Companies."

This course offers practical investment guidance to all concerned with the handling of money. Realistic appraisal of investment objectives and opportunities, as well as the avoidance of psychological foibles and prevalent pitfalls, receive close attention.

Topics to be discussed include: investment opportunities; how to select securities: value analysis; "Tax Shelter"; market forecasting and timing; portfolio management; you and your company.

The instructors are glad to advise course members on their special problems throughout the series.

Registration is open now at the New School for Social Research.

John Kaplan Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla. — Betty L. Corley has been added to the staff of John H. Kaplan & Co., Hotel Fontainebleau.

With R. F. Campeau

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Francis A. Lay has become associated with R. F. Campeau Co. of Detroit. He was formerly with Bache & Co.

Joins French & Crawford

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — James W. Fletcher III is now connected with French & Crawford, Inc., 68 Spring Street, Northwest.

Swift Henke Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — John O'Donnell has become associated with Swift, Henke & Co., 135 South La Salle Street, members of the Midwest Stock Exchange.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Ralph L. West has been added to the staff of Investors Planning Corporation of New England Inc., 68 Devonshire Street.

Canadian Economy and Its Bearing on International Trade

By W. E. SCOTT*

Chief of the Research Department, Bank of Canada

Canadian central bank economist expresses little fear of Canada's growth being dependent upon foreign trade so long as the world economy prospers; reviews the shifting composition, strength and weaknesses of primary and secondary production, investment outlays, capital market and balance of payments, and other factors shaping a maturer, much larger and much more diversified economy; sees past six years trade-development representing a reversion to earlier pattern of Canadian growth rather than continuation of long run self-sufficiency tendencies; and notes the challenge to dominant U.S.A. export position in Canadian market. Mr. Scott believes long run trend may witness either a continuation of new major resource exploitation; or domestic resource consumption growth at the expense of exports with resource exploitation reaching its growth limits.

Foreign trade plays an important part in the economic life of Canada, as it does in most countries. Exports of goods and services currently represent about one-fifth of Canada's gross national product — roughly the same proportion as in the United Kingdom, Germany, Sweden and Australia. This is by no means as high a proportion as prevails in some countries: in the Netherlands, for instance, exports account for roughly one-half of national product. On the other hand, it is a much higher proportion than in the United States, where exports account for only about one-twentieth of national product. There is no clear evidence that the importance of foreign trade to the Canadian economy has diminished very much over the course of the years. Indeed, exports of goods and services in 1955 accounted for a somewhat larger proportion of Canada's national product than they seem to have done in 1870, 1900 or 1910, though a significantly smaller proportion than in certain years during the 1920s. This is unlike the experience of the United States, which became a comparatively self-contained economy at quite an early stage in its development.

W. E. Scott

Development Compared

The original American colonies inherited a vast region unique in the richness and variety of its resources, virtually unlimited in the range of economic activities to which it could be adapted, and hence, capable of supporting a very large population at a high standard of living. The colonies which joined political forces in 1867 to create the Canadian nation, however, inherited quite a different kind of region. These colonies consisted of isolated pockets of settlement mainly along the Atlantic Coast and the St. Lawrence River system which had grown up under the protection of the British mercantile system and which from an economic point of view had been cast adrift, so to speak, when Britain adopted free trade. Their slow and uncertain rate of growth contrasted sharply with the booming prosperity of the former colonies to the south, which were busily engaged in westward expansion and settlement. One of the basic economic ideas behind Canadian confederation was to follow the example of the United States by staking out a vast country stretching across the North American continent and opening it up for exploitation and settlement through the construction of a transcontinental railroad system.

High Transportation Cost

The realization of this dream has not, however, resulted in Canada becoming a second United States, nor is it likely to do so in the foreseeable future given the nature of Canadian resources, geography, and climate. The line drawn across the North American continent which constitutes Canada's southern boundary cuts off an area somewhat larger than the United States. Most of this enormous land mass, however, has proved too cold or too rugged for much in the way of permanent settlement. It is only along its more southerly fringes that the climate is temperate and that sizable areas of land suitable for agriculture have been found. Moreover, these favored areas are cut off from one another by great natural barriers of extremely difficult terrain, such as the Canadian Shield and the Rocky Mountains. Even today, therefore, a population map of Canada would present quite a different picture of the country from that suggested by a conventional map: it would show a relatively small population of about 16 million persons, over 90% of whom live within 200 miles of the country's southern boundary, scattered irregularly across 4,000 miles in widely-separate clusters of settlement. Throughout Canada's history, the high cost of transportation across such distances and difficult terrain has been a fundamental problem of economic development.

Dependence Upon Foreign Trade

Nature has endowed the country with an unusually large number of major primary resources, though the assortment is far from well balanced. Compared with the United States, Canada is relatively short of first-class agricultural land suitable for growing a variety of crops. Much the greater part of our farmland consists of western prairie, excellently fitted for large-scale grain growing, but not easily adapted to other forms of agriculture because of severity of climate, low rainfall, and so forth. Unlike the United States, Canada is heavily dependent on imports for her supplies of tropical and semi-tropical products. In at least one other important respect, Canada stands at a considerable disadvantage compared with the United States from the point of view of natural resources, in that the location of her coal and iron deposits has so far proved much less suitable for the development of a large-scale steel industry. These major deficiencies in Canada's resources compared with the United States go a long way toward explaining why the growth of the Canadian economy has continued to be geared to foreign trade, instead of following the pattern of its neighbor to the south.

*A paper by Mr. Scott delivered before the Ninth International Banking Summer School at Rutgers University, Rutgers, New Jersey.

Why Growth Now?

The resources which Canada does possess in abundance, in addition to land suitable for grain growing, are chiefly minerals, softwood forests, and hydro-electric power sites. Historically, the main line of Canadian development has been the successive exploitation of these primary resources for export to world markets. It is characteristic of these primary resources that their successful exploitation has usually involved formidable problems of transport and technology, and has required both heavy initial capital outlays and access to broad markets. These are precisely the requirements which a thinly-populated, economically - immature country is least able to provide itself. It is not surprising, therefore, that the development of Canada's primary resources has come rather late in history, and has generally taken place only under the stimulus of a sharp rise in external demand, large injections of foreign capital, and, to some extent at least, technological advances. Consequently Canada's development has tended to take place in concentrated bursts of rapid expansion interspersed with periods of comparative stagnation.

Resource Location Disadvantage

Taken by themselves, Canada's primary export industries do not offerd a very satisfactory basis for the development of a mature and well-rounded economy. For the most part, these primary resources are located in rather inaccessible parts of the country at some distance from the main centres of population and settlement. Because their exploitation generally requires small amounts of labor in relation to capital, they do not provide a great deal of direct employment once the initial development work has been completed. The pattern of settlement they create consists mainly of small, isolated centers of population almost completely dependent on the local mine or mill. These scattered communities are extremely vulnerable to fluctuations in external demand for the products of their local industry, since they have virtually no alternative sources of employment or income in the same general region. Another disadvantage of the remote location of a good deal of primary industry in Canada is that resources tend to be exports in a comparatively early stage of manufacture. The more advanced stages of processing and fabrication have usually been performed in the vicinity of the great manufacturing and distributing centers of the United States and, to a lesser extent, of Western Europe.

Acts As a Catalyst

Nevertheless, the fact remains that it is chiefly on the basis of these large-scale, low-cost, highly-productive primary export industries that Canada has been able to afford the high overhead costs involved in overcoming its great distances and harsh climate, to develop supplementary lines of economic activity, and to achieve a relatively high standard of living for its people. The growth of primary industry in Canada has acted as a catalyst in the process of economic development, attracting foreign capital, creating basic transport and power facilities, stimulating the growth of related secondary and service industries, and providing the export income needed to pay for imports and service foreign debt.

Disadvantages to Manufacturing

At the other end of the industrial scale, Canada stands at a considerable disadvantage compared with many other countries in the development of efficient secondary manufacturing. Labor is scarce and costly in Canada, since it can earn high returns either by employment in the highly-productive primary industries or by moving into high-paid employment in the United States. Consequently, it is difficult for many Canadian industries employing relatively large amounts of labor to compete in terms of costs and prices with similar industries in, say, most European countries. In the field of secondary industries requiring large inputs of capital rather than labor, Canada suffers from equally serious handicaps. For such industries to produce at low cost, high capital overheads must be spread over very long production runs. These economies of scale are very difficult to achieve without the broad domestic markets provided by large concentrations of population, such as one finds in the United States, the United Kingdom, and elsewhere. Canada's population is too small and widely dispersed for many such industries to achieve their optimum scale of output on the basis of the domestic market alone. Consequently, it is rather difficult for capital-intensive secondary industries in Canada to compete with similar industries in other countries, especially the United States. Canada's disadvantage in this respect may even have increased with the passage of time, since the trend in modern manufacturing production has been toward larger and larger in-

Continued on page 30

Suez Scare vs. Stock Market

By ROGER W. BABSON

Massachusetts financial bureau head does not find any reason for selling stocks at the present time because of the Suez scare. Predicts nothing will be done to harm the Suez Canal Company, and that a peaceful final agreement will recognize Egypt's sovereignty.

Roger W. Babson

The Egyptian trouble will not result in any war. Sir Anthony Eden and Guy Mollet, Premier of France, who have been criticized as being "soft," may feel that this is a good opportunity to show their real strength. At President Eisenhower's last press conference he stated clearly that all nations should respect "the sovereignty of Egypt as it applies to the Suez Canal." This insures that the United States will not get into the squabble. Since that is apparently all Nasser demanded, there is nothing to fight over except regulations and toll charges. President Eisenhower made clear that the International Treaty of 1888 gives many nations rights in and to the Canal in perpetuity; but that this does not mean that Egypt internationalized her sovereignty.

From a legal standpoint it is much like a city which gives a street railway or bus company a permanent franchise, but without relinquishing sovereignty or ownership of its streets. The city may make regulations and fares as it desires, so long as it does not "take property without due process of law."

Ultimate Agreement

I forecast that an ultimate agreement will recognize the sovereignty of Egypt, but that nothing will be done to seriously harm the Suez Canal Company, which has the franchise to operate the canal. Like all dictators, "President" Nasser must do something radical to show his power and keep his job. However, the one thing Egypt needs most—other than better character—is more money. The new toll rates, which like nearly everything else, are passed on to the ultimate consumer, will give Nasser the needed additional funds.

What Nasser Fears

Neither Egypt, nor the other countries which are benefiting from American dollars, want to be guilty of "expropriation." They know this would frighten away American, English and French investors. There are, however, other arguments that could be used with President Nasser. For instance, more than one-half of Britain's oil imports come through this canal. If the canal should be closed, other sources of supply would be available from Venezuela, West Indies, and the United States. For a short time only, the use of oil in England and France would need to be rationed.

Within a year new pipelines could be built to carry oil direct to the Mediterranean. This pipeline would be from Haifa on the Mediterranean to the Gulf of Aqaba. Furthermore, with an increase in tanker capacity, England and France could temporarily return to the old route around the Cape of Good Hope. This Suez scare will awaken nations to the need of more tanker capacity so that they will not again risk being cut off.

Doubtless Nasser remembers what the airlift did in bringing oil, food, and other necessities into Berlin several years ago when Stalin tried a stunt similar to Nasser's. In fact, it is a fair question whether the Suez Canal would be built today, with the possible competition of air transport, electrical transmission, and big tankers.

Suez and the Stock Market

Although there may be several good reasons for taking profits today on stocks, certainly the Suez scare is no reason for selling stocks at the present time. What will ultimately create a crash in the stock market will be some totally unexpected event which no one can now forecast. Therefore, I repeat my forecast that England and France and Egypt will arrive at a peaceful settlement; but whatever happens, the United States will keep out of any fighting. Furthermore, we will continue our present policy of withdrawing troops from Europe and reorganizing our fighting strength to conform to the new nuclear policy.

Joins Bache Staff

(Special to THE FINANCIAL CHRONICLE)

FAYETTEVILLE, N. C. — William H. Marsh has become associated with Bache & Co.

Goldman, Sachs Partner

Charles E. Saltzman will become a partner in Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, Jan. 1, 1957.

James Gamble Opens

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—James N. Gamble has opened offices at 520 Bellmore Way to engage in a securities business.

Sophisticated Investors

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Rolf E. Olsen and Ronald E. Olsen have formed Sophisticated Investors with offices at 127 Montgomery Street. Mr. Ronald Olsen was formerly with Wulff, Hansen & Co.

With Sutro & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Leland G. Smith has been added to the staff of Sutro & Co., 400 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—Arnold W. Madison has become affiliated with FIF Management Corporation of Denver.

J. D. Creger Adds

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—William E. Payne has joined the staff of J. D. Creger & Co., 124 North Bright Avenue.

From Washington Ahead of the News

By CARLISLE BARGERON

A few months ago the New York "Times" published a story by one of its Washington staff to the effect that the Pentagon high command was giving serious consideration to a reduction in our armed forces. The Democrats in Congress immediately let go a blast that here was another instance of the "big business minded" Administration, so concerned about saving a dollar, endangering the country's security.

Carlisle Bargeron

The Pentagon sought to pooh-pooh the story, insisting that any reduction in the armed forces was far in the future and that the studies it had been making, if any, were merely routine studies such as the military is always making.

Now the Democratic Presidential candidate is advocating a repeal of the draft on the basis that inasmuch as the next war is to be fought with such weapons as atomic and hydrogen bombs and guided missiles and the like we don't need so many men. And the Republican Vice-Presidential candidate, answering him, is saying that oh, this can't be done, regardless of how desirable it would be. The world is in such a state of tension, he says, that we must have the bombs, missiles and the men. In other words he is on the defensive in a matter concerning the reduction of armed forces whereas only a few months ago there was every indication the Republicans were looking towards this very same thing and were frightened out of it by the Democrat onslaught. You wonder how crazy politics can be. In the consideration of the military appropriation bill at the last session of Congress the Democrats appeared aghast at the "inadequate" amount of money which the Administration asked for the air force and succeeded in making the Administration take a billion more than it considered it needed.

Earlier in the session there were indications that the Administration wanted to cut down on foreign aid. The Democrats kept up an incessant attack about how the Administration was intending to scuttle foreign aid. So when the Administration's request for foreign aid money came to the Capitol, it was for a greater amount than was appropriated last year. Whereupon the Democrats turned around and cut down the appropriation appreciably.

I fully appreciate that it is up to the opposition party to develop issues against the party in power. But how the two parties can switch back and forth with the facility of the man on the flying trapeze is difficult to understand.

I have a hunch that Stevenson may have something with his advocacy of repealing the draft about as effective as Eisenhower's promise in the '52 campaign to go to Korea. At least you would think the way for the Republicans to deal with it would be to say they had been studying the question of reducing the number of men for a long time and, that while they wouldn't want to promise repeal of the draft, they were certainly looking in the direction that at least there wouldn't have to be so many men drafted.

Senator Homer Capehart of Indiana, who seems to have more original ideas than most of the members of Congress, in his campaign for reelection is advocating that military life be made so attractive that we could build up an adequate professional army. He claims that it would be a huge saving over the present turnovers in personnel. As it is now, young men are called into the service, given an expensive training and leave as soon as their time is up. Others are called in to get the same expensive training. Of course, the military has strings upon those who leave the service but there is a question of whether they don't forget their training after leaving the service and would have to be trained all over again if called back. Another thing, war weapons and methods seem to be moving along so fast that there is the question of whether the training which a young man receives is not outmoded in a year.

Forms Mutual Funds Inv.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — Steve L. Swift is engaging in a securities business from offices at 1534 Bardstown Road under the firm name of Mutual Funds Investment Company. Mr. Swift was formerly with Waddell & Reed, Inc.

Moses Slepack

Moses J. Slepack passed away Sept. 11 at the age of 72. Mr. Slepack, a member of the New York Stock Exchange, was a partner in M. J. Slepack & Co.

Kinnard Adds Two

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Raymond R. Galarneault and Gregor H. Prestholdt are now with John G. Kinnard & Co., 133 South Seventh Street.

Joins B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Oris E. Kelsay is now with B. C. Christopher & Co., Board of Trade Bldg., members of the New York Stock Exchange.

Free Competition in Practice: Its Advantages and Risks

By DR. CHARLES F. PHILLIPS*
President, Bates College, Lewiston, Maine

Bates College President, in addressing Zurich audience, maintains that a freely competitive system requires vigorously enforced anti-trust action, competitive-minded environment, and businessmen with a social point of view. President Phillips defines free competition found in the United States, extent relied upon it to regulate the economy, and depicts its contribution to: rising per capita income, leisure, and maintenance of personal freedom.

I

ZURICH, Switzerland — Probably the best point of departure for the remarks I want to make is to define the sense in which I shall use the term "free competition." Economists have long argued the meaning and merits of various kinds of competition. We speak of pure competition, with its large number of buyers and sellers, each being small in size and dealing in identical products. Or we talk about competition being imperfect as a result of differentiated products. Still again, we argue the merits of competition, when there are a small number of sellers, oligopolistic competition we call it.

Charles F. Phillips

It is not my intention to enter into this argument as to which type of competition is the most desirable. Instead, let me say that by "free competition" I refer to the kind which exists widely in the United States of today. It is typically characterized by a relatively small number of sellers, *each of whom is trying to improve his market position.* In other words, by sales promotion methods, by striving to place improved products on the market, by seeking more aggressive marketing channels, or by reducing prices, the competing firms actively battle each other for the attention of the customer. If you want some synonyms for what I am referring to as "free competition," perhaps "workable" and "effective" competition are equally satisfactory.

Maximization of Market Share

To illustrate, in the sale of automobiles in the United States we find that over 95% of the total is accounted for by just three companies, General Motors, Ford, and Chrysler. Yet, there is very effective competition among these firms. Each company spends millions annually to improve the quality of its product. It employs hundreds of field men to work with its retail distributors to achieve aggressive selling. Advertising campaigns are as carefully developed as are military plans in an all out war. Why? Because each firm is seeking to increase its share of the market. And shifts in market position do take place, as is evidenced by recent years' gains of Ford and General Motors at the expense of Chrysler and the smaller manufacturers. While this competition is far from the "pure" type, it is what I mean by free or effective competition: it results in greater values for the buying public.

II

Perhaps the second point I need to make as an introduction to my remarks, is that in a part of the American economy we do not rely on free competition as the regulatory factor.

Extent of U. S. Regulation

The most obvious example is the public utility field. While we allow the gas company to compete against the electric company, we usually have but one electric company serving a certain area. As a substitute for regulation by competition, we subject the prices and services rendered by this company to regulation through a government commission. We also impose many controls upon our railroads, our airlines, our telephone and telegraph companies.

As a matter of fact, even in areas of the economy in which we rely on a number of competing firms, some aspects of that competition are subject to government control. Our banks, although competitive, must submit to periodic examinations. The investment portfolios of our insurance companies must meet government-established standards. Products placed on the market by competing food and drug manufacturers must be at least up to the minimum quality standards of our Pure Food and Drug Act. Agricultural products are sold by our farmers in a market where government price supports play an important role.

Broad Controls

Moreover, during the past 25 years we have gradually developed broad, over-all monetary and fiscal controls which seek a more stable economy. Even the most competitive of our businesses find themselves subject to these broad controls.

Yes, there are many parts of the American economy in which the impact of competitive forces have been either supplanted or restrained. But—and this is really my second main part—even after recognizing this fact, it is still correct to say that we rely largely on free competitive forces to regulate the economy.

III

My third and final preliminary remark is that this free competition on which we have relied has contributed much to the economic growth of the United States. The facts of that growth are well known and do not call for detail development in this paper. Suffice it to say that per capita income has more than doubled in the past 50 years, while the typical work week has fallen from 60 hours in 1890 to 50 hours by 1912 and to 40 hours for the past decade or so. In fact, in some occupations in a few of our cities the 35-hour work week is already established.

Gain in Real Wages

Along with the fall in the work week has come earlier retirements—and on pensions, the coffee break, more paid holidays, and longer vacations. Today the typical industrial worker spends 233 days each year at his job: He is away from that job—on Saturday, Sunday, holidays, and vacations—132 days. Put another way, for each 1¾ days he works, he has one day when he does not work. For these benefits I am convinced that the forces unleashed by an effective competitive system are largely responsible.

IV

So much for the preliminaries in which we have defined free competition, noted the extent to which it is relied upon to regulate the economy in the United States, and indicated its contribution to a rising per capita income and to an increase in leisure time.

Now may I suggest that effective competition has made two other significant contributions to our society.

Rising Income and Leisure

One of these is found in the role played by competition in seeing to it that the rise in income and greater amount of leisure time are shared among more people than ever before. Stated bluntly, I do not think it is enough for an economic system to raise the *average* income; the *average* could be raised by concentrating the additional income in the pocketbooks of a few people. But under the competitive pressures exerted by the bidding for employees by many firms and the aggressive action of our trade unions, our rising productivity has been shared among more people than ever before. To illustrate this sharing, currently about 44% of our family units have annual incomes of between $4,000 and $7,500 per year. In 1929, just 27 years ago, but 15% of our family units had a comparable amount of purchasing power.

You can see this sharing of higher living standards in so many other ways—in the spread of voluntary health insurance, the growth of home ownership, the gain in automobile ownership, the increase in the number of college-age youth attending our colleges. In 1940, 9% of our population were under some form of voluntary health coverage: today, over 66⅔%. In 1940, about 40% of our homes were owned by the families living in them: today, over 55%. In 1929, we had one car for every six people: today, one of every three and one-half. In 1929, less than 12% of our college-age youth went to college: today, over 30%.

Maintenance of Personal Freedoms

While the standard of living and the sharing of it are obvious contributions of free or effective competition, a more significant contribution is the role competition plays in the maintenance of personal freedoms. If I read history correctly, it is clear that the concentration of economic power in the hands of a few—regardless of whether that few represent private individuals or government—is a step toward the loss of personal freedoms. For when powers are concentrated and opposition develops, all those in power can safely do is to remove that opposition. Then it is that the police state tends to rear its ugly head and freedom of speech, freedom of worship, and economic freedoms tend to disappear.

In contrast, under a competitive system economic powers are widely diffused. Some part of the economic power is in the hands of thousands of businessmen; some of it is held by labor either as individuals or through trade unions; much of it is exercised by the consumer as she makes known her wants in the market place. This diffusion of economic power is an important factor in assuring the maintenance of personal freedoms.

All Problems Not Solved

Now, I would not want you to misunderstand these last few paragraphs. By no means am I trying to say to you that a free competitive system is perfect. Let me be the first to admit that under such a system, and despite the growth in per capita income, we still have thousands of families with incomes below those necessary to provide minimum standards of healthful living. From time to time, we are plagued with unemployment situations. Despite the spread of voluntary health plans, we still have millions of families lacking such coverage.

So I am not for a moment trying to suggest that free competition has solved all our economic problems. But I am saying: in the economic growth which has taken place in the United States in recent years, effective competition has played a major role.

V

Some two years ago I spent three months in India during which I had many occasions to talk with the economists and businessmen of the country, both individually and in groups. Without doubt, the economic question I was asked most frequently was this: What makes a freely competitive system work? In the remaining paragraphs of this paper may I suggest a threefold answer to this question. In doing so, I am really talking about the risks of free competition since, if these three elements are not present, a free competitive system will fail.

VI

First, free competition calls for vigorous enforcement by the government of an anti-trust law. Adam Smith long ago alluded to **the tendency of businessmen to combine in restraint of trade: this tendency has not disappeared with the passage of time. Whether we like it or not, the development of cartels, agreements, and combinations which place severe restrictions on price and product competition cannot be allowed to continue in an economy which wishes to rely on free competition as its regulatory or economic activity.**

Vigorous Anti-Trust Policy

Once again, I do not wish to be misunderstood. To preserve free competition it is not necessary to atomize an industry, for example, to break up the three major automobile companies into 50 competing firms. But it is necessary to be sure that the three dominant firms are competing, that each is attempting to increase its share of the market. A vigorous anti-trust policy will involve a continuous study of industry after industry with action being taken to restore aggressive competition where it has disappeared.

VII

Second, a successful competitive economy demands businessmen who are competition-minded. Professor Malcolm P. McNair of the Hardvard Graduate School of Business Administration puts it this way: ". . . The real job is to get the kind of executives who will operate under a strong competitive urge. We need, above all, vigorous and imaginative in-

Continued on page 23

*An address by Dr. Phillips before the Fifth International Conference sponsored by the Green Meadow Foundation at Zurich, Switzerland, Aug. 1, 1956.

THE MARKET . . . AND YOU

By WALLACE STREETE

Just as the previous week's rebound was largely technical, last week's slow retreat was anything but a decisive indicator of a change in the near-term outlook for security prices.

* * *

It was just a marking-time operation—possibly a tightening of market operators' belts to await for the one "real blow" that will give definite indications of where stocks are bound. More than anytime in a long period is there need now for that certain incentive to get either the bullish or bearish forces off their haunches, to begin anew their onslaught either to fresh tops a to depths.

* * *

As a market force Suez is "old hat"—with but the possible exception of the remote danger of a war flaring-up. It's still a factor for a few foreign oils, among them Royal Dutch, but for the main body of pivotal issues its influence has run its course.

* * *

The news is so barren of market ammunition that commentators are lost, at times, in their efforts to pin-point reasons for a brief flurry upward or downward. For instance, on Tuesday, there were some trend spotters who believed some of the market softness reflected Wall Street's disappointment over the way the Maine election went.

* * *

The market week was featured by occasional spurts of strength and weakness in the aircrafts and steels. It so happened that only when these groups were soft were they able to lead the remainder of the market; when they spurted their forward thrust drew but little support from other active groups.

Rails Disappointing

Bullish forces were vocal in their disappointment over the way the rail issues are acting. And the news emanating from that industry seems anything but cheerful insofar as the railroad investor is concerned.

* * *

When three large eastern roads indicate they are studying a merger scheme — basically for economical reasons —and other carriers put forth proposals for exceptionally large freight and passenger—even commuter—rates, a more definite reading can be taken on the long-term outlook for this the oldest and most extensive of our transportation arms.

* * *

Could this, the growing understanding that many are the problems facing the carriers, be the reason for the inability of this group of securities to find the support needed to recoup even the ground lost since the steel strike?

Popular Issue

For a long time General Electric's yield discouraged the newer investors but of late the many people being introduced into the ways of market operation through monthly investment plan arrangements have taken a fancy to this, the largest of the appliance makers and a major force in power generating equipment.

* * *

It's somewhat of a paradox finding General Electric far more popular among the MIPs than, say, American Telephone & Telegraph. It is roughly twice as popular as ATT—and yet more investors hold ATT outright than the next three companies combined, which includes General Electric.

ATT's Intriguing Movements

Incidently, ATT's movements in the week was the conversation tid-bit, and a headache to many brokers, a whole flock of ATT executives and to the newspapers.

* * *

Indicative of the number of novices in the market these days was the crush of calls and letters sent to the papers the day ATT sold ex-dividend and ex-right a total of $9.62½. It was hard for them to fathom out such doings and many threatened to call the ATT people and ask: "How come?"

* * *

The spotty strength shown now and then by the aircrafts reflects the spreading out of new orders by the Armed Forces. Douglas seemed more volatile than usual but as a group the aircrafts continued to give a good account of themselves.

* * *

Among specialties Air Reduction was a favorite. The company, currently yielding around 4.5% with a 11.0 price-earnings ratio, appears to have achieved greater diversification through internal growth by expanding in the fast growing and profitable organic chemical and petrochemical field.

Market Spottiness

On the whole the market seems to be spotted with crosscurrents. Besides the rails, which are down some 15% from their highs (based on one set of averages) there are substantial declines from earlier highs in such groupings as soft drinks, heating and plumbing issues, shoes, textile weavers, fire insurance, anthracite, radio-TV shares and baking stocks.

* * *

Pulling the other way, of course, are the aluminum issues, dairy products, specialty machinery, mining and smelting, and paint issues, as well as the aircrafts and steels.

* * *

As dividends continue the investor action spark, the stocks that have had the good fortune to put something additional in the dividend checks in each passing year are the ones that ultimately get the market play.

Dividend Raisers

Here's a group of 13 issues which on the average have raised their dividends seven times since 1945, and may go on from there: Eastman Kodak; Household Finance; Guaranty Trust; Corn Products Refining; Commonwealth Edison; Sherwin-Williams; American Can; Phillips Pete; Union Carbide & Carbon; General Foods; McGraw-Hill Publishing, Florida Power and Shell Oil.

* * *

Among the low-priced issues, Barium Steel and Imperial Chemical Industries, Ltd. have been getting a big play, the latter on its expansion into the North American continent.

* * *

Then too, there's been somewhat of a flurry in those small companies which "insist" they border onto the outer confines of a company which makes a big-time "find" of oil or mineral in a new area. Such was the case this past week when Union Oil of California brought in a real commercial oil well in Costa Rica, the best producer in Central America. Phillips Pete's announcement of a 1.5 million ton high-grade uranium ore discovery in the Ambrosia Lake area near Grants, N. M., also sparked action in company stocks with "nearby acreage."

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

With Minn. Secs. Corp.

(Special to THE FINANCIAL CHRONICLE)

ROCHESTER, Minn.—Kenneth A. Young is with Minnesota Securities Corporation, First Avenue Building.

William Holzman

William Holzman, senior partner and founder of William Holzman & Co., New York City, passed away Sept. 7.

Effingham Lawrence

Effingham Lawrence passed away Sept. 8 at the age of 78. Prior to his retirement he had been head of his own investment firm. He was a former member of the New York Stock Exchange.

Continued from page 8

NSTA Notes

(probably private train), arrive Westhampton 6:13 p.m., be transported to Dune Deck, cocktail party, shore dinner, entertainment.

Saturday, Sept. 22, three meals, cocktails before lunch and before beefsteak dinner, entertainment.

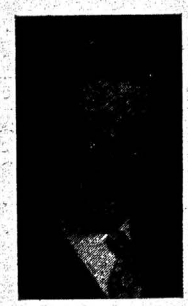
Sunday, Sept. 23, breakfast, cocktails and lunch, return by rail late afternoon.

The whole works, all inclusive, $50.

Only 104 men can be accommodated, first come, first served. Check for $50 should be made payable to MacGregor Travel Service and mailed promptly to Michael Heaney, M. J. Heaney & Co., 120 Broadway, New York 5, N. Y.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The annual meeting and election of officers of the Investment Traders Association of Philadelphia will be held on Tuesday, Sept. 25, 1956 in the ballroom of the Warwick Hotel.



Samuel M. Kennedy

James G. Mundy

J. B. McFarland, III

Rubin Hardy

Willard F. Rice

The nominees for office for the year 1956-57 are:

President—Samuel M. Kennedy, Yarnall, Biddle & Co.

First Vice-President—James G. Mundy, Stroud & Company, Incorporated.

Second Vice-President—James B. McFarland, III, Hecker & Co.

Secretary—Rubin Hardy, The First Boston Corporation.

Treasurer—Williard F. Rice; Eastman Dillon, Union Securities & Co.

NATIONAL SECURITY TRADERS ASSOCIATION, INC.

The Nominating Committee of National Security Traders Association Inc., composed of

John W. Bunn, Stifel, Nicolaus & Company, Incorporated, St. Louis, Chairman.

Homer J. Bateman, Pacific Northwest Company, Seattle.

Charles A. Bodie, Stein Bros. & Boyce, Baltimore.

Charles C. King, The Bankers Bond Co., Inc., Lousville.

Walter G. Mason, Scott, Horner & Mason, Lynchburg.

Fred T. Rahn, The Illinois Company, Chicago.

Leslie B. Swan, Chas. W. Scranton & Co., New Haven,

have submitted the following candidates for office of NSTA for 1957:

Wm. J. Burke, Jr.

John M. Hudson

Robert D. Diehl

George J. Elder

President—William J. Burke, Jr., May & Gannon, Inc., Boston.

First Vice-President—Robert D. Diehl, Paine, Webber, Jackson & Curtis, Los Angeles.

Second Vice-President—John M. Hudson, Thayer, Baker & Co., Philadelphia.

Secretary—William Nelson, II, Clark, Landstreet & Kirkpatrick, Inc., Nashville.

Treasurer—George J. Elder, Straus, Blosser & McDowell, Inc., Detroit.

Now Spencer, Zimmerman, Pound

COLUMBUS, Ga.—The firm name of Spencer, Zimmerman & Co., Inc., 1238 Second Avenue, has been changed to Spencer, Zimmerman, Pound & Co., Inc.

Du Pont Homsey Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—William B. Bowering is with du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Directors of **Manufacturers Trust Company of New York** at their meeting on Sept. 10 elected as Chairman of the Board and Chief Executive Officer Horace C. Flanigan, who has been President since 1951. Eugene S. Hooper, Senior Vice-President and Chief Credit Officer, was elected President. This realignment of executive responsibilities, it was stated, is to strengthen further the administrative and policy making functions of the Trust Company which maintains 112 banking offices in the New York metropolitan area and is reported to be the fifth largest bank in the nation.

Mr. Flanigan has been an officer and director of Manufacturers Trust Company since 1931 and its President since 1951. Under his administration the bank has steadily grown in resources, deposits, etc. During the last five years its total resources increased to $3,209,712,518 at the close of 1955 from $2,766,392,897 in 1951.

Mr. Hooper began his banking career as a clerk in the auditing department of the **National Bank of Commerce of New York** after graduation from the University of Texas. He later served in the bank's credit department and as the institution's traveling representative in the southwest. He joined Manufacturers Trust Company as Assistant Vice-President in 1929. He was named Vice-President in 1939, Senior Vice-President in 1951, and has been the bank's Senior Loaning Officer for some years.

The appointment of Emanuel J. Dunlop as an Assistant Secretary of **Manufacturers Trust Company of New York**, was announced on Sept. 6 by Horace C. Flanigan, President. Prior to joining Manufacturers Trust Co. in 1934, Mr. Dunlop had been associated with Hayden Stone & Company, Investment Bankers, and with the Equitable Trust Company of New York. In 1952 Mr. Dunlop was appointed Manager of Manufacturers Trust Co.'s 3480 Boston Road, Bronx, office and in January, 1956, was transferred to the bank's office at 144th Street and Broadway, the branch to which he is presently assigned as Manager.

* * *

The promotion of Raymond T. O'Keefe to Vice-President in the real estate and mortgage loan department of the **Chase Manhattan Bank of New York** was announced on Sept. 10 by J. Stewart Baker, President. Joining the bank in 1929, Mr. O'Keefe was appointed an Assistant Cashier in 1950 and advanced to Assistant Vice-President in 1955.

At the same time Edward S. Backnick and Bernard J. Cassidy were appointed Assistant Treasurers in the the real estate and mortgage loan department, and Harry E. Ekblom an Assistant Treasurer in the public utilities department.

* * *

The 43rd branch of **The Bankers Trust Company of New York**, which is also its 17th in Manhattan and the 19th bank project built in New York State by the William L. Crow Construction Co. will be formally opened to the public today, Thursday, Sept. 13. It occupies space on the first two floors and basement of 415 Madison Avenue, on the northeast corner of 48th Street. A new type of self-closing doors from the lobby and from the 48th Street side provide supplementary entrances in addition to the main entrance. Features of the project, according to Mr. Crow, President of the construction firm, are a pair of Otis up-and-down escalators connecting the main floor with the vault and securities areas on the lower banking floor, complete floor to ceiling paneling of all walls, specially designed chandeliers and handwrought iron railings. All ceilings are covered with acoustical tile, floors are covered with a special vinyl tile and there is air conditioning throughout. Besides the vault and securities areas in the lower banking level there is a glass-walled records room and a lounge-dining room for bank personnel.

On the second floor, finishing touches are being put on an uptown board room, a lounge, a private and a large dining room, which are to be completed by December. This space has been used for several months as temporary banking quarters while the main and lower floor quarters were being built.

* * *

An opportunity to get information on Social Security, including the recent changes in the law, will be offered to the public from Sept. 10 to 19 by **Union Dime Savings Bank of New York.** During this period a Government representative will be at the bank's Murray Hill Office on Madison Avenue at 39th St. each banking day from 11 to 2:30, and on Mondays, Sept. 10 and 17, also from 4:00 to 6:00. Although the Social Security representative will be in the bank a limited time each day, booklets will be available and a display may be seen anytime during banking hours.

* * *

Marking 35 years of service with the bank, Carmine P. Anzalone, an Assistant Secretary of **The Dime Savings Bank of Brooklyn, N. Y.**, was tendered a luncheon on Sept. 10 by officers of the bank and presented with a gift to mark the occasion. Mr. Anzalone started his career as an office of the **Navy Savings Bank** which was subsequently merged with **The Dime.** After holding various positions in the general banking departments for 23 years, Mr. Anzalone entered the Mortgage Servicing Department in 1944. Three years later he was named Assistant Manager of that department, and in 1949 was advanced to the office of Assistant Secretary.

* * *

The sale of new stock to the amount of $21,000 has raised the capital of the **First National Bank of Glen Head, Long Island, N. Y.**, to $265,000 as of Aug. 27, compared with $244,000 previously. As noted in these columns Aug. 9, page 586, the bank's capital was increased on July 23 from $238,000 to $244,000 by a stock dividend of $6,000.

* * *

As of Aug. 31 the merger was effected of the **West Winfield National Bank of West Winfield, N. Y.**, into the **Oneida National Bank & Trust Co. of Utica, N. Y.**, under the title of the last named institution. The West Winfield National Bank had common stock of 50,000, while the **Oneida National Bank & Trust Co.** had common stock of $1,245,410. At the effective date of the merger the enlarged Oneida National Bank & Trust Co. had capital (common) stock of $1,307,910 in 130,791 shares of stock (par $10 each); surplus of $3,500,000 and undivided profits of not less than $1,019,762. The West Winfield office of the acquired bank becomes a branch of the Oneida Bank & Trust Co.

* * *

C. Frank Kireker, Jr. has joined the trust department of the **First National Bank of Montclair, N. J.**, Terence J. McHugh, President, announced on Sept. 5, according to the Newark "Evening News" from which we also quote: "Mr. Kireker will work on investment matters pertaining to trusts and estates being settled and administered by the bank. He has been most recently employed in the trust department of Guaranty Trust Co. of New York."

* * *

The Philadelphia National Bank of Philadelphia, Pa., announces that a special meeting of its shareholders of the bank will be held on Oct. 4 to vote on an agreement dated July 12 to merge the **Delaware Valley Bank & Trust Company of Bristol, Pa.**, into the Philadelphia National Bank. The Delaware Valley Bank & Trust Co. has branches in Yardley, Southhampton, Levittown and Midway, Pa.

The Bryn Mawr Trust Company of Bryn Mawr, Pa., on Sept. 10 placed in operation its new drive-in facilities in the rear of the main banking office at Bryn Mawr and Lancaster Avenues. DeHaven Develin, President of the trust company, in announcing availability of the new facilities, stated that tellers at the new drive-in window will accept deposits, cash checks and provide various additional banking services on a streamlined basis. The new drive-in window will be open for customers from 8:45 a.m. to 3:00 p.m. Monday through Friday and from 4:30 p.m. to 6:30 p.m. on Friday evenings. These banking hours correspond with hours at the main banking lobby.

* * *

As of Aug. 30 the **Second National Bank of Wilkes Barre, Pa.**, reports a capital of $1,250,000, the amount having been raised to that figure from $1,000,000 by a $250,000 stock dividend.

* * *

The City National Bank of Fort Smith, Ark., enlarged its capital effective Aug. 29 to $400,000, from $300,000 by a stock dividend of $50,000 and the sale of $50,000 of new stock.

* * *

Under date of Sept. 4 announcement was made by E. J. Flinn, Vice-President of the **Commerce Trust Company of Kansas City, Mo.**, that the board of directors of the company on that day had transferred $1 million from undivided profits to surplus, which makes the financial structure read after this transfer, $9 million capital, $21 million surplus, and more than $4 million undivided profits. At the same time the regular 50 cent dividend was declared payable Oct. 1, 1956.

* * *

A capital of $600,000 is reported by the **Tootle National Bank of St. Joseph, Mo.**, as of Aug. 31, compared with $350,000 previously, the increase having been brought about by a stock dividend of $250,000.

* * *

As a result of a stock dividend of $200,000, the capital of the **First National Bank of Tuscaloosa, Ala.**, was raised on Aug. 27 from $600,000 to $800,000.

* * *

A charter has been issued as of Aug. 23 by the U. S. Comptroller of the Currency for the **First National Bank in Alamogordo, at Alamogordo,** New Mexico, with capital and surplus of $200,000 each. The President is M. R. Prestridge, and the Cashier Wayne Stewart.

* * *

H. Roy Crabtree, President and Chairman of the Board of the Woods Manufacturing Co. Ltd., was on Sept. 11 appointed a director of the Bank of Montreal, head office, Montreal. Mr. Crabtree, who has played a prominent part in the paper industry, is also President of Woods-Dryden Paper Bags Ltd., the MacGregor Paper & Bag Co. Inc., Pyramid Paper Products Ltd. and the Cellucord Co. of Canada Ltd. He is likewise identified with various other companies as a director.

H. Roy Crabtree

* * *

The Royal Bank of Canada (head office Montreal) has announced the appointment of T. H. Cummings, as Manager, of the securities department, head office. He succeeds H. P. Glencross who has retired on pension. Born in Manotick, Ontario, where he joined the bank in 1923, Mr. Cummings gained his early experience at a number of branches in Ontario and Quebec, and with the inspection department, head office. He has been a member of the bank's head office securities department since 1936.

* * *

A. K. Poussette has been appointed Manager of the main **Vancouver** branch of **The Canadian Bank of Commerce of Montreal,** it was announced on Sept. 4. Mr. Poussette entered the service of the bank in 1927 at Winnipeg and subsequently held senior positions at Toronto Montreal and Seattle, Wash. For the past three years he has been Manager of the Ottawa branch of the bank.

* * *

Chicago Analysts to Hold Golf Outing

CHICAGO, Ill.—The Investment Analysts Society of Chicago will have a Golf Outing and Field Day at Medinah Country Club, Medinah, Ill., on Thursday, Oct. 4, 1956.

Present plans are to have the Club available all day with lunch, to be ordered individually, 18 holes of golf and dinner. A cocktail hour will precede dinner with a cash bar available in the clubhouse.

Golf, dinner and prizes are included in the price of $13 per person, if tickets are bought before Sept. 27 (after Sept. 27, $15 per person). For those not wishing to play golf, the cost will be $7 for dinner and door prizes. For non-golfers, tennis, cards or sitting will be available all day. Guests are welcome.

Members of the Golf Committee are Jay Simon, City National Bank & Trust Co., Chairman; James L. Jeffers, Stifel, Nicolaus & Co., Inc.; James C. Bard, Shearson, Hammill & Co.; Ed. K. Hardy, Jr. (Illinois Company); Robert J. Kiep, Wm. Blair & Co.; Fred G. Wangelin.

McDonnell Opens Chicago Branch

McDonnell & Co., members of the New York Stock Exchange, announce the opening of an office at 208 South LaSalle Street, Chicago. The firm's head office is at 120 Broadway, New York.

To Be L. H. Rose, Harmon

Effective Oct. 1, the firm name of Harmon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, will be changed to L. H. Rose, Harmon & Co. On that date Luke H. Rose, member of the Exchange, will become a general partner, and Harriet Bell a limited partner in the firm. Joseph S. Lederer will retire from partnership Sept. 30.

Continued from first page

As We See It

to transfer surplus labor from agriculture to other occupations where it is needed.

Candidate Stevenson, as it is with politicians, has had a good deal that is not complimentary to say about the Administration and its treatment of the farmer. One would suppose that he had something new and constructive to offer. The fact is though that he seems to know of nothing that is essentially different. His is the familiar story, though the words are at times different. Food stamp plans, free school lunches on a bigger and better scale, a "food bank," high, firm supports and 100% parity are the chief ingredients of his political stew—as they have been with many another politician in recent years.

A Leaf From Hoover's Notebook

In his effort to win votes in agricultural regions, Mr. Stevenson even takes a leaf from Mr. Hoover's notebook. It was, we believe, the successful 1928 candidate who used to insist that farming was not merely a business but a "way of life," and that as such it must be preserved at virtually all costs. It was part and parcel of the American system. Without it we should be unfortunate indeed. He was modest—compared to present day standards—in the amount of the taxpayers' money that he would spend to avoid loss of this precious national asset, but he was generous enough and flattering enough to win favor in rural districts.

Now comes the Democratic candidate and says: "The first and most important thing is to decide as a matter of national policy that we want to maintain family farming as a decent, respectable and useful way of life." It is now "family farming" that is a "way of life" which must at almost any price be "maintained." Needless to say, Mr. Stevenson favors maintaining it, and can assure the voter that President Eisenhower does not.

We submit that this type of discussion of the farm problem is buncombe, pure and simple. Of course there are too many workers on the farms of the country, and of course they are producing more than the market will take at prices which afford a profit. Of course, the situation will not right itself until there is a reapportionment of resources. And, of course, the sort of subsidies now paid the farmer acts not to solve anything but to retard necessary adjustments. Mr. Stevenson is an intelligent man; he must be aware of these facts. President Eisenhower has at times given evidence that he is aware of them. Yet both go to the farmer with soothing talk about "maintaining" them or solving their problems and the like.

Just Buncombe

Let this talk about "a way of life" and the like, obviously a twentieth century version of the physiocratic doctrines of other days, be plainly characterized for what it is. When "family farming" was able to stand on its own two feet, and did stand on its own feet, it encouraged thrift, individual initiative, self-reliance and various other desirable traits in the population. It was in those days quite properly thought of as an essential element in the American way of life. If now "family farming" is no longer able to stand on its own feet, but must be supported by the rest of the community to whom it must come with hat in hand, it is not likely to lend any strength of character or anything else worth while to the country.

And let no one suppose that any of these programs suggested or advocated by any of the politicians will in any way alter the basic nature of the situation by which we are faced today, or restore "family farming" to its earlier status. None of them will "maintain" family farming except on a basis far different from that which gave strength and vigor to the system in decades past. If the system can survive only in this way it is doomed, and no politician or anyone else can long save or maintain it. These are the cold facts of the situation, and we should all be much better off if the politicians and all the rest of us for that matter were to face them.

We are not particularly clear in our own minds just what "family farming" is, in any event. Perhaps Mr. Stevenson is not either, but if he means the farmer who undertakes to keep his head above water by use of the methods and procedures his father and his grandfather employed, or who has not the initiative or the adaptability to conform to altered conditions, it would seem that the term is but another way of labeling the failures in the agricultural realm. We do not see any reason, however, why the term should be reserved for that kind of farmer rather than the enterprising, imaginative farm entrepreneur who keeps abreast of the times and takes advantage of the advances in science and in technology and who profitably operates the farm on which he and his family live. This type of family farmer needs no tears from either candidate.

There can be no doubt that farming today is an occupation quite different from what it was in grandfather's day, or even in father's day. It can, however, work out its own salvation if only left to itself and spared the interference of the politicians.

Continued from first page

Is Our Anti-Trust Policy In the Public Interest?

that General Motors was being prosecuted for being efficient, and implied that the personnel of the Department of Justice were incredibly confused in reading the meaning of the Sherman Act. The *Cincinnati Times-Star*, for example, carried the following editorial on July 11 under the caption "A False View of 'Monopoly'":

"The whole question of when, and if, big business gets too big and what constitutes a monopoly and when is a monopoly dangerous to the economy, is due for an airing and redefinition, with new responsibilities allocated to Government and private enterprise.

"But for the moment we take monopoly to mean a condition in which control by one agency eliminates competition to the detriment of the public welfare.

"With this definition in mind, we find it hard to recognize the stand of the Government, which has filed an antitrust suit against General Motors in which the company would be forbidden to supply more than 50% of the buses purchased by some of the major bus operators. The Government implies that since General Motors makes some 80% of the buses it is exercising a monopoly which is injurious to the public welfare.

"But the question is not whether General Motors makes most of the country's buses (which it admits it does, giving as reason cheaper and better product) but whether it has used unlawful means to achieve its pre-eminence. If so an investigation is in order, and if the investigation shows illegal procedure, injunctions are in order.

"But simply to ask for a cut in production (and how this will be achieved without injury to General Motors and the public interest, defies analysis) because from all appearances General Motors makes more buses because it makes them better and cheaper, leads simply to Government monopoly through restriction and marketing allocations. The direction of such a move is away from free competition and free enterprise and away from the general principles on which the world's greatest economy is based. As defined, such a move handicaps the efficient and successful through subsidizing the opposite. That is no answer to the 'monopoly' question or its admitted hazards."

Unlawful Practices Charged

Actually, the Government charged that General Motors *had* engaged in specific unlawful practices to monopolize the manufacture and sale of buses. The alleged unlawful acts of conspiracy and illegal control were: (1) putting a General Motors officer in as Board Chairman of a principal competitor; (2) granting preferential prices to favored customers; (3) refusing to sell buses to competitors of favored customers; and (4) inducing officials of municipal bus lines to write restrictive specifications to exclude bids from other manufacturers of buses. The Government charged that these activities enabled General Motors' bus division to monopolize the manufacture and sale of buses by cornering 84% of the bus market in 1955. The Government, in its suit, is asking the Court to prohibit perpetually the alleged monopolistic practices, and to enjoin General Motors from supplying more than 50% of the bus requirements of four of the nation's principal bus operators.

Much of the discussion of the case has, however, ignored the specific practices which the Government alleges to be unlawful, and has been concerned with the request that General Motors be limited to 50% of the requirements of the principal bus operators. The fact that General Motors controls over 80% of the bus market is considered to be a result of more efficient production, and thus, implicitly, not unlawful under the antitrust laws.

But even if the specific practices charged are disregarded, and the Government may or may not be able to substantiate them in court, there remains the undisputed fact that General Motors does control over 80% of the bus market. And against the background of earlier and fairly recent court decisions, it is by no means clear that this result, however innocently arrived at, is consistent with the antitrust laws as interpreted, or with the meaning and intent of the Sherman Act. Instead, the discussion of the Government's case in the press indicates two important things: (1) a rather startling lack of understanding on the part of the press concerning the present status of antitrust law; and (2) a serious failure on the part of the public, and in turn, Congress, in understanding the basic dilemma of antitrust policy and in deciding what we want our antitrust policy to be.

Good and Bad Trusts Are Forbidden

In respect to the first of these problems — the current status of antitrust law—the Government's charge against General Motors, even ignoring the specific practices charged, does not come as a surprise to the student of antitrust. In 1945, when the Supreme Court was unable to obtain a quorum to review the District Court's decision in the Alcoa case, the case was sent to a Circuit Court of Appeals for final decision, after Congress amended the judicial code to enable a Court of Appeals to serve in such circumstances. The decision, having the effect of a Supreme Court ruling, was written by one of the country's most respected jurists, Judge Learned Hand. The Government's charge against Alcoa was similar to that in the present General Motors case. The Government had charged Alcoa with monopolizing the market in virgin aluminum ingot, and with engaging in specified unlawful activities to assist in attaining this end. Alcoa was found to control over 90% of the virgin aluminum ingot market. In a sweeping decision the court found Alcoa guilty of monopolizing the industry in violation of the Sherman Act, and the court implicitly reversed the "Good Trust Doctrine" in which the Supreme Court earlier had held that monopoly power—the power to control the market—was not necessarily a violation of the antitrust laws so long as such power was not abused—that is, so long as the "trust" was a "good" trust. In the Alcoa case the court said:

"Be that as it may, that was not the way Congress chose; it did not condone 'good trusts' and condemn 'bad' ones; it forbade all."

And while finding Alcoa guilty of unlawful activities under the antitrust laws, the court indicated that it would have found Alcoa guilty without such specific activities:

"In order to fall within Section 2 (of the Sherman Act) the monopolist must have both the power to monopolize, and the intent to monopolize. . . . No monopolist monopolizes unconscious of what he is doing. So here, 'Alcoa' meant to keep, and did keep, that complete and exclusive hold upon the ingot market with which it started. That was to 'monopolize' that market, however innocently it otherwise proceeded."

The decision in the Alcoa case is now associated with the doctrine that "monopolization per se" is illegal—that is, that possession of monopoly power *in itself* may constitute a violation of the antitrust laws. But the court did not define such "monopoly power" in the Alcoa case—it found that Alcoa controlled 90% of its market, and that 90% was sufficient to make Alcoa a monopoly under the law. How much less control would be similarly regarded was not specified by the court. While this decision was made not by the Supreme Court but by a Court of Appeals speaking for the Supreme Court, the Supreme Court endorsed the key portions of Judge Hand's decision in its decision in the American Tobacco Company case in 1946. In this latter decision the Supreme Court stated: ". . . the material consideration in determining whether a monopoly exists is not that prices are raised and that competition actually is excluded, but that power exists to raise prices or to exclude competition when it is desired to do so."

Object to Congress, Not Justice Department

The key question since the Alcoa case has been where the court would draw the line between market power; enjoyed to some degree by almost every seller, and "monopoly power" as in the Alcoa case. In the General Motors case now pending it is undisputed that General Motors controls over 80% of the bus market. This may or may not be enough, when the court hears the case, or the court may decide to reverse itself, or to distinguish the General Motors case from the Alcoa precedent. But, to repeat, the General Motors case does not come as a surprise, and certainly not without close precedents. Those who view the General Motors case with alarm should direct their fire not to the personnel of the Department of Justice, but to the Congress or to the courts where the law is written and interpreted.

The second problem which the current discussion of the General Motors case reflects is more basic. What do the American people want their national antitrust policy to be? This has been an unanswered question since 1890, when we enacted the Sherman Act.

Does Society Want Only Efficiency?

To refer to the *Times-Star* editorial, the writer of that editorial had little difficulty interpreting the language of the Sherman Act. Yet even his definition is too vague: ". . . we take monopoly to mean a condition in which control by one agency eliminates competition to the detriment of the public welfare." No one would disagree with this. But exactly how do we determine when the elimination of competition results in "the detriment of the public welfare"? How is the public welfare to be defined and recognized? This is the responsibility of Congress, and Congress in 1890 stated that it was unlawful "to monopolize or attempt to monopolize." Failure or inability to spell out the intent and meaning of these words explains most of the inconsistent, vague and misunderstood nature of our antitrust enforcement since 1890. Congress has amended the Sherman Act to grant partial exemptions to various groups, and to spell out certain types of unlawful practices since 1890, but has not contributed much to the clarification of policy. Instead, this has been the not always happy lot of the Antitrust Division of the Department of Justice and the courts.

Much of the dilemma can be explained by the fact that the American people have two cherished objectives in this field: to promote, encourage and reward efficiency in production and distribution; and to perpetuate an economic and social organization characterized by many small producers and distributors. This second objective was referred to by Judge Hand in the Alcoa decision when he commented on the intentions of Congress in passing the Sherman Act:

"Moreover, in so doing it was not necessarily actuated by economic motives alone. It is possible, because of its indirect social or moral effect, to prefer a system of small producers, each dependent for his success upon his own skill and character, to one in which the great mass of those engaged must accept the direction of a few."

Unreconcilable Goals

Unfortunately, these two goals are not always reconcilable. Nor are they always recognized with equal importance. Efficiency in production and distribution is well publicized and well understood, although sometimes too closely associated with bigness. The socially desirable organization of the economy and of society is less frequently discussed, but finds its way into public policy councils obliquely and finds expression in such unrelated statutes as those designed to protect the family-size farm, to preserve "fair trade," and to penalize mass distributors through special "chain store taxes." We are often embarrassed by them, because it is difficult to support them through economic analysis because they are almost invariably associated with restrictions on the most efficient methods of production or distribution. Indeed, they can not be understood through economic analysis alone, for they reflect social objectives which may be completely unrelated to efficiency. And, on an abstract level, almost every citizen will agree that efficiency is not the *only* end of public policy.

The question of control and protection against abuse of power is another argument for maintaining a system of small producers. The force of competition, which we all support in the abstract as our main protection against the abuse of others, *may* be adequate in an industry characterized by only a few large producers or in an industry dominated by one or more giants, but it may also, in the absence of public policing, be subverted through not only the obvious and crude methods of conspiracy and combination, but also through the more subtle techniques of price leadership, tacit agreement, and sheer size alone. Historically, market power was feared because of the political power that sometimes accompanied economic power. And it is also true that, at least in the past, unregulated size has not always stopped where efficiency would dictate. Monopoly profits, through the exercise of monopoly power, may, in the absence of regulation, ignore standards of efficiency if such action is more profitable.

This does not suggest any particular change in antitrust policy. But it does indicate the complexity of the problem. It may be that our antitrust policy and our antitrust law as it now stands is not consistent with the American public's objectives. But any suggested changes in antitrust policy should take into consideration the full complexity of the problem.

Franklin Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — George R. Lill, Douglas H. McBeath, Alfred L. Munday and Leo D. Wilcox have joined the staff of Samuel B. Franklin & Company, Clocker Building.

Equitable Secs. Adds

(Special to The Financial Chronicle)

HARTFORD, Conn.—Walter H. Singleton has been added to the staff of Equitable Securities Corp., 36 Pearl Street.

Two With Putnam & Co.

(Special to The Financial Chronicle)

HARTFORD, Conn. — Winthrop P. Eldredge and Madeline R. Somers have joined the staff of Putnam & Co., 6 Central Row.

Now With Cooley & Co.

(Special to The Financial Chronicle)

HARTFORD, Conn.—Mrs. Mary C. Dower has become associated with Cooley & Co., 100 Pearl St. Mrs. Dower was previously with Shearson, Hammell & Co.

Joins Schirmer Atherton

(Special to The Financial Chronicle)

HARTFORD, Conn. — Irving Eisenbaum has become connected with Schirmer, Atherton & Co., 37 Lewis Street.

Public Utility Securities

By OWEN ELY

Washington Water Power Co. Pacific Northwest Power Co.

Washington Water Power supplies hydro-electric power to a population of about 530,000 in north central and eastern Washington and northern Idaho, Spokane being the principal city served. The company has a long record, dating from 1889, and has paid dividends for 60 years. As the result of PUD condemnations, the company has lost some properties but has also gained others. The 48,000 kw hydro plant at Chelan, Wash., was sold to a PUD in 1955 for $20 million but the company received nearly double book cost, and also negotiated an agreement with the PUD to direct plant operations for 40 years and to buy the full power output, with the exception of small local requirements.

The company recently purchased the facilities owned by Citizens Utilities in and around Deer Park, Wash., for $950,000. On Nov. 22, the voters of Stevens County, Wash., approved the sale of PUD properties to the company for $2,905,000. On Aug. 30, the company purchased a property from Bunker Hill Mining Company, serving Kellogg, Idaho, and adjacent area.

Principal industries in the area are agriculture, lead, zinc and silver mining, lumbering and related operations, and aluminum refining which uses large amounts of power.

Washington Water Power's residential electric rate, 1.24c per kwh, is among the nation's lowest due to cheap hydro-electric power. As a result residential use of electricity averages 7.792 kwh (up 557 kwh over the previous period) or about 2½ times the national average. Residential and rural sales provide half of electric revenues, commercial 21% and industrial 20%.

The introduction of natural gas to the area is expected to stimulate industrial growth but is not expected to make any serious inroads into residential uses of electricity for cooking, water heating, etc. An aggressive sales program is expected to raise the usage of other electric appliances including refrigeration, lighting, heating, and automatic laundry equipment.

Generating capacity currently aggregates 354,650 kw. Construction of the company's Noxon Rapids hydro project will add 200,000 kw. to the system in each of the years 1959 and 1960. The Company buys approximately 10% of its power supply from Federal agencies including Bonneville, but Noxon should make it self-sufficient. It expects to spend in the next five years nearly as much on construction of generating facilities as it spent in the past 67 years.

Washington Water Power's share earnings have increased consistently from $1.02 in 1949 to $2.11 last year, and President Kinsey Robinson forecasts $2.30 for the calendar year 1956, with next year's earnings "a little bit better." In addition to the published earnings the company has large tax savings—equivalent to $1.16 a share last year — resulting from five-year accelerated amortization of the big Cabinet Gorge Plant. As another result 83% of the company's dividends last year were free of Federal income taxes. (The amortization of Cabinet Gorge cost will end in 1957, but Noxon might provide similar savings.) Dividends have been paid for about 60 years on the common stock.

The common stock is currently selling around 37 and pays $1.80 to yield 4.9%. Based on estimated 1956 earnings of $2.30, the price-earnings ratio is 16.1. The Company does not expect to do any equity financing before 1960.

Because of the need for additional power in the northwest from 1960 on, when the big Federal hydro projects will have been virtually completed, four private utilities—Washington Water Power, Pacific Power & Light, Portland General Electric and Montana Power — have organized the Pacific Northwest Power Company headed by Kinsey Robinson. This company about a year ago filed an application with the FPC for a license to build the "Mountain Sheep-Pleasant Valley Hydro Electric Project" on the Snake River, between Oregon and Idaho below Hell's Canyon, which would compare in size with the big Federal dams. Assuming that an FPC license is obtained soon, development work could start immediately with the project in full operation by Jan. 1, 1960. It would cost about $213 million and would have an initial capacity of over 1 million kw. and ultimate capability of 1.4 million kw. Cost of energy per kwh in the first year is estimated at only 3.37 mills.

The six hydro-electric generators to be built for Pleasant Valley will be the largest in the world—49 feet in diameter—and will produce 170,000 kw each. Pleasant Valley Dam will be one of the highest "true arch" dams in the world—534 feet high.

It is planned to finance the enterprise on an 85-15% capital ratio, similar to the capital set up of other large hydro and steam plants of base-load character, if the SEC approves. This would mean about $131 million bonds which (according to literature on the project) the Company seems hopeful of placing with insurance companies on about a 3½% basis. Earnings on common stock would be limited to 8%, it is reported, with indicated dividend payments of 6%. The project will be coordinated with the operation of the Northwest Power Pool.

Witter Branch in Everett

EVERETT, Wash.—The opening of modern brokerage offices by Dean Witter & Co. marks the first time a member firm of the New York Stock Exchange has been established in Everett.

The new Dean Witter & Co. office in the First National Bank Building is the 30th to be opened by the firm and the third in the State of Washington. Other offices are located in Seattle and Tacoma.

Norman Smith, who will be manager, has been with Dean Witter & Co. since October 1949 and previously was a staff accountant for McLaren, Goode & Co. He is a graduate of the University of Minnesota and served as an officer in the U. S. Navy with the amphibious forces.

The new Dean Witter & Co. office will have complete statistical services, market quotations, direct private wires to the firm's offices from coast to coast. An exclusive service will be the firm's telephonically transcribed market report which gives approximately one minute of stock market news and comment automatically on any telephone.

Three With Logan

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leo M. Katz, Ingrid B. Langton, and Robert A. Smith have become affiliated with J. Logan & Co., 2115 Beverly Boulevard.

Continued from page 3

Electronics Comes of Age

the long run, actually reduce potential sales and cause the public to distrust or lose confidence in the industry.

Premature Color Television

Our research and development engineers are busy constantly developing new products and improving old ones. We have every reason to believe that in 10 years, a major share of our business will come from products that are not in production today. But we must be patient and demonstrate our maturity to the public by not rushing headlong into the market before adequate technical and market research has been done.

In this highly competitive business, chance to outdistance other firms should not be used as an excuse for marketing new devices which have not been tested properly or refined to the point where they will be accepted by the public.

I feel that electronics industry members should ask themselves whether the problem of the introduction of color television service has been handled properly. There are several questions which can well be asked. For example:

(1) Was color technology far enough advanced when attempts were first made to market color receivers and is it far enough advanced now to provide dependable and relatively satisfactory color service from the standpoint of the consumer?

(2) Since color is an additional, and not a new service, have we adequately analyzed consumer buying preferences and motivation in order to determine the premium that the consumer will pay for color?

Monochome TV Sets

I firmly believe that within the next eight to 10 years, color television will give us one of the greatest opportunities for increased dollar volume, but I do not mean to indicate that mass production and mass sales of color receivers are that far in the future. Color television still represents a serious technical and commercial problem but a problem the solution of which looms closer and closer each day.

Until we can solve the color problem to the complete satisfaction of the consumer, we face the additional problem of providing monochrome sets that are attractive to the public. Market analysis, combined with product planning and good engineering, for example, showed that the consumer was ready for a low price "portable" and that such a receiver could be built. The "portable" provided the key to the second set market and the answer to the interim period before successful introduction of color can be accomplished.

Otto Kleppner, the noted advertising authority, points out that every new product launched on the market enters what he calls the advertising or marketing spiral. This ever-widening spiral consists of three phases: pioneering, competitive and retentive. In the pioneering stage, the basic merits of the product and its utility to the consumer must be shown. Then, as it becomes accepted by the public, other firms start making the same product and it reaches the competitive stage.

If the product remains the same and is not improved upon, it goes into the retentive stage which, in effect, is stagnation. If, however, the manufacturer improves the basic product to give it greater utility, it moves into a new pioneering stage. And, as the competition copies the improvements, the product reaches a new competitive stage. And so the spiral continues.

Now, when monochrome television was first placed on the market, it provided a distinct new service and it was truly in the pioneering stage. As more manufacturers entered the field and as improvements were made, monochrome television passed rapidly through the various stages of the spiral.

Color Not a New Product

But, when color television appeared on the horizon, the industry treated it as an entirely new product rather than simply an improvement or refinement of an established product. And we soon found out that the consumer has definite restrictions as to what premium he will pay for such improvements.

What is true of color television is true of any other electronic product. The cost of development and manufacture must be in alignment with the allocation the consumer is inclined to make from his disposable income, based on his individual standard of living.

The lesson we have been taught by color television is that no industry should become so inflated by past success that it allows itself to drift along complacently with the idea that the public is willing to buy any product we produce whenever we choose to produce it.

Presenting the right product to the right market at the right time and at the right price is a responsibility we owe our customers.

Meeting Military Needs

Toward our military customers, we have even more responsibilities. It is an axiom in our industry that the military wants everything delivered yesterday. And a glance at the world news headlines in our daily papers certainly justifies that desire. We must never fail to fulfill our responsibilities for the research, development, production and delivery of military products. We must never, for an instant, rest in our pursuit of greater reliability.

Actually, we have two good reasons for being thankful for the military. First, because they are protecting America from the rumblings of a restless world. Second, because many military electronic developments have found commercial applications which have helped build our industry. This cross-pollination, as it were, of ideas between the military and commercial areas has been a prime factor in the stimulation of electronic growth. The radar that saved England from the Luftwaffe now helps commercial airliners land safely in fog, darkness and rain. And the television set that enables us to watch the national political conventions from our living room permits the military combat commander to see and direct his troops over a wide area while he remains at a central point.

Although every person in the United States is a potential customer of the electronics industry, there are some specific groups toward which we have special responsibilities.

For example, there are our stockholders. Of course, our primary effort must be directed toward assuring them a reasonable return on their investment. But other things are important, too. We must not regard stockholders as mere addressees to which dividend checks are sent. Today's stockholders come from every age group and every income level and they are taking an unprecedented interest in the operation of our companies. It is our responsibility to keep them fully informed.

Assuring Risk Capital Flow

If we are to assure the continuing flow of risk capital, upon which our further growth and expansion rely, we cannot fail to work unceasingly to provide a fair return on investments. We must work against such harmful factors as flagrant misrepresentation. We must stand firmly against unfair and confiscatory taxation.

Our employees are another group which merits special consideration. Our responsibilities in this area include the providing of good pay, pleasant working conditions and steady jobs. Management must take a genuine interest in employee welfare. The so-called "human touch" must be made an integral part of our philosophy and practice. Happy employees make good workers and good citizens.

We have very definite responsibilities toward the communities in which our firms are located. Here is what Bertrand R. Canfield, of the Babson Institute of Business Administration, has to say about this subject: "Both the people and the institutions in a community have interrelated responsibilities which must be recognized if all are to enjoy the benefits of community life.

"Business has the right to expect the schools to provide well-educated employees with good attitudes, skill and work habits; the churches to contribute persons of good morals and character; the local government to furnish fire, police, and sanitary protection and highway facilities; the public utilities to provide water supply, gas, electricity, and transportation; and the social service organizations to contribute health, hospital and medical facilities."

Mr. Canfield goes on to say, "The community, in turn, has a right to expect business organizations to provide regular employment, good working conditions, fair pay, and satisfying work; to purchase goods and services locally and put more money in circulation in the community; to pay its share of taxes to support the local government; to contribute to worthwhile local charitable and cultural projects; and to be a good neighbor, keeping a clean and attractive place of business.

"The community looks upon a business as a local institution which should be operated for the benefit of the town or city as well as in the interest of its stockholders, employees, and customers. A business, like other community institutions, can exist only so long as the public permits it to endure."

Educational Needs

Let me add a few words about educational institutions. Our responsibility in this area is greater than it has ever been before. As Frank W. Abrams, former chairman of the board of Standard Oil of New Jersey said, "It has become clear to many men of management that such a broad question as education is a matter with which corporate citizens, as well as individuals, have the obligation to concern themselves."

We in the electronics industry are going to have to double our present numbers of engineers and technically-trained men and women in the next 10 years in order to keep abreast of the market. And we will have to depend on the schools and colleges to provide us with these people. I don't need to remind any of you of the present shortage of engineers and other scientifically trained personnel. But I should remind you that each of us, according to his talents, should do everything possible to help our educators.

This can be done in several ways: by financial grants; by the providing of scholarships; by the underwriting of research and development programs; and by encouraging young people to study science and mathematics. Every company, however large or small, can do its share. This is our responsibility to education.

Radio Spectrum

There is one more area in which we have a definite responsibility. That is in the efficient use of what might be called one of our great natural resources—the radio spectrum. For example, it is only through the effective utilization of the ultra-high-frequency channels that we will be able to expand into a truly nationwide competitive television service.

If we continue to use only the 12 channels reserved for very-high-frequency transmission, there is distinct danger that we may lose the 70 UHF channels simply through lack of use.

These 70 UHF channels comprise 85% of the spectrum space now allocated for television broadcasting. They are the television industry's most precious resources. If lost by re-allocation to other services, they can never be regained and satisfactory expansion of television coverage will be virtually impossible.

Three Factions to Consider

There are three factors to consider in the move from VHF to UHF. The first is technological and here we have a job of fact-finding to do. Present UHF service and the possibility of still further improvements must be studied to determine whether UHF service can be made reasonably comparable to VHF. We must study the economics to determine the possible cost of the move. And third, if technology and economics prove feasible, we must then attack the problem of education. We must obtain the full concurrence of the public through obtaining recognition that the move is in the public interest and that set owners will not be penalized through forced obsolescence of their sets.

Of course, this change from VHF to UHF could not be accomplished over night. But plans must be made now, before it is too late. If this changeover were spread over a period of seven to 10 years, the economic loss to the public could be reduced to the absolute minimum.

Now Is the Time

Obsolescence is a key factor here. The average life of a television receiver is estimated at seven years and studies show we are now just entering the period of mass-replacement purchases of receivers. This is the time to seriously consider the transition.

An early decision to move television to the UHF channels, if such action can be shown to be feasible, would help insure that all sets purchased after the decision will be capable of receiving UHF programs. To further ease the transition, existing station operators should have the right to transmit simultaneously on both VHF and UHF channels. If this is allowed, station operators should be permitted quicker amortization of transmitters, since this is the only station equipment affected by the transition.

These are some—but not all—of our responsibilities as an industry or as members of an industry.

Benefits From Responsibilities Met

Now let us examine briefly the benefits that will be derived if we all decide to accept the responsibilities that have been discussed. Sometimes these decisions are not easy to make. They can demand much earnest soul-searching and perhaps making what John Foster Dulles has called an "agonizing reappraisal." But they are the sort of decisions that will measure our stature as a responsible industry.

First, we will all benefit from a more even rate of growth. This stability will enable us to expand in a better business climate which we will have created for ourselves. What the economists sometimes call "temporary dislocations" within an industry are veritable crises when brought down to the specific company or individual level.

Second, we will benefit by having the industry on a sound financial and economic footing. Risk capital is still needed by the electronics industry. If we can demonstrate and prove our responsibility, investors will be more likely to provide the funds we need to exploit our vast development potentialities.

Third, we will avoid the danger of governmental intervention and control. Our lawmakers are constantly on the lookout for instances of irresponsible actions which can cause damage to the public, economically or otherwise. There have been numerous examples of this in the history of other industries. Standards of ethical business conduct should be as important to us as standards of engineering.

What will happen if we do not face up to our responsibilities? The whole industry will suffer because the public will lose confidence in us. They will hesitate to invest their capital in our firms, to buy our products, to work in our plants, and to have us settle in their communities.

As an industry, we have come of age, we have unbounded potential for growth. As we extend our basic knowledge, as we learn to apply that which we now know, the uses of electronics expand in like ratio.

This truth makes more binding upon us the responsibilities we face as a mature industry. If we accept these responsibilities with the same enthusiasm with which we have tackled our technological problems, there can be no doubt as to the brightness of the future of our industry.

Hamilton Managem't Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Everett L. Bird, William Broomhall, William B. Clement, Gerald M. McKeel, Ray M. Roberts, Robert E. Valley, and Richard F. Young are now with Hamilton Management Corp., 445 Grant Street.

Joins Walker Staff

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn.—Breslav Walter, Jr. is now with G. H. Walker & Co., 118 Bank Street.

With Whitehall Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Edward J. Lopez has been added to the staff of Whitehall Securities Corporation.

John F. Sammon Joins John J. O'Kane, Jr.

John F. Sammon has joined the Trading Department of John J. O'Kane, Jr. & Co., 42 Broadway,

J. F. Sammon

New York City, and will specialize in mining securities and in special situations.

He was associated with Bear, Stearns & Co. prior to organizing the firm of J. F. Sammon & Co. who were in business for 15 years, and recently resigned as partner in Wm. L. Burton & Co., members of the N. Y. Stock Exchange.

Mr. Sammon was one of the original group who organized the Security Traders Association of New York and is still an active member.

Phila. Mun. Bond Club Luncheon Meeting

PHILADELPHIA, Pa. — The Municipal Bond Club of Philadelphia will hold a luncheon at the Union League on Monday, Oct. 8, at 12:30 p.m. The Honorable Sinclair Weeks, Secretary of Commerce, will deliver a brief address on "The Highway Program."

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John W. Hamilton, Jr., Virginia M. Klimpen and D. Bruce McRae have become affiliated with Mutual Fund Associates Incorporated, 506 Montgomery Street.

With Hincks Bros.

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — Alfred DeGenaro has become associated with Hincks Bros. & Co., Inc., 157 Church Street. He was formerly with Norman F. Dacey & Associates.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

IRVING TRUST COMPANY, NEW YORK CITY

Irving Trust Company traces its origin to two banks organized in 1851, the Irving Bank and the New York Exchange Bank. Both subsequently took national charters. In 1907 they consolidated under the title Irving Exchange National Bank. Through natural growth and union with other banks, prominent among which were Mercantile National Bank in 1912, and Lincoln National Bank in 1920, Irving's capital reached $23,000,000 in 1923, with deposits of $262,000,000. In that year Irving and Columbia Trust merged. The national charter was then relinquished and Irving continued as a trust company under the special state charter that had been granted to Columbia Trust. In 1926 American Exchange-Pacific National Bank were merged with Irving, which brought capital funds to $60,000,000 and deposits to $628,000,000.

In 1931 the bank's new main office building at One Wall Street was occupied; and at present there are eight branches. Irving conducts a general banking and trust business.

Statement of Condition — June 30, 1956

ASSETS		
Cash and Due from Banks		$437,135,535
U. S. Government Securities		347,009,250
Securities Issued by Govt. Agencies		38,996,511
Other Securities		4,530,098
Stock in Federal Reserve Bank		3,150,000
Loans		766,646,911
Mortgages		22,780,271
Banking Houses		16,735,355
Customers' Liabilities for Acceptances		33,610,925
Accrued Interest and Other Assets		5,905,379
		$1,676,510,235
LIABILITIES		
Deposits		$1,492,755,232
Taxes and Other Expenses		11,350,305
Dividend Payable		2,000,000
Acceptances: Less Amount in Portfolio		36,037,445
Other Liabilities		6,356,331
Capital	$50,000,000	
Surplus	55,000,000	
Undivided Profits	23,010,922	128,010,922
		$1,676,510,235

A breakdown of these assets into principal categories follows:

Cash	26.0%	Mortgages	1.4%
U. S. Govt. Obligations	20.7	Real Estate	1.0
Other Securities	2.8	Miscellaneous Assets	2.4
Loans	45.7		

The bank's portfolio of United States Government obligations, excluding the F.H.A. mortgages, was distributed in the following maturity groupings at the last several year-end dates.

Maturities

	1947	1948	1949	1950	1951	1952	1953	1954	1955
Up to 5 Years	84%	83%	72%	72%	78%	71%	79%	70%	72%
5 to 10 Years	7	10	18	28	22	29	21	*30	*28
Over 10 Years	9	7	10	--	--	--	--	--	--

*Due in five or more years.

The following schedules give, first, a breakdown of the bank's sources of gross income; secondly, the average rate of return derived from its securities holdings and from its loans:

Break-Down of Sources of Gross Income

	1948	1949	1950	1951	1952	1953	1954	1955
Loan Interest	47%	48%	52%	62%	63%	63%	56%	61%
Int. & Divs. on Securs.	33	32	29	20	20	21	27	22
Fees, Commis. & Misc.	20	20	19	18	17	16	17	17

Average Rate of Return

	1948 %	1949 %	1950 %	1951 %	1952 %	1953 %	1954 %	1955 %
On Loans & Discts.	2.77	2.65	2.77	3.05	3.29	3.48	3.35	3.61
*On Securities	1.97	1.96	1.97	2.09	2.16	2.67	2.48	2.77

*On Government obligations.

From these tabulations it is apparent that Irving's trend on the maturities of its Governments has been to lengthen a little. More noticeable, however, is the fact that in the 1948-1955 period the gross income derived from securities has shrunk by 33%, while the proportion of gross coming out of loan operations has increased by about 30%. As the last table shows an increase of 30% in the average rate of return on loans, it is here that we find a main contribution to Irving's steadily rising trend in operating earnings.

Ten-Year Statistical Record — Per Share

	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range— High	Low
1946	$22.54	$1.35	$179	$0.80	20¼	15⅞
1947	22.90	1.26	176	0.80	18⅝	14⅜
1948	23.29	1.36	170	0.95	16⅝	14¾
1949	23.60	1.38	173	0.80	17⅝	14⅝
1950	23.52	1.48	190	0.90	19⅞	16⅞
1951	23.91	1.55	198	1.40	22½	18
1952	24.28	1.63	214	1.10	23⅞	20¾
1953	24.50	1.73	217	1.20	24⅛	20⅝
1954	24.84	1.80	239	1.30	29¾	22¾
1955	25.29	2.20	244	1.62	32¾	29

Thus in the decade book value increased by about 14%; operating earnings 63%; invested assets 36%; dividends 102%.

The stock sells at present at about 34, at which price the return on the $1.62 dividend is about 4.77%, a generous yield on a high grade bank stock investment. The stock is selling at about 15.5 times 1955 operating earnings. In that year 8.7% was earned on the year-end book value; and 74% of operating earnings was disbursed as dividend.

Irving's unbroken dividend record goes back 50 years. The stock is on a regular quarterly basis of 40 cents, but as this represents a pay-out of only 73% of the 1955 operating earnings, and 1956 earnings are likely closely to approximate $2.50, there appears to be ample room for the declaration of a year-end extra; a total of $1.75 a share for the year would be within a conservative range of the expected operating earnings.

Continued from page 2

The Security I Like Best

chra, servo motors, resolvers, motor tachometers, induction potentiometers and hiptersis motors, all components of automatic computation, regulation and performance systems. Also several electronic instruments such as an automatic digital controller for use in the machine tool and chemical industries.

(4) **Audio,** the manufacture of magnetic tape recorders for military and civilian use, best known in civilian fields as the Concertone suitable for the professional user as well as the high fidelity enthusiast.

As in any company the factor of management is of top importance. It has been my privilege to have personally known and observed the top echelon of this company and I approve of their business philosophy which, simply stated, is this: A theory must be commercially profitable and pay dividends. In other words, they operate as pioneers, not as explorers.

The company's capitalization is simple and compact; consisting of $1,250,000 convertible debentures 5s due May 1, 1967, and 517,860 shares (outstanding) of $1 par common stock. Authorized common stock amounts to 850,000 shares, of which 87,719 are reserved for the conversion of the debentures (the conversion price for these debentures commences at 14¼ and increases to 16¼ in 1959). Fifty-four per cent of the outstanding common stock is presently owned by the top management, who have waived dividends on all stock owned by them in order that working capital may be adequate to handle their rapidly increasing volume.

It was not until June, 1954, that the public was invited to help finance the growth of American Electronics. The initial offering was 160,000 shares at $4 per share. Subsequently, in May of 1955, $1,250,000 of convertible debentures were offered. On April 12, 1956, the common stock was officially listed and traded on the American and Los Angeles stock exchanges. The convertible debentures are traded actively in the unlisted markets.

The company entered 1956 with unfilled orders of over $6½ million on hand. Net sales for six months ended June 30, 1956, totaled $3,596,074, or 29% above a like period a year earlier, and net profits of $185,412 were 17% greater than a year earlier. Per share earnings totaled 36 cents. In commenting on operations for the first half, P. W. Zonne, Chairman, said: "A substantial increase in deliveries is expected for the remainder of 1956 and our staff has been built up to meet the increased production schedule. At the beginning of the year we had approximately 500 employees—now we have 650, and by the end of the year we will number between 750 and 800."

The management states that 1956 will witness the receipt of something over $15 million in orders with deliveries totaling close to or over $10 million. At this rate of operations, per share earnings should run somewhere between 80 cents and $1.

Currently selling on the American and Los Angeles stock exchanges around 13¼, and paying 50 cents a share in dividends, a yield of 3.8% is available. This price is less than 10% below the conversion price for the debentures, thus making these bonds attractive for the investor who prefers a more conservative instrument than a common stock. With unfilled orders at the current date totaling close to $10 million, I feel that substantially higher prices for this stock could be justified.

As previously noted, American Electronics has outstanding convertible debentures and common stock. I would consider the stock suitable for any investor, individual or otherwise, whose primary objective was growth.

Based on conventional investment principles the stock probably would not be suitable for widows and orphans although it would certainly offer some hedge against the declining value of the dollar, which every day is eating away the real value of mediums we consider to be riskless avenues such as savings accounts, government bonds, etc.

For investors or speculators wishing a medium other than a common stock, the company's debentures seem to have a great deal of merit.

Elected Directors

The election of George S. Jones and Alfred W. Kleinbaum, partners in the investment banking firm of Wertheim & Co., as directors of Gulton Industries, Inc., has been announced by Dr. Leslie K. Gulton, President of the Gulton organization. At the same time it was disclosed that Wertheim & Co. recently acquired a stock interest in the company.

Gulton Industries, Inc., is a producer of piezoelectric ceramics, which are used in electronic applications where miniaturization and precision are important.

With Bache & Co.

Bache & Co., members of the New York Stock Exchange and other leading exchanges, have announced that Herbert I. Scheinfeld has joined their midtown branch office, located at 333 Seventh Avenue, New York City, as a registered representative.

New registered representatives in the branch offices of Bache & Co. also include Lee Lewin, Beverly Hills, Calif.; William E. Morris, Philadelphia; and James D. Rutter, Tulsa, Okla.

Six With Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — James G. Birmingham, Gerald J. Erlick, Morris L. Hurwitz, Joseph P. Paradis, Ernest F. Pecci and George S. Scruton are now with B. C. Morton & Co., 131 State Street.

Ralph G. Randall With Taylor & Co.

CHICAGO, Ill.—Ralph G. Randall has become associated with Taylor & Co., 105 South La Salle Street, in the trading department.

Ralph G. Randall

Mr. Randall, who has been in the investment business for the past 36 years, has recently been associated with First Securities Co. of Chicago. Taylor & Co. has recently installed private wire connections to New York, St. Louis and Kansas City, as well as clearing arrangements on the Midwest Stock Exchange with local and wire-connected dealers. Mr. Randall will assist in servicing these connections as well as in retail sales force requirements.

Harvey M. Wilson has also become connected with the firm as representative. He was also previously with First Securities Co. of Chicago.

No. American Aviation Offer Underwritten by Morgan Stanley Group

North American Aviation, Inc., is offering its stockholders of record Sept. 7 rights to subscribe for 1,145,011 shares of capital stock (par $1) at $38 per share on the basis of one new share for each six shares held. An underwriting group headed by Morgan Stanley & Co. will purchase any unsubscribed shares upon termination of the offer on Sept. 24.

The company plans to use the proceeds for capital expenditures on further expansion and for working capital. At the end of the current fiscal year the company's expansion program will have required the expenditure of $22,000,000, and it is expected that a program of similar scale may continue next year.

North American Aviation, Inc., is a major integrated aircraft company which designs, develops and manufactures various types of aircraft and missiles, principally for the U. S. military services. The company is presently producing F-86 and F-100 jet fighters for the Air Force and FJ-4 jet fighters for the Navy and has various other types of aircraft under development. The major current project in the missile field is the SM-64 Navaho strategic missile which is now in the experimental flight test stage. The company also manufactures electromechanical equipment for aircraft and missiles, liquid-propellant rocket engines, and does both government and private atomic development work. Organized in 1928, North American now has about 69,000 employees with principal plants at Los Angeles, Fresno, Santa Susana, Downey, and Canoga Park, Calif., and Columbus, Ohio.

Total net sales and other income in the nine months ended June 30, 1956 totaled $636,742,000 compared with $580,382,000 in the same nine months of 1955. Over 99% of these sales for both periods were made directly or indirectly to the U. S. Government. In these periods, net income amounted to $22,323,000 in 1956 as against $23,635,000 in 1955. In the 1955 fiscal year, total sales and income aggregated $818,541,000 and net income was $32,349,000. At June 30, 1956, the company's backlog of uncompleted contracts was about $1,268,000,000.

Including the initial quarterly dividend of 40 cents and the extra dividend of 40 cents declared for payment Oct. 5 on the split stock, dividends for 1956 aggregate $1.92½ a share, after adjustment for the two-for-one stock split in August of this year.

Elected Director

Edwin L. Kennedy, partner in the investment banking firm of Lehman Brothers, has been elected a director of Murphy Corp.

Mr. Kennedy is also a director of Kerr-McGee Oil Industries, Inc.; Gas Properties, Inc.; Distillate Production Co.; and Independent Petroleum Association of America.

Halsey, Stuart Group Offers Gen. Tel. Co. of California Bonds

Halsey, Stuart & Co. Inc. and associates offered yesterday (Sept. 12) $20,000,000 of General Telephone Co. of California 4½% first mortgage bonds, series J, due Sept. 1, 1986, at 101.50% and accrued interest, to yield approximately 4.41%. The group won award of the bonds at competitive sale on Sept. 11 on a bid of 100.35%.

Net proceeds from the financing will be added to the treasury funds of the company and will be used to defray a portion of the costs of the construction and expansion program.

The new bonds will be redeemable at the option of the company at redemption prices ranging from 106% to par, plus accrued interest.

General Telephone Co. of California provides local telephone service in certain cities and communities in Southern and Central California. Toll service to points in and out of California is provided in part over lines owned by the company and other connecting telephone companies, but principally by connection with the Bell System through the lines of The Pacific Telephone and Telegraph Co. As of June 30, 1956, the company served a total of 760,418 telephones of all classes.

For the 12 months ended June 30, 1956, the company had total operating revenues of $65,077,158 and net income of $10,185,546.

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Joseph F. Lalli has been added to the staff of Coburn & Middlebrook Incorporated, 100 Trumbull Street.

With Income Funds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — William R. Keevers has joined the staff of Income Funds, Inc., 152 Temple Street.

Continued from first page

Can We Improve Methods Of Appraising Growth Stocks

the assumption of a reasonable interest rate to figure out the present worth of all future dividend payments plus the eventual liquidation payment.

Complicating Factors in Stock Appraisal

The mere enumeration of these conditions is almost sufficient to show that this approach is unlikely to yield many practically useful results, although some interesting attempts have been made to work out such an approach (see for example "An Approach to Stock Valuation" by Gilbert H. Palmer, *The Analysts Journal*, May, 1956, p. 17). Essentially this approach forces the financial analyst and the investor into the thankless role of a prophet. Both the remaining life expectancy of an individual company and its prospective earnings and dividend payments, year by year, are of course dependent on innumerable factors — political, economic and personal—extending into the distant future into which no telescope or crystal ball of even the best-informed can penetrate. Here are just a few observations illustrating this rather obvious point: While the ratio of pretax corporate profits to national income has not fluctuated too widely over the last few decades, the part of these profits being absorbed by taxation has increased to an extent that few people would have been willing to predict twenty years ago. The same holds true for the extent of the inflationary rise in price and profit levels which has occurred during that period. Or take the substantial shifts in the relative importance of entire industries such as coal versus oil, or copper versus aluminum, or rails versus aviation; similar important shifts will undoubtedly occur in the future as a result of technological discoveries and innovations, many of which cannot as yet be clearly perceived.

Last but not least, the composition and the caliber of a company's management can change rather drastically over the long-term in spite of the fact that both bad and good managements have a tendency to perpetuate themselves.

The future earnings and dividend curves of growth stocks present some additional guessing problems: For how many years ahead should we "reasonably" assume the earnings of a company such as Minnesota Mining and Manufacturing to remain in their current uptrend, how many years thereafter should we presume the company to remain static, and then to decay? (Not to mention the possibility of alternating dynamic and static cycles in a company's life.)

Even the comparatively simple requirement of picking an interest rate at which all future dividend payments and market and/or liquidating values should be discounted to arrive at their present worth, is by no means subject to a clear-cut arithmetical answer since the risk element is subject to individual appraisals. The selection of a 5% rate would yield results considerably different from those of a 6% rate.

Therefore, I find it hard to be more than an interesting statistical game.

Using Past Growth and Earnings As a Guide

On the surface at least, the very opposite approach is the one basing the appraisal of stocks primarily on past growth and earnings record. For reference material, this approach deals with historical facts that can be easily established. However, the underlying assumption is that basic industrial and managerial trends, as reflected in the past record of the company, will tend to continue at least into what is flexibly described as the "foreseeable future." Normally there is some likelihood in such an assumption and consequently the past record of the company is rightly scrutinized and analyzed as a major normal source for a reasonable appraisal of that "foreseeable future." However, when pushed to the extreme, such projections are applied mechanically and without due regard to individual circumstances, which transforms a financial analyst and investor into a statistical automaton. It does not take more than common sense to perceive that the past record, while usually important as a trend indicator, is not always a sure guide for the future prospects of a company. Any exclusive appraisal of stocks on their past record, tacitly contains a particular version of prophecy for the future—that of an unqualified extension of past trends—and, as such, is open to much of the criticism that can be leveled against the initially discussed approach.

A New Growth-Earnings-Price-Ratio

With this reservation in mind, let us look at the market prices of fifty-four equities usually considered "growth stocks," and their relationship to past growth records and recent (1955) earnings levels. For this purpose the table shows, as an indication of past growth, the percentage increases of per share earnings (adjusted to stock splits, etc.) for each of the periods 1929-1948 and 1948-1955 (col. 2 and 3); since net reported earnings in recent years have been distorted to some extent by accelerated defense amortization the percentage increase in dollar cash flow is also presented for the period 1948-1955 (col. 1). As to actual recent appraisal, the table shows the recent market prices of Aug. 9, 1956, as a multiple of stated earnings (col. 6), and (because of the already mentioned frequent distortions in such earnings) also (col. 5) as a multiple of 1955 per share cash flow (that is net plus depreciation and depletion). Finally, the traditional price times earnings ratio (col. 6) has been related to the percentage growth in per share earnings during the 1948-1955 period (col. 2) by dividing the latter by the former. By relating the postwar earnings growth rate to the market price of $1.00 of net per share earnings of 1955, a new growth-earnings-price ratio (g.e.p. ratio) is obtained which very roughly indicates whether recent earnings are priced relatively high or low in the light of recent growth. This is interesting since expectations of foreseeable growth are, at least in part, based on recent growth performance.

A glance at the table will show wide variations in the rate of per share earnings growth within each industrial group, and considerable differences in the growth performance of individual companies as between the 1929-1948 and the 1948-1955 period, on a straight annual basis.

Taxes Slow Down Net Earnings Growth

Incidentally, in looking at those two periods, one ought to keep in mind the sharp increases in corporate income taxation which have occurred: In 1929, the Federal income tax rate for corporations was 11%, in 1948, it was 38% (40% consolidated rate) while in 1955 the rate stood at 52%. To put it differently: The 48% of pretax net normally carried down to net in 1955 was only about 77% of the corresponding ratio in 1948 and a mere 54% of the like 1929 ratio; this gives a measure to what extent net earnings growth was slowed down by the tax factor.

The growth performance of the fifty-four tabulated stocks may be studied against the background of the following aggregate corporate profits in U. S.:

U. S. Corporate Profits
(In Millions of Dollars)

Year	Before Inc. Tax	After Inc. Tax
1929	$9,628	$8,259
1948	32,769	20,259
1955	42,666	21,133
	(Percentage Increases)	
1929-48	240%	145%
1948-55	30	4

In comparing these profit increases for all corporations with the growth figures for our fifty-four stocks one has, however, to bear in mind that the former are dollar aggregates partly boosted by the growing number of corporations, while the latter are based on per share data, with the growth usually somewhat diluted through additional equity financing during the two periods in question.

Deviations from New Ratio

To come back to the question of growth appraisal, one might normally expect stocks with a good growth record — particularly one in the postwar era—to sell at high price-times-earnings ratios and at relatively low g.e.p. ratios within their group, and expect the inverse for stocks with a slow growth record.

The actual picture conforms only partly to these expectations, and there are quite a few rather conspicuous deviations. On the one hand there are a number of stocks with good growth records and high PxE ratios which nevertheless show—within their group —a relatively high g.e.p. ratio, such as Rohm & Haas, Houston Lighting & Power, Lone Star Cement and Reynolds Metals. R.C.A., with a good 1948-1955 growth record, is selling at a medium price-earnings ratio in its group of communication electronics, and at a high g.e.p. ratio.

On the other hand, there are also some stocks with a rather slow or mediocre postwar growth record which nevertheless show a low g.e.p. ratio within their respective groups: Among these stocks are Union Carbide & Carbon, General Electric, Westinghouse Electric, Aluminium, Ltd., and U. S. Plywood; the first four are also selling comparatively high on current earnings.

There are various reasons why stock prices may substantially deviate from the range of appraisal

Growth Record and Recent Market Price of $1.00 (1955) Net Per Share

Stock	% Increase in Cash Flow 1948-55	% Increase in Net Per Common Share Earn. (3) 1948-55	1929-48	Closing Price 8/9/56	Price Times 1955 Net Plus Depr. & Depl.	Net Earns.	1948-1955 % Increase in P/Share Net Times Recent PxE Ratio
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Chemicals:							
Allied Chemical & Dye	106%	59%	25%	111¾	10.9x	20.5x	2.9
American Cyanamid	236	112	146	74	10.1	18.2	6.2
Dow Chemical	152	31	540	77½	16.2	47.3	0.7
duPont	145	182	85	215¾	18.6	23.3	7.8
Monsanto Chemical	193	66	500	43½	12.4	21.9	3.0
Rohm & Haas	276	330	---	456½	18.2	26.5	12.5
Stauffer Chemical	253	68	---	73⅞	10.7	18.3	3.7
Union Carbide & Carbon	100	36	170	128¾	15.2	26.7	1.3
Electric:							
General Electric	80	61	90	64¼	19.1	27.8	2.2
Sylvania Electric	317	66	66	55⅛	7.8	12.8	5.2
RCA	129	111	—12	43½	9.5	13.8	8.0
CBS	224	84	1140	30½	11.5	17.0	4.9
Westinghouse Electric	33	23	52	58⅛	8.3	12.2	1.9
Beckman Instruments	--	93	---	37¾	25.9	35.6	2.6
Oils:							
Gulf Oil	69	42	174	138¼	8.8(2)	16.9	2.5
Socony Mobil Oil	72	42	77	58⅜	6.9(2)	12.3	3.4
Standard Oil Co. (N. J.)	98	78	199	58⅝	10.9(2)	16.2	4.8
Standard Oil Co. (Calif.)	52	43	246	52¾	9.1(2)	14.4	3.0
Texas Co.	84	59	176	63½	7.0(2)	13.3	4.4
Continental Oil	38	—15	493	136½	11.1(2)	28.7	—0.5
Phillips Petroleum	58	— 8	131	54⅝	5.0(2)	9.8	—0.8
Shell Oil	84	13	550	98¾	8.4(2)	21.7	0.6
Building:							
Johns-Manville	80	40	93	56¼	10.0	15.3	2.6
Lone Star Cement	116	124	—15	90½	13.0	18.4	6.7
Pittsburgh Plate Glass	111	80	170	93½	11.2	14.9	5.4
U. S. Gypsum	59	65	275	74	12.9	14.9	4.4
U. S. Plywood	38	—27	---	48	9.3	13.6	2.0
Metals:							
Aluminium, Ltd.	107	31	895	144½	18.5	30.0	1.0
Aluminum Co. of America	141	114	109	131½	20.6	31.5	3.6
Reynolds Metals	311	240	130	82	15.8	24.0	10.0
Bethlehem Steel	133	93	154	165¼	5.8	9.1	10.2
Inland Steel	58	21	142	96¼	7.2	10.1	2.1
Utilities:							
Central & South West	101	45	---	40½	12.6	20.3	2.2
Gulf States Utilities	135	52	153	36¼	10.4	16.9	3.1
Houston Lighting & Power	208	115	179	57⅝	15.5	22.9	5.0
Texas Utilities	194	95	---	41⅜	13.4	20.1	4.7
Retail:							
Federated Dept. Stores	62	38	236	35⅜	9.2	11.5	3.3
J. C. Penney	5	— 3	274	93¼	14.5	16.7	—0.2
Sears, Roebuck	16	14	275	33¼	13.4	15.5	0.9
Aircraft and Airlines:							
American Airlines	112(1)	160(1)	---	25¼	5.4	10.9	14.7
Eastern Air Lines	337	465	---	56½	3.6	10.6	43.9
United Air Lines	120(1)	280(1)	---	41¼	4.7	12.3	22.8
Douglas Aircraft	350	370	710	86	9.1	11.2	33.1
United Aircraft	235	262	---	80⅛	8.3	13.1	20.0
Miscellaneous:							
Food Machinery & Chem.	230	93	200	70¼	9.1	15.4	6.1
Caterpillar Tractor	151	89	39	93⅞	15.4	23.2	3.9
General Motors	176	163	78	48⅜	9.1	11.4	14.3
Corning Glass	355	450	---	84	23.1	30.5	14.8
Owens-Illinois Glass	129	161	41	79⅜	13.3	18.0	9.0
Minnesota Mining & Mfg.	178	152	810	72¾	27.5	35.2	4.3
IBM	200	99	317	504	19.2	47.4	2.1
American Can	51	25	22	45	9.4	14.8	1.7
Continental Can	52	42	36	53¾	10.8	16.7	2.5
Minneapolis-Honeywell	245	145	288	84¼	20.8	28.2	5.1

NOTE: A number of companies are on a fiscal year basis.
(1) 1949-55; company had net deficit in 1948.
(2) Net plus all property charges.
(3) Adjusted for stock splits and dividends.

one would off-hand expect on the basis of their record, some easy to guess, others rather obscure. The most basic and valid reason is an expectation that the company's prospective record will be different from the past record; such an expectation (right or wrong) may be widespread regarding some of the above-named stocks. Moreover, in some cases, such as General Electric, there is the scarcity factor of a top-caliber company giving broadly diversified representation in a basic industry. To some extent, this scarcity factor is known to be present in many equity groups, since institutional investors have been concentrating their equity investments in "blue chips."

Extending Forward Investment Plans

As already indicated, the projection of recent growth trends of a company is only justified to the extent that available information on technological, industrial and/or managerial trends and plans do not point toward a different business and profit pattern in the future. Beside the general sources of information from which such indications may be derived, there is one that is gaining ever increasing importance and attention, namely the longer-range plans and projections made by corporate managements. It is a sign of greater maturity of business leadership that, in contrast to former times, periodically revised, longer-range plans for research and development, capital outlays and financing, as well as marketing are becoming a matter of course in a well-managed company. The customary forward range of such planning may encompass a period of three to five years, sometimes supplemented by tentative and incomplete plans going beyond that period. Such planning is facilitated by the rising number of labor contracts running for two to five years. On the other hand, the business cycle cannot be safely predicted for such periods, and consequently, the bulk of such forward planning is usually done on the assumption that cyclical swings will remain comparatively mild and thus can be disconsidered to a large extent. Most managements feel that, in going much beyond a period of about five years, one can easily wander off into the prophet wonderland since fundamental technological, economic, and managerial elements are subject to basic changes over a period of years.

Many corporate managements still show reluctance to give out information on their forward planning in such a form as to enable the financial analyst to draw valid conclusions for the prospective sales and profit range of the company. However, there is clearly a trend toward making such information more generally available, either publicly, or at least individually on a confidential basis.

When such information comes from a competent and trustworthy management it deserves prime attention in appraising an equity.

Limitations in Weighing Forward Planning

It seems to me that the limitations of forward planning generally accepted by competent corporate managements deserve recognition also by financial analysts and investors in evaluating the future. Appraising stock investments primarily in the light of prospects for a more limited, partly foreseeable future, on the basis of past achievements and current management planning, will help financial analysis steer clear of the two extremes of prophecies that cannot be substantiated, and of sterile historiography.

Much of this discussion has focused on the type of data on which primarily to base estimations of a company's future earnings potential. If and when one has reached such estimations, *there still remains the big question of how to appraise such earnings potential within the bounds of reason.* Are the recent market quotations of the growth stocks listed in our table within such bounds?

Let us start out with the trite but important fact that the appraisal of all "real" values, including stocks, has always been fluid within rather wide ranges; apart from basic political, economic and corporate changes, fluctuations in the climate of public psychology will of course influence prices. This precludes any narrow cut and dried formula for the "correct" appraisal of stocks.

Forecasts Higher Price-Earnings Ratio

Long-term historical records indicate for all dividend-paying stocks listed on the New York Stock Exchange yields fluctuating around an average range of 5½% to 6%, and price-earnings ratios pivoting around a center range of between roughly 9 to 11 times annual earnings. In view of the increasing public awareness of a long-term trend toward inflation, and in the face of justified hopes that cyclical fluctuations may no longer reach catastrophic proportions, it may very well be that stock prices will tend to gravitate around moderately lower yields and slightly higher price-earnings ratios. Along these lines, a price of 10 to 12 times average earnings may seem reasonable in our (optimistic) era for a good-grade industrial stock *lacking* above-average growth characteristics.

With due awareness of a measure of relativity in such appraisals, where does this leave the evaluation of *growth* stocks?

Some of yesterday's and today's growth stocks may, for one reason or another, cease to belong to this stock elite a few years from now. The great difficulties in planning and projecting specifically beyond the range of about half a decade ahead have already been mentioned. As the investor tries to look ahead beyond a limited time range, the risks of simply projecting growth trends increase rapidly. Consequently, the prudent investor should not rely too much on the continuation of a company's growth beyond the five or six years' horizon of semi-visibility, and should not pay any substantial premium for possible growth beyond such a period of time.

Taking our above-mentioned, rough yardstick, of about 10 to 12 times average earnings as a long-term, middle-of-the-road appraisal for a good-grade non-growth stock, *the prudent investor would probably stay within reason in buying a high caliber growth stock now at a price roughtly equal to 12 to 14 times prospective 1960 or 1961 earnings.*

Appraisals Cannot Be Dogmatic

In suggesting even such a broad range for the appraisal of growth stocks one should not be dogmatic. There are great differences in the caliber of individual growth stocks, which should, of course, be taken into consideration.

To facilitate an appraisal of growth stocks along the lines suggested, let us consider the earnings increase of such stocks within a five year period: If the cumulative annual growth rate is 8%, earnings will go up a total of 47% in five years; if the growth rate is 10%, the total earnings increase will be 61%, and if the growth rate is as high as 12%, earnings climb 76% in five years.

The following table is based on those cumulative earnings increases over a five year period. Assuming—for the sake of simplicity—1955 earnings to have been $1.00 per share, the 1955 earnings multiples in column 1 ranging from 15 to 27, are of course the corollary of current market prices of 15 to 27 for the stock; in the next three columns, the relationship of these same current market prices to projected 1960 earnings is shown, assuming a five year earnings growth at the rates of 8%, 10% and 12% respectively. As can be seen, for instance, a stock now selling at a multiple of 20 times 1955 earnings, is priced at 13.6 times projected 1960 earnings, after an 8% annual earnings growth; if the growth rate were to be 12%, the stock, at the same price, would now be selling at 11.4 times projected 1960 earnings.

A Possible Conclusion

If these rough yardsticks are applied to those growth stocks for which sufficient data are known to make at least tentative earnings projections of this type, it becomes clear that some of them are currently priced above the range at which a prudent investor would wish to buy them. Here, for instance, is a leading growth company—let us call it Company A—whose stock was recently priced at nearly 35 times 1955 earnings; at this level, the stock is selling at 20 to 22 times tentatively projected 1960 earnings; if the same growth rate would extend through the sixties—which of course is highly hypothetical—this stock A would now sell at 10 times 1968 earnings! This looks like an imprudent over-reliance on long-term growth—though it might prove right in retrospective.

Generally speaking, beware of market prices which, according to these yardsticks, postulate growth rates over the coming years which are unlikely to be attained.

Current Price as a Multiple of 1955 Earnings	Current Price as a Multiple of Est. 1960 Earns., Assuming a Cumul. Annual Growth Rate of 8%*	10%*	12%*
15	10.2	9.3	8.5
16	10.8	9.9	9.0
17	11.5	10.6	9.6
18	12.2	11.2	10.2
19	12.9	11.8	10.8
20	13.6	12.4	11.4
21	14.2	13.0	11.9
22	14.9	13.6	12.5
23	15.6	14.2	13.0
24	16.3	14.8	13.6
25	17.0	15.4	14.2
26	17.6	16.1	14.7
27	18.3	16.7	15.3

*Resulting in a total earnings increase of 47%, 61%, and 76%, respectively.

Three With Allen Inv.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William M. Crutcher, John W. Deal and Eugene A. Vallow have joined the staff of Allen Investment Co., Mile High Center.

Sheffield Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

NEW LONDON, Conn. — Edith I. Small has become connected with Sheffield & Co., 325 State Street.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Margaret I. Bess, William H. Hanselman, Mary M. Levy and James R. McHugh, Jr. are now with King Merrit & Co., Inc., 849 Peachtree St., N. E.

Southern California Edison Co. Common Stock at $48.50 a Sh.

A group headed by The First Boston Corp. and Dean Witter & Co., yesterday (Sept. 12) offered 500,000 shares of Southern California Edison Co. common stock (par value $25) at $48.50 per share. Proceeds from the sale of this stock will be used by the company in connection with its continuing expansion program.

Southern California Edison is engaged in generating, purchasing, transmitting, distributing and selling electric energy in central and southern California, not including the City of Los Angeles. The population of the territory served by the company has grown from 2,725,000 in 1950 to an estimated 3,800,000 as of April, 1955.

Total operating revenues of the company for the 12 months ended June 30, 1956 were $186,314,110 and net income to $31,169,793, equal to $3.43 per share of common stock. This compares with revenues of $176,580,381 and net income of $29,628,919, or $3.23 per share for the calendar year 1955.

Three With Secs. Inc.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William L. Novak, Susan P. Vitt and Hugh M. Warner have joined the staff of Securities, Inc., Farmer's Union Building.

Joins United Inv.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Conrad Dublin and William H. Smith have become connected with United Investors, Inc., U. S. National Bank Building, Mile High Center.

Continued from page 4

Miracle of American Wealth Due to People's Capitalism

takes to use business as a whipping boy for political aggrandizement may find his public life abruptly shortened. An unwarranted assault upon business no longer carries the "soak the rich" appeal of 25 years ago. It is a **direct attack upon a portion of the savings of 110,000,000 possible voters** invested in securities issued by the object of such an assault. He will be talking to a public more economically mature than ever before, who may well resent rabble-rousing pronouncements. The making of laws affecting business and investment must be attuned to reality and not demagoguery or political expediency.

In this connection I want to digress long enough to indicate a gross inequity in the Federal income tax law. A study of 20 large corporations covering the past 10 years shows that Uncle Sam collected $18,591,600,000 in income taxes. By comparison, those same corporations were able to pay their shareholders—those who had invested their savings in and actually owned these companies — only $11,510,100,000. In other words, the tax collector's bite was 61.5% greater than the total amount of cash dividends paid to their common shareowners.

Eliminate Double Taxation of Dividends

Let's look at what this corporate tax burden does to the shareowner. Not only does his corporation pay income taxes of perhaps 52 cents out of a dollar of earnings but **when the shareowner receives a dividend he must pay another income tax on that dividend at his personal tax rate.** This is **double-taxation on the same income,** pure and simple. It is relieved only modestly by the $50 exemption now permitted. In anybody's book double-taxation is unjust and **we have got to find the means of finally correcting it.** Studies of the results of its elimination indicate that the Federal revenue loss would not be significant and that the larger national income resulting from increased dividends could be economically important.

The word "securities" is a general term used in the brokerage and underwriting business to include the common and preferred stocks of corporations and the bonds issued by corporations and governments. The basic difference between "stocks" and "bonds" is that stocks represent **ownership** of a corporation while bonds represent **debt owed** by a corporation or government.

Those of you who are interested in a more comprehensive study of this subject should obtain the booklet entitled "How to Invest." It was prepared by Merrill Lynch, Pierce, Fenner & Beane for use by individuals, schools and colleges.

Federal Regulatory Acts

Since passage of the Securities Act of 1933, fewer fraudulent securities have been sold and, as a result of the Securities Exchange Act of 1934, the "pool operator" and "tipster" are substantially out of business. I would like to point out, however, that no law can prevent dishonesty — it can only punish after conviction. Ingenious crooks, counselled by misguided or unprincipled lawyers, still break down our best legal barriers and take heavy toll of the investor's money. Administration of both Federal acts is under the Securities and Exchange Commission which performs salutary services for business and investors alike.

The Federal Securities Act is known as a "full disclosure" law requiring that all material facts regarding a company and the new securities it offers for sale be published in a prospectus which must be delivered to the purchaser. The Commission is not required to approve or disapprove a security. The investor himself must determine whether the security is proper to purchase. Anyone can ascertain the facts from a prospectus, but if he is in doubt, he can consult any representative of a member firm of the New York Stock Exchange, a member of the National Association of Securities Dealers, his banker or an investment counsellor. Unfortunately, too many people still envision a pot of gold or a uranium mine in a prospectus which clearly states it isn't there. Investors should work as diligently at investing their money as at earning it. In this, the motto of my firm, "Investigate then Invest" is truly worth remembering.

The Corporation's Role in America

Perhaps it will be profitable to think momentarily about the nature and economic importance of corporations which are, of course, the source of corporation securities. Although its roots may extend back in history as far as the collegium of the Romans, our earliest tangible evidence emerges late in the sixteenth century, in the form of Dutch, British and French exploration and trading companies.

In the early settlement of North America, repeated failures by partnerships composed of a few rich noblemen caused the British to adopt crude joint-stock companies as colonization vehicles. These organizations made it possible to attract more partners and provide greater financial backing. As a result, the first permanent European settlement in this country at Jamestown in 1607 was established by the London Company. The capital of another early corporation, the Plymouth Company, chartered in 1620, provided expenses for the initial venture which resulted in our present New England states. The Pilgrim Fathers were allotted one labor-share each and additional shares were sold to them at £10 each in, of all things, a subsidiary of the Plymouth Company. Perhaps this indicates that the holding company is not so new as some may have been led to believe.

North America has been explored, colonized and developed by stock corporations from its earliest history. The economist J. Edward Meeker found it peculiarly fitting, therefore, that its most rapid and fullest development as a mechanism for conducting business should have occurred in the United States. It has entered more deeply into our history and contributed more to our well being than in any other nation.

I like to think of corporations as persons, as in truth they are juristic persons, endowed with individual personalities reflecting the composite attributes of their stockholders and managements. In this perspective one can judge their actions as he would those of individuals rather than of legal entities only.

It is true that Chief Justice John Marshall in 1819 rendered the classical definition that: "A corporation is an artificial being, invisible, intangible and existing only in contemplation of law." But he also said it possessed "immortality" and "individuality" by which "a perpetual succession of many persons are considered the same and may act as a single individual" for the "promotion of the particular object, like one immortal being."

From an adult lifetime of observation, I make no hesitation in testifying, not to material achievements which all may see, but to a present morality and beneficence toward employees and csutomers in the conduct of corporation business in the United States which sets an example for the world. You lawyers have the opportunity and, I think, the obligation to so counsel clients that this example of constructive intelligence will continue.

The Investment Banking Function

Underwriting and distributing securities which provide capital for the initiation and expansion of the larger corporate bodies are in the province of the investment banker. His principal function is locating widely scattered sums in the hands of many willing lenders or investors and pooling them into great capital funds for use by corporations and governments. Economists call this operation "capital formation."

Illustrative of the economic value of many small sums formed into great capital aggregations for constructive use is the statement of the English economist Walter Bagehot in his history of the London financial district entitled "Lombard Street" written in 1878:

"A million in the hands of a single banker is a great power; he can at once loan it where he will, and borrowers can come to him, because they know or believe he has it. But the same sum, scattered in 10s and 50s through a whole nation has no power at all; no one knows where to find it or whom to ask for it."

Even then he said, "We have entirely lost the idea that any undertaking like to pay, and seen to be likely, can perish for want of money; yet no idea was more familiar to our ancestors. A place like Lombard Street (then comparable to our Wall Street financial district), where in all but the rarest times money can always be obtained upon good securities or upon decent prospects of probable gain, is a luxury which no country has ever enjoyed with even comparable quality before."

I doubt that Bagehot could have imagined accumulating the stupendous capital required to finance the American industrial plant from 1878 to the present day. Men still active have lived through this whole marvelous economic period which has raised new standards of living, transformed finance, created and destroyed market places, shifted routes of trade and commerce and profoundly affected the morals, beliefs and security of many nations.

Our earlier progress was slow by present standards—indeed, it is said that when Benjamin Franklin and his son made their famous kite experiments, the study of electricity was already 150 years old. And yet, it was another 150 years before electric power came into general use. Compare that to the speed in this Age of Research and Nuclear Physics! Since the first atomic reactor was constructed in 1942, so many models have been designed that some became obsolete before they could be built. The airplane has developed so rapidly that airlines must frequently seek new capital to purchase modern flying equipment. In the fields of electronics, chemistry and many others new product and production horizons are opened constantly.

Whereas industrial research and development was once confined largely to the eastern and midwestern industrial and financial centers, progress in plant engineering and finance has removed most geographical barriers. In Dallas, for example, Chance Vought Aircraft Incorporated has developed and is manufacturing the fastest naval day fighter in the world, the great Crusader; Temco Aircraft Corporation engineered and is building a Navy jet training plane which won its wings in nation-wide competition, while at Texas Instruments, Inc., one of the largest new industries in its field has been built for manufacturing a tiny electronic instrument called a transistor.

Supersonic Growth of Plants And Tools

Because of such seven-league strides, it may interest you to know that in the 10 years since World War II, United States industry has invested in new plants and equipment the titanic amount of $232.6 billion. That sum is almost $14.0 billion more than was spent on plants and equipment in **the entire preceding 46 years of this century.** And this supersonic pace continues.

In order to sell tomorrow's products, industry must build tomorrow's plants. It is estimated that by the end of 1965, corporations must raise an additional $360.0 billion for more new plants and tools. When accelerated research is coupled with the rising living standards of a population growing so rapidly that it is expected to exceed 230,000,000 souls by 1975, the forest becomes separated from the trees, so to speak. About $150 billion of this plant expenditure cannot be provided by corporate savings and must come from the sale of securities. Since our people and financial institutions represent the only sources of such gigantic sums of money, it naturally follows that while investors increase numerically, the average amount invested in securities will also increase.

Keith Funston, President of the N. Y. Stock Exchange, believes that middle- and upper-income Americans—the prime source of individual investment funds—have grown so remarkably in number that they can furnish the necessary equity money for this expansion — perhaps $60.0 billion — from **liquid personal savings without disrupting their spending habits.** He estimates that by 1965 there will be a striking new American market: almost one-third of our families — some 19,000,000 of them—will have incomes of $7,000 or more before Federal income taxes. To the miracle of mass production, mass marketing and mass consumption, Mr. Funston expects a new dimension—that of mass investment—to be added to the American economic fabric. This new dimension will develop only as rapidly as painstaking public education progresses.

One lesson learned the hard way is that Americans **want** to know more about their business institutions; that with knowledge comes understanding and participation. The best public relations and education job in business and securities is being accomplished by the securities industry itself. The New York Stock Exchange, the National Association of Securities Dealers, Investment Bankers Association of America and other stock exchanges and associations representing brokers, dealers and underwriters of securities, plus their members acting independently, have led this program.

Merrill Lynch's Educational Program

It is not immodest to say that my firm, Merrill Lynch, Pierce, Fenner & Beane, pioneered and now is the individual leader in financial education. Because of the geographical distribution of our 116 offices in the United States, Canada, Cuba, Puerto Rico, Switzerland and our representatives in other European countries and Mexico, we reach more people than any other firm. We have published hundreds of advertisements and distributed millions of booklets and pamphlets containing financial education information. Some of these are regularly used as supplementary texts in high school, college and university finance courses. One of our most popular programs is a series of investment courses conducted throughout the country. In Dallas, for example, some 500 women attend a five-session afternoon course and 1,200 men and women attended a three-session evening course some time ago. Our Partners and Account Executives speak before hundreds of clubs and other organizations yearly and conduct finance and investment courses in high schools and institutions of higher learning. We spend about $1,300,000 annually on advertising and other programs, and such services are available for the asking. The objective is to remove any mystery from the art of successful investing and to provide reliable information in the selection of securities for employment of surplus funds.

Since investors do not care to shackle money in unmarketable stocks and bonds, they must know where and by what convenient process securities can be bought and sold. The principal market places for securities are the organized stock exchanges and the unlisted securities market. The latter is a market conducted between brokers and dealers throughout the nation in securities that are not listed on a stock exchange. Numerically, it is the largest market. However, the stock exchanges bear away the palm in worldwide significance. The greatest of these is the New York Stock Exchange; it is the pattern for all stock exchanges in our nation.

Development of Market Places

Let us look at the evolution of market places and specifically of the New York Stock Exchange; how it meets the investor's needs and performs services of transcendent economic importance.

In Egypt, market places for goods were familiar before the dawn of written history. In Imperial Rome and perhaps earlier in Athens, the purchase and sale of debts and money were conducted. In the Middle Ages wandering and periodic fairs served as market places where money lending and dealings of many kinds were handled. From these lose fairs Europe's leading exchanges evolved.

As civilization grew, greater specialization in markets developed; for example, textiles being traded in one place and foodstuffs in another. When a product dominated a general market, it tended to break off into its own individual market. Thus when the purchase and sale of securities became important, stock exchanges were established.

Though at first consisting of small groups congregating at convenient locations, stock exchanges gradually became organized and surrounded their operations with protective regulations governing the conduct of business. They are now the safest, most efficient and democratic form of market known.

New York was founded by the Dutch in 1623, not as a haven from political or religious persecution, but as a trading post. Market places for goods and services existed from the first, but it was on May 17, 1792, that the first organized securities market in the United States appeared. A group of 24 "Brokers for the Purchase and Sale of Public Stock" signed an agreement to do business among themselves and stipulating rates of commission. From that small beginning grew the New York Stock Exchange, the greatest securities market in the world. The Exchange is almost as old as our form of government. Article 1 of its Constitution states its purpose:

"Its object shall be to furnish exchange rooms and other facilities for the convenient transaction of their business by its members; to maintain high standards of commercial honor and integrity among its members, and to promote and inculcate just and equitable principles of trade and business."

Form and Operations of N.Y.S.E.

Stock Exchanges are limited membership organizations; for example, the New York Stock Exchange has 1,366 members. A prospective new member must first acquire an existing membership or "seat" relinquished by a retiring member, successfully undergo the most careful personal and financial scrutiny and be acceptible to the other members. Transactions on the exchange are between members only, representing themselves or their customers, made binding and inviolate by word of mouth, irrespective of the values involved. Under such conditions high integrity and financial responsibility are prerequisites requiring selectivity of members.

Exchanges do not buy or sell any of the securities they list, nor do they fix the prices at which sales are made. An exchange simply provides a central market place where members transact business. Orders for the purchase and sale of securities from all over the world are directed through a member firm or a correspondent connection, which may be another broker or bank, to the exchange where the particular stock is listed. Thus, the market for General Electric is on the New York Stock Exchange where orders for its purchase or sale eventually terminate. Transactions are made by public outcry on the floor of the exchange, in the fashion of an "auction" market. Prices are determined when the lowest offer and the highest bid are equal and a transaction results. Normally, the number of shares and price of each trade are flashed on tickers throughout the nation and in some foreign countries within a few minutes after the trade is consummated. Thus, everyone interested knows from moment to moment what the last sale price was. A broker can also ascertain the existing "bid" and "asked" prices; for example, let us say the last sale on General Electric was $63 per share. A customer may ask for a "quote" before entering an order. He would normally learn in about two minutes that the highest bid was 62⅞ and the lowest offer 63⅛, a difference of one-quarter or 25c per share. In less active securities the spread is likely to be somewhat wider. Quotations are in dollars per share and multiples of one-eighth of a dollar.

Economic Functions

Briefly, some of the economic functions of the New York Stock Exchange are:

(a) Increased safety of dealings through restricted, regulated exchange membership, auction type markets, financial responsibility and wide publicity of prices.

(b) Superior marketability by direction of purchase and sale orders to a central market place, where buyer and seller may meet upon equal terms.

(c) Free and open markets available to everyone alike, undominated by any single man, group or class, reflecting public supply and demand for securities.

(d) Continuous and dependable quotations permit valuation of listed securities and publish prices approximately at which purchases and sales can be made.

(e) Increased availability of capital for investment by the ability to change investments at will; to permit the flow of capital out of industries which no longer require it into expanding industries.

(f) Greater dissemination of financial information through exchange requirements of quarterly reports from listed companies.

(g) Facilitating the establishment of consistent prices for capital and credit by affording ready comparison through relatively standardized yields resulting from public appraisal of values.

Stock exchanges do not participate directly in the financing of business; that is not their function. Some ill-informed and misguided critics have claimed they play a middle-man's part of no economic significance. These critics are in great error; chaos would result from permanent closing of our exchanges. Its direct effects would be felt from the top to the bottom of the world's economic picture. Central marketplaces are essential to all segments of national life.

Every day thousands of investors decide to buy or sell securities running into millions of shares. Geographic separation alone, to say nothing of the great volume, makes it impossible to transact business in person; so they deal through brokers. Investors want some measure to gauge the integrity of their broker. Such a yardstick is provided by the rigidly enforced rules of the New York Stock Exchange. Its Member Firms adhere to perhaps the strictest code of ethics and standards of integrity to be found in the business world.

Not only must members undergo careful investigation before admission to the Exchange, but the Partners in Member Firms, who are called Allied Members, and the officers of Member Corporations and all their employees must qualify under the rules. Adequate capital must be maintained and at least three financial questionnaires answered every year, one of which is based upon a surprise audit by independent public accountants. In addition, spot checks of books and records are made periodically to see that Exchange, Federal and State regulations are being observed. Liabilities as underwriters of securities must be reported weekly and any borrowings or loans by the firm or individual partners must be disclosed. For the past half-century the solvency record of Member Firms has averaged 99.77%; it's been 100% since 1939.

Customers must be informed monthly of the condition of their accounts and must be supplied with the firm's financial statement upon request. Some firms, like my own, publish comprehensive statements at least annually and distribute them voluntarily throughout the country.

The Exchange safeguards the type of securities it lists for trading by a multiplicity of requirements. Before its securities can be listed, a corporation must prove financial soundness by independent audits and other reports; it must have a record of successful management up to the time of listing; must have at least 300,000 shares outstanding owned by at least 1,500 people and must agree to report earnings and render financial statements at frequent intervals, both to its shareowners and the public.

Some 2,500 different securities, issued by 1,100 corporations are listed on the New York Stock Exchange. On June 30, the total number of shares listed was 4,260,000,000 with a total value of $219.0 bililon. Listed corporations employ 11,000,000 people, pay half the nation's dividends and produce half of the goods made.

Investors want sound answers to the questions of What? Why? Where? When? And How? their surplus funds can be gainfully employed. Those who entertain "get rich quick" aspirations should avoid securities. Investing is not a science measurable by a slide rule; it is an inexact art. The Securities Research facilities and trained representatives of New York Stock Exchange Member Firms, not unlike the legal profession, offer upon request counsel and advice in the investment field. Portfolios to fit any practical investment requirement will be prepared by qualified counsellors.

These services are often valuable to the legal profession, so frequently called upon to set up and sometimes administer trusts, estates and other fiduciaries. Our ability to establish the value of securities for these fiduciaries at given dates and of assisting in effecting transfer from one name to another relieves many complexities.

Having in mind the vicissitudes of all economies, I know of no other industry which so constantly warns its customers and prospective customers as we do: to learn the facts; understand the risks and assume no more risk than they can afford; to provide first things first such as a home, insurance and an emergency fund. In this posture, we believe the investor who wants to own his share of American Business can profit most securely with our historical economic expansion.

Halsey, Stuart Group Offers Gulf States Utilities Bonds

Halsey, Stuart & Co. Inc., as manager of an investment banking syndicate, on Sept. 11 offered $15,000,000 of Gulf States Utilities Co. first mortgage bonds, 4¼% series due Sept. 1, 1986, at 100.848% and accrued interest, to yield 4.20%. The underwriters won award of the bonds at competitive sale on Sept. 10 on a bid of 100.08%.

Net proceeds from the sale of the bonds and from the concurrent sale of 100,000 shares of common stock, will be used by the company to pay off $18,000,000 of short-term notes issued to provide funds for construction purposes, and the balance, if any, will be added to general corporate funds.

The new bonds will be redeemable at regular redemption prices ranging from 105.10% to par, and at special redemption prices receding from 100.85% to par, plus accrued interest in each case.

Gulf States Utilities Co. is engaged principally in the business of generating, transmitting, distributing and selling electric energy at retail in an area in southeastern Texas and in south central Louisiana comprising approximately 28,000 square miles and extending from Deanville, Texas on the west to Holden, Louisiana, on the east, a distance of over 350 miles. The company sells electric energy at retail in 293 communities and surrounding territory with an estimated aggregate population of 850,000. It also sells, for resale, electric energy to nine municipal systems, 11 rural electric cooperatives and two other utilities. The company also conducts a steam products business and sells natural gas and water in parts of the area served by its electric system.

In an unaudited report on operations for the 12 months ended June 30, 1956, the company showed operating revenues of $53,414,311 and net income of $10,583,145, equal to $2.14 per common share.

Other members of the offering group include: Bear, Stearns & Co.; R. W. Pressprich & Co.; R. S. Dickson & Co. Inc.; Hirsch & Co.; Stroud & Co. Inc.; Auchincloss, Parker & Redpath; Courts & Co.; Fahnestock & Co.; Goodbody & Co.; H. Hentz & Co.; Stern Brothers & Co.; First of Michigan Corporation; Arthur M. Krensky & Co., Inc.

Barth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William H. Magruder has been added to the staff of J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Securities Salesman's Corner

By JOHN DUTTON

Effective Advertising

The following letter is available to subscribers to Modern Security Sales, Edited by Ferd Nauheim, and published by Kalb, Voorhis & Co., Members of the New York Stock Exchange, 25 Broad St., New York 4, N. Y. This service is available to security dealers and offers suggestions for advertising and merchandising Mutual Fund Shares.

"A Letter to Parents of Young Children"

"Some day you'll be 'College Shopping'"

"And that's why it is mighty important to do some shopping for the best way to finance college educations *today*.

"Look at what has happened to college tuition fees:

HARVARD	
1948	$525
1949	600
1953	800
1956	1000

"That's just the tuition. The cost of food and shelter and clothing . . . well, you know about them. Harvard's tuition history is typical. Today it takes between $10,000 and $12,000 to finance four years of college.

"But is it possible to prepare for and take a lot of sting out of the college financial bite . . . if you do something about it *now*.

"Many thousands of parents are using Mutual Fund investing to build a financial reserve for the time when college bills come due. I'd be glad to show you how and why.

"Please tell me, on the card I am enclosing, when and where you would like to hear the details."

"Sincerely,"

Also an Excellent Brochure

Also currently available is an envelope-size brochure entitled "Is Inflation Normal?" It is simply and concisely the story of the decline in the purchasing power of the dollar from 1895 to date. It also illustrates the counterbalancing upward trend of stock prices and offers the alternative "Which risk do you think offers the greater chance for profits or growth?"

It is a well designed and cleverly illustrated pamphlet that can be offered in a newspaper advertisement, with direct mail, or included in monthly statements. It is effective because it is a direct and clearly stated presentation of how dollars have depreciated steadily over the longer term, and anyone can understand it without difficulty.

Other Material Available

This service, which is available either on a cash fee basis or by payment through the routing of commission business to the firm, also furnishes dealers with newspaper advertising mats, ideas for sales meetings, constructive assistance in meeting specialized and local advertising and sales promotion problems, and many excellent sales training suggestions.

* * *

I understand that L. L. Moorman of National Securities and Research Corp., Resident Manager of the Rutherfordton (302½ Main Street), N. C., office, who many investment salesmen and dealers throughout the southeastern part of the country both personally hold in high esteem and also respect for his sound and experienced counsel on many phases of Mutual Fund salesmanship, has issued a check list of "Sales Essentials" that can be used as a guide for new men entering the field of Mutual Fund salesmanship, also of those who are more experienced as well. He has sent me an advance copy and I can endorse it wholeheartedly. Any man who follows this outline as a set of principles to guide him in a sales career will not only be successful but he will be a better man.

"Knowledge and energy used within the framework of honor will bring success to any salesman."

—DOUG LAIRD

Ames Heads Group For Better Schools

Mr. Amyas Ames, a partner in the firm of Kidder, Peabody & Co., New York City, has been appointed Investment Group Fund-Raising Chairman for the New York State Citizens Committee for the Public Schools, a non-profit organization formed in 1952 to promote better schools for all children of this state.


Amyas Ames

Mr. Ames, who lives in Cold Spring Harbor, L. I., joined Kidder, Peabody & Co. in 1932 and became a partner in 1941. He is a former Chairman of the New York Group of the Investment Bankers Association of America, and a former Governor of the New York Stock Exchange.

In its four years, the State Citizens Committee for the Public Schools has worked with more than 1,200 New York communities to help get better schools. It has helped stimulate greater citizen interest in school welfare and fostered the kind of local-level, long-range planning that gives effective answers to teacher shortages, student increases and inadequate facilities.

The Committee's members volunteer their services to all communities in the state interested in learning how other towns and cities are handling school problems. Because the Committee receives no dues or fees from the local citizens groups which it helps, it looks to the state's business community for both moral and financial support.

Joins Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Wayne H. Siepman has become connected with Daniel D. Weston & Co., Inc., 541 South Spring Street.

La Montagne Adds

(Special to THE FINANCIAL CHRONICLE)

PALO ALTO, Calif.—Hampton E. Mulligan has been added to the staff of La Montagne & Co., 71 Stanford Shopping Center.

With Deno & Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Donald W. Little has become connected with Deno & Co., Forum Building.

Two With R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Thomas A. Holton and Arthur J. Nelson are now with Richard A. Harrison, 2200 Sixteenth Street.

Russell Graham Joins National Securities

DENVER, Colo. — The appointment of Russell R. Graham of 761 Uvalda Street, Denver 8, Colorado, as wholesale representative in Utah, Colorado, Wyoming, Idaho, Montana and New Mexico, for the National Securities Series of mutual funds, was announced by H. J. Simonson, Jr., President of National Securities & Research Corporation, New York, sponsor and manager of the Series.

Russell R. Graham

Mr. Graham will serve as assistant to Rufus L. Carter, Resident Vice-President in Los Angeles and will make his headquarters in Denver.

Prior to joining National Securities, Mr. Graham was associated since 1952 with Western Investors Fund, specializing in mutual funds, as district manager in Oregon. During World War II, he served in the U. S. Coast Guard. After the war he attended Utah State Agricultural College, Logan, Utah, Graduating in 1950 with a B. S. degree.

Taylor With Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Philip B. Taylor has become associated with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Taylor, who has been in the investment business for many years, was formerly with Walter C. Gorey Co. and Hill Richards & Co.

Phila. Investment Women To Hold Dinner Meeting

PHILADELPHIA, Pa.—The Investment Women's Club of Philadelphia will hold its first dinner meeting of the 1956-57 season on Monday evening, Sept. 17, 1956 at The Barclay. Through the courtesy of the Oil Industry Information Committee, the speaker at the meeting will be Miss Doris Atkinson, whose talk will be entitled the "Magic Suitcase."

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market is still on the defensive, even though volume and activity is very much restricted. According to advices, the opinions of some money market specialists seem to be veering in the direction of the sign posts which appear to indicate traffic on the downside in Treasury securities could be thinning out. It is the belief of those that are considered to be among the well informed money market followers that prices of Government obligations are entering what is being termed a "buying area." To be sure, this takes into consideration a fair amount of latitude as far as price movements are concerned.

Nonetheless, money which is known to be on the timid side, has been making purchases of selected intermediate and long-term Government securities. These purchases have not been very large and they are being made on a sliding scale basis, but in a very thin and uncertain market there is not likely to be more than this, because there is no positive proof yet that the downtrend has been exhausted.

Higher Rates No Deterrent to Borrowers

Demand for funds continues to be very large, with the corporate and municipal calender showing no signs of a slow down yet, in spite of the interest rate raising and credit limiting policies of the monetary authorities. Although there have been some postponements of new money financing because of the increased cost of borrowing, the bulk of the planned offerings are still going to be made, since the need for these funds is more important than the higher cost of obtaining them. The favorable outlook for business over the longer range is one of the main reasons for much of the new money commitments which are being made. Also, it is evident that the high level of income taxes is not unfavorable as far as the cost of carrying bonded indebtedness is concerned.

Interest Rates Believed at Plateau

There seems to be considerable of a feeling around that money rates have entered a plateau and, although there may not be any lessening of the pressure, it is not expected that they will be pushed up very much, if any, from current levels. It is being pointed out that the "prime rate" is not likely to be advanced from the present level of 4%. Also, the discount rate, although not a penalty rate at this level, except as far as Treasury bills are concerned, is not expected to be moved up from the prevailing 3%.

It may be that "acceptability" in making loans to the member banks will be more important in the future. This could be a very effective measure in the control and limiting of credit for the Federal Reserve Banks. As far as the other loaning rates are concerned, it is reported that some of these are still being adjusted upward with opinions around that the Government guaranteed mortgage loan rate, will eventually rise to 5%, a level that is now being charged by some savings banks.

Federal Supplying Bank Credit

As far as short-term rates go, it is believed in some quarters of the financial district that the cost of near-term borrowings are not likely to show much change from the levels that have been seen in recent weeks. The Federal Reserve Banks have been buyers of Treasury bills, and in this way they have been making funds available to the member banks so that they can take care of the needs of borrowers for seasonal purposes. As long as the Central Banks are supplying modest amounts of credit to the deposit institutions there is not likely to be extreme stringencies in the money market. At the same time, there will not be any important changes in the tight money policy which was instituted with the purpose in mind of bringing to a halt the boom psychology, with its attendant price-wage inflationary spiral.

Liquidation By Commercial Banks on Wane

The liquidation which has been going on in Government bonds, particularly those in the intermediate term area, appears to be slowing down. Commercial banks have been the principal sellers of these obligations, but there are indications that these institutions are running out of the middle-term issues that can be sold in order to obtain funds which can be used for loaning purposes. The more distant Treasury bonds are not held by these banks in sizable amounts, but those that are owned are not likely to be sold at existing levels, even though tax losses could be useful.

It is indicated that these tax adjustments in long-term Governments will come up for consideration at a later date in 1956, especially if quotations should improve. The reported purchases of the more distant Government bonds by "Agency Accounts" is not considered to be any change in policy, even though some attention is supposedly being given to these issues by the powers that be because of the ragged market action.

Forms Mutual Fund Assoc.

MAPLEWOOD, N. J. — Abram S. Rosen is conducting an investment business from offices at 108 Wyoming Avenue under the firm name of Mutual Fund Associates.

Forms Pummill Enterprises

HOUSTON, Tex.—Carl Pummill is engaging in a securities business from offices at 7509 Main Street under the firm name of Pummill Enterprises.

Louis C. Steed Opens

OGDEN, Utah—Louis C. Steed is engaging in a securities business from offices at 184 Country Club Drive.

Form Systematic Investors

Systematic Investors Corp. has been formed with offices at 1 Park Place, New York City, to engage in a securities business. Officers are David Copperstone, President; William J. Brophy, Vice-President; and Harry A. Wertlies, Secretary. Mr. Copperstone and Mr. Brophy were formerly with First Investors Corp.

Two With Shelley, Roberts

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harry M. Myers, Jr., and Henry A. Rohlfing, Jr. have become affiliated with Shelley, Roberts & Co., 9436 Santa Monica Boulevard.

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Free Competition in Practice: Its Advantages and Risks

dividuals who will not be afraid to assert themselves."

Competition-Minded Environment

Put another way, companies in a competitive economy need to be headed by executives who enjoy the excitement of competitive pressures. They must be willing to sponsor product research so that their products are steadily improved in quality. They must be willing to experiment with new channels of distribution. They must engage in aggressive sales promotional activities. Some of them must be willing to develop lower-priced private brands to provide effective competition for manufacturers' brands. When the price competition of a competitor is making heavy inroads into the market, they must meet it in aggressive fashion — either by price cuts of their own or by some effective kind of nonprice competition. As they achieve production economies with expanding output, their lower costs should be reflected in price reductions—rather than maintaining the high price which, in effect, holds an umbrella over the heads of less aggressive competitors.

"Unfair Competition" Charges

Now, our experience indicates it is not easy to meet this requirement of a successful free competitive system. All too often when a competitor really acts like a competitor and does something which hurts—cuts a price, sells harder, improves quality—his actions are labeled as "unfair competition" and his competitors run to their trade association, their resources, or the government for protection. Let me give you a few examples of what I mean.

Pick up a trade paper in my country, and you will discover that discount houses are described by many as a form of unfair competition. All over the country, they have rapidly developed on the basis of underselling the so-called established retailer, which means, and I now quote the Executive Secretary of the National Association of Retail Druggists, that they are trying to destroy "every established retailer in the United States . . . by unfair competition . . ." And he goes on to say:

> "Unless the discount house is effectively curbed . . . there will inevitably be anarchy in the market place. The American public must ask itself whether it wishes to sacrifice the legitimate retailers who make outstanding contributions to our economic community life and who are the backbone of our mass distribution system."

Discount houses are even pointed out as being unfair to the consumer because, so the argument goes, they do not offer him all the services of the established retailer. Incidentally, whether the customer wants those services or not is rarely considered when this argument is advanced.

Meeting Discount Competition

And what do the established retailers offer as a solution to the discount house? Is it an honest effort on their part to meet this new competitive factor by reducing their own margins and prices—which, if history proves anything, *must* be the way to meet it in the long run? In a few instances, the answer is yes. But, the majority of established retailers act as if they think the answer is more Fair Trade—despite the fact that it is the wide margins set by Fair Trade which are playing an important role in encouraging the growth of the discount house. Consequently, they clamor for the manufacturer to cut off the flow of merchandise to the price cutter and to enforce his Fair Trade contracts. In brief, they say: Let's not meet competition; let's have someone eliminate it for us.

Or take another illustration: In recent years our supermarkets have rapidly broadened the lines they handle. Many of them sell packaged medicines at reduced prices. The regular druggists' reaction has not been to meet this competition in the market place, but to try for a court ruling or to seek state laws to prevent sales of packaged medicines in stores not having registered pharmacists.

Auto-Dealers Urge Regulation

As a final example of this urge to escape from competition, let me cite a personal experience. Last January I was in Washington, D. C., to speak before the national convention of the National Automobile Dealers Association. Some 10,000 dealers were assembled there—men who believe in the competitive system, or at least they sing its praises when they get up before their Rotary and Kiwanis Clubs. But at that meeting in Washington they were unhappy. Their sales were declining, their profit margin shrinking, their inventories of used cars increasing and they thought someone should do something about these unfortunate things. Who should do the something? The dealer? Oh, no. Listen to one of these dealers as quoted by the New York "Times":

> "We have never favored government regulation or interference in business. But if the choice is between that and overproduction and all the resulting evils, we would rather put up with limited government regulations."

What was this dealer saying? Just this: Rather than finding ways to improve his own efficiency he wanted the government to aid him. He wanted to escape competition, not face it; but the point we need to remember is this — when too many business firms are allowed to escape from competition, the free competitive system disappears.

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I now come to my third, and final, requirement for a successful free competitive system. While we need businessmen who are aggressive and competition-minded, they also need to have a social point of view. What do I mean by this? Again let me illustrate my meaning.

One hundred years ago in the United States, the philosophy of the typical business executive could be stated on a threefold basis. He wanted

(1) to get his employees to work at the lowest possible wages,

(2) to have his employees work the longest possible number of hours per week, and

(3) to achieve the highest profit per unit of goods placed on the market.

Business with Social Point of View

Today, much of this philosophy of a hundred years ago has been changed. Instead of the lowest possible wage, businessmen have come to realize that higher wages —backed by the increase in productivity which make them possible — create markets for the goods they produce. They know that shorter hours of labor — again, supported by increased mechanization and greater output per hour—are essential if people are to have the time in which to buy and consume goods. And instead of seeking the highest possible unit profit, they believe in lower unit profits plus an expanding market as the way to maximize total profits. In brief, they are gradually evolving what I have called a social point of view — a point of view which places higher standards of living for their customers and employees as one of the goals for which they should strive.

To indicate the widespread acceptance among American businessmen of this philosophy of low unit profits, let me cite some statistics for the year 1955. During that year the net profit margin per dollar of sales among our baking companies was 3.4%, for our clothing manufacturers 3.1%, for our construction industry 3.7%, for our chain food stores 1.2%, and for our meat packers 0.8%.

College Graduates in Top Management

Personally, I think the graduates of our American colleges have had much to do with the development of today's social point of view in American industry. Fifty years ago few of our business organizations had any appreciable number of college graduates in top management positions. Today this situation is quite different. For example, a study of 33,500 business executives disclosed that 88% of them went to college. Or again, an analysis of 106 board chairmen and presidents of 66 corporations with annual sales in excess of one billion dollars indicates that 75% are college graduates. Moreover, the great majority of these college-educated business leaders spent their college years in those institutions in which the liberal arts were stressed—and these are the very colleges in which a broad, social point of view of society would be developed.

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What have I been saying in the paragraphs of this paper? Basically, two things:

First, that free competition among business firms can contribute substantially to rising standards of living—reflected in higher per capita incomes and a growing amount of leisure time shared by an expanding part of the population—and, at the same time, help in the creation or preservation of personal freedoms.

Second, that free competition just does not happen: that a country and its people must consciously strive to make such a system work. Free competition demands a willingness to enforce an anti-trust law, it requires businessmen who are competition-minded, and it is most successful where business executives adopt a social point of view.

Conclusion

May I conclude with one of my favorite stores, one which illustrates the kind of spirit needed to make a competitive economy function successfully? It concerns a former president—Mr. Stuyvesant Fish by name—of one of our well-known railroads, the Illinois Central.

There walked into Mr. Fish's office one morning an Irishman, hat on and pipe in mouth, who said:

"I want a pass to St. Louis."

"Who are you?" asked President Fish, somewhat startled.

"I'm Pat Casey, one of your switchmen."

Mr. Fish thinking it was a good chance to impart a lesson in etiquette, said, "Now, Pat, I'm not going to say that I will refuse your request, but there are certain forms a man should observe in asking a favor. You should knock at the door; and when I say 'Come in,' you should enter and, taking off your hat and removing your pipe from your mouth, you should say, 'Are you 'President Fish?' I would say, 'I am.' 'Who are you?' Then you should say, 'I am Pat Casey, one of your switchmen.' Then I would, say, 'What can I do for you?' Then you would tell me, and the matter would be settled. Now you go out and come in again and see if you can't do better."

So the switchman went out. About two hours later there was a knock on the door and President Fish said, "Come in." In came Pat Casey with his hat off and pipe out of his mouth.

"Good morning," he said, "are you President Fish of the Illinois Central Railroad?"

"I am. Who are you?"

"I am Pat Casey, one of your switchmen."

"Well, Mr. Casey, what can I do for you?"

"You can go to hell. I got a job and a pass on the Wabash."

Pat Casey might have spent the rest of his life cursing President Fish and voting for Congressmen who pledged themselves to work for the removal of Fish as the President of the Illinois Central Railroad. Instead, he exercised his ingenuity and the freedom which free competition gave him to get a job and a pass on the Wabash. He demonstrated the aggressive competitive spirit which is essential if a country is to rely upon a competitive system to produce in the future still higher standards of living for its people.

Offers Cooperation in Developing Inv. Clubs

ROCKLAND, Me.—Ruddick C. Lawrence, Vice-President of the New York Stock Exchange, has offered State Securities Commissioners from all over the nation the Exchange's full cooperation in developing the sound and constructive growth of investment clubs.

"Investment clubs," Mr. Lawrence said, "seem to be multiplying everywhere. Already they have become a new force in the old securities market place, and while they continue to grow we must face up to the fact that some uniform pattern should be established."

Mr. Lawrence spoke before the 39th Annual Convention of the National Association of Securities Administrators—the men who are charged with the responsibility of protecting the public against securities frauds.

"The Stock Exchange and the State Securities Administrators," Mr. Lawrence declared, "share much the same interest in this project. . . . By working together, wisely and constructively, we can contribute to the sound growth of an exciting new educational tool which will help create an informed shareowning population and strengthen our People's Capitalism."

The Exchange executive explained that investment clubs are usually formed by groups of 10 to 15 people such as neighbors, friends or fellow workers — all people with a mutual interest in investment. They get together informally, he pointed out, and jointly select their investment after studying all the information they have available. Each member contributes a small amount monthly, perhaps $10. Usually an investment club will call on a member firm of the Exchange for investment counsel.

Mr. Lawrence recommended that people who are considering the formation of a club should bear in mind:

(1) Organize a club only with their friends or people with whom they work.

(2) No compensation should be paid any member or members who have been instrumental in organizing the club.

(3) Limit the number of people who may join so that the membership does not become unwieldy and unworkable.

(4) Keep the monthly contributions of the membership at a reasonable level.

Mr. Lawrence emphasized that the state laws which might affect the organization and operation of investment clubs varied greatly from state to state. To avoid misunderstanding and confusion, he urged prospective clubs to seek competent advice about the possible legal involvements.

He concluded by telling the Administrators:

"We will happily join you in developing a uniform handling of investment clubs. For we know as well as you do that some measure of uniformity is essential if we are to encourage the healthy growth of clubs on a national scale and thus capitalize on their broad educational impact."

A. G. Edwards & Sons Offers Polymer Shares

A. G. Edwards & Sons are offering publicly 41,300 shares of The Polymer Corp. class A common stock at a price of $7.25 per share.

Net proceeds from the sale of the stock will be used by the company to purchase additional production and development machinery; to reduce current bank loans and to increase working capital.

The Polymer company is the major producer in the United States of nylon rod, strip and tubing. It also produces a specially processed nylon tubing for hydraulic uses which is called "Nylaflow," and a line of specialty nylon molding powders which are blended from materials purchased by the company and sold to the injection molding industry under the company's registered trademark "Nylatron." The company's own fabricating division supplies machined or punched items to those customers who desire to purchase finished parts.

Polymer Corp. recently acquired an exclusive license for the U. S. from the firm of Knapsack-Griesheim of Frankfurt, Germany, for a new coating process known as "whirlsintering," which is called the "Whirlclad" process in this country. The process consists of dipping a preheated article into a fluidized bed of finely powdered, dry plastic material without the presence of solvents. The method appears to have extensive possibilities of application for coating metals with polyethylene, nylon, epoxies and a broad range of other resins. The company is currently installing production equipment to prepare various resins in finely divided form and to blend them with suitable ingredients for sale to users of the process.

The company's products are sold and distributed in the United States out of its home office at Reading, Pa., through warehouses and sales offices in Chicago and New York, and by sales agents or distributors in 27 localities throughout the U. S. Its products also are sold in Canada, many European countries, Australia, Japan, and various South and Central American countries.

Net sales of the company have increased from $38,411 in 1946 when it was organized, to $3,588,500 in 1955, and $2,185,198 for the first six months of 1956.

LETTER TO THE EDITOR:

Gold Convertibility Is Opposed

Dr. Gutmann in a letter to the "Chronicle" states we are *on* the Gold Standard," and that making the dollar fully convertible would "add another source of withdrawal which would aggravate an already uncomfortable situation." Analyzes potential domestic demand and foreign short-term claims for gold, including every item of wealth which can be sold within one year, and concludes full convertibility cannot work in practice.

Editor, Commercial and Financial Chronicle:

The article "Foreign Short-Term Claims and a Cure for the Gold-Gap" by Dr. G. C. Wiegand (thereafter called the author) is extremely cleverly written, as far as the events mentioned go. Some of the more pertinent facts of monetary life are not mentioned so,

Dr. E. R. Gutmann

(1) It is easy to make the Statement as the author does: "that under present circumstances a return to the Gold-Standard might actually be the wisest move," but how do you return to a position which you have never abandoned? We are **on** the Gold-Standard, being off Gold-Coin Circulation — is absolutely **not** identical with being **off** the Gold-standard. The best proof is, that $12.375 billion in Gold are needed at present, to cover legal domestic Reserve Requirements, plus the fact that a Gold Withdrawal potential of $17[1] billion exists, against foreign short-term Credit balances on deposit with us.

(2) Our Gold-Stock is $21.875 billion, out of which $17 billion are already governed by the condition which the author requests, namely full (100%) convertibility. How can the author's proposal to "make the dollar fully convertible," that means for all holders of dollars, under these circumstances constitute a cure? It would only add another source of withdrawal which would aggravate an already uncomfortable situation. Nowhere in his article, the author makes the attempt to prove, that such a move could be dealt with successfully.

Converting Every Item Sold Within One Year Into Gold

(3) Every item of wealth which can be sold within one year can be listed as a potential demand for Gold, but only a very small percentage will actually be converted into Gold. With 30 billions of bills in circulation, 225 billions in Bank Deposits, 232 billions of Government Securities, 38 billions municipal and local obligations and 200 billions in corporate Bonds, preferred and common outstanding, the total sum of the Demand Potential is 725 billions. A coverage of about 6% is usually regarded as a minimum by traditional monetary science, but let us have recourse here to the rate of experience as estimated by Professor Spahr[2] and I quote "for a decade prior to January 1933—2½ to 3%—can be regarded as a common top percentage rate of demand," unquote. Now let us resort to the bottom rate of 2½%, or 18 billions.

With an Gold-Stock of $21.875 billion and $12.375 billion required for legal Coverage, we would arrive at a Gold Deficit of $8½ billion, and this on the basis of the minimum domestic demand rate.

Foreign Short-Term Claims

We have another $17 billion of foreign Short-Term claims to contend with.[3] What happened in the last period of sudden foreign Gold withdrawals is the following: In 1929 foreign Short-Term dollar balances amounted to $2.673 billion, in 1933 they amounted to $392 million, so $2.281 billion, or 85% of balances were withdrawn.

As our Gold-Stock practically did not change during this period and as $620 million, or 27% were actually withdrawn in Gold, we bought heavily Gold in World Markets on balance during that period. This is only part of the story.

It would be a mistake to take only these 27% as a basis for calculating withdrawal rates of Experience, because the 58% of the total amount which were not withdrawn in kind had also the benefit of the "Gold-Effect." As currencies devalued subsequently, over a period of five years it was always possible to switch from a not devalued currency into — an already devalued one. Therefore the rate of 85% withdrawals of balances is highly significant. Under the Stipulations of the I.M.F. the situation has completely changed in this respect, the accent is on concerted action.

Earmarking

(4) Earmarking which means Cold Storage of Gold, did not increase abnormally. Of $6.95 billion set aside only $2.7 billion were actually withdrawn from us in the last seven years, so about $4.250 billion are old Stock, which took refuge here during the war, this Gold constitutes a part of the required Reserves of foreign Central Banks, it will not be sold without necessity.

Why time and again the same proposal of "full Convertibility" is advanced, while it can be clearly proven that such a procedure cannot work in practice, under present circumstances is hard to understand.

There is no such thing as "Inflation Without Tears."

DR. ERNEST R. GUTMANN
60 Broad Street, Room 1603-4
New York 4, N. Y.
Sept. 4, 1956.

1 Dept. of Commerce per Dec. 31, 1955.

2 Walter E. Spahr "A Refutation of the Burgess Table of Claims on our Gold-Stock."

3 Dollar bills floating abroad, several billions of them, and about 6 billions of foreign Investments in American Stocks, are not taken into consideration here. We have about 2 billions of foreign short term Credit Claims.

Joins Hannaford & Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Carmelita C. Walsh has become affiliated with Hannaford & Talbot, 519 California Street.

Fabian Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robert L. Hilmer has been added to the staff of Fabian & Company, 9500 Santa Monica Boulevard.

New Cruttenden Branch

CEDAR RAPIDS, Iowa — Cruttenden & Co. has opened a branch office in the American Building under the management of Edward H. Kane. Mr. Kane was formerly local manager for First Securities Company of Chicago.

Southeastern IBA Group To Hold Meeting

RICHMOND, Va. — The Southeastern Group of the Investment Bankers Association of America will hold its Thirty-Sixth Annual Meeting, Saturday, Sept. 15, 1956, at The Homestead, Hot Springs, Va.

Charles H. Pinkerton

A nominating committee consisting of: Edward C. Anderson, Chairman, Anderson, & Strudwick, Richmond, Va.; Edward K. Dunn, Robert Garrett & Sons, Baltimore, Md.; William W. Mackall, Mackall & Coe, Washington, D. C.; and W. D. Croom, First Securities Corp., Durham, N. C., has made the following nominations:

Chairman, Charles H. Pinkerton, Baker, Watts & Co., Baltimore, Maryland.

Vice-Chairman, W. O. Nisbet, Jr., Interstate Securities Corp., Charlotte, N. C.

Vice-Chairman, Harvey B. Gram, Jr., Johnston, Lemon & Co., Washington, D. C.

Secretary-Treasurer, Joseph J. Muldowney, Scott & Stringfellow, Richmond, Va.

In addition to the above officers, the committee has nominated for election to the Executive Committee:

C. T. Williams, Jr., C. T. Williams & Co., Inc., Baltimore, Md. (for three-year term).

Roderick D. Moore, Branch, Cabell & Co., Richmond, Va. (for one-year term).

J. Murrey Atkins, R. S. Dickson & Co., Inc., Charlotte, N. C., Ex-officio.

Mark L. Sullivan, Auchincloss, Parker, & Redpath, Washington, D. C., Ex-officio.

A complete program will be issued shortly by John C. Hagan, III, Mason-Hagan, Inc., and W. Wallace Lanahan, Jr., Stein Bros. & Boyce, co-Chairmen of the Meetings and Entertainment Committee.

Mr. Murray Hanson, General Counsel of the Association, and Mr. George W. Davis, President of the Investment Bankers Association, will speak briefly at the business meeting on Saturday morning. Mr. Edward A. Wayne, Vice-President of the Federal Reserve Bank of Richmond, Virginia, will address the dinner meeting in the evening. The Executive Committee urgently requests that all members attending the convention be present at the Saturday morning business session.

Joins Schwabacher

(Special to The Financial Chronicle)

FRESNO, Calif. — Louis H. Chartrand is now affiliated with Schwabacher & Co., 2048 Kern Street.

Walston Adds to Staff

(Special to The Financial Chronicle)

FRESNO, Calif. — Vergil C. Winters, Jr., and Doris N. Wood have become connected with Walston & Co., Inc., 1115 Van Ness Avenue.

With Halbert, Hargrove

(Special to The Financial Chronicle)

LONG BEACH, Calif. — John Hutchinson is now connected with Halbert, Hargrove & Co., 115 Pine Avenue.

With A. M. Kidder Co.

MIAMI, Fla.—William R. Bowman has become connected with A. M. Kidder & Co., 139 East Flagler Street.

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Canadian Economy and Its Bearing on International Trade

vestments in machinery and equipment and the offer of an ever-widening range of models for the consumer to choose from.

Even in the fields of economic activity which by their very nature are largely protected from direct foreign competition, such as construction, merchandising, and the other services industries, Canadian costs tend to be relatively high because labor is dear, the domestic market is small and fragmented, and the economy as a whole is burdened with high overhead costs.

A Look at Furs

I have discussed these fundamental characteristics of Canada's geography and resources at some length because throughout its history they have shaped the course of its economic growth and external trade. Let me give a few concrete examples, from our history by way of illustration. One of the first primary export industries to develop in pre-Confederation Canada on a large scale was the fur trade, which waxed and waned in accordance with changing ideas of fashionable dress in Europe. The pattern set by the fur trade is typical of much subsequent primary resource development. Fur trading was for a time a highly profitable activity which led to the establishment of chains of trading posts in increasingly remote parts of the country many hundreds of miles from the nearest population centers. Heavy outlays on transportation were involved, since the furs had to be carried for very long distances along the inland waterways and shipped across the Atlantic to Europe. Rising costs and falling overseas demand eventually brought about the decline of the industry. Apart from the stimulus it gave to exploration and the development of inland water transport, the fur trade failed to make much of a lasting contribution to Canada's economic development or to permanent settlement. Nevertheless, the decline of this particular export industry, although temporarily damaging, was not fatal to Canada's growth. It is indicative of Canada's success in adapting her economy to changes in external markets that out of total merchandise exports of $4,350 million last year, less than 1% was accounted for by furs, once Canada's main export.

A somewhat similar picture of rapid economic growth and subsequent decline based on changes in external demand and technology may be seen in the pre-Confederation economy of Canada's Atlantic provinces. During the 1850's and 1860's, Nova Scotia and its neighboring colonies reached unprecedented peaks of prosperity based on exports of codfish and lumber, shipping and shipbuilding. This prosperity depended to a considerable extent on Nova Scotia's mastery of the technique of building and operating wooden sailing vessels. The basis of this economy was rapidly destroyed in subsequent decades by a major technological revolution, the replacement of wooden sailing vessels by steamships built of iron. Such changes in technology have played an important role throughout Canada's history. Sometimes they have affected our development adversely, sometimes they have stimulated it. Recent advances in nuclear physics, for example, are rapidly making uranium one of our principal metal exports, ranking with aluminum and nickel; 10 years ago we exported virtually no uranium at all.

Transportation Competition With U. S. A.

The pre-Confederation history of the colonies situated along the St. Lawrence River system—now the Province of Quebec and the southern part of Ontario—illustrates another side of Canada's continuing problem of economic growth, the difficulty of developing secondary industries and commercial services capable of competing on equal terms with those of the United States and other countries on the basis of a rather narrow domestic market. These colonies contained a large share of Canada's limited supply of first class agricultural land suitable for intensive and varied cultivation. As a result, settlement was more concentrated than in the Atlantic colonies, and development was based on farming, lumbering, and relatively simple forms of manufacture and commerce serving the needs of the local market. Well before Confederation, the better and more accessible farm land in these colonies had been taken up and the limits of their immediate growth were already becoming apparent. Furthermore, they were engaged in a losing competition with the rapidly growing commercial centers of the Eastern United States for a share in the expanding trade of the American mid-west. Large sums had been spent in vain by these colonies on canals and railroads designed to draw the trade from the mid-west down the Great Lakes-St. Lawrence river system, rather than across to New York. Their American competitors, however, were able to spend even larger sums on the construction of competing canals and railroads. Tariff obstacles constituted an additional threat to continued access to the American market. On the other hand, access to the markets of the Canadian Atlantic Coast colonies and of Great Britain was handicapped by lack of year-round communication by sea or of an overland rail connection, and by the loss of tariff preferences. It was partly as a result of these and other frustrations in the search for larger markets that the colonies along the St. Lawrence River system threw their support behind the scheme for confederation and the construction of a transcontinental railway designed to open the Canadian west for settlement and commercial exploitation.

Confederation became a reality in 1867, and the major achievement of Canada's first 20 years as an independent nation was the completion of the first transcontinental railway. This was an enormously costly and ambitious undertaking for a very young country, in view of the great distances and rugged country to be spanned and the total lack of settlement along most of the route. Nevertheless, the railroad was finally completed in 1885, after much difficulty and very heavy external financing obtained largely in the United Kingdom. The great expectations of the railroad's promoters were on the whole to be disappointed, at least in their lifetimes. The wave of settlement and development of the Canadian west which the railroad had been designed to bring about did not really begin for another decade, partly because of depressed economic conditions in the outside world, partly because free land was still available for settlement in the American west; and when it finally did take place, it failed to transform Canada into a great economic power rivalling the United States. Indeed, it is only in recent years that the growth of the Canadian economy has finally caught up with the grand design of the national transportation system laid down 70 years ago.

Expansion From 1896-1913 and 1920-1930

The burst of western development based on the railroad lasted from about 1896 to 1913, and in this short period of time the grain economy of the western prairies grew rapidly from its earliest beginnings to a state of comparative maturity, made possible, among other things by the discovery of an early-maturing and rust-resistant strain of wheat. Men and capital poured into Canada from the United Kingdom and elsewhere, wheat became a major export, and the first important expansion of secondary manufacturing and service industries occurred. This era of growth came to an abrupt end in 1913 as a result of a sharp contraction in demand in the outside world. Shortly, after the outbreak of World War I, the needs of the Allies for foodstuffs, metals and munitions again provided a strong stimulus to Canada's export industries, but the end of the war brought a severe readjustment and the next major wave of expansion did not really get under way until the early 1920's, stimulated by rapidly growing world consumption of the newer industrial materials and by technological innovations especially in the field of metallurgy. Development was concentrated on pulp and paper, non-ferrous metals, and hydro-electric power—resources located mainly in the less accessible areas to the north of the main centers of Canadian population. Renewed growth in the primary industries brought in its train further expansion of secondary forms of activity protected from external competition by their nature, by geography, or by traiffs. As on previous occasions, this wave of expansion was accompanied by a growing balance of payments deficit financed by heavy inflows of foreign capital coming mainly now from United States.

This period of rapid growth came to a halt about 1930 with the onset of the world-wide depression and it began to look once again as though the Canadian economy had reached the limits of its development. Growth was not resumed on a major scale until the early years of World War II. During the 30's, the failure of the economy to grow was reflected in the reappearance of a current account surplus in Canada's balance of payments at a low level of trade, the disappearance of the net capital inflow, and net emigration of manpower to the United States. The outbreak of World War II again provided a strong external stimulus to Canadian expansion, especially in agriculture, mining, and certain branches of manufacturing, and because much of this wartime expansion was in basic industries, the transition to peacetime conditions took place without a fundamental change in the direction of Canada's economic growth.

Unusual Growth in 1950s

The first half of the 1950s has again been for Canada a period of unusually rapid growth, accompanied, one should perhaps add, by unusually mild growing pains. Compared with most other countries, Canada seems recently to have enjoyed a higher-than-average rate of economic development combined with a lower-than-average degree of domestic inflation and external financial strain. This enviable state of affairs has not proved incompatible with the maintenance of a relatively open and unrestricted economy and a rapidly growing volume of external trade. A few figures will serve to indicate the general order of magnitude of this latest wave of economic expansion. One useful measure of growth is the proportion of gross national expenditure represented by outlays on new construction, machinery and equipment. Investment outlays of this type have accounted for more than one-fifth of Canada's gross national expenditure in every year since 1948, and the proportion is currently close to one-quarter. This degree of sustained concentration on new capital investment has been equalled or surpassed occasionally in Canada's previous history and in the experience of other countries, but even so it represents a very high rate of growth. Rapid expansion of productive capacity has helped to raise Canada's Gross National Product over 30% in terms of physical volume between the years 1949 and 1955, and a further substantial increase seems likely to occur during 1956. Personal consumption per capita in 1955 had risen about 12% over the 1949 level in physical terms, in spite of the competing pressure on our resources during this period from rising investment and exports and higher defense expenditures.

Meeting an Adverse Trade Balance

Externally, the counterpart of this high rate of domestic expansion has been a large and persistent current account deficit in our balance of payments. The growth of this deficit has not been due to any fall in exports: on the contrary, total exports of goods and services in 1955 were 25% above the 1949 level in physical volume and over 40% up in terms of actual dollar value. Total imports of goods and services, however, have shown an even more massive increase, rising by almost one-half in physical volume and by almost two-thirds in dollar value. The result has been a current account balance of payments deficit aggregating more than $2,200 million, or roughly 7% of total current receipts, from the end of 1949 to the end of 1955. This heavy net drawing on external real resources has of course greatly eased the strain imposed on our domestic economy by rapid expansion; consumer prices in 1955, for instance, although about 16% higher than the 1949 average, appear to have increased somewhat less than in most countries, and indeed have been virtually stable since late in 1951. Even more remarkable, however, is the fact that Canada has been able to finance a current balance of payments deficit of this magnitude without significant strain on her external financial position, owing to massive inflows of private foreign capital. Between end-1949 and end-1955, over $2,000 million of private foreign capital came into Canada in the form of direct investment inflows alone, and the total gross inflow in all forms was sufficient not only to cover the current account deficit and to finance substantial outflows of Canadian capital, but also to make possible an increase in official gold and U. S. dollar holdings of close to $800 million and an appreciation in the exchange rate of the Canadian dollar in terms of other currencies. Throughout this period, the Canadian economy has remained comparatively open to foreign competition: the last remaining import restrictions were removed in 1950, exchange control was abolished in 1951, and the effective level of tariff protection has been gradually reduced as a result both of international agreements and the effect of rising prices on specific duties.

Current and Past Expansion

The current phase of expansion in Canada resembles previous periods of rapid growth in our history in that its mainspring again seems to have been a great increase in world demand for our primary export commodities, with the important exception, during the past two or three years at least, of farm products. Although direct outlays on the expansion of productive capacity in the primary industries since 1949 have accounted for only a modest proportion of total fixed investment outlays, they have played a key role in the over-all growth process, indirectly stimulating investment in related fields of activity and providing the main attraction for inflows of private foreign capital. World demand for most of the industrial materials produced by our primary industries, notably metals and forest products, has expanded greatly since the early postwar years, reflecting the rapid rate of growth of world industrial production. World supplies of most of these commodities have failed to expand as rapidly, and prices have risen. This has provided a strong incentive to expand Canadian productive capacity, especially since we have in many cases a decided cost advantage over other suppliers—e.g., aluminum—or a substantial proportion of the world's undeveloped reserves—e.g., nickel, asbestos and uranium. In other cases, e.g., petroleum and iron ore, development has taken place not so much because of short-run market considerations as the long-run prospect that present sources of world supply will be used up or become unavailable. With the United States becoming increasingly dependent on imports for its raw materials, Canada enjoys the advantages of being a near-by source of supply. Intensified exploration has resulted in the discovery of important new mineral deposits in Canada which have greatly extended the range of our known resources.

The Export Record

The effect of rising output of (and higher prices for) these industrial materials stands out clearly in our export figures. Canada's exports of forest products, metals, minerals and chemicals have virtually doubled in value since 1949, although total exports have risen only 40%. As a proportion of Gross National Product, exports of these industrial materials have risen from about 9% to about 11% over the same period. Because of the lag between the starting of investment projects in this field and their eventual coming to fruition in increased exports, we can expect further substantial increases during the next two or three years. Exports of agricultural products, on the other hand, were substantially lower in value in 1955 than in 1949, though they underwent a sharp temporary expansion in 1952 and 1953. The explanation seems to be that world output of agricultural commodities in recent years has expanded more rapidly than effective world demand, partly as a result of an exceptionally favorable series of growing seasons and rising productivity, partly as a result of the recovery of agricultural production in war-devastated areas, and partly as a result of price support policies in various countries. In addition, Canada is consuming a growing proportion of her food output at home and in the process becoming an increasingly high-cost producer of most farm products other than grains. Exports of manufactured goods in 1955 were virtually unchanged in value from their 1949 level, which implies a decline in physical volume because of the intervening rise in prices. This decline would have been quite marked had it not been for increased U. S. military procurement in Canada. The export record of the past six years provides little evidence that Canada has been overtaking the competitive advantage in world markets enjoyed by other producers of highly manufactured goods.

Rapid Export Rise to U. S. A.

The regional pattern of Canada's export trade with the outside world during recent years reflects not only the impact of developments within the Canadian economy but also developments abroad —notably the great industrial expansion in the United States and Western Europe and the recovery of European agricultural production. While Canada's total exports have risen by more than 40% between 1949 and 1955, exports to certain markets have increased much more rapidly than to others. Unlike the experience of most countries, Canada's exports to the United States have risen by no less than 70% over the past six years, while her exports to Western Europe have risen only 20% and her exports to the remaining countries of the world, mainly primary producers, have risen only 10%. The result is that the United States market now takes three-fifths of our total exports, compared with only one-half six years ago. The main reason for our increasing dependence on the U. S. market for our exports is that the great bulk of what we sell to the United States consists of exports of primary industrial materials, which have been rapidly expanding, rather than foodstuffs or secondary manufactured goods which have been stable or contracting. Exports of such materials as metals, lumber, pulp and paper to the industrial countries of Western Europe have grown about as rapidly percentagewise as they have to the United States, but exports of foodstuffs, which were on a large scale in the early postwar years, have declined sharply as European agricultural production has recovered. Exports of secondary manufactured goods to Europe have continued to decline since 1949 partly owing to the effect of import restrictions but perhaps also because Canadian goods of this type have become more exposed to competition from the resurgent industry of Germany, the United Kingdom, and other Western European countries. Indeed the only market to which our exports of secondary manufactured goods have not declined since 1949 is the United States, and this is for rather special reasons — increased military procurement in Canada, and increased American fondness for Canadian whiskey.

The Future Trend

The course which Canadian trade and development has taken during the past six years may represent to some extent at least a reversion to the pattern of earlier periods of growth in our history rather than the continuation of long-run tendencies toward a more well-rounded and more self-contained economy such as one might expect to be at work. The recent increase in importance of the primary export industries reflects an exceptionally high rate of discovery and development of important new resources such as petroleum, iron ore, uranium, and additional non-ferrous metal deposits which has tended to mask the decline in agricultural exports. The longer-run trend, however, might well be that we will increasingly come up against the limits of our primary resources—as we are already doing in the case of good agricultural land, easily accessible forests, economic hydro-electric power sites and so forth—and that in spite of increasingly efficient methods of exploiting these resources, the growth of domestic consumption will gradually reduce the relative importance of exports of primary commodities. On the other hand, it may be just possible that the continuing processes of exploration and technical innovation will more or less indefinitely supply us with major new resources of exportable commodities about as rapidly as the existing ones decline in importance. This seems to have been the case so far in our history: exports of farm products, for example, which accounted for 45% of total exports in the late 1920's, accounted for only 17% in 1955. The declining importance of our agricultural exports has been largely offset by the increasing importance of such new exports as petroleum, iron ore and uranium.

A Record Rise in Imports

On the import side of Canada's merchandise trade, a somewhat similar picture of the course of our economic development in recent years may be seen. Imports of investment goods, such as machinery, electrical equipment, aircraft, railway rolling stock and construction materials, appear to have more than doubled in value between 1949 and 1955, and currently represent something like 30% of total imports. Imports of finished consumer goods seem to have risen almost as steeply and to have increased appreciably as a proportion of total personal expenditure on goods. This appears to substantiate the evidence from the export side that Canada is still some way from having many advanced secondary manufacturing industries capable of competing on even terms with their counterparts in other industrial countries. Canadian industry appears to have been rather more successful in meeting competition from imports in the field of primary and semi-manufacturer industrial materials and components, which have risen by less than 50% in value since 1949, and in the field of fuels and lubricants, which have risen only about 15% in value. Domestic capacity has grown substantially in recent years in the less specialized forms of processing and fabrication of such industrial materials as metals and chemicals for the home market. The rapid development of our western oil resources has not only reduced our dependence on coal imports but has also enabled us to supply most of the recent rapid increase in our petroleum consumption from domestic sources.

The 70% increase in the value of Canadian imports from 1949 to 1955 reflects the pressure of rapidly rising investment and consumer demand on Canadian resources. The rate of growth of the Canadian market for imported goods during the past six years has been equalled or exceeded by very few other countries. In terms of 1955 imports, the Canadian market for foreign goods was the fourth largest in the world—roughly 40% as large as the U. S. market, about half as large as the U.K. market, and about 90% as large as the German market. The market for imports of secondary manufactured goods in Canada is probably about as large as it is in any country in the world, including the United States.

Challenge to Favorable U. S. A. Position

During the past six years, United States suppliers have slightly increased their already large share of the Canadian import market, from 70% in 1949 to 73% in 1955. This increase would have been substantially greater had it not been for the development of Canadian oil resources. Western European suppliers have not quite maintained their share of the Canadian market since 1949, although in absolute terms the value of their sales to Canada has risen almost 60%. Indeed, imports of investment goods from Western European countries in 1955 appear to have roughly tripled in value since 1949 — though admittedly from a base period in which postwar recovery was still at an early stage. In the field of imported materials and semi-manufactured goods used by Canadian industry, the overall growth has been much more moderate and the United States has greatly increased its share of the market compared with other suppliers. The reasons why other countries have failed to expand their sales to Canada in this field as rapidly as has the United States are complex: to some extent it may reflect the pull of their own expanding domestic markets on their available resources, to some extent it may reflect the fact that many Canadian manufacturing plants are owned or controlled by, and therefore largely supplied from, the United States. Imports of textiles, which have grown more slowly than total imports, account for a relatively large proportion of imports from Western Europe. Nevertheless, in spite of the advantages which United States suppliers enjoy in competing for the Canadian import market — proximity, similarity of tastes and designs, a substantial degree of ownership or control in various types of Canadian business enterprises, and cost advantages in the capital intensive mass production industries — other countries have in fact been able to increase their sales to Canada very substantially in recent years, and in certain fields to compete very successfully with U. S. suppliers.

Areas Attracting Investments

The broad outline of Canada's recent economic development which may be deduced from the shifting composition of exports and imports is supported by other pieces of evidence. The percentage of total fixed investment outlays going into the development of the primary industries (other than agriculture) and into basic facilities such as power, transport, and communications cannot be precisely measured, but appears to have risen from something like 30% in 1948 to something like 38% in 1955. On the other hand, the share of agriculture and secondary manufacturing in total investment outlays seems to have declined, though investment outlays in these fields have not fallen in absolute terms. Investment outlays in the field of business services, housing, schools, hospitals, municipal and government services appear to have risen overall at about the same rate as total investment outlays.

Rise in Autos, Electric Goods and Some Chemicals

If one looks at the rates of increase in production and employment during the past six years in various sectors of the economy one is struck by the increasing importance of services as opposed to physical goods in Canada's total economic activity, and by the relative decline in importance of agricultural as opposed to non-agricultural production and employment. Within the non-agricultural sector of industry, the largest increases in volume of output have been with few exceptions in such fields as petroleum production and refining, electric power generation, non-ferrous metal mining and refining, iron ore mining, primary iron and steel production, pulp and paper, and chemicals. Production in these industries has risen more sharply at the earlier stages of extraction, initial processing, and intermediate manufacture than at the more advanced stages of fabrication into more complex and differentiated manufactured goods. In the field of secondary manufacturing, increases in output have in most cases lagged well behind primary industry, especially in labor-intensive fields such as textiles and clothing, leather products, the food and beverage industries and so forth. The major exceptions to this general pattern are the motor vehicles industry, the electrical goods industry, and certain branches of the chemical industry —relatively new industries, demand for whose products has been growing at well above average rates partly because of rapid technological progress, and industries which have enjoyed a substantial measure of tariff protection in the domestic market. These industries have expanded almost as rapidly as the primary export industries.

Growth in Intermediate Manufacturing

The fact that exports have continued to bulk so large in Canada's total economic activity stems partly from an improvement in the terms of trade between the particular primary industrial materials she exports and the manufactured goods she imports which has taken place in recent years. The exceptionally rapid expansion of the primary export industries in recent years has put our secondary industries at a growing disadvantage in competing for the services of the factories of production. Furthermore, our secondary industries have had to survive and develop in an economy relatively open to import competition, without benefit of direct import restrictions and with gradually declining tariff protection. Nevertheless, the continued growth in size and concentration of our population, the gradually declining burden of high - cost transportation overheads, and the growth in productivity accruing from technological advance and greater applications of capital have permitted certain branches of our secondary manufacturing and service industries to develop at a moderately rapid rate during recent years. The growth has been most evident in the intermediate stages of manufacturing, in relatively new and technologically developing industries shielded by tariff protection, and in services industries not greatly affected by direct import competition, such as construction, transportation, etc. This is the kind of growth which typically occurs in a gradually maturing economy. In Canada's special circumstances, it has tended to be overshadowed by primary resource development, and at least so far as advanced secondary manufacturing is concerned, held back by import competition from increasingly efficient and low-cost industries in the United States and other countries.

It is inherent in the nature of the Canadian economy that fluctuations in the level of demand in other countries have a marked effect on domestic employment and incomes, on the demand for imports, and the country's external financial position. In the past, periods of buoyant foreign demand for Canada's exports have been periods of domestic prosperity and growth. Rising consumption and capital investment expenditures have in turn stimulated demand for imports, which have tended to rise particularly sharply once expansion has reached the point of full utilization of domestic productive capacity. With imports rising more rapidly than exports, Canada's balance of payments has shifted toward a current account deficit. The financing of this deficit has generally not been a difficult problem, however, since private foreign capital has tended to flow into Canada on a large scale during such periods of growth, attracted in part by the prospective high returns from investment in the primary export industries.

Periods of declining foreign demand for Canada's exports, on the other hand, have generally been periods of domestic stagnation, falling incomes, and under-employment — the 1930s, for example. The decline in investment and consumption expenditures has usually had a greater proportional effect on imports than on do-

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Canadian Economy and Its Bearing on International Trade

mestic production. With imports falling more rapidly than exports, the balance of payments has tended to strengthen on current account. On the other hand, the inflow of capital has declined sharply or even been replaced by a net reduction in Canada's foreign debt.

Economy Shows Stability in Face of Recent U. S. A. Recessions

These interrelations between the state of export demand and the state of the domestic economy and its external finances have been clearly in evidence during the recent postwar period. On the whole, foreign demand for Canada's exports have been high and rising throughout this period, although minor recessions occurred briefly in the United States in 1949 and in 1954. The direct effect of these mild U. S. recessions on Canadian exports was small, merely a brief pause in their underlying upward trend. United States' demand for certain important Canadian exports continued to grow without interruption throughout these recessions, and, in 1954 at least, the fall in United States' demand was largely offset by rising demand from Europe. The secondary effects on Canadian employment and incomes were also relatively minor, and appear to have been transmitted more through changes in business confidence than through changes in export income. The effects on Canada's balance of payments and foreign exchange position were negligible. It should not be concluded from Canada's experience in 1949 and 1954 that her domestic economy has become immune to external disturbances. The fact is that rising world demand for Canada's exports of primary industrial materials throughout the postwar period has suffered only the briefest and mildest of interruptions, and the Canadian economy has therefore not been put to a really severe test. In the event of a major and prolonged depression in the outside world, of course, Canada could hardly expect to come through unscathed. But in the face of the rather mild disturbances which have actually occurred in the postwar world, the Canadian economy has shown a reassuring degree of stability and resilience.

Reasons for Capital Inflow

On the financial side, Canada's postwar experience as the recipient of ample inflows of private long-term foreign capital has been in marked contrast with the experience of most other developing countries, which have found lack of adequate foreign exchange a more or less continuous limiting factor on their rate of economic growth. The reasons why Canada has been able to attract outside capital so readily are complex. One basic reason has been the relative abundance in Canada of opportunities for investment yielding either a high rate of immediate return or important long-term advantages. Another important reason is the proximity of Canada to the United States and the close cultural, business and financial ties between the two countries. The capital requirements of many companies operating in Canada are directly financed by American companies which own or control them, and other companies, as well as provincial and municipal governments, are able to sell new issues of their securities in the capital markets of the United States with little more difficulty than in Canada. The interrelation of the capital markets of Canada and the United States is so close that comparatively small changes in the spread between interest rates in the two countries have a substantial effect on capital movements between them, especially on net sales or purchases of securities. A third reason for Canada's success in attracting foreign capital is that no attempt has been made to discriminate against foreign investors and that there have been no restrictions of any kind on foreign exchange transactions since 1951. Even during the period of exchange control no restriction was imposed on transfers of investment income abroad.

Foreign Capital Share Smaller Than in Past

Although the foreign capital coming into Canada in recent years has been large in absolute amount, its significance can be overestimated. Over the five-year period ending in 1954, foreign resources financed about one-sixth of gross capital formation in Canada, a much smaller proportion than in previous periods of high investment such as 1926-30. In certain industries, of course, the proportion of foreign financing has been much higher than for the economy as a whole, notably in investment projects requiring very large amounts of risk capital, advanced technology, and assured foreign markets. Nevertheless, Canada's ability to finance its economic development out of domestic savings has been increasing. In addition, Canadians have been investing abroad in not insignificant amounts in recent years, chiefly in the United States. At the end of 1955, gross foreign capital investment in Canada amounted to about $14½ billion, and gross Canadian capital investment abroad to about $7 billion. Although Canada has become a very large international debtor over the course of the years, income from exports of goods and services has risen much more rapidly than transfers of interest and dividends to foreign holders of this debt: in 1955 such remittances amounted to only about 8% of total earnings from exports of goods and services, compared with about 34% during the early 1930's. One reason why this proportion has fallen so sharply in recent years is that foreign investors have only been repatriating a little over half of their earnings from investments in Canada. The other half has been reinvested in enterprises in Canada. Even if the whole of their earnings were transferred abroad, however, the proportion would still be much lower than in the early 1930's. Since a large proportion of the capital which flows into Canada comes in the form of direct investment in machinery and equipment imports, a decline in the long-term capital inflow tends to be accompanied by a decline in such imports, and the impact on our external financial position is less serious than would otherwise be the case. It should also be noted that short-term capital movements between Canada and other countries have tended in recent years to stabilize, rather than to disturb, our external financial equilibrium, though this was not always the case prior to September, 1950 when a fixed exchange rate for the Canadian dollar was maintained.

Summary

Looking back on the experie[illegible]ntry over many years, it is clear that Canada's trade and financial relationships with other countries have exerted a profound influence over the course of our economic development. Export trade has led us to specialize on the production of those commodities we are best suited to produce efficiently and thus to earn a relatively high standard of living. Import trade has enabled us to fill the gaps in our own resources and to obtain certain kinds of goods at less cost than if we tried to produce them ourselves. Foreign capital and know-how have made it possible for us to achieve a more rapid rate of development than we could have managed on the basis of our own resources. We have had to pay a price for these advantages, of course, including the disadvantage of somewhat greater vulnerability to external influences than in a more self-contained economy. The relative importance of external trade in our total activity has not diminished greatly over the years, but both our economy and our trade have become much larger and much more diversified. This may help to explain why in recent years we have been able to weather short-term disturbances in the outside world without serious difficulty. Assuming that the world economy will continue to grow and prosper without prolonged and serious interruptions, it would appear that Canada need have little fear of her dependence on external trade.

Group Five Savs. Banks To Hold Trustees Day

BROOKLYN, N. Y.—It has been announced by John W. Hooper, Chairman of Group Five Savings Banks Association, that Gerald R. Dorman, had accepted chairmanship of their first Annual Trustees Day to be held in the Granada Hotel on Wednesday, Sept. 19.

Mr. Dorman accepted this appointment some time ago and at a meeting in the Union League Club with members of his committee announced that the morning session would be a panel discussion of savings bank problems by a notable group of savings bank trustees. Those serving on the panel include:

Hon. Frank F. Adel, trustee of the Ridgewood Savings Bank and retired Justice of the Appelate Division.

Dr. Andrew G. Clauson, trustee of the Richmond County Savings Bank and President of the Board of Education of the City of New York on six occasions.

Fred Gretsch, Jr., trustee of the Lincoln Savings Bank and President of the Fred Gretsch Manufacturing Company.

Robert H. Pelletreau, trustee of the Union Savings Bank of Patchogue and well known attorney of Suffolk County.

Dr. Harry S. Rogers, trustee of the Brooklyn Savings Bank and President of Polytechnic Institute of Brooklyn.

H. Bogart Seaman, trustee of the Roslyn Savings Bank, Vice-President of the Seaman Motor Car Company and Treasurer of the County of Nassau.

At the luncheon session, which will follow a noontime reception, the well known journalist, economist and author, Henry J. Taylor, will give the address of the day.

Trustees from the 35 member savings banks on Long Island and Staten Island will attend this meeting. They represent 3,082,973 depositors with $5,977,303,000 in savings accounts.

Now Lackner & Co.

DENVER, Colo.—The firm name of Greenberg, Strong & Company, First National Bank Building, has been changed to Lackner & Company. Hersh Lackner is principal of the firm.

Railroad Securities

By GERALD D. McKEEVER

Great Northern

It has become somewhat the fashion to belabor the Great Northern because of what is regarded as the sluggish action of its stock in good times and in bad. Since this road has shown exceptional growth in traffic and revenues in the past several years, it may be that too much is expected of the stock, which, as a matter of fact, has performed well in relation to the averages.

A few years ago the growth character of the Great Northern was not recognized as such. Beginning with the final half of 1950, this road was a principal beneficiary of the movement of troops and materiel to the West Coast as the military build-up in Korea progressed. Its gain in this period was largely discounted as being of temporary nature and Great Northern stock was treated as something of a "war baby."

This notion came to be dispelled, however, when it was later seen that there was to be no collapse in the business of the Great Northern with the cessation of hostilities in Korea. As the following table shows, the trend of revenues and, more significantly, of traffic (ton-mileage) (since the latter bears no distortion from freight rate increases) has continued upward and well ahead of the trend of both the Northwestern District and of the Class I averages, as shown below:

(Indices Based on the 1947-49 Averages as 100)

	Revenues			Ton Mileage		
	Gt. North.	Nw. District	Class I	Gt. North.	Nw. District	Class I
1955	129	115	113	119	107	103
1954	121	108	104	108	96	91
1953	129	118	119	116	105	100
1952	125	117	118	109	105	101
1951	120	115	116	113	111	107
1950	110	108	106	100	102	97
1946	81	83	85	92	96	98

In view of this evidence of particular growth, a great deal more has been expected of Great Northern stock than has been forthcoming, although some grudging and temporary recognition seems to have been evident at this year's high of 46⅞. At this point earnings at the rate of about $5.25 per share annually were capitalized at the somewhat above-average rate of nine times, but this was modest compared with the corresponding multiples of about 12 times for the Atchison and 11.6 for the Union Pacific, although it must be conceded that there is a quality factor to be considered in making such a comparison.

In any case, however, Great Northern stock did not tend to be so greatly overvalued in the upsurge of the rail market earlier this year, and it has thus been steadier than some of the special growth favorites on the decline. While Atchison and Union Pacific, for instance, are down 18% and 24% respectively from this year's high, Great Northern at 41 is down only about 13%, or right in line with the decline of the Dow Jones Rail stock average. Thus far from being a "bad actor," Great Northern has shown creditable relative stability.

With its price thus only in line with the average and appraised by the current market at only about 8 times estimated earnings of $5.25 for this year, there is no apparent premium in the price of Great Northern for the road's growth potentialities, which admittedly are not being registered in results so far this year or indicated in the full year's estimate. The growth factor seems to have been "washed out" of the price because of what may be only a temporary lapse but a none-the-less dampening one. The increase of the revenues of the Great Northern of only about half as much as that of the Class I average has probably commanded greater attention than the decline in the road's earnings which has been due principally to an excessively high rate of maintenance charges—viz., 38.9% for the first seven months of this year and 43.1% for July as against 36.1% for the first seven months of last year and 33.7% for the calendar year. This has depressed the earnings of the Great Northern unduly thus far in 1956.

It is customary, however, for the Great Northern to reduce the rate of maintenance during the seasonal revenue bulge in the final months of the year, and in 1955 this reduction was to the average of 31.1% for the final five months as against 36.7% for the first seven. A similar cut this year would represent some $3 million or 50 cents per share after taxes on the strength of $127 million estimated revenue for the final five months. Since earnings for the first seven months amounted to $2.03 per share, or only 24 cents less than for the corresponding 1955 period, there should be ample reason to expect that 1955 full year earnings of $5.27 per share should be equaled or even exceeded. The Great Northern normally earns 55% to 60% of its year's net in the final 5 months.

Getting back to the longer term growth angle, it is to be noted that the road's 1955 report states that 203 new industries were located on its lines last year, but which thus were a contributing factor for only part of the year. Among these was the $65 million reduction plant of the Anaconda Aluminum Co. which went into operation last August. Another longer term factor is the build-up of the over-all economy of the Williston Basin area. The Great Northern has no oil lands there or elsewhere, but it does serve this rapidly growing territory, and the road's 1955 report also points out that there was an increase last year of nearly 2,600 carloads of other than oil or agricultural products moved in and out of the Williston Basin area.

In the longer run much is also expected from power and irrigation developments in the road's service territory. Last year the Chief Joseph Dam began operation with five generators aggregating 360,000 kw. capacity out of the total of 1,024,000 kw. scheduled capacity. Also about one million acres are comprehended in current irrigation projects. As to the future of iron ore, a large contributor to revenue and not inconsiderable as an earnings factor, it is said that the deposits of high grade iron ore at points served by the Great Northern are estimated to have a life of about 60 years at the current rate of withdrawal. To supplement this, the road is collaborating with the University of Minnesota and the University of North Dakota in exploring the possibility of developing certain large taconite deposits not now regarded as commercial.

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What's Ahead for Glass Industry In a Steadily Growing Economy

our growing economy the period of liquidation was short. This was immediately followed by a period in which this same type of goods was again in short supply. So far as I know this inventory reduction was not accompanied by significant reductions in manufacturers' prices. As we all know, in the case of most products, labor is the highest single manufacturing cost.

Lower Year-Round Inventory Costs

In the last 15 years labor costs have moved higher and have tended to become rigid due to binding union contracts. As a result of this rigidity at higher levels it has been my observation in the past, and guess for the future, that periods of recession and inventory reduction are not likely to see significant reductions in manufacturers' prices. It seems to me that this very fact eliminates one of the historical hazards of carrying large inventories. With the possibility of severe financial loss at least minimized, it would be advantageous to examine the potential benefits of carrying well-rounded inventories at all times. It has been demonstrated repeatedly in the recent past that those people most successful in moving a large volume of goods are those who have the goods always available at the point of sale. This can be pointed up by our own reactions. When we get the urge to buy a new car we want it quick. All other things being equal, we will buy it from the dealer who has the car in the color and with the accessories we want and not from the dealer who has to order it from the factory. I cannot emphasize too strongly my conviction that to be successful in the extremely competitive markets of today adequate inventories of quality merchandise hold the key to that accomplishment. We are backing this conviction by appropriate action in our own company.

Relate Inventory to Sales and Days' Supply

Inventories should be viewed not in the light of the total dollars invested in merchandise but rather in light of the number of days' supply of each item, based on current sales, which you carry in your place of business. As with the auto dealer, the supermarket, and the corner drugstore, turnover is your key to more profits. And turnover, in any line, will be greater if inventories are both ample and varied.

Talking about increased inventories might seem strange in view of the great shortage of flat glass products in the recent past. Perhaps, though, if flat glass inventories had not been liquidated so abruptly and completely in 1954, the shortage of the recent past might not have been nearly so severe. However, through the greatly increased production facilities of all flat glass manufacturers, you should be able to build up and maintain the point-of-sale inventories necessary to assure your full share of the increasingly competitive markets.

Growth in Use of Glass

There are many of us here who can remember back to the days, say thirty years ago, when plate and window glass for glazing were practically your only products. If you managed to sell three or four boxes of window glass and maybe a mirror or two per house, it was a relatively good deal. In those days total domestic consumption of window glass was about 3½ square feet per person and plate glass about one square foot. By 1954, however, the story was a bit different. Window glass was being consumed at the rate of 10 square feet per person and plate at about 3½ square feet. And glass use is still growing.

Window areas have expanded and now are glazed with both plate and sheet. Not only has the size of exterior wall openings increased tremendously, but the modern homeowner is insisting upon use of double-glazed insulating units for both windows and window walls. This means twice as much glass plus special installation. We also have jalousie doors and windows. For full wall treatment there are sliding glass doors of many different styles.

In the commercial building field the use of glass has been nothing less than phenomenal. Twenty years ago the idea of modern skyscrapers completely enclosed with glass was almost as fantastic as an artist's conception of a modern city made weatherproof with a gigantic glass canopy.

Most of you are familiar with and have played an important part in the expanding use of glass in buildings. It started back in the Thirties when structural glass became a must for store fronts. Then we moved into the full vision front. Literally millions of square feet of glass moved through your hands in changing the "Main Street of America." Today another great opportunity lies ahead. The use of glass in buildings is not only moving outward, but also upward.

With curtain wall construction and spandrel glazing, the glass-clad building is a reality. You can imagine the square footage potential offered by buildings whose exteriors are completely faced with glass. Manufacturers have the product you need to capture this business. It is a heat-strengthened, specially processed glass in a wide range of attractive colors. Marketed under such trade names as Spandrelite and Huetex, it will open vast markets for you.

Of course, merchandising and installing these products involve new methods, techniques and setting members. Manufacturers have worked out these details successfully and will provide you with the technical data you need.

Yes, today the list of fabricated or processed flat glass building products is long and impressive. It is impressive not only in its variety, but even more so in the indications of the volume which will be required. While I'm talking on this subject of variety, it might be well to mention some different types of glass products which you might handle rather easily and profitably. I refer to a growing number of building products made from fiber glass. These include air filters, screening, and plastic reinforced panels for such installations as porch roofs and breezeways. For example, fiber glass screening seems to be an ideal addition to your lines. When you sell glass for windows, what is more natural than selling screening for the same unit?

Automotive Replacement Trade

Many of you jobbers have a big stake in the automotive field. And this will continue to grow. In recent years, the automotive replacement trade has expanded not only in unit volume, but more significantly in the total footage of glass. For example, since 1945 the average automobile windshield and backlight have increased over 70% in size and are produced in entirely new shapes. Where the jobber or dealer formerly sold two pieces of flat safety glass for about $7.00 in 1946, today he can sell one beautifully curving, wrap-around windshield for as much as $50.00.

It is true that the curved windshield and backlight have created packaging, storage and handling problems—not only for jobbers but also for manufacturers. Many of these problems have been solved as the result of packing and shipping research carried on by the glass manufacturer. Automotive glass comes from the factory packed in specially designed containers which hold breakage to a minimum. These, while bulky, can be handled with relative ease.

About the only major problem in the replacement field not completely solved is that of storage. We feel that we are licking the problem with expanded wareroom facilities in our fabricating plants and by establishing fully stocked, centralized depots in various parts of the country. We are convinced that demand for service on curved glass will increase. The only way to successfully meet this demand is to carry well-rounded and readily accessible stocks.

Advances in automobile styling point to still larger windshields with more complex curves such as the Twin-wrap which will appear on some 1957 models. This trend again points up the role of the depot system to help protect the jobber from additional investment in space and from hazards of obsolescence. It also points up the fact that forward planning on inventories is essential in the replacement field.

Technological Progress and Research

As glass manufacturers, we know that if we are to continue to give you more and better glass products, we must be vitally concerned with technological progress. The industry has been and is making significant strides in this field.

Automation Not New to Glass

You have all heard of automation as being the latest technological development in industry. Actually, we have had automation in the flat glass industry for some time. In fact, ours was one of the first industries to use automation extensively. More than 30 years ago automatic machinery for drawing sheet glass was developed and put into operation. These processes were revolutionary developments which replaced many tedious manual tasks. Automation, as it is truly defined, has also been a factor in plate glass operations. In these, automatic production from batch mixing to twin-grinding has been achieved. But that is not the final step. Right now plans are being made to extend the twin principle to polishing. When this has been perfected, and the day should not be too far away, there will be a continuous ribbon of glass about 1,700 feet long from the lip of the tank to the inspecting and cut-off end. In addition, important progress is being made in automatic inspection, handling, sizing and packing of glass including the use of feedback mechanisms.

As you know, work in the glass research and development fields has led to the development of products which can be mass produced and handled profitably by the flat glass jobber. In the past these included such items as double-glazed units, heat-tempered glass and more recently, the curtain wall panels.

Today glass research has in process several products which could help make your tomorrow really golden. These products are quite unusual in nature. When perfected, they could increase your volume greatly, carry you into new and profitable fields, and literally make you a kingpin in building circles. Some of these products are still under wraps, but there are others about which we can talk to give you some indication of the tremendous potential of glass.

New Flat Glass Products

The most challenging product of tomorrow is the **variable transmission window**. This will be a window whose opacity to light and radiant heat can be adjusted either manually or automatically to be just what the user desires. This product is literally just around the corner and will have many applications in allowing builders and users to maintain style and an expansive feeling in buildings while at the same time avoiding the undesirable features of too much heat and too much variation in light intensity. You can imagine the ever-broadening markets that this type of product will create.

Electroluminescent panels for lighting the interiors of homes and offices are already well along in the laboratories. These panels give off a low intensity of light when an electric field is applied to them and represent an extension of the mercury light concept to a broader application. That is, a mercury light has a much lower intensity than an incandescent lamp but the increased area from which light is emitted results in a high light value for the area to be illuminated. The most practical base on which to apply electroluminescent coatings is glass. In the future, glass will serve not only as a decorative and durable surface for walls and ceilings but will also provide a base for coatings which will produce soft light for room illumination.

Glass Heat

Glass covered with electrically conductive coats has been used successfully as a source of heat. In the future, electrical energy will generally become lower in comparative cost and this method for controlled heating of buildings increasingly common. When this happens, coated glass will be the most practical form for supplying heating elements of infinite life, completely enclosing and decorating the rooms without the remotest possibility of having the occupants burned by accidental contact with hot heaters.

Both the lighting and heating panel ideas present potential outlets of truly significant proportions for the glass jobber. Literally millions of square feet could be involved in supplying this type of glass to home and commercial buildings.

The conservation of energy is an increasingly important problem. The fossil fuels, such as coal, may be partially replaced in the future as a source of energy by nuclear fuels but even these have finite limits. Increasingly, thinking men are returning to and emphasizing the sun as our principal source of available energy. And in this area glass will play a most important part. Glass will be used as a barrier to allow the entrance of radiant heat into enclosures where it is absorbed and also as a barrier to prevent the escape of heat by convection and conduction once it has been captured. There are already examples of the use of glass for this purpose in some of the sunnier climates to heat homes and water for domestic use.

There are certain applications where the temperature reached by direct sunlight is not sufficiently high. Under these circumstances it is desirable to increase the temperature by collecting the sun's rays over a large area and then concentrating the energy to a smaller area. Such reflecting mirrors will grow in importance and most will be made from glass. In the not-too-distant future such collectors will be able to furnish considerable quantities of power competitively in some parts of the world. In the more distant future, following the inevitable degradation of other power sources, enormous glass collectors will furnish very significant amounts of energy throughout the habitable world. Here could be one of the most extensive new mirror markets in many years.

Unbreakable Glass

Unbreakable glass will come out of the extensive basic research being conducted today into the structure of glass and the extension of its properties by new compositions. This product has long been talked about but it has only been recently that some of the puzzling secrets surrounding the very old art of glass have been sheared away. An unbreakable glass of this nature could be put into direct competition with metals in many areas where competition is now impractical and would open new sales opportunities for jobbers. Machinability is a characteristic not normally associated with glass even though sand blasting and ultrasonic methods can be used to fabricate glass today at a cost that is satisfactory for very special purposes; and unbreakable glass would likely be machinable to an extent approaching that of the metals.

These are only a few of the many glass products which hold promise of making our way of living still better and which could add up to increased sales and profits for you. Perhaps some of them are what might be termed in the "fantastic" stage. But remember, if you will, that in the fast changing era in which we live, the fantastic ideas of yesterday are the products which make our lives more fruitful and enjoyable today.

Conclusion

In conclusion I want to emphasize that we — glass jobbers and glass manufacturers — are members of one of the nation's oldest, yet most dynamic and progressive industries. The continued progress of the flat glass industry depends upon each of us doing our full share in our particular fields. We as manufacturers must continue to supply you with new and improved products; promote new markets and consumer demand; and give you the installation, fabrication and other technical help you need. This I know we will continue to do.

You as flat glass jobbers must continue, individually and collectively through your excellent association, to preach the gospel of the use of more and more glass. You must back the missionary work with aggressive selling practices. As the versatility of glass increases and it is made into products competitive with and superior to other building materials, you should continue to expand your progressive merchandising policies and carry ample inventories. When the new glass products such as lighting and heating panels reach the market, you must be prepared to handle them. Only by being prepared for and alert to the literally limitless applications of glass, will you be able to capitalize on the golden opportunities which await you in the Glass Age which lies ahead.

Two With E. E. Mathews

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Robert J. Harkins and Leonard G. Hill have become connected with Edward E. Mathews Co., 53 State Street.

H. L. Robbins Adds

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Victor B. Stevens, Jr. has been added to the staff of H. L. Robbins & Co., Inc., 40 Pearl Street.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Gerald M. Fine is now affiliated with Reynolds & Co., 629 Second Avenue, South.

$30 Million Issue of New York City Bonds Offered to Investors

The First National City Bank of New York and associates were awarded on Sept. 12 an issue of $30,000,000 City of New York General Obligations due Sept. 15, 1957 to 1971, inclusive. The group submitted a bid of 100.1499 for a 3.30% coupon, representing a net interest cost of 3.2785%.

The bonds are being reoffered at prices scaled to yield from 2.25% to 3.30%, according to maturity.

Associates in the offering include: Bankers Trust Company; Guaranty Trust Company of New York; Smith, Barney & Co.; The First Boston Corporation; Harriman Ripley & Co. Incorporated; Halsey, Stuart & Co. Inc.; The First National Bank of Chicago; C. J. Devine & Co.; Kuhn, Loeb & Co.; Continental Illinois National Bank and Trust Company of Chicago; Kidder, Peabody & Co.

Phelps, Fenn & Co.; White, Weld & Co.; Shields & Company; Mercantile Trust Company, St. Louis; Stone & Webster Securities Corporation; The First National Bank of Portland, Oregon; Ladenburg, Thalmann & Co.; Ira Haupt & Co.; W. H. Morton & Co. Incorporated; Clark, Dodge & Co.; Dean Witter & Co.; Kean, Taylor & Co.; First of Michigan Corporation; Estabrook & Co.

Goldman, Sachs Offers Procter & Gamble Co. 3⅞% Debentures at Par

Public offering of $70,000,000 Procter & Gamble Co. 3⅞% debentures due Sept. 1, 1981 is being made today (Thursday) by a nationwide underwriting group of 150 members headed by Goldman, Sachs & Co. The debentures are priced at 100%, to yield 3.875%. The sale of the debentures represents the first public offering of securities of Procter & Gamble since prior to the passage of the Securities Act of 1933.

The debentures are entitled to a sinking fund to retire not less than 5% of the debentures for each of the years 1967-1972, inclusive, and not less than 7½% for each of the years 1973-1980, inclusive. In addition to the mandatory payment, the company may at its option make a further sinking fund payment for those years in an amount not exceeding the mandatory payments. For the sinking fund the debentures will be redeemable at 100% and they will also be redeemable at the option of the company at prices ranging from 105.50% to 100%. The debentures may not be redeemed from money borrowed at a lower rate of interest before Sept. 1, 1961.

Net proceeds from the sale of the debentures will be added to the general funds of Procter & Gamble and used for the contemplated construction of a $40,000,000 chemical dissolving pulp production unit at the company's mill at Foley, Fla.; for the retirement of short-term domestic borrowings which aggregated $9,000,000 at Aug. 31, 1956, and for general corporate purposes, including the improvement, replacement and expansion of plants and other facilities.

Forms Phoenix Secs.

BLOOMFIELD, N. J. — Charles E. Cohn is engaging in a securities business from offices at 556 Bloomfield Avenue, under the name of Phoenix Securities. Mr. Cohn was previously with Berry & Co.

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The State of Trade and Industry

recovered from the five-week steel strike which cost an estimated $1.4 billion, "Steel," the well known metalworking magazine, reported on Sept. 10.

The national metalworking weekly said that reports from every sector of the country indicate that industry is in high gear and working out any shortage problems without seriously disrupting production.

How sharp the rocevery has been is shown by "Steel's" industrial production index which is based on steel production, electric power output, freight car loadings and auto assemblies.

One month after the strike (week ended Sept. 1), the index trend line leveled off at 151% of the 1947-1949 average. This compares with 148 during the last week in June when the mills began strike preparations and 91 for the first week of the strike. The second quarter average was about 153.

The publication said the only element of the index not up to or near the pre-strike level is automotive. But with steel operations approaching 100% of capacity, electric power output surpassing the 11 billion kw-hour mark for the sixth consecutive week, and freight carloadings still climbing, gains have more than offset declines.

Steel ingot production is a good indicator of the strength of demand, the metalworking authority said. In the week ended Sept. 9, production hit 98% of capacity (2,412,655 net tons), 1 point above the previous week.

Some of the high steel production rate is to satisfy current consumption. But a big part of the demand comes from order backlogs, need for steel for new models of products and buying for inventory adjustment. This shows confidence in the future.

The auto industry has come into the steel market in only a small way in preparation for its new models, but "Steel" warned that if it jumps in heavily, a real squeeze on supply will develop.

The nation's 40,000 auto dealers will have average inventories of only about 12 cars each by next week-end. Their stocks of less than 500,000 will be far under the record total of more than 850,000 piled up in May and will be some 25% under those a year ago. Unsold used cars total about 700,000, compared with 785,000 a year ago.

Significance: The auto industry is ready for a flying start on 1957 model sales. Look for 1.8 million to be sold in the last quarter.

A revived demand from the automobile industry would call heavily on the supply of cold-rolled carbon steel sheets. Around 40% of the weight of each auto is cold-rolled sheets. This would make hot-rolled sheets more difficult to get and other forms of finished steel which are in tight supply are structural shapes, heavy plates and oil country tubular goods. Hot-rolled carbon bars (particularly the large ones) are rapidly joining them. Tightening of demand for sheet is squeezing out production of strip mill plate.

The magazine said steel prices are nearly stabilized, with most adjustments stemming from the new labor contract completed. In the week ended Sept. 5, "Steel's" price composite on finished steel remained at $137.75 a net ton. Also unchanged is its price composite on steelmaking scrap at $58.83 a gross ton, an all-time high.

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 100.1% of capacity for the week beginning Sept. 10, 1956, equivalent to 2,429,000 tons of ingot and steel for castings as compared with 98.7% of capacity and 2,154,000 tons (revised) a week ago.

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

For the like week a month ago the rate was 16.9% and production 415,000 tons. A year ago the actual weekly production was placed at 2,309,000 tons or 95.7%. 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 Again in Latest Week

Automotive output for the latest week, according to "Ward's Automotive Reports," dipped again.

The past week's production total of cars and trucks amounted to 62,626 units, a decrease of 14,312 units below the preceding week's output, states "Ward's."

Last week's car output dropped below that of the previous week by 10,170 cars, while truck output decreased the past week by 4,142 vehicles. In the corresponding week last year 79,940 cars and 15,038 trucks were assembled.

Last week the agency reported there were 18,705 trucks made in the United States. This compared with 14,563 in the previous week and 15,038 a year ago.

Canadian output last week was placed at 2,600 cars and 1,347 trucks. In the previous week Dominion plants built 239 cars and 261 trucks, and for the comparable 1955 week, 2,624 cars and 944 trucks.

Electric Output Higher in Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 8, 1956, was estimated at 10,955,000,000 kwh., according to the Edison Electric Institute.

This was an increase of 610,000,000 kwh. above that of the previous week. It increased 800,000,000 kwh., or 7.9% above the comparable 1955 week and 2,147,000,000 kwh. over the like week in 1954.

Car Loadings for Sept. 1 Week Declined Again

Loading of revenue freight for the week ended Sept. 1, 1956, totaled 784,366 cars, the Association of American Railroads announced today. This was a decrease of 5,356 cars or seven-tenths of 1% below the corresponding week in 1955, but an increase of 95,874 cars or 13.9% above the corresponding week in 1954.

Loadings in the week ended Sept. 1, were 13,953 cars or one-eighth of 1% above the preceding week.

All districts reported decreases compared with the corresponding week in 1955, except the Northwestern. All reported increases compared with the corresponding week in 1954.

Business Failures Down in Holiday Week Ended Sept. 6

Commercial and industrial failures declined to 196 in the holiday week ended Sept. 6 from 237 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level this year, the toll was down slightly from the 205 in the comparable 1955 week, but remained well above the 168 in 1954. Failures dipped 6% below the prewar level of 209 in the corresponding week of 1939.

Liabilities of $5,000 or more were involved in 172 of the week's failures as compared with 203 a week ago and 182 in the previous year. Small failures, those with liabilities under $5,000, decreased to 24 from 34, but edged above the 23 of this size last year. Sixteen concerns failed with liabilities in excess of $100,000 as compared with 17 in the preceding week.

All of the week's decline occurred in manufacturing, down to 26 from 36, and in the trades where the toll among retailers fell to 101 from 136 and among wholesalers to 15 from 23. Construction failures rose to 30 from 25, and commercial service failures climbed to 24 from 17. Neither manufacturing nor wholesaling had as many failures as a year ago, but increases from the 1955 levels occurred in all other lines. The tolls in retailing and service noticably exceeded those of last year.

Failures were lower during the holiday week in all geographic regions except the East South Central States. The toll in the Middle Atlantic States dipped to 73 from 74, and in the Pacific States to 58 from 62, while sharper declines brought failures in the South Atlantic States down to 16 from 27, and in the East North Central to 19 from 29. Six of the nine major geographic regions reported fewer failures than in the similar week of 1955. The only increases from last year were reported in the Mountain and Pacific States; The West South Central toll held even with a year ago.

Slight Gain in Retail Trade

Consumer buying centered primarily on **back-to-school merchandise** and **women's fall apparel** this week. Total retail trade expanded somewhat, and was moderately above that of the similar week a year ago. **Automobile dealers** reported a noticeable reduction in inventories, as volume in new and used passenger cars continued to climb.

The total dollar volume of retail trade in the week ended this Wednesday was 2 to 6% higher than a year ago, according to estimates by Dun & Bradstreet, Inc.

Shoppers responded favorably to **back-to-school sales promotions**; the buying of **boys slacks** and **sports shirts** and **girls' dresses and accessories** rose sharply. Retailers reported a noticeable rise in interest in **women's woolen skirts, fall coats** and **millinery.** Volume in **men's clothing** equalled that of last year; best-sellers were **fall suits** and **sports coats.** There was an increased call for **men's and women's shoes,** and sales exceeded comparable 1955 levels.

Despite increased interest in **automatic driers** and **television sets** this week, the buying of **major appliances** was below that of a year ago. Volume in **lamps** and **lighting fixtures** rose appreciably. Purchases of **furniture** remained at a high level, with substantial gains reported in **bedding** and **upholstered chairs.** While the call for **curtains** and **linens** increased moderately, volume in **floor coverings** was below that of the previous week.

Housewives boosted their purchases of **fresh meat** this week; **poultry sales** were high and steady. There was renewed interest in **canned fish,** but volume in **canned fruit juices** and **vegetables** continued to decline. **Dairy departments** reported an appreciable rise in the call for **butter, eggs** and **cheese.**

Wholesale Orders Expand

The volume of wholesale orders continued to expand this week, and moderately exceeded the similar 1955 level. Purchases of **fall apparel, furniture,** and some **textiles** rose appreciably, but slight volume reductions were reported in **food products, linens,** and **major appliances.**

Re-orders for **women's fall clothing** continued to rise this week, with principal gains in better **dresses, cloth coats,** and **sportswear.** The call for **girls' skirts** and **sweaters** rose substantially. Interest in **men's fall apparel** was close to that of the preceding week, but slight increases occurred in the buying of **white dress shirts** and **sports jackets.** Orders for **boys' trousers** and **dungarees** climbed noticeably.

Textile wholesalers reported a seasonal rise in purchases of **cotton gray goods;** best-sellers were **broadcloths, print cloths,** and **sheetings.** While bookings in **woolens** climbed noticeably, volume in **worsteds** and **carpet wools** fell somewhat. An upsurge in the buying of **woolen corduroys, flannels,** and **velvets** occurred. Orders for **rayon acetates** expanded slightly, but the total dollar volume of **man-made fibers** and **industrial fabrics** declined moderately.

Despite an increased call for **automatic laundry equipment,** wholesalers reported a reduction in orders for **major appliances;** the buying of **television sets** was sustained at a high level. While interest in **bedding** and **upholstered living room furniture** mounted this week, volume in **case goods** and **occasional tables** fell somewhat. There was a moderate decline in orders for **carpets** and **draperies,** but sales were above those of a year ago.

Wholesale buying of **canned fish** and **vegetables** slackened this week, but interest in **canned citrus juices** was high and steady. While buyers boosted their orders for **eggs** and **butter,** volume in **cheese** was moderately reduced. The call for **poultry, pork** and **lamb** was below that of the previous week.

Wholesale Commodity Price Level Shows Little Change in Week

The general commodity price level held in a narrow range during the past week. The Daily Wholesale Commodity Price index, compiled by Dun & Bradstreet, Inc., registered 296.53 on Sept. 4. This compared with 296.40 a week earlier, and with 277.74 on the comparable date a year ago.

Grain markets were somewhat irregular last week but prices generally finished strong to higher. **Wheat** soared sharp gains on buying based on the belief that the soil bank program would result in a much smaller crop next year. Although **wheat exports** have not been extensive, the new export trade plan in wheat exerted an added bullish influence. **Rye** advanced in sympathy with wheat, with some support influenced by the small yields indicated in both this country and Canada. **Cash corn prices** recovered most of the previous week's losses as producer marketings continued inadequate for processor needs. Prospects for the new crop remained good but the outlook is for a retarded harvest over many sections of the belt. **Oats** were comparatively steady with only moderate pressure from new crop marketings. Daily average purchase of **grain and soybean futures** on the Chicago Board of Trade increased slightly to 45,300,000 bushels from 43,800,000 the previous week.

Although prices firmed up somewhat, trading in the **domestic flour market** was at an extremely low ebb during the past week. Buyers generally were working against old balances and making replacement purchases only sparingly. Following moderate declines at mid-week, **coffee prices** rallied to close unchanged from a week ago. The recovery was influenced largely by Brazil and trade buying and reports indicating growing prospects of a waterfront strike after the Sept. 30 deadline.

Activity in the **cocoa market** perked up this week and prices moved upward aided by better manufacturing interest and higher prices for **butter cocoa.** Warehouse stocks of **cocoa**, totaling 411,451 bags, showed little change from last week, and compared with 256,621 bags a year ago. **Cash lard** was steady in moderate trading. Export business in **lard** was small but foreign inquiries were reported on the increase. **Hog prices** trended lower, with fairly heavy receipts a depressing influence.

Spot cotton prices moved slightly lower toward the close following a firm start. Early strength was attributed to reports of unfavorable growing conditions and to the belief that the government forthcoming crop forecast would show a sharp reduction from a month ago. A preliminary estimate by the "Journal of Commerce" put the crop at end-August 12,585,000 bales. This compared with the official forecast of 13,552,000 bales a month previous, and with 14,721,000 bales produced in 1955. Trading in the 14 spot markets increased with reported purchases totaling 180,400 bales, against 86,300 in the preceding week, and 145,100 in the corresponding week a year ago. Volume of **CCC loan entries** continued to expand.

Wholesale Food Price Index Turns Slightly Higher

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., reversed the downward trend of last week and rose 1 cent to stand at $6.05 on Sept. 4. This marks a drop of 2.3% from $6.19 at this time last year, and a decline of 9.7% from $6.70 on the corresponding date two years ago.

Commodities advancing in price this week were flour, corn, rye, oats, butter, sugar, milk, coffee, cottonseed oil, cocoa, and eggs. On the down side were barley, beef, currants, prunes, hogs, and lambs.

The Dun & Bradstreet Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Bank Clearings Show 11.9% Increase Over Last Year

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by us based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Sept. 8, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 11.9% above those of the corresponding week last year. Our preliminary totals stand at $16,517,915,792 against $14,758,124,492 for the same week in 1955. At this center there is a gain for the week ending Friday of 16.4%.

For the week ended Sept. 1 there was an increase of 2.9%, the aggregate clearings for the whole country having amounted to $20,326,135,147 against $19,748,678,312 in the same week in 1955. Outside of this city there was a gain of 3.5%, the bank clearings in this center showing an increase of 2.4%. In the New York Reserve District (including this city) the totals show an improvement of 2.4%, in the Boston Reserve District of 8.7% and in the Philadelphia Reserve District of 3.5%. In the Cleveland Reserve District the totals record a gain of 3.0%, in the Richmond Reserve District of 10.0% and in the Atlanta Reserve District of 9%. The Chicago Reserve District suffers a decrease of 2.2% and the Minneapolis Reserve District of 0.1%, but the St. Louis Reserve District has to its credit an increase of 0.1%. In the Kansas City Reserve District the totals are larger by 3.0%, the Dallas Reserve District by 3.5% and in the San Francisco Reserve District 3.3%.

Department stores sales on a **country-wide** basis as taken from the Federal Reserve Board's index of the week ended Sept. 1, 1956, increased 2% above those of the like period last year. In the preceding week, Aug. 25, 1956, an increase of 8% was reported. For the four weeks ended Sept. 1, 1956, an increase of 5% was reported. For the period Jan. 1, 1956 to Aug. 25, 1956, a gain of 4% was registered above that of 1955.

According to the Federal Reserve Board's index, **department store sales in New York City** for the weekly period ended Sept. 1, 1956, registered a decline of 1% below those of the like period last year. In the preceding week, Aug. 25, 1956, an increase of 7% was recorded. For the four weeks ended Sept. 1, 1956, a gain of 4% was recorded. For the period Jan. 1, 1956 to Sept. 1, 1956, the index recorded a rise of 4% above that of the corresponding period in 1955.

Business volume was about 6 to 8% lower last week than in the same period a year ago, according to estimates by department store executives, as reported in the New York "Times."

The sharp drop was attributed to cooler and damper weather than in the same week of 1955. Another contributing factor was the Jewish holidays, which were later last year.

Few departments reported increased business. The only exception was improvement in sales of fall goods as a result of cooler weather.

Shop Worn!

"But there are many employers in our country who have forgotten that higher productivity must be joined by higher wages, shorter hours and lower prices. These employers are trying to keep for themselves, in the form of higher profits, all the benefits of automation — not realizing that if they succeeded, they would soon run out of customers."—Emil Rieve, Vice-President of AFL-CIO.

It is unfortunate that "productivity" is so often taken to be in fact "productivity of labor"—which definitely is not true. Increases in output per man-hour are much more often to be attributed to better equipment, more skilled management and sundry other non-labor factors — and such things cost money.

Of course the "run out of customers" argument is by now definitely shop worn.

Joins E. H. Hansen

(Special to The Financial Chronicle)

WHITTIER, Calif. — Quainton W. Reed has become connected with E. H. Hansen & Co., 124 North Bright Avenue.

With Colo. Inv. Co.

(Special to The Financial Chronicle)

DENVER, Colo. — Arthur A. Anderson has been added to the staff of Colorado Investment Co., Inc., 509 Seventeenth Street.

Joins FIF Management

(Special to The Financial Chronicle)

DENVER, Colo.—Ralph F. Arndt is now connected with FIF Management Corporation, 950 Broadway.

With First International

(Special to The Financial Chronicle)

DENVER, Colo. — David Van Bay has become affiliated with The First International Corp., First National Bank Building.

With Bache & Co.

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — William L. Cress is with Bache & Co., 1000 Baltimore Avenue.

With Hamilton Managem't

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Kenneth P. Barnard is now with Hamilton Management Corp., Grand Avenue Bank Building.

With R. J. Steichen

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Thomas O. Kachelmacher is now with R. J. Steichen & Co., Roanoke Building.

With King Merritt

(Special to The Financial Chronicle)

SPRINGFIELD, Mo.—Harry P. Jennings has joined the staff of King Merritt & Co., Inc., Woodruff Building.

With Gallagher-Roach

(Special to The Financial Chronicle)

COLUMBUS, Ohio—Richard J. Davis is now connected with Gallagher - Roach and Company, Lincoln-LeVeque Tower.

Two With Vercoe

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Irene S. Everhart and Frank S. Smith are now with Vercoe & Co., Huntington Bank Building, members of the New York Stock Exchange.

Two With Carr & Co.

(Special to The Financial Chronicle)

DETROIT, Mich.—Alvin R. Ellis and Fred G. Smith are now associated with Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

Reynolds Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass. — Rosario Novello has been added to the staff of Reynolds & Co., 19 Congress Street. He was formerly with Jay W. Kaufmann & Co.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

Acme Steel Co., Riverdale, Ill. (9/18)
Aug. 29 filed 400,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For part payment for the assets of Newport Steel Corp. and for working capital. **Underwriters**—Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Aerovias Sud Americana, Inc.
Aug. 10 (letter of notification) $100,000 of 6% convertible subordinated debentures due 1971 and 35,000 shares of common stock (par $1). **Price**—Of debentures, 100%; and of stock, $3 per share. **Proceeds**—To pay outstanding obligations and for general corporate purposes. **Business**—A cargo air carrier. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

• **Allegheny Ludlum Steel Corp. (9/20)**
Aug. 31 filed approximately $16,377,000 of convertible subordinated debentures due Oct. 1, 1981 to be offered for subscription by common stockholders of record Sept. 19 at the rate of $100 of debentures for each 23 shares of stock held; rights to expire on Oct. 3. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding obligations and for expansion program. **Underwriters**—The First Boston Corp. and Smith, Barney & Co., both of New York.

• **Allentown Portland Cement Co. (9/26)**
Sept. 5 filed 200,000 shares of class A common stock (par $1.25). **Price**—To be supplied by amendment. **Proceeds**—To two selling stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

★ **Almont Mines, Inc.**
Aug. 17 (letter of notification) 110,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—415 Pitkin Ave., Grand Junction, Colo. **Underwriter**—None.

★ **American Federal Finance Corp., Killeen, Texas**
Sept. 5 filed 40,000 shares of class B common stock (par $5) and 400,000 shares of preferred stock (par $5) to be offered in units of 10 preferred shares and one common share. **Price**—$55 per unit. **Proceeds**—To purchase used car paper and to extend the company's operations into the field of new car financing. **Underwriter**—None. J. J. Fain is President.

• **American Insurance Co., Newark, N. J. (9/21)**
Aug. 31 filed 1,750,000 shares of capital stock (par $2.50) to be offered in exchange for outstanding 1,750,000 shares of capital stock of American Automobile Insurance Co. of St. Louis, Mo., on a share-for-share basis. This offer is conditioned upon deposit of at least 1,400,000 shares of Automobile stock. Kidder, Peabody & Co. will head group of dealers to solicit tenders. The offer is expected about Sept. 21 to Oct. 11.

American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

• **American Investors Corp., Nashville, Tenn.**
July 13 filed 4,962,500 shares of common stock (par $1), of which 962,500 share are to be reserved for the exercise of options by company employees and 4,000,000 shares are to be offered publicly. **Price**—$2 per share. **Proceeds**—To purchase all of the common stock of American Investment Life Insurance Co., to be organized under Tennessee law. **Underwriter**—None. **Offering**—Temporarily deferred.

• **American Pad & Paper Co., Holyoke, Mass.**
Aug. 20 (letter of notification) 3,000 shares of common stock (par $20) being offered to common stockholders (other than those residing in California) of record Sept. 4, 1956, on the basis of one new share for each three shares held (with an oversubscription privilege); rights to expire on Sept. 17, 1956. **Price**—$50 per share. **Proceeds**—For working capital. **Underwriter**—Estabrook & Co., Boston, Mass.

• **American Telephone & Telegraph Co. (10/2)**
Aug. 22 filed 5,800,000 shares of capital stock to be offered for subscription by stockholders of record Sept. 14, 1956 at the rate of one new share for each 10 shares held; rights to expire on Nov. 5, 1956. **Price**—At par ($100 per share) payable in one or two payments. **Proceeds**—For expansion of plant and for advances to, and investment in stocks of, subsidiaries. **Underwriter**—None.

Anheuser-Busch, Inc., St. Louis, Mo. (9/20)
Aug. 30 filed 328,723 shares of common stock (par $4). **Price**—To be supplied by amendment. **Proceeds** — To Estate of Edmee B. Greenough, deceased. **Underwriter**—Lee Higginson Corp., New York.

Arden Farms Co., Los Angeles, Calif.
June 15 filed $4,099,300 of 5% subordinated debentures due July 1, 1986 (convertible until July 1, 1964) and 63,614 shares of common stock (par $1). The debentures are being offered for subscription by preferred stockholders at the rate of $10 principal amount of debentures for each preferred share held, while the common shares are being offered for subscription by common stockholders at the rate of one share for each 10 shares held as of July 10; rights to expire on Sept. 25. **Price**—For debentures, 100% per $100 principal amount; for stock, $12.50 per share. **Proceeds**—To repay bank loans. **Underwriter**—None. Statement effective July 10.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

★ **Ashtabula Telephone Co.**
Sept. 5 (letter of notification) 10,000 shares of common stock (par $25) to be offered to stockholders. **Price**—To be filed by amendment. **Proceeds**—For general corporate purposes. **Office**—4616 Park Ave., Ashtabula, Ohio. **Underwriter**—None.

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.

★ **Astron Corp., East Newark, N. J. (9/17-21)**
Sept. 5 (letter of notification) 45,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Van Alstyne, Noel & Co., 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 Credit Corp., Philadelphia, Pa.
June 11 filed $600,000 of 6% convertible subordinated debentures due June 15, 1968. **Price**—100% of principal amount. **Proceeds**—To retire indebtedness of the company to its affiliates for money borrowed for working capital. **Underwriters**—Hallowell, Sulzberger & Co. and Charles A. Taggart & Co., Inc., both of Philadelphia, Pa., and Weill, Blauner & Co., Inc. of New York.

• **Atlas Sewing Centers, Inc., Miami, Fla. (9/20)**
Aug. 27 filed 180,000 shares of common stock (par $1), of which 120,000 shares are to be offered for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters**—R. S. Dickson & Co., Charlotte, N. C.

Audubon Park Raceway, Inc.
July 13 (letter of notification) 600,000 shares of common stock (par 10 cents) to be offered for subscription by common stockholders at rate of 0.46875 of a share for each share held. **Price**—10 cents per share. **Proceeds**—For general corporate purposes. **Underwriters**—Berwyn T. Moore & Co., Louisville, Ky.; Gearhart & Otis, Inc., New York, and Crerie & Co., Houston, Tex.

Automation Development Mutual Fund, Inc.
Aug. 24 filed 300,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—Washington, D. C. **Distributor**—Automation Development Securities Co., Inc., Washington, D. C.

Automation Industries Corp., Washington, D. C.
May 11 filed 179,000 shares of common stock (par $1). **Price**—$5.25 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter** — None. Harry Kahn, Jr., of Washington, D. C., is President and Treasurer.

Bahamas Helicopters, Ltd. (9/17-21)
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.

• **Bangor Hydro-Electric Co.**
Aug. 21 filed 52,796 shares of common stock (par $15) being offered for subscription by common stockholders of record Sept. 11, 1956 at the rate of one new share for each six shares held (with an oversubscription privilege); rights to expire on Sept. 25. **Price**—$31.50 per share. **Proceeds**—To retire bank loans and for construction program. **Dealer-Manager**—Smith, Barney & Co., New York.

★ **Barium Steel Corp.**
Sept. 11 filed $6,500,000 of 5½% convertible debentures due 1968. **Price**—To be supplied by amendment. **Proceeds**—$2,687,500 for existing mortgage loan to certain subsidiaries and guaranteed by Barium Steel Corp.; about $3,000,000 for capital improvements; and for other corporate purposes. **Underwriters**—Lee Higginson Corp. and Allen & Co., both of New York.

Bentonite 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.

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.

• **Blackstone Valley Gas & Electric Co. (10/11)**
Aug. 15 filed 25,000 shares of cumulative preferred stock (par $100), of which 1,430 shares are to be offered for subscription by common stockholders (other than Eastern Utilities Associates, the parent) on the basis of one preferred share for each common share held as of Sept. 11, 1956. **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**—To be received up to 11 a.m. (EDT) on Oct. 11 at 49 Federal Street, Boston, Mass.

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.

Bridgford Packing Co., Anaheim, Calif.
Aug. 13 (letter of notification) 222,222 shares of common stock (par $1). **Price**—$1.35 per share. **Proceeds**—To pay obligations, purchase equipment, etc. **Office**—1308 No. Patt Street, Anaheim, Calif. **Underwriter**—J. D. Creger & Co., 124 North Bright Avenue, Whittier, Calif.

Brown Investment Co., Ltd., Honolulu, T. H.
July 11 filed 60,075 shares of common stock (par $1). **Price**—At net asset value, plus a selling commission of 7½% of the offering price. **Proceeds**—For investment. **Business**—A diversified, open-end investment company of the management type. **Underwriter**—Brown Management Co., 833 Alaska St., Honolulu, Hawaii.

★ **Brush Beryllium Co. (10/2)**
Sept. 11 filed 400,000 shares of common stock (par $1), of which 375,000 shares are to be offered publicly and 25,000 shares are to be offered for subscription by common stockholders. **Price**—$10 per share. **Proceeds**—For expansion program. **Underwriters**—Kuhn, Loeb & Co., New York, and McDonald & Co., Cleveland, O., for public offering. Stockholder offering is not underwritten.

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.

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.

★ **California Electric Power Co. (10/9)**
Sept. 10 filed $8,000,000 first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; 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.

★ **Carmel Petroleum Co.**
Aug. 24 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to development of oil and gas property. **Office**—Osawatomie, Miami County, Kansas. **Underwriter**—None.

Centers Corp., Philadelphia, Pa. (9/24-25)
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 latter part of September.

● Central Mutual Telephone Co., Inc.
Aug. 22 (letter of notification) 21,025 shares of common stock (par $10) being offered for subscription by common stockholders at the rate of one new share for each two shares held as of Aug. 29; rights will expire on Sept. 17. **Price**—$12 per share. **Proceeds**—For working capital, etc. **Office**—Manassa, Va. **Underwriter**—Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc., Washington, D. C.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed $600,000 of 10-year 6% debentures. **Price**—90% of principal amount. **Proceeds**—For research and development; expansion; equipment; and other corporate purposes. **Underwriter**—None.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed 120,000 shares of common stock (par $1). **Price**—At market (over-the-counter price in New York). **Proceeds**—To selling stockholder (Ray, Daisley & Co., Inc.) **Underwriter**—None.

Century Food Markets Co. (9/24-28)
Aug. 30 filed $2,000,000 of convertible subordinated debentures and 40,000 shares of common stock (par $1) to be offered in units of $50 of debentures and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loan, for expansion and working capital. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill. **Office**—Youngstown, Ohio.

Chemical Process Co.
Aug. 17 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market (estimated at $6.625 per share). **Proceeds**—To go to Alexis E. Post, San Francisco, Calif. **Underwriter** — Stone & Youngberg, San Francisco, Calif.

★ Chinook Plywood, Inc., Rainier, Ore.
Sept. 4 filed 200 shares of common capital stock. **Price**—At par ($3,000 per share). **Proceeds**—For acquisition of a plant site, construction of a mill building, purchase and installation of machinery and equipment, and as operating capital. **Underwriter** — Industry Developers, Inc.

★ Chisago City Telephone Co., Chisago, Minn.
Sept. 6 (letter of notification) 1,000 shares of common stock to be offered to stockholders. **Price**—At par ($25 per share). **Proceeds** — For new construction. **Underwriter**—None.

Christian Fidelity Life Insurance Co.
July 12 filed 20,000 shares of common stock (par $10) to be offered first and for period of 30 days to stockholders. **Price**—$26 per share. **Proceeds**—For capital and surplus, including $200,000 to be invested in securities common to the life insurance industry. **Office**—Waxahachie, Tex. **Underwriter**—None, sales to be made through Albert Carroll Bates, President of the company.

C. I. T. Financial Corp.
May 17 filed $75,000,000 of debentures due Aug. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—Primarily for furnishing working funds to company's subsidiaries. **Underwriters**—Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers, all of New York. **Offering**—Temporarily postponed.

● Citizens Credit Corp., Chevy Chase, Md.
Aug. 27 (letter of notification) 15,500 shares of class A common stock (par $12.50), to be offered for subscription by stockholders. **Price**—$17 per share. **Proceeds**—For working capital, etc. **Underwriter**—The Matthew Corp., Washington, D. C.

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.

Colonial Utilities Corp.
June 4 (letter of notification) $109,245.50 principal amount of 6% convertible subordinate debentures, due June 1, 1966 being offered for subscription by holders of common stock at the rate of $1.30 for each share held as of Aug. 24 (with an oversubscription privilege); rights to expire on Sept. 14. **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.
Aug. 23 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. and Copley & Co., both of Colorado Springs, Colo.

● Columbia Baking Co., Atlanta, Ga.
Aug. 17 filed 26,768 voting trust certificates, each representing the beneficial interest in one share of common stock (no par), to be offered for subscription by holders of outstanding common stock and participating preferred stock of record Sept. 10, 1956 on the basis of one voting trust certificate for each eight shares of either class of such stock then held (with an oversubscription privilege); subscription warrants to be good for a period of three weeks. **Price**—$25 per share. **Proceeds**—To reduce bank loans. **Underwriters** — The Robinson-Humphrey Co., Inc. and J. H. Hilsman & Co., Inc., both of Atlanta, Ga.

★ Columbia Gas System, Inc. (10/3)
Sept. 6 filed $25,000,000 of debentures, series G, due 1981. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 3.

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 Oil Management
Aug. 16 (letter of notification) $250,000 of 10-year 5½% collateral trust bonds due Sept. 9, 1966. **Office**—7352 Central Ave., St. Petersburg, Fla. **Predecessor**—Lynch Oil Co. **Underwriter**—Security & Bond Co., Lexington, Kentucky.

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NEW ISSUE CALENDAR

September 14 (Friday)

Hawaiian Electric Co., Ltd.________________Preferred
(Dillon, Read & Co. Inc. and Dean Witter & Co.) $3,000,000

National Sugar Refining Co.________________Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) 94,803 shares

Republic Cement Corp.________________Common
(Vickers Brothers) $9,650,000

River Valley Finance Co.________Class A & B Com.
(Offering to stockholders—underwritten by Quail & Co.) $69,108

September 17 (Monday)

Astron Corp.________________Common
(Van Alstyne, Noel & Co.) 45,000 shares

Bahamas Helicopters, Ltd.________________Common
(Blair & Co. Incorporated) 300,000 shares

Hiskey Uranium Corp.________________Common
(Ackerson-Hackett Investment Co.) $500,000

Lynch Carrier Systems, Inc.____________Debentures
(P. W. Brooks & Co., Inc.) $225,000

Lynch Carrier Systems, Inc.________________Common
(P. W. Brooks & Co., Inc.) 52,500 shares

National Musitine Corp.________________Common
(M. J. Reiter Co.; Shelley, Roberts & Co.; and General Investing Corp.) $294,750

National Pool Equipment Co.________________Common
(Mid-South Securities Co. and Clark, Landstreet & Kirkpatrick, Inc.) $600,000

Nortex Oil & Gas Corp.________________Preferred
(J. R. Williston & Co.) 100,000 shares

September 18 (Tuesday)

Acme Steel Co.________________Common
(Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane) 400,000 shares

Fortune Petroleum Corp.________________Common
(Willis E. Burnside & Co., Inc.) $300,000

Intermountain Gas Co.____________Notes & Common
(White, Weld & Co.) about $2,500,000

Marine Petroleum Trust________Units of Interest
(Dillon, Read & Co., Inc.) 500,000 units

Metal Hydrides, Inc.________________Common
(Offering to stockholders—underwritten by White, Weld & Co.) 85,266 shares

Scripto, Inc.________________Class A Common
(Johnson, Lane, Space & Co., Inc.) $2,240,000

Southern Nevada Power Co.________________Bonds
(Bids noon EDT) $4,000,000

United Aircraft Corp.________________Preference
(Offering to stockholders—to be underwritten by Harriman Ripley & Co. Inc.) $33,091,500

September 19 (Wednesday)

Southern Pacific RR. Co.________________Bonds
(Bids noon EDT) $35,000,000

Tennessee Gas Transmission Co.____________Bonds
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $50,000,000

Tennessee Gas Transmission Co.____________Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) $20,000,000

Walt Disney Productions____________Debentures
(Kidder, Peabody & Co.) $7,500,000

Wilson & Co., Inc.________________Debentures
(Smith, Barney & Co.; Glore, Forgan & Co.; and Hallgarten & Co.) $20,000,000

September 20 (Thursday)

Allegheny Ludlum Steel Corp.____________Debentures
(Offering to common stockholders—to be underwritten by The First Boston Corp. and Smith, Barney & Co.) $16,377,000

Anheuser-Busch, Inc.________________Common
(Lee Higginson Corp.) 328,723 shares

Atlas Sewing Centers, Inc.________________Common
(R. S. Dickson & Co.) 180,000 shares

September 21 (Friday)

American Insurance Co.________________Capital
(Exchange offer—Kidder, Peabody & Co. will be dealer-manager) 1,750,000 shares

September 24 (Monday)

Centers Corp.____________Debentures & Common
(Blair & Co. Incorporated) $8,000,000

Century Food Markets Co.________Debentures & Com.
(H. M. Byllesby & Co., Inc.) $2,000,000 of debentures and 40,000 shares of stock

Devall Land & Marine Construction Co., Inc.___Com.
(Vickers Brothers) $300,000

General Guaranty Insurance Co.____________Common
(Offering to stockholders—underwritten by Grimm & Co.) $299,950

Kusan, Inc.________________Common
(Clark, Landstreet & Kirkpatrick, Inc.) $583,120

United Cuban Oil, Inc.________________Common
(S. D. Fuller & Co.) $2,500,000

September 25 (Tuesday)

Virginia Electric & Power Co.______________Bonds
(Bids 11 a.m. EDT) $20,000,000

September 26 (Wednesday)

Allentown Portland Cement Co.___Class A Common
(Kuhn, Loeb & Co.) 200,000 shares

Long Island Lighting Co.________________Preferred
(Offering to common stockholders—to be underwritten by Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co.) $18,000,000

Peabody Coal Co.________________Debentures
(The First Boston Corp.) $35,000,000

September 27 (Thursday)

Inter-Mountain Telephone Co.____________Common
(Offering to stockholders—156,672 shares to be underwritten by Courts & Co.) $2,850,000

October 1 (Monday)

Madison Gas & Electric Co.____________Common
(Offering to stockholders—no underwriting) 68,334 shares

October 2 (Tuesday)

American Telephone & Telegraph Co.____Common
(Offering to stockholders—no underwriting) about $580,000,000

Brush Beryllium Co.________________Common
(Offering to public and to stockholders—underwritten by Kuhn, Loeb & Co. and McDonald & Co.) $4,000,000

Douglas Oil Co. of California________Debentures
(Shearson, Hammill & Co.) $3,500,000

Four Wheel Drive Auto Co.____________Debentures
(A. C. Allyn & Co., Inc.) $1,500,000

Transcontinental Gas Pipe Line Corp.___Common
(Offering to stockholders—to be underwritten by White, Weld & Co. and Stone & Webster Securities Corp.) 441,250 shares

October 3 (Wednesday)

Columbia Gas System, Inc.____________Debentures
(Bids 11 a.m. EDT) $25,000,000

Marsh Steel Co.____________Debentures & Common
(Cruttenden & Co. and The First Trust Co. of Lincoln) $700,000 debentures and 135,000 shares of stock

October 4 (Thursday)

Virginian Ry.________________Equip. Trust Ctfs.
(Bids to be invited) $3,600,000

October 8 (Monday)

Southern Bell Telephone & Telegraph Co.________________Debentures
(Bids to be invited) $60,000,000

October 9 (Tuesday)

California Electric Power Co.______________Bonds
(Bids to be invited) $8,000,000

October 10 (Wednesday)

Lieberknecht, Inc.________________Common
(Bids 11 a.m. EDT) 158,025 shares

October 11 (Thursday)

Blackstone Valley Gas & Electric Co.___Preferred
(Bids 11 a.m. EDT) $2,500,000

October 16 (Tuesday)

Public Service Co. of Indiana, Inc.__________Bonds
(Bids to be invited) $30,000,000

October 23 (Tuesday)

Central Illinois Public Service Co._______Common
(Bids to be invited) 170,000 shares

Consolidated Edison Co. of New York, Inc.___Bonds
(Bids to be invited) $40,000,000

October 30 (Tuesday)

Ohio Power Co.________________Bonds
(Bids 11 a.m. EDT) $28,000,000

Ohio Power Co.________________Preferred
(Bids 11 a.m. EDT) $6,000,000

November 1 (Thursday)

Mobile Gas Service Corp.________________Common
(Offering to stockholders—to be underwritten by The First Boston Corp. and the Robinson-Humphrey Co., Inc.) 30,000 shares

National Bank of Detroit________________Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) 263,400 shares

November 14 (Wednesday)

Public Service Electric & Gas Co.__________Bonds
(Bids 11 a.m. EST) $50,000,000

November 27 (Tuesday)

Carolina Power & Light Co.________________Bonds
(Bids to be invited) $15,000,000

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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.

Contract Electronics Corp.
Aug. 14 (letter of notification) 600,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For purchase of stock of affiliates and working capital. **Office**—9036 Culver Blvd., Culver City, Colo. **Underwriter**—L. A. Huey Co., Denver, Colo.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

Crestmont Oil Co.
June 28 (letter of notification) 8,000 shares of common stock (par $1). **Price**—$6.25 per share. **Proceeds**—To selling stockholders. **Office** — 2201 West Burbank, Calif. **Underwriter**—Neary, Purcell & Co., Los Angeles, Calif.

★ **Cro-Plate Co., Inc.**
Aug. 22 (letter of notification) 4,123 shares of common stock (par $5) to be offered to stockholders on the basis of one share for each two shares now held or one share for each warrant held. **Price**—$9.50 per share. **Proceeds**—For working capital, etc. **Office** — 747 Windsor St., Hartford, Conn. **Underwriter**—None.

● **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. **Offering** — Indefinitely postponed.

Detroit Edison Co.
July 24 filed $59,778,900 of 3¾% convertible debentures due Sept. 14, 1971, being 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**—At par (flat). **Proceeds**—To repay short term bank loans and for construction and other purposes. **Underwriter**—None.

Devall Land & Marine Construction Co., Inc. (9/24-28)
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.

Diversified Oil & Mining Corp., Denver, Colo.
Aug. 29 filed 2,500,000 shares of 6% convertible noncumulative preferred stock, first series (par $1), and warrants to purchase 500,000 shares of common stock (par 10 cents) to be offered for subscription initially by common stockholders in units of 25 preferred shares and a warrant to purchase five common shares. **Price**—$25.50 per unit (each warrant will entitle the holder to purchase one common share at any time prior to Dec. 31, 1957 at $2 per share). **Proceeds**—To repay mortgages, to $1,312,500 of five-year 6% sinking fund debentures, and for further acquisitions and working capital. **Underwriter**—To be named by amendment.

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.

Dow Chemical Co., Midland, Mich.
Aug. 27 filed 150,000 shares of common stock (par $5) to be offered for subscription by employees of the company and certain subsidiaries and associated companies. **Price**—To be supplied by amendment. **Proceeds**—For expansion, etc. **Underwriter**—None.

★ **Duro Consolidated, Inc.**
Aug. 28 (letter of notification) $200,000 of 6% convertible debentures to be offered to stockholders of record Aug. 15, 1956. **Price**—At par (in denominations of $100 each). **Proceeds** — For acquisition of factory equipment, note payable and expansion. **Office**—18th Ave. and Edison Way, Redwood City, Calif. **Underwriter**—None.

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.

★ **Esquire Oil & Uranium Co.**
Aug. 20 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—2975 Quebec St., Denver, Colo. **Underwriter**—None.

★ **Fansteel Metallurgical Corp.**
Sept. 11 filed $3,000,000 of subordinated debentures due Oct. 1, 1976. **Price** — To be supplied by amendment. **Proceeds**—Together with bank loan, for construction of new tantalum-columbium facilities at Muskogee, Okla. **Underwriter**—Hallgarten & Co., New York.

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.

● **Fortune Petroleum Corp. (9/18)**
July 20 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration and drilling costs. **Office**—4645 Van Nuys Blvd., Sherman Oaks, Calif. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

★ **Founders Mutual Depositor Corp., Denver, Colo.**
Sept. 7 filed (by amendment) 24,000 Systematic Payment Plan Certificates, 500 Accumulative Plan Certificates and 500 Income Plan Certificates. **Price**—At market. **Proceeds**—For investment.

★ **Four Wheel Drive Auto Co. (10/2-5)**
Sept. 12 filed $1,500,000 of convertible debentures due Oct. 1, 1971. **Price** — To be supplied by amendment. **Proceeds**—$130,058 to retire 4½% sinking fund debentures due July 1, 1957; and for working capital. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

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.

Genco Oil Co., Inc.
Aug. 24 (letter of notification) 55,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For oil development expenses. **Office** — 1907 Broadway Ave., Scottsbluff, Neb. **Underwriter** — Edward C. Colling, Scottsbluff, Neb.

General Credit, Inc., Washington, D. C.
Aug. 17 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working capital. **Underwriter** — None named. Offering to be made through selected dealers.

★ **General Guaranty Insurance Co. (9/24)**
Aug. 24 (letter of notification) 42,850 shares of common stock (par $2.50) to be offered to stockholders about Sept. 24; rights to expire Oct. 12. **Price**—$7 per share. **Proceeds**—For general corporate purposes. **Office**—Winter Park, Fla. **Underwriter**—Grimm & Co., New York.

★ **General Telephone Co. of Indiana, Inc.**
Sept. 6 filed 95,000 shares of $2.50 preferred stock (no par) to be offered in exchange for outstanding 5% cumulative prefererd stock, series A, of Home Telephone & Telegraph Co. and Citizens Independent Telephone Co. on the basis of one share of General preferred plus $2 in cash for each share of Home preferred, and one share of General preferred plus $2.50 in cash for each Citizens preferred share. The exchange offer is part of proposed plan of merger of Home and Citizens into General. Offer will expire on Oct. 11. **Dealer-Managers**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

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.

● **G-L Electronics Co., Inc.**
Aug. 22 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For machinery, working capital, etc. **Office** — 2921 Admiral Wilson Boulevard, Camden 5, N. J. **Underwriter**—Harry Kahn, Jr., Washington, D. C.

★ **Glasspar Co.**
Aug. 24 (letter of notification) 51,000 shares of common stock (par $1). **Price**—$2.75 per share. **Proceeds**—To selling stockholders. **Office**—19101 Newport Ave., Santa Ana, Calif. **Underwriter**—Marache, Dofflemyre & Co., Los Angeles, Calif.

Gold Mountain Lodge, Inc., Durango, Colo.
Aug. 23 filed 5,000 shares of class A voting common stock (par $1), 295,000 shares of class B non-voting common stock (par $1), and $700,000 of 4% debentures due Dec. 31, 1975, to be offered for sale in the States of Texas and Colorado in units of 50 shares of class [A] stock, 2,950 shares of class B stock and one $7,0[00] debenture. **Price**—$10,000 per unit. **Proceeds**—For pu[r]chase of property, remodeling of present main buildin[g] for new construction and working capital. **Business**—Operates year-round resort hotel. **Underwriter**—Non[e].

Gold Seal Dairy Products Corp.
June 22 filed 200,000 shares of class A stock (par [10] cents). **Price**—$5 per share. **Proceeds**—For expansi[on] and to repay outstanding obligations. **Office**—Remse[n], N. Y. **Underwriter**—All States Securities Dealers, In[c.], New York. **Offering**—Expected late in September.

Golden Dawn Uranium Corp., Buena Vista, Col[o.]
Dec. 27 (letter of notification) 3,000,000 shares of capit[al] stock (par five cents). **Price**—10 cents per share. **Pr[o]ceeds** — For mining expenses. **Underwriter** — Bel-A[ir] Securities Co., Provo, Utah.

★ **Great Basin Uranium Corp.**
Aug. 27 (letter of notification) 600,000 shares of comm[on] stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — c/o Madison Graves (President), 826 South Third St., Las Vegas, Ne[v.] **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 w[ho] are engaged in or closely allied to the growing a[nd] shipping industry. **Price**—$3 per share. **Proceeds**—F[or] working capital, capital expenditures and other corp[o]rate purposes. **Underwriter**—None.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capi[tal] stock (par $5) to be offered first to stockholders; th[en] policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 22[..] Baton Rouge, La. **Underwriter**—None.

Gunkelman (R. F.) & Sons, Fargo, N. D.
May 25 (letter of notification) 1,800 shares of 5% cum[u]lative preferred stock (par $100). **Price**—$98 per sha[re]. **Proceeds** — For expenses incident to commercial gra[in] 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 co[m]mon stock (par one cent). **Price**—Five cents per sha[re]. **Proceeds**—To purchase machinery and equipment a[nd] for working capital. **Office** — 377 McKee Place, Pit[ts]burgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, [Pa.]

● **Hawaiian Electric Co. Ltd. (9/14)**
Aug. 20 filed 250,000 shares of cumulative prefer[red] stock, series F (par $20), which was later amended [to] 150,000 shares of the same class of stock. **Price**—To [be] supplied by amendment. **Proceeds** — For constructi[on] program and for retirement of bank loans. **Underwrit[er]**—Dillon, Read & Co. Inc., New York, and Dean Wit[ter] & Co., San Francisco, Calif.

Hedges Diesel, Inc.
Aug. 22 (letter of notification) 10,000 shares of class [A] common stock (par $10) and 20,000 shares of class [B] common stock to be offered in units of one class A a[nd] two class B shares. **Price**—$30 per unit. **Proceeds**—F[or] working capital. **Address** — Box 610, Marlton, N. [J.] **Underwriter**—None.

Hidden Dome Exploration Co., Inc.
May 15 (letter of notification) 3,000,000 shares of capi[tal] stock. **Price**—At par (10 cents per share). **Proceeds**—For the development of oil and gas properties. **Offic[e]**—219 E. Fremont Ave., Las Vegas, Nev. **Underwriter**—National Securities Co., Las Vegas, Nev.

● **Hiskey Uranium Corp. (9/17)**
May 31 filed 500,000 shares of common stock (par [..] cents). **Price**—$1 per share. **Proceeds**—For drilling e[x]penses, purchase of properties and working capital. **Offices**—Las Vegas, Nev., and Salt Lake City, Utah. **Underwriter**—Ackerson-Hackett Investment Co., Reno, N[ev.] Statement effective Aug. 30.

Holden Mining Co., Winterhaven, Calif.
April 13 (letter of notification) 250,000 shares of capi[tal] stock. **Price**—At par ($1 per share). **Proceeds**—For min[in]g expenses. **Address** — P. O. Box 308, Winterhav[en], Calif. **Underwriter**—Arthur B. Hogan, Inc., Hollywo[od,] Calif.

Hydrometals, Inc., Chicago, Ill.
Aug. 10 filed 78,275 shares of capital stock (par $2.[..]) and rights to subscribe to an additional 391,375 sha[res] (exercisable over a five-year period at $13 per shar[e].) Of the total, 77,500 shares, plus rights to purchase [an] additional 387,500 shares, are to be offered in exchan[ge] for the license rights and assets of Hayden Projects, I[nc.] and the remaining 775 shares, plus rights to buy [an] additional 3,875 shares, are to be issued to Cady, Robe[rts] & Co., New York City, as a fee for its services with s[uch] transaction.

Ideal-Aerosmith, Inc., Hawthorne, Calif.
Dec. 16 (letter of notification) 150,000 shares of cap[ital] stock (par $1). **Price** — $2 per share. **Proceeds** — [For] equipment, machinery, inventory, etc. **Office**—12909 Cerise Ave., Hawthorne, Calif. **Underwriter**—Samuel Franklin & Co., Los Angeles, Calif.

Illinois Bell Telephone Co.
Aug. 10 filed 580,531 shares of capital stock being offer[ed] for subscription by stockholders of record Aug. 31, 19[56] on the basis of one new share for each eight shares he[ld;] rights to expire on Sept. 28, 1956. **Price**—At par ($[100] per share). **Proceeds**—To repay advances from pare[nt,] American Telephone & Telegraph Co., which ow[ns] 4,612,578 shares (99.32%) of Illinois company's sto[ck.] **Underwriter**—None.

★ **Inter-Mountain Telephone Co., Bristol, Tenn. (9/27)**
Sept. 6 filed 285,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record Sept. 26 in the ratio of two new shares for each five shares held; rights to expire on Oct. 12. **Price**—$10 per share. **Proceeds**—To repay bank loans and for additions and improvements to property. **Underwriter**—Courts & Co., Atlanta, Ga., will underwrite 156,672 shares.

● **Intermountain Gas Co. (9/18)**
Aug. 24 filed $2,500,000 of subordinate interim notes due July 31, 1962, and 50,000 shares of common stock (par $1), to be offered publicly in units of $50 principal amount of notes and one share of common stock. **Price**—$52 per unit. **Proceeds**—Together with funds from private placement of $5,000,000 of first mortgage bonds and sale to Idaho residents of 140,000 additional shares of common stock at $5 per share, to be used to refund a $5,000,000 bank loan and pay for construction program to introduce natural gas in 23 Southern Idaho communities. **Underwriter**—White, Weld & 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.

International Shipbuilding Corp.
Aug. 9 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Manufactures outboard cruisers. **Office**—471 N. E. 79th Street, Miami, Fla. **Underwriter**—Atwill & Co., Miami Beach, Fla.

Investment Corp. of Florida
Aug. 24 filed $515,000 of $60 cumulative preferred stock to be offered in units of $1,000 each and 5,150 shares of common stock to be offered to purchasers of preferred stock at 10 cents per share at rate of ten shares for each preferred share bought. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

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.

Johnson-Carper Furniture Co., Inc.
Aug. 22 (letter of notification) 27,000 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—to repay bank loans and for working capital. **Office**—Riley Road, N. E., Roanoke, Va. **Underwriters**—Mason-Hagan, Inc., Roanoke, Va.; and Strader, Taylor & Co., Inc., Lynchburg, Va.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kay Jewelry Stores, Inc.
Aug. 24 filed 150,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Business** — Retail credit jewelry chain. **Underwriter**—Lazard Freres & Co., New York. **Offering**—Expected today (Sept. 13).

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.

● **Kusan, Inc., Nashville, Tenn. (9/24-28)**
Aug. 29 filed 116,624 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To reduce debt, for new tooling and equipment and working capital. **Business**—Manufacturer of toys, electric trains and various custom plastic items. **Underwriter**—Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

★ **La Habra Forever Modern Mobile Home Corp.**
Aug. 22 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For operation of a trailer site. **Office**—208 West Eighth St., Los Angeles, Calif., c/o Myron W. Curzon, Counsel. **Underwriter**—None.

Laundrimation, Inc.
Aug. 10 (letter of notification) 1,540,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For working capital. **Business**—Sales and distribution of washing machines and other laundry equipment. **Office**—Morris Plains, N. J. **Underwriter**—None.

Leadville Lead & Uranium Corp.
July 17 (letter of notification) 150,000 shares of common stock (par $1) to be offered to stockholders; the balance to go to certain persons in certain jurisdictions to be decided upon. **Price**—$2 per share. **Proceeds**—For exploration and development and to purchase additional stock of its subsidiary, leadville Explorations, Inc. **Office**—308 Colorado Bldg., Denver, Colo. **Underwriter**—None.

Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York. **Offering**—Postponed.

Lincoln Associates, New York
Aug. 31 filed $2,100,000 of 4% notes due Nov. 1, 1971 and $1,400,000 of limited partnership interests, to be offered in units of a $60,000 note and a capital contribution of $40,000. **Price**—$100,000 per unit. **Proceeds**—For purchase price of hotel; and for improvements, etc. **Underwriter**—None.

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.

Long Island Lighting Co. (9/26)
April 5 filed 120,000 shares of cumulative preferred stock, series G (par $100) (on Aug. 29 company announced it now plans issuance of 180,000 shares of cumulative convertible preferred stock, to be first offered for subscription by common stockholders of record Sept. 25, 1956, at rate of one preferred share for each 38 shares of common stock held); rights to expire on Oct. 10. **Price** — At par ($100 per share). **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of non-assessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

Lumberman's Investment & Mortgage Co.
May 2 filed 50,000 shares of common stock (par $10). **Price**—$12 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — Denver, Colo. **Underwriter**—None.

● **Lynch Carrier Systems, Inc. (9/17-18)**
Aug. 20 filed $225,000 of 6% sinking fund debentures, series B (with capital stock purchase warrants attached), due Sept. 1, 1971, and 52,500 shares of capital stock (par $1), of which 12,500 shares are to be sold for the account of the company and 40,000 shares for the account of Frank W. Lynch, former President. (Each $500 of debentures will have attached thereto warrants to purchase 40 shares of stock initially at $7 per share). **Price**—To be supplied by amendment. **Proceeds**—For research and development expenses and working capital. **Office**—San Francisco, Calif. **Underwriter**—P. W. Brooks & Co., Inc., New York.

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., 15 William Street, New York 17, N. Y.

★ **MacLee, Inc.**
Aug. 17 (letter of notification) 1,900,000 shares of capital stock (par 10 cents). **Price** — 13½ cents per share. **Proceeds**—For working capital, etc. **Office**—751 West 8th South, Salt Lake City, Utah. **Underwriter**—None.

★ **Madison Gas & Electric Co., Madison, Wis. (10/1)**
Sept. 10 filed 68,334 shares of common stock (par $16) to be offered for subscription by common stockholders of record Oct. 1, 1956 on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—None.

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.

● **Marine Petroleum Trust, Dallas, Texas (9/18)**
Aug. 30 filed 450,000 of units of interest in the Trust and warrants to purchase 50,000 units of interest in the Trust. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Dillon, Read & Co. Inc., New York. No general public offering planned.

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.

★ **Matador Oil Co.**
Aug. 24 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For development of oil and gas. **Office**—130 South Fourth St., Las Vegas, Nev. **Underwriter**—Mountain States Securities Corp., same city.

● **Metal Hydrides, Inc., Beverly, Mass. (9-18)**
Aug. 23 filed 85,266 shares of common stock (par $5) to be offered for subscription by common stockholders of record about Sept. 18 on the basis of one new share for each three shares held; rights to expire on or about Oct. 2. **Price**—To be supplied by amendment. **Proceeds**—For construction of plant and working capital. **Business**—Hydrides of calcium, lithium, potassium and sodium, etc. **Underwriter**—White, Weld & Co., New York.

★ **Mica Corp. of America**
Aug. 24 (letter of notification) 633,480 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—Room 104, Clark County Court House, Las Vegas, Nev. **Underwriter**—None.

Michigan Wisconsin Pipe Line Co.
July 2 filed $25,000,000 of first mortgage pipe line bonds due 1976. **Proceeds**—To pay off short term bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Three bids were received on Aug. 1, all for 4¾s, but were turned down. No new date for bids has been set.

Midland General Hospital, Inc., Bronx, N. Y.
Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of $6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, $2,700,000. **Price** — $100 per share. **Proceeds** — For construction, working capital, reserve, etc. **Underwriter**—None.

● **Minerals, Inc., New York**
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. **Offering**—Postponed.

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.

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★ National Heating & Cooling Mfg. Corp.
Sept. 4 (letter of notification) $250,000 of 5% debentures due in 1971. **Price**—At face amount in denominations of $500 each. **Proceeds**—For equipment and working capital. **Office**—305 North Front St., Columbus, Ohio. **Underwriter**—None.

● 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. **Offering**—Postponed.

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. (9/17)
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.

● National Pool Equipment Co. (9/17-21)
Aug. 23 filed 200,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For machinery and equipment for a new plant which is being erected for the company in Florence, Ala.; to retire bank loans and for working capital. **Business**—Manufactures and sells component parts of swimming pools and related equipment. **Office**—Birmingham, Ala. **Underwriters**—Mid-South Securities Co. and Clark, Landstreet & Kirkpatrick, Inc., both of Nashville, Tenn.

National Sugar Refining Co. (9/14)
Aug. 24 filed 94,803 shares of capital stock (no par) to be offered for subscription by stockholders of record Sept. 13 at the rate of one new share for each six shares held; rights to expire on Oct. 1. **Price**—To be supplied by amendment. **Proceeds** — For working capital and other corporate purposes. **Underwriter**—Morgan Stanley & Co., New York.

New England Telephone & Telegraph Co.
Aug. 3 filed 613,010 shares of capital stock being 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.

Nortex Oil & Gas Corp. (9/17-21)
Aug. 24 filed 100,000 shares of $1.20 cumulative convertible preferred stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay note due Feb. 1, 1957; for drilling and development costs; and working capital. **Office**—Dallas, Texas. **Underwriter**—J. R. Williston & Co., New York.

● North American Aviation, Inc.
Aug. 6 filed 1,145,011 shares of capital stock (par $1) being offered for subscription by stockholders of record Sept. 7, 1956 at the rate of one new share for each six shares held; rights to expire on Sept. 24. **Price**—$38 per share. **Proceeds**—For capital expenditures. **Underwriter**—Morgan Stanley & Co., New York.

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 15 days following effective date of registration. **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., Ashville, N. C. **Offering**—Expected momentarily.

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**—603 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.

Oxford Loan Co., Philadelphia, Pa.
Sept. 4 (letter of notification) $250,000 of 6% 10-year renewable debentures due Sept. 20, 1966. **Proceeds**—To increase loan volume. **Office**—2233 North Broad St., Philadelphia, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

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 Plywood Co., Dillard, Ore.
Aug. 20 (letter of notification) 60,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—To retire obligations, for machinery and working capital. **Address**—P. O. Box 78, Dillard, Ore. **Underwriter**—None.

Pacific Telephone & Telegraph Co.
July 27 filed 1,562,267 shares of common stock being 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; rights to expire on Sept. 28. 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 American Products, Inc.
Aug. 24 (letter of notification) 150 shares of class B capital stock. **Price**—At par ($100 per share). **Proceeds**—For purchase of goods for resale and for leases for storage and corporate purposes. **Office**—1014 E. Pike St., Seattle, Wash. **Underwriter**—None.

Pan-Israel Oil Co., Inc. (Panama)
May 29 filed American voting trust certificates for 1,430,000 shares of common stock (par one cent), of which 1,000,000 certificates are to be offered for public sale, 180,000 shares and certificates therefor are subject to options and 25,000 shares and certificates therefor are to be offered for sale outside of the United States. **Price**—To be the market price on the American Stock Exchange. **Proceeds**—For exploration, drilling and development of oil and gas acreage in Israel. **Underwriter**—H. Kook & Co., Inc., New York.

Pari-Mutuel Equipment Corp.
Aug. 24 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For construction of 250 race ticket machines; for purchase of 40 machines for issuance of semi-blank race tickets; and for working capital and general corporate purposes. **Office**—527 Madison Avenue, New York 17, N. Y. **Underwriter**—Wistor R. Smith & Co., 40 East 54th Street, New York 22, N. Y.

Peabody Coal Co. (9/26)
Sept. 4 filed $35,000,000 of sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds**—For retirement of certain outstanding funded debt (approximately $28,000,000) and for general corporate purposes. **Underwriter**—The First Boston Corp., New York.

★ Pitney-Bowes, Inc., Stamford, Conn.
Sept. 11 filed $728,000 of participations in the company's Stock Purchase Plan and an unspecified number of shares of the company's $2 par common stock which may be purchased pursuant to the plan.

★ Policy Advancing Corp.
Aug. 31 (letter of notification) $240,000 of 6% subordinated convertible debentures due Sept. 1, 1966 (each $10 principal amount being convertible into one share of common stock) to be offered for subscription by stockholders on the basis of $10 of debentures for each share held (with an oversubscription privilege). **Price**—At par. **Proceeds**—To retire $16,700 of outstanding debentures and for working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

★ Polson Plywood Co., Polson, Mont.
Aug. 9 (letter of notification) 50,000 shares of capital stock to be offered for subscription by stockholders. **Price**—At par ($1 per share). **Proceeds**—To retire certain indebtedness on production and manufacturing equipment. **Underwriter**—None.

● Poor & Co., Chicago, Ill.
Aug. 23 filed 213,175 shares of common stock (par $10) being offered for subscription by class A and common stockholders on the basis of two shares of new stock for each five shares of class A or common stock held Sept. 12; rights to expire on Sept. 26. **Price** — $31 per share. **Proceeds**—To retire all outstanding class A shares and about $1,500,000 outstanding debentures; also for working capital. **Business**—Supplies for maintenance-of-way and mechanical fields; also equipment for the highway construction industry and for the aggregate processing and mining industries. **Underwriter**—Bache & Co., New York.

Prestole Corp.
July 3 (letter of notification) $300,000 of 6% convertible sinking fund debentures due July 1, 1971 to be issued in denominations of $20 or any multiple thereof. **Price**—100% and accrued interest. **Proceeds**—To pay short term note and to buy equipment. **Office**—1345 Miami St., Toledo, Ohio. **Underwriter**—Baker, Simonds & Co., Detroit, Mich. **Offering**—Being postponed. Larger deal expected in near future.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Skyline Securities, Inc., Denver 2, Colo.

Puerto Rico Jai Alai, Inc.
July 27 filed $1,100,000 of 12-year 6% first mortgage bonds due July 1, 1968, and 220,000 shares of common stock (par $1). **Price**—100% of principal amount for debentures and $1.75 per share for the stock. **Proceeds**—For construction of fronton and related activities. **Office**—San Juan, Porto Rico. **Underwriters**—Crerie & Co., Houston, Texas; and Dixon Bretscher Noonan, Inc., Springfield, Ill.

★ Puma Mining & Milling Corp.
Sept. 6 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office** — 1455 Riley Ave., Reno, Nev. **Underwriter**—None.

Pyramid Development Corp., Washington, D. C.
July 27 (letter of notification) 300,000 shares of common stock (par 10 cents), of which 25,000 shares are to be reserved for issuance upon exercise of options. **Price**—$1 per share. **Proceeds**—To purchase real property and mortgage notes. **Underwriter**—Coombs & Co. of Washington, D. C.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—573 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

★ Racine Hydraulics & Machinery, Inc.
Sept. 10 filed 15,000 shares of $1.20 cumulative convertible preferred stock, series A (par $20) and 35,000 shares of common stock (par $1), of which 10,000 common shares are to be offered for the account of Malcolm E. Erskine, President and Treasurer of the company. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

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.

★ Ramo-Wooldridge Corp.
Aug. 22 (letter of notification) 2,960 shares of class B common stock (par $1), of which 2,076 shares are subject to option held by Thompson Products, Inc. and the remainder to be offered to selected and prospective employees. **Price**—$10 per share. **Proceeds**—For working capital. **Office**—5730 Arbor Vitae St., Los Angeles, Calif. **Underwriter**—None.

★ Redding-Miller, Inc.
Aug. 24 (letter of notification) $50,000 of 7% debentures, due one year thereafter date and in denominations of $500 each. **Proceeds**—For planning, financing, construction and management of real properties. **Office**—931 East Sixth Ave., Denver, Colo. **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.

● Republic Cement Corp. (9/14-19)
April 20 filed 965,000 shares of capital stock. **Price**—$10 per share. **Proceeds**—For construction of plant, working capital and general corporate purposes. **Office**—Prescott, Ariz. **Underwriter**—Vickers Brothers, New York.

★ River Valley Finance Co. (9/14)
Aug. 29 (letter of notification) 11,000 shares of class A common stock and 518 shares of class B common stock to be offered first to stockholders. **Price**—$6 per share. **Proceeds** — For working capital. **Office** — Davenport, Iowa. **Underwriter** — Quail & Co., also of Davenport, Iowa.

★ Ross (J. O.) Engineering Corp., New York
Sept. 10 filed 19,059 shares of common stock (par $1) to be offered in exchange for common stock of John Waldron Corp. at the rate of one Ross share for each two Waldron shares. Offer will become effective upon deposit of at least 90% of the outstanding common stock, of which Ross presently owns 61.53%. **Underwriter**—None.

Royal Register Co., Inc.
Aug. 9 (letter of notification) 15,000 shares of class A common stock (par $1) being offered initially to class A stockholders at rate of 1½ shares for each share held; rights to expire on Sept. 15. **Price**—$15 per share. **Proceeds**—To reduce outstanding debt, buy equipment and for working capital. **Office**—Simon Street, Nashua, N. H. **Underwriter**—None.

Samson Uranium, Inc., Denver, Colo.
Aug. 21 (letter of notification) 25,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For core drilling, including geological research and core assays; for mining shaft; to exercise purchase of option agreement on additional properties; for working

capital and other corporate purposes. **Underwriter** — Indiana State Securities Corp. of Indianapolis, Ind., for offering to residents of Indiana.

● Scripto, Inc., Atlanta, Ga. (9/18)
Aug. 15, filed 360,000 shares of class A common stock (par 50 cents), of which 40,000 shares are to be offered to officers and employees. **Price**—To public, $7 per share; to employees $6.67½ per share. **Proceeds** — To reduce bank loans, and for expansion and working capital.
Aug. 15 filed 360,000 shares of class A common stock (par **Underwriter**—Johnson, Lane, Space & Co., Inc., Savannah, Ga.

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.

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.

★ Southern Finance Co., Inc., Lenoir, N. C.
Aug. 24 (letter of notification) 4,000 shares of 6% convertible preferred stock (par $25) and 5,000 shares of common stock (par $10). **Price**—For preferred at par; and for common, $10.75 per share. **Proceeds**—For additional working capital. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

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**—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.

Southern Union Oils Ltd., Toronto, Canada
Aug. 24 filed 750,000 shares of capital stock (par $1). **Price**—64½ cents per share. **Proceeds**—To selling stockholders. **Underwriter**—None.

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.

★ Sprig Master Miner Co.
Aug. 22 (letter of notification) 36,000 shares of class A stock and 15 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For the manufacture and sale of machine parts. **Office**—623 Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—None.

★ Standard Oil Co. (Indiana)
Sept. 11 filed $8,850,000 of Participations in the Employees Savings Plan of the American Oil Co. and subsidiary companies, together with 145,380 shares of Standard capital sock (par $25) which may be purchased by the Trustee under the Savings Plan.

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**—Indefinitely postponed.

● 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. **Offering**—Postponed.

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.

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.

★ Technical Service, Inc.
Aug. 24 (letter of notification) 50,000 shares of common stock (no par). **Price**—$6 per share. **Proceeds**—For mining expenses. **Office**—310 Denver Club Bldg., Denver, Colo. **Underwriter**—None.

● Tennessee Gas Transmission Co. (9/19)
Aug. 29 filed $50,000,000 of first mortgage pipe line bonds due 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay short term notes and for construction program. **Underwriters** — Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc., all of New York.

● Tennessee Gas Transmission Co. (9/19)
Aug. 29 filed 200,000 shares of cumulative convertible second preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — To repay short term notes and for construction program. **Underwriters**—Stone & Webster Securities Corp. and White, Weld & Co., both of New York.

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.

★ Transcontinental Gas Pipe Line Corp. (10/2)
Sept. 10 filed 441,250 shares of common stock (par 50 cents) to be offered for subscription by common stockholders of record Oct. 1, 1956 at the rate of one new share for each 16 shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

Ulrich Manufacturing Co., Roanoke, Ill.
Aug. 20 filed 50,000 shares of class A common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To reduce bank loans and for working capital. **Business**—Earthmoving equipment, etc. **Underwriter**—White & Co., St. Louis, Mo.

Union Chemical & Materials Corp.
May 25 filed 200,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriters**—Allen & Co., Bache & Co. and Reynolds & Co., Inc., all of New York. **Offering**—Postponed indefinitely.

Union of Texas Oil Co., Houston, Texas
Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office** — San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas. **Offering**—Put off indefinitely.

United Aircraft Corp. (9/18)
Aug. 28 filed not exceeding 330,915 shares of convertible preference stock (par $100) to be offered for subscription by common stockholders of record Sept. 17, 1956 on the basis of one preference share for each 16 shares of common stock held; rights to expire on Oct. 2, 1956. **Price**—To be supplied by amendment (but will not be less than $100 per share). **Proceeds** — To repay bank loans, for equipment, working capital and general corporate purposes. **Underwriter**—Harriman Ripley & Co. Inc., New York.

● United Cuban Oil, Inc. (9/24)
Aug. 29 filed 2,000,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For development and exploration costs. **Office**—Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

★ U. S. Electronics Development Corp.
Aug. 21 (letter of notification) 299,990 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For manufacturing and selling of precision capacitors. **Office**—1323 Air Way, Glendale 1, Calif. **Underwriter**—None.

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.

★ U. S. Polymeric Chemicals, Inc.
Aug. 21 (letter of notification) 16,725 shares of common stock (par 50 cents) being offered to stockholders of record Sept. 5 on a one-for-four basis; rights to expire on Sept. 20. **Price** — $6 per share. **Proceeds** — For machinery and working capital. **Office**—Stamford, Conn. **Underwriter**—Dominick & Dominick, New York.

★ Universal Automobile Club of America, Inc.
Aug. 23 (letter of notification) 20,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For operating a credit out club. **Office** — 3424 Kendall, Wheatridge, Colo. **Underwriter**—None.

Universal Finance Corp.
Aug. 24 (letter of notification) 27,272 shares of 70-cents cumulative preferred stock (par $5) and 13,636 shares of common stock (par 15 cents) to be offered in units consisting of one share of preferred and one-half share of common. **Price**—$11 per unit. **Proceeds**—For working capital. **Office** — Gibraltar Life Bldg., Dallas, Tex. **Underwriters**—Muir Investment Co., and Texas National Corp., both of San Antonio, Tex.

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.

★ Ute Uranium, Inc.
Aug. 24 (letter of notification) 7,254,700 shares of common stock to be offered for subscription by stockholders. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Address**—P. O. Box 188, Cripple Creek, Colo. **Underwriter**—None.

Vanadium Corp. of America
Aug. 14 filed $10,000,000 of 4¼% convertible debentures due Sept. 1, 1976, being offered for subscription by common stockholders of record Sept. 5 at the rate of $100 of debentures for each 13 shares of stock held; rights to expire on Sept. 19. **Price**—100% and accrued interest. **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.

Venezuela Diamond Mines, Inc., Miami, Fla.
Aug. 31 filed 1,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For exploration and mining operations in Venezuela. **Underwriter**—Columbia Securities Co., Inc., of Florida, Miami, Fla.

★ Venture Securities Fund, Inc., Boston, Mass.
Sept. 4 filed 200,000 shares of capital stock (par $1). **Price**—Initially at $25 per share. **Proceeds**—For investment. **Underwriter**—Venture Securities Corp., 26 Federal St., Boston, Mass.

Vicon, Inc.
Aug. 24 (letter of notification 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For the manufacture and sale of a hearing instrument designed for the hard-of-hearing. **Office**—1353 Mesita Road, Colorado Springs, Colo. **Underwriter**—Miller & Co., Tulsa, Okla.

Virginia Electric & Power Co. (9/25)
Aug. 17 filed $20,000,000 of first and refunding mortgage bonds, series M, due Oct. 1, 1986. **Proceeds**—For construction program. **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.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 25 at 40 Wall St., New York, N. Y.

Walt Disney Productions, Burbank, Calif. (9/19)
Aug. 24 filed $7,500,000 of convertible subordinated debentures due Sept. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—$243,740 to redeem outstanding 4% debentures, series A, due 1960; balance for retirement of secured demand note. **Underwriter**—Kidder, Peabody & Co., New York.

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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.

★ **Western States Natural Gas Co.**
Aug. 24 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For development of oil and gas. **Office**—Felt Bldg., Salt Lake City, Utah. **Underwriter**—Us-Can Securities, Inc., Jersey City, N. J.

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 this Fall.

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.

Wilson & Co., Inc. (9/19)
Aug. 28 filed $20,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds** — To redeem presently outstanding first mortgage bonds, to repay bank loans and for expansion program. **Business**—Meat packing firm. **Underwriters**—Smith, Barney & Co.; Glore Forgan & Co. and Hallgarten & Co., all of New York City.

★ **Winter Park Telephone Co., Winter Park, Fla.**
Aug. 24 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For improvements and additions to property. **Office**—128 East New England Ave., Winter Park, Fla. **Underwriter**—Security Associates, Inc., Winter Park, Fla.

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.

★ **Yellow Queen Uranium Co.**
Aug. 24 (letter of notification) 1,400,000 shares of common stock (par 10 cents), of which 900,000 are for the account of the company and 500,000 are to be offered by George B. Friden, Vice-President. **Price**—At market. **Proceeds** — For mining expenses. **Office** — 1045 South University Blvd., Denver, Colo. **Underwriter**—None.

★ **Zodiac Uranium, Inc.**
Sept. 4 (letter of notification) 1,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—320 Ness Bldg., Salt Lake City, Utah. **Underwriter**—None.

★ **Zona Mining Co., Salida, Colo.**
Aug. 23 (letter of notification) 40,000 shares of common stock (no par). **Price** — $1 per share. **Proceeds** — For mining expenses. **Underwriter**—None.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. **Price**—Around $4.25 per share. **Proceeds** — For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

American Petrofina, Inc.
Aug. 30 it was announced that following proposed merger with Panhandle Oil Corp., American Petrofina, Inc., will offer to stockholders the opportunity to subscribe to about 1,000,000 shares of "A" stock of American Petrofina. **Price**—$11 per share. **Underwriters**—White, Weld & Co.; Blyth & Co., Inc.; and Hemphill, Noyes & Co. **Offering**—Expected in October.

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.

Bank of the Southwest National Association
Aug. 20 it was reported Bank plans to offer to its stockholders the right to subscribe for 75,000 additional shares of capital stock (par $20) on the basis of three new shares for each 20 shares presently held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Office**—Houston, Texas.

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.

Burndy Engineering Co., Inc. (Conn.)
Aug. 27 it was reported company plans to issue and sell in October some common stock. **Underwriter** — Van Alstyne, Noel & Co., New York.

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.

★ **Carolina Power & Light Co.**
Sept. 12 it was announced the directors have authorized the officers of the company to take necessary action looking toward the sale to the public of an additional 500,000 shares of common stock (no par). **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York; and R. S. Dickson & Co., Inc., Charlotte, N. C.

● **Central Illinois Public Service Co. (10/23)**
Sept. 10 it was announced 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). **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.

Consolidated Edison Co. of New York, Inc. (10/23)
Aug. 28 the trustees authorized a proposed sale of $40,000,000 first and refunding mortgage bonds, series M, due 1986. **Proceeds**—To help finance 1956 expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on Oct. 23.

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 comeptitive 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 Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp(jointly). **Offering**—Not expected until early in 1957.

★ **Douglas Oil Co. of California (10/2)**
Sept. 5 it was announced stockholders will vote Sept. 17 on approving an issue of $3,500,000 debentures (with common stock purchase warrants). **Proceeds**—To retire outstanding 5% secured notes, repay short term notes and finance construction. **Underwriter**—Shearson, Hammill & Co., New York.

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.

Fansteel Metallurgical Corp.
Aug. 15 company announced stockholders will vote Oct. 3 on proposed issue and sale of $3,000,000 subordinated convertible debentures. **Proceeds**—For expansion program. **Underwriter**—Hallgarten & 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.

Food Fair Stores, Inc.
Aug. 28 stockholders voted to increase the authorized indebtedness from $35,000,000 to $60,000,000 and to increase the authorized common stock from 5,000,000 shares to 10,000,000 shares. **Underwriter** — Eastman, Dillon & Co., New York.

★ **Food Mart, Inc.**
Sept. 11 it was announced company (following proposed two-for-one stock split to be voted upon Oct. 4, 1956) is considering an offer to its stockholders of between 90,000 and 95,000 additional shares of common stock. **Proceeds** — For building of more stores. **Underwriter** — Shearson, Hammill & Co., New York.

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. **Proceeds**—To repay bank loans, etc., and for construction program.

★ **General Public Utilities Corp.**
Sept. 12, A. F. Tegen, President, announced that the stockholders are going to be offered approximately 647,000 additional shares of common stock (par $5) early in 1957 on the basis of one new share for each 15 shares held. Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent in previous offering to stockholders.

Hartfield Stores, Inc.
Aug. 27 it was reported company plans to issue and sell 300,000 shares of common stock. **Price**—Expected at $10 per share. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Probably early in October.

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 Pineapple Co., Ltd.
Aug. 21 it was announced company plans some new financing. **Proceeds** — To pay long-term debt and for working capital. **Underwriter**—None, if stock is offered to stockholders.

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.

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.

★ **Johns-Manville Corp.**
Sept. 5 it was announced corporation soon plans to offer about 650,000 additional shares of common stock to its common stockholders on the basis of one new share for each 10 shares held. **Proceeds**—For plant expansion and working capital. **Underwriter**—Morgan Stanley & Co., 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 Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined (probably not until first half of 1957).

Lee Offshore Drilling Co., Tulsa, Okla.
Aug. 20 it was reported company plans registration in September of $2,500,000 of convertible class A stock. **Underwriter**—Rauscher, Pierce & Co., Dallas, Texas.

★ **Lieberknecht, Inc., Laureldale, Pa. (10/10)**
Bids will be received up to 11 a.m. (EDT) on Oct. 10 at the Department of Justice, Office of Alien Property, Room 664, 101 Indiana Avenue, N. W., Washington 25, D. C., for the purchase from the Attorney General of the United States of 158,025 shares (63.21%) of capital stock (no par) of this company. **Business**—Manufacture and sale of knitting machines, etc.

Lucky Stores, Inc.
Aug. 28 the directors of Foremost Dairies, Inc., voted to offer Foremost's stockholders the right to subscribe for 630,000 shares of common stock of Lucky Stores, Inc. at the rate of eight Lucky shares for each 100 shares of Foremost stock held (with an oversubscription privilege). **Price** — $12 per share. **Proceeds** — To Foremost Dairies, Inc. **Underwriter**—Allen & Co., New York.

● **Marsh Steel Co. (10/3)**
Sept. 10 it was reported company now plans to issue and sell $700,000 of 5½% convertible sinking fund debentures due 1966 and 135,000 shares of common stock. **Proceeds**—To erect a new plant at Baton Rouge, La., and for working capital. **Underwriters**—Cruttenden & Co., Chicago, Ill., and The First Trust Co. of Lincoln, Neb.

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.

★ **Merrill Petroleums Ltd. (Canada)**
Sept. 6 it was reported company plans to issue and sell some debentures. **Underwriter**—White, Weld & Co., New York.

Metropolitan Edison Co.
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**—Not expected to be received until December.

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.

★ **Mobile Gas Service Corp. (11/1)**
Sept. 7 it was announced company plans to offer to its common stockholders on or about Nov. 1, 1956 the right to subscribe for 30,000 additional shares of common stock (par $5) on the basis of one new share for each 10 shares held (with an oversubscription privilege). **Proceeds** — For construction program. **Underwriters** — The First Boston Corp., New York; and The Robinson-Humphrey Co., Inc., Atlanta, Ga.

★ **National Bank of Detroit (11/1)**
Sept. 10 it was announced stockholders will vote Oct. 15 on approving proposed sale of 263,400 additional shares of capital stock to stockholders on the basis of one new share for each 10 shares held as of Nov. 1, 1956; rights to expire on Nov. 21. **Price** — Somewhat below market price prevailing at time of offering. **Proceeds** —For capital and surplus account. **Underwriter**—Morgan Stanley & Co., New York.

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 Eastman Dillon, Union Securities & Co. (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, Eastman Dillon, Union Securities & Co. 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, Eastman Dillon, Union Securities & Co. 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).

★ **Northeast Airlines, Inc.**
Sept. 1 it was reported that part of the cost of new equipment will be provided by banking or other similar credits and the balance by an offering of securities to existing stockholders or to the public or both. **Underwriter**—Probably Lee Higginson Corp., New York.

Northern Natural Gas Co.
July 19 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debentures and treasury funds in latter part of year. **Underwriter**—Probably Blyth & Co., Inc.

● **Norwood Gas Co., Norwood, Mass.**
Sept. 6 it was announced company has been authorized to offer to its stockholders 1,405 additional shares of common stock on a 1-for-2 basis. New England Electric System owns 2,791 shares out of the 2,810 shares outstanding. **Price**—At par ($100 per share). **Proceeds**—To reduce indebtedness to parent. **Underwriter**—None.

Offshore Gathering Corp., Houston, Texas
Nov. 18, 1955, David C. Bintliff, Pres., 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. (10/30)
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.; Eastman Dillon, Union Securities & Co. 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. 30.

Ohio Power Co. (10/30)
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.; Eastman Dillon, Union Securities & Co. 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. 30.

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.

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 Eastman Dillon, Union Securities & Co. **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.

Palisades Amusement Park, Fort Lee, N. J.
Aug. 21, Irving Rosenthal, President, announced that company plans to purchase another amusement park and merge the two and then sell stock to public.

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.

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 Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on or about Oct. 16.

Public Service Electric & Gas Co. (11/14)
April 16, Lyle McDonald, Chairman, estimated that requirements for new capital this year will be approximately $80,000,000 to $85,000,000. [It is now planned to issue and sell $50,000,000 of first and refunding mortgage bonds.] **Proceeds** — To help finance construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively scheduled to be received up to 11 a.m. (EST) on Nov. 14.

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.

St. Louis-San Francisco Ry.
Sept. 5 company offered not exceeding $61,600,000 of 50-year income 5% debentures, series A, due Jan. 1, 2006, 154,000 shares of common stock (no par), and cash equivalent to the unpaid portion of the preferred dividend which has been declared payable in 1956, in exchange for its 616,000 shares of $100 par value 5% preferred stock, series A, on the basis of $100 of debentures, one-quarter share of common stock and unpaid dividends of $2.50 per preferred share in exchange for each 5% preferred share. The offer will expire on Dec. 31, 1956, unless extended. **Dealer-Manager**—Eastman, Dillon, Union Securities & Co., New York. **Exchange Agent** —The Chase Manhattan Bank, New York.

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.

★ **Sinclair Oil Corp.**
Sept. 10 it was announced that company is considering selling $165,000,000 of convertible subordinated debentures to be offered for subscription by common stockholders on basis of $100 of debentures for each nine shares of stock held. Stockholders are scheduled to vote on the financing on Oct. 30. **Proceeds**—For expansion program and general corporate purposes. **Underwriter** —Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

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Mutual Funds

By ROBERT R. RICH

Hugh Long Makes National Survey

In order to replace theory with facts, Hugh W. Long and Company, one of the largest national underwriters of mutual funds, is conducting the first "live" survey of professional investment opinion ever undertaken on a national scale. In meetings being held throughout the country, the Long Company is tape-recording discussions at meetings with prominent and successful investment dealers on such subjects as the need for equity investing, its place in our economy, methods of interesting the public in such investing, financial planning for retirement and related subjects.

The purpose of this survey is to determine what experienced investment men actually believe, and by what methods they are achieving success in the investment business. As the survey progresses, edited tapes, each covering one phase of the investigation, are being pressed into discs. These will be available for the Long organization and for its investment correspondents to use at public meetings of an educational nature and, internally, for employee training. When the survey is completed, results will be tabulated and summarized, and a comprehensive report will be made available.

Glenn O. Kidd, a Vice-President of Hugh W. Long and Company, who has travelled more than 12,000 miles in the past three months conducting and recording these interviews, revealed that the survey will continue for a year or more and will include all types of investment firms—stock exchange members, over-the-counter dealers, and organizations specializing in the distribution of mutual fund shares. The first of the records resulting from the study has been prepared and will be available at the end of this month, with others following as additional information is gathered.

"In undertaking this enormous task," Mr. Kidd states, "our main goal is to create a body of authentic and authoritative information about investing and the investment business, obtained from men who have been successful in all parts of the country. This will eliminate much of the theory and guess work in training young people for our business and in presenting our story to the public. In short, we intend to show, not how we think the story should be told, but how it is actually being told with the most success."

Financing Child's Education Contest Winner

Henry J. Simonson, Jr., left, President of National Securities & Research Corporation, is shown presenting a check for $100 to Anthony N. Biasi, of 5 Seneca Avenue, Emerson, N. J., winner of first prize in the "Financing My Child's College Education" contest which was held recently under the sponsorship of National Securities & Research Corp. at the National Baby and Children's Show in the New York Coliseum. National Securities & Research sponsors and manages the National Securities Series of mutual funds with assets of more than $290,000,000. In his prize-winning statement, Mr. Biasi said "I plan to finance my children's college education by scheduling periodic investments in a sound mutual fund, which based on the future growth of our nation's economy, will appreciably increase the educational funds available." The contest was judged by Weston Smith, (looking on, right) Director of the Financial World's annual report survey, and head of his own stockholder relations consulting firm.

Mr. Biasi, 38, and his wife Ann, are the parents of five children ranging in age from 10 years to 1. They are Lauretta, 10; Frances, 8; Robert, 7; Donald, 5; and Peter, 1. Mr. Biasi attended Brooklyn College and took his Master's Degree in Business Administration at the College of the City of New York in 1951. He served as a navigator with the Air Force for four years during World War II, during which period he was on duty in the European Theatre of Operations, and emerged from the service a First Lieutenant. At present he holds the position of budget administrator for the Kearfott Co., Little Falls, N. J., a subsidiary of General Precision Equipment Corp., manufacturers of electronic equipment.

Vance, Sanders Releases Bulletin On Profit-Sharing

Vance, Sanders & Company, principal underwriter for shares of Massachusetts Investors Trust, Boston Fund and other mutual investment companies, have just published a special bulletin for corporation executives, lawyers and accountants on "The Vance Sanders Contribution Formula for Profit Sharing Retirement Plans."

The firm points out that under new Treasury Regulations, companies are no longer bound by a fixed contribution formula, so that profit sharing retirement plans may now be even more desirable from the standpoint of both the employee and the employer. A flexible contribution formula is suggested, under which a company sets a minimum contribution as a fixed percentage of net income before taxes, but reserves the right to contribute in any year the maximum tax-deductible amount.

The bulletin is a supplement to the document kit of the Vance Sanders Method of creating and administering profit sharing retirement plans by simplified procedures, specifically designed for companies of moderate size. The Method, originated five years ago, has been followed by hundreds of companies in establishing profit sharing retirement plans.

Election Not Seen Affecting Stocks

Regardless of who wins the Presidential election this November—Democrats or Republicans—there will be no strong influence on common stock prices, according to Godfrey P. Parkerson, Executive Vice-President of Calvin Bullock, Ltd., managers of mutual funds with assets of over $400,000,000.

In a review of the effects of 10 Presidential elections on common stock prices, published in the September issue of "Bulletin," Mr. Parkerson declared that economic factors, not political conventions and Presidential elections, determine the prices of securities.

"In the 10 Presidential elections since 1916, Mr. Parkerson reported, "the results were about a standoff." The average level of industrial common stock prices in the year following each of four elections was 11.6% lower than in the election year, following five elections the same index averaged 18.5% higher, and following one election there was no change in the level of stock prices.

"The market played no favorites politically either," he declared. "There were six Democratic victories: In three instances, the next year showed a decline and in the other three, there was a rise." On the Republican side, Mr. Parkerson pointed out, there was one year of decline, two years of rise, and one year of no change.

"Regardless of the outcome of the election in 1956," Mr. Parkerson predicted, "the vitality of the American economy, as demonstrated by its growth over the past 40 years, indicates a long-term favorable outlook for a selected common stock, especially with the probability of further increases in the cost of living."

TV. Fund Now $135 Million

Television - Electronics Fund, Inc., largest mutual fund concentrating investments in the electronic field, marked its eighth anniversary on Sept. 7, last, with resources near record levels.

On that day, total net assets of the fund amounted to $134,974,595, compared with $151,889 on Sept. 7, 1948, when the fund's initial public offering of shares was made. During the same period, the fund's outstanding shares in the hands of investors in the U. S. and many foreign countries grew from 16,680 on the first day of operations to 10,848,567 on the anniversary date.

Incorporated in August, 1948, the fund offered its shares originally at $4.56 per share (adjusted for a two-for-one split in January, 1954). Eight years later, net asset value per share was $12.44, or an increase in value of 172.8%. During the period, the fund paid out to shareholders a total of $1.74 per share in realized capital gains, to bring total capital appreciation in the eight years to $9.62, or a gain of 211%. In addition, the fund paid out $2.18 to shareholders from its investment income.

The portfolio of the fund on the initial offering date contained common stocks of 18 companies in the electronic field, of which all but two still appear among the fund's investments. The 18 investments had a market value on Sept. 7, 1948 of only $84,154; the same holdings, added to over the eight years, had a value of $21,662,050 on the 1956 anniversary date, and the current portfolio showed common stock investments in 139 companies actively engaged in one phase of electronics or another.

Scudder, Stevens & Clark Fund, Inc. reported total net assets of $58,178,666 on Sept. 7, 1956, equal to $37.78 per share on 1,540,112 sharse outstanding on that date. This compares with total net assets of $54,149,967 a year ago, equal to $37.28 per share on 1,452,671 shares then outstanding.

Scudder, Stevens & Clark Common Stock Fund, Inc. reported total net assets of $13,665,489 on Sept. 7, 1956, compared with $10,432,197 a year ago. Per share net asset value is $24.80 on 551,047 outstanding shares, compared with $22.92 per share on 455,116 shares outstanding at that time.

NAIC's Oberg to Teach Course on Investment Trusts

A fully accredited college course devoted exclusively to investment companies will be given during the fall semester at the Bernard M. Baruch School of Business and Public Administration of the College of the City of New York.

Key representatives of the investment company industry will be guest lecturers during the course, which will meet every Thursday evening throughout the semester from Sept. 27 to Jan. 17. Dr. Harold S. Oberg, director of research for the National Association of Investment Companies, who was recently appointed to the college faculty, will supervise the course. Registration for the two-point credit course, Economics 168, takes place on Tuesday and Wednesday, Sept. 18 and 19.

When this course was offered last spring, it attracted one of the largest enrollments in the history of the Baruch School. It was the first time a course devoted entirely to investment companies has been given for full credit at any college or university.

The subjects covered during the semester will include characteristics of open-end and closed-end investment companies, management procedures, investment company policies, management appraisal, methods of distribution, taxation, regulation of the industry by Federal and state governments, types of investment company shareholders, and estate planning. Each topic will be discussed by an expert in the field.

Among the guest lecturers will be Robert E. Clark, Vice-President, Calvin Bullock, and Chairman of the executive committee of the National Association of Investment Companies; F. H. Boland, Jr., Vice-President, Adams Express Co.; E. W. Axe, President, Axe-Houghton Funds; Harold X. Schreder, Executive Vice-President, Group Securities, Inc.; Henry J. Simonson, President, National Securities & Research Corp.; Lucille Tomlinson, author; Harry I. Prankard, President, Affiliated Fund; Robert Osgood, partner, Vance, Sanders & Co.; Joseph E. Welch, Vice-President, Wellington Co. and Chairman of the public information committee of the NAIC; E. B. Burr, executive director of the NAIC, and Vincent Broderick, general counsel to the NAIC.

The course has been planned by Dr. Jerome B. Cohen, associate professor of economics at the college, in cooperation with the public information committee of the National Association of Investment Companies.

Personal Progress

Arthur Burtis Lawrence, Jr., elected vice-president in charge of sales of I. I. I. Securities Corporation, distributor of International Investors Inc. was announced by John C. van Eck, Jr., President of the Corporation. Mr. Lawrence brings to his new post a broad executive sales experience in both the national and international fields. He is a former officer and director of ESAB Welding Corporation and the International Relay Corp. He also was a member of the executive staff of Sheffield Farms, Inc.

Frans J. Weterrings appointed Assistant Vice-President and Assistant Secretary of Nucleonics, Chemistry & Electronics Shares, Inc., recently organized mutual fund, was announced by John M. Templeton, President. Mr. Weterrings is a partner of N.C.E. Shares Distributor, national sponsor of the Fund.

Wellington Sales Gain 60 Per Cent

Continuing the pattern of previous months this year, Wellington Fund in August set another new sales record, with sales for the month reaching $7,497,000, the largest for any August in the 27-year history of the Fund, A. J. Wilkins, Vice-President, reported. August's record sales exceeded the like month of 1955 by $1,415,000.

Wellington Fund sales in the first eight months of this year also were at new high levels, Mr. Wilkins stated. Gross sales for the period to-date amounted to $69,572,000, up 60% from sales of $43,480,000 reported for the first eight months of 1955. In fact, Mr. Wilkins stated, sales in the first eight months of this year are only $3,000,000 short of total new investments in Wellington for the entire year 1955.

Delaware Fund Portfolio Changes

W. Linton Nelson, President, in a recent summary of Delaware Fund's major portfolio changes, lists Sperry-Rand, Chicago Corporation, Delta Airlines, Anderson-Prichard, First National City Bank of New York, and First Pennsylvania Company as new investment positions taken by the Fund since June 30, last.

In the same period, Mr. Nelson reports in his latest semi-monthly Directors' Letter, the Fund eliminated the balance of its Carrier, and all of Allied Mills, U. S. Lines, National Fuel Gas, Gulf Oil and Standard of California.

Oil is still shown as the Fund's largest common stock holding by industry, despite its drop to 14.14% of total net assets on September 10 from 15.80% at the close of the first half. Steel maintained its position as the second largest industry investment constituting 10.03% of resources on Sept. 10 compared with 8.46% on June 30. Mr. Nelson calls attention to the fund's purchase last week of short-term government-guaranteed bonds on a 3.85% basis which, he notes, "points up the situation in today's money market more eloquently than anything I could say." The fund now has 6.15% of its net assets in governments and cash as compared with 4.01% on June 30.

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Securities Now in Registration

Prospective Offerings

Southern Bell Telephone & Telegraph Co. (10/8)
Aug. 30 it was announced that company plans to issue and sell $60,000,000 of 27-year debentures due Oct. 1, 1983. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be opened on Oct. 8. **Registration**—Planned for Sept. 18.

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.; Eastman, Dillon, Union Securities & Co.; 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. (9/19)**
Bids will be received by the company up to noon (EDT) on Sept. 19, at Room 2117, 195 Broadway, New York 6, N. Y., for the purchase from it of $35,000,000 Southern Pacific RR. first mortgage bonds, series H, due Oct. 1, 1983. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. **Proceeds**—For capital expenditures.

Southern Union Gas Co.
Aug. 27 it was reported company plans offering to its common stockholders of record Sept. 26, 1956, of about 170,000 additional shares of common stock on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire in about 20 days after subscription warrants are mailed. **Underwriter**—None. **Registration**—Expected early in September.

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.

● **Underwood Corp.**
Sept. 10 it was announced the directors are considering an issue of debentures, convertible into common stock. **Proceeds**—For working capital and used as required for research and engineering, modernization of plant facilities, development of new products and general expansion of operations in order to promote increased sales. **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.

Virginian Ry. (10/4)
Aug. 20 it was reported the company has applied to the ICC for authority to issue and sell $3,600,000 equipment trust certificates, which will mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated. **Bids**—Expected on or about Oct. 4.

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.

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)	Sept. 16	§100.01	*98.7	87.5	95.7
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 16	§2,463,000	*2,429,000	2,154,000	2,309,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 31	7,107,750	7,126,550	7,065,450	6,661,876
Crude runs to stills—daily average (bbls.)	Aug. 31	¶8,098,000	7,943,000	7,954,000	7,642,000
Gasoline output (bbls.)	Aug. 31	28,260,000	27,523,000	27,045,000	26,183,000
Kerosene output (bbls.)	Aug. 31	2,196,000	2,009,000	1,854,000	1,979,000
Distillate fuel oil output (bbls.)	Aug. 31	13,241,000	13,014,000	12,841,000	11,567,000
Residual fuel oil output (bbls.)	Aug. 31	7,952,000	7,831,000	7,551,000	7,482,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 31	175,571,000	175,816,000	177,561,000	153,292,000
Kerosene (bbls.) at	Aug. 31	32,401,000	31,521,000	29,415,000	34,945,000
Distillate fuel oil (bbls.) at	Aug. 31	138,449,000	134,381,000	119,289,000	133,365,000
Residual fuel oil (bbls.) at	Aug. 31	46,783,000	46,069,000	44,598,000	46,587,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 1	784,366	770,413	660,287	789,722
Revenue freight received from connections (no. of cars)	Sept. 1	655,066	645,157	593,319	670,690
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 6	$243,863,000	$616,641,000	$322,829,000	$375,714,000
Private construction	Sept. 6	112,909,000	465,535,000	189,264,000	289,809,000
Public construction	Sept. 6	130,954,000	151,106,000	133,565,000	85,905,000
State and municipal	Sept. 6	97,202,000	126,907,000	118,302,000	78,897,000
Federal	Sept. 6	33,752,000	24,199,000	15,263,000	7,008,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 1	10,150,000	9,950,000	9,240,000	9,449,000
Pennsylvania anthracite (tons)	Sept. 1	601,000	597,000	579,000	469,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 1	127	120	104	125
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 8	10,955,000	11,565,000	11,530,000	10,155,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 6	196	237	229	205
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 4	5.622c	5.622c	5.619c	5.174c
Pig iron (per gross ton)	Sept. 4	$63.04	$63.04	$62.95	$59.09
Scrap steel (per gross ton)	Sept. 4	$58.50	$58.17	$55.50	$43.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
*Domestic refinery at	Sept. 5	39.650c	39.650c	39.475c	44.375c
Export refinery at	Sept. 5	38.150c	37.350c	37.700c	44.425c
Straits tin (New York) at	Sept. 5	100.375c	99.250c	98.375c	95.375c
Lead (New York) at	Sept. 5	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Sept. 5	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Sept. 5	13.500c	13.500c	13.500c	12.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 11	91.06	91.11	92.66	95.03
Average corporate	Sept. 11	100.32	100.81	102.46	107.27
Aaa	Sept. 11	103.30	103.97	106.21	110.52
Aa	Sept. 11	102.13	102.80	104.66	108.88
A	Sept. 11	100.65	100.98	102.13	107.44
Baa	Sept. 11	95.47	96.07	97.31	102.63
Railroad Group	Sept. 11	99.04	99.20	101.14	105.86
Public Utilities Group	Sept. 11	100.65	101.47	102.80	107.80
Industrials Group	Sept. 11	101.14	101.97	103.64	108.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 11	3.21	3.21	3.08	2.87
Average corporate	Sept. 11	3.73	3.70	3.60	3.32
Aaa	Sept. 11	3.55	3.51	3.38	3.14
Aa	Sept. 11	3.62	3.58	3.47	3.23
A	Sept. 11	3.71	3.69	3.62	3.31
Baa	Sept. 11	4.04	4.00	3.92	3.59
Railroad Group	Sept. 11	3.81	3.80	3.68	3.40
Public Utilities Group	Sept. 11	3.71	3.66	3.58	3.29
Industrials Group	Sept. 11	3.68	3.63	3.53	3.26
MOODY'S COMMODITY INDEX	Sept. 11	425.5	425.4	422.2	409.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 1	267,147	229,682	341,759	382,847
Production (tons)	Sept. 1	274,069	270,150	280,659	291,453
Percentage of activity	Sept. 1	95	94	95	101
Unfilled orders (tons) at end of period	Sept. 1	418,025	425,635	524,084	665,766
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 7	108.77	108.81	108.99	106.39
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	Aug. 18	1,094,277	1,382,828	1,327,688	854,453
Dollar value	Aug. 18	$59,560,978	$76,721,948	$74,679,772	$47,603,905
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 18	862,226	1,089,328	1,140,773	675,607
Customers' short sales	Aug. 18	5,437	6,899	5,065	5,338
Customers' other sales	Aug. 18	856,789	1,082,429	1,135,708	670,269
Dollar value	Aug. 18	$43,664,019	$56,535,994	$58,411,850	$34,452,337
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 18	224,530	272,250	296,950	177,600
Short sales	Aug. 18	------	------	------	------
Other sales	Aug. 18	224,530	272,250	296,950	177,600
Round-lot purchases by dealers—					
Number of shares	Aug. 18	448,450	555,310	470,370	367,840
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	Aug. 18	417,190	497,060	480,570	436,530
Other sales	Aug. 18	8,864,030	11,418,760	11,796,380	7,152,220
Total sales	Aug. 18	9,281,220	11,915,820	12,276,950	7,588,750
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 18	1,218,190	1,662,390	1,464,850	875,060
Short sales	Aug. 18	227,370	280,800	270,210	188,380
Other sales	Aug. 18	977,830	1,386,030	1,197,420	682,650
Total sales	Aug. 18	1,205,200	1,666,830	1,467,630	871,030
Other transactions initiated on the floor—					
Total purchases	Aug. 18	175,700	317,940	270,670	183,010
Short sales	Aug. 18	18,300	18,900	17,700	19,000
Other sales	Aug. 18	191,270	321,310	342,400	158,630
Total sales	Aug. 18	209,570	340,210	360,100	177,630
Other transactions initiated off the floor—					
Total purchases	Aug. 18	461,755	682,097	616,395	345,345
Short sales	Aug. 18	83,450	80,310	105,070	115,100
Other sales	Aug. 18	570,908	753,466	631,048	427,485
Total sales	Aug. 18	654,358	833,776	736,118	542,585
Total round-lot transactions for account of members—					
Total purchases	Aug. 18	1,855,645	2,662,427	2,351,915	1,403,415
Short sales	Aug. 18	329,120	380,010	392,980	322,480
Other sales	Aug. 18	1,740,008	2,460,806	2,170,868	1,268,765
Total sales	Aug. 18	2,069,128	2,840,816	2,563,848	1,591,245
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 4	114.7	114.6	114.2	111.1
Farm products	Sept. 4	89.1	88.7	89.1	88.3
Processed foods	Sept. 4	103.8	103.3	102.4	101.8
Meats	Sept. 4	87.5	85.8	82.4	84.2
All commodities other than farm and foods	Sept. 4	122.2	122.3	121.9	117.8

*Revised figure. ¶Includes 969,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of July 31:			
Total consumer credit	$37,143	$37,093	$32,896
Instalment credit	29,103	28,890	25,476
Automobile	15,208	15,077	13,038
Other consumer goods	6,258	6,247	5,676
Repairs and modernization loans	1,674	1,663	1,570
Personal loans	5,963	5,903	5,192
Non-instalment credit	8,040	8,203	7,420
Single payment loans	3,033	3,099	2,595
Charge accounts	3,127	3,231	2,991
Service credit	1,880	1,873	1,834
CONSUMER PRICE INDEX — 1947-49=100—			
Month of July:			
All items	117.0	116.2	114.7
Food	114.8	113.2	112.1
Food at home	113.8	112.1	111.1
Cereals and bakery products	125.8	125.2	124.2
Meats, poultry and fish	99.3	98.0	103.7
Dairy products	108.7	107.7	104.7
Fruits and vegetables	135.2	131.4	121.9
Other foods at home	112.8	111.1	109.2
Housing	121.8	121.4	119.9
Rent	133.2	132.5	130.4
Gas and electricity	111.7	111.7	110.8
Solid fuels and fuel oil	128.7	128.4	123.2
Housefurnishings	102.8	102.8	103.6
Household operation	123.0	122.6	119.4
Apparel	105.3	104.8	103.2
Men's and boys'	107.7	107.5	105.7
Women's and girls'	98.0	97.5	96.9
Footwear	124.2	123.1	117.5
Other apparel	91.4	91.1	90.5
Transportation	127.7	126.8	125.4
Public	172.7	172.6	165.3
Private	117.6	116.7	116.0
Medical care	132.7	132.0	127.9
Personal care	120.1	119.9	115.5
Reading and recreation	107.7	107.6	106.3
Other goods and services	122.2	121.8	120.3
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of July:			
Cotton Seed—			
Received at mills (tons)	141,965	19,993	131,087
Crushed (tons)	118,511	151,035	165,338
Stocks (tons) July 31	177,469	154,015	209,064
Crude Oil—			
Stocks (pounds) July 31	40,375,000	38,162,000	53,915,000
Produced (pounds)	43,472,000	54,412,000	56,962,000
Shipped (pounds)	37,083,000	78,810,000	63,010,000
Refined Oil—			
Stocks (pounds) July 31	243,791,000	*328,051,000	344,085,000
Produced (pounds)	34,607,000	73,667,000	59,120,000
Consumption (pounds)	84,298,000	*105,688,000	95,852,000
Cake and Meal—			
Stocks (tons) July 31	164,187	214,803	203,090
Produced (tons)	62,286	74,363	78,293
Shipped (tons)	112,902	105,296	113,201
Hulls—			
Stocks (tons) July 31	77,164	105,461	41,654
Produced (tons)	28,643	33,710	36,071
Shipped (tons)	56,940	54,242	42,647
Linters (running bales)—			
Stocks July 31	119,958	130,816	130,083
Produced	35,525	43,900	50,613
Shipped	46,383	77,710	80,056
Hull Fiber (1,000-lb. bales)—			
Stocks July 31	593	607	313
Produced	(a)	(a)	90
Shipped	(a)	(a)	141
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks July 31	2,285	2,989	2,100
Produced	198	409	438
Shipped	902	1,180	1,224
METAL PRICES (E. & M. J. QUOTATIONS)—			
Average for month of August:			
Copper (per pound)—			
Domestic refinery	39.625c	40.807c	38.150c
Export refinery	37.667c	36.002c	40.009c
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)	£116.063	£113.659	£106.494
††Three months, London (per long ton)	£114,489	£112,040	£105,920
Zinc (per pound)—East St. Louis	13.500c	13.500c	12.500c
§§Zinc, Prime Western, delivered (per lb.)	14.000c	14.000c	13.000c
††Zinc, London, prompt (per long ton)	£95.597	£93.483	£89.710
††Zinc, London, three months (per long ton)	£94.017	£92.341	£89.716
Silver and Sterling Exchange—			
Silver, New York (per ounce)	90.614c	90.137c	90.750c
Silver, London (pence per ounce)	78.773d	78.500d	79.119d
Sterling Exchange (check)	$2.78306	$2.79335	$2.78665
Tin, New York Straits	98.944c	96.265c	95.458c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$255.000	$255.000	$253.889
¶Antimony, New York boxed	36.470c	36.470c	34.137c
Antimony (per pound), bulk, Laredo	33.000c	33.000c	30.667c
Antimony (per pound) boxed, Laredo	33.500c	33.500c	31.167c
Platinum, refined (per ounce)	$104.037	$105.000	$64.000
†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
Cobalt, 97% grade	$2.60000	$2.60000	$2.60000
Aluminum, 99% plus ingot (per pound)	26.699c	25.900c	24.333c
Magnesium ingot (per pound)	34.694c	33.750c	30.574c
**Nickel	64.500c	64.500c	64.500c
Bismuth (per pound)	$2.25	$2.25	$2.25
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100 — As of July 15:			
All farm products	244	247	236
Crops	258	263	236
Commercial vegetables, fresh	286	310	206
Cotton	274	273	271
Feed, grains and hay	194	192	190
Food grains	216	218	222
Fruit	225	266	236
Oil-bearing crops	250	259	257
Potatoes	387	338	171
Tobacco	453	453	435
Livestock	232	232	236
Dairy products	253	247	242
Meat animals	246	252	259
Poultry and eggs	174	171	179
Wool	233	231	249

*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. §§Delivered where freight from E. St. Louis exceeds 0.5c. **F.o.b. Port 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

The investment world, including bond traders, is experiencing real trials and tribulations these days what with being caught between marked firmness in money and a dual market in debt obligations.

And borrowers, several of whom forsook the long-term market for short-term bank loans over the recent weeks in protest against the stiffening cost of money, are finding it less easy, to say the least, than they might have expected to get the funds they need.

The Federal Reserve is holding its foot hard on the brake-pedal and money rates right down the line, including those for prime names, are reflecting the resulting stringency.

Underwriters are finding it advisable to price new issues progressively cheaper in order to insure market acceptance. But there is the comforting side, if it may be called that, which indicates that if the borrower is willing to pay he can attract funds.

Market observers point to the success of Pacific Telephone & Telegraph's recent offering, brought out on a 4.23% yield basis and to the more recent Gulf States Utilities Co.'s sale of 4¼s priced to yield 4.20%.

The former has moved up to a premium of around 1½ points, while the latter, after getting away rather slowly, gathered momentum and rose to a modest premium.

Dual Market Cited

The current run of higher coupons is having its effect on the secondary market judging by reports of those who do a trading business as well as underwriting.

And the secondary market appears to be coming off "second best" at least for the moment. Potential buyers naturally incline toward the more liberal current coupons to the detriment of the seasoned list.

Current 4¼% and 4⅜% offerings are catching the eye of portfolio managers and there is little show of interest in older, lower rate, corporates which have been outstanding for a spell. Some of the more recent rail emissions like those of Baltimore & Ohio and Missouri Pacific are reported decidedly "thin" on the bid side.

Plowing the Field

Banking interests handling the big new money financing of Procter & Gamble, due on the market today, really did a rounded job of feeling out the situation in advance, according to interested observers.

They went through the job of making broad soundings of the ranks of prospective buyers in order to be sure of setting up a deal which would find ready acceptance.

A $70 million, 25-year, undertaking involving sinking fund debentures, this project is designed to permit the issuer to pay off bank loans and be assured of funds to finance proposed expansion of facilities.

Big Week Looms

Provided there is no change in the plans of borrowers meantime, next week shapes up as a busy period for investment bankers what with some $134 million of new corporate obligations slated for market. In addition there are several substantial equity deals on tap.

The major project is Tennessee Gas Transmission Co.'s $50 million of bonds, plus 200,000 shares of preferred stock. Close behind is Southern Pacific RR., which is scheduled to open bids on $35 million of 27-year, first mortgage bonds.

Allegheny-Ludlum Steel has $16.3 million of debentures slated with Wilson Co. due to seek $25 million through sale of debentures and Walt Disney Productions Inc., $7.5 million. Meanwhile, United Aircraft Corp., will offer to shareholders first, 330,915 shares of convertible preferred.

First Boston Group Offers Aluminum Stock

A secondary distribution of common stock of Aluminum Company of America is being made today (Sept. 13) with the public offering by The First Boston Corp. and associates of 150,000 shares of the aluminum producer's stock at $115.75 per share. This stock represents a portion of the holdings of Arthur V. Davis, Board Chairman of the company, who will own approximately 6% of the common stock after this sale. Aluminum Co. of America will not receive any proceeds.

The company and its subsidiaries constitute an integrated producer of primary aluminum, from the mining and processing of bauxite to the fabrication of aluminum and its alloys into semi-finished and finished products. Consolidated net sales and operating revenues for the six month period ended June 30, 1956, amounted to $443,202,000 and net income was $47,378,000 compared with $411,641,000 in net sales and operating revenues, and $43,073,000 in net income for the comparable 1955 period.

Business Man's Bookshelf

Appraisal of Executive Performance: A Bibliography—Selected References No. 71— Industrial Relations Section, Princeton University, Princeton, N. J., (paper), 20c.

Gaps in Our Prosperity and Needed Changes in National Economic Policies to Achieve Full Prosperity for All — Conference on Economic Progress, 1001 Connecticut Ave., N. W., Washington 6, D. C. (paper), 50c (quantity prices on request).

Grievance Settlement in Coal Mining — Gerald G. Somers — Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va. (paper).

International Finance Corporation — booklet outlining operating policies and procedures—International Finance Corporation, 1818 H. Street, N. W., Washington 25, D. C. (paper).

Life Insurance Fact Book: 1956— Institute of Life Insurance, 488 Madison Avenue, New York 22, N. Y. (paper).

Pattern of Financial Asset Ownership: Wisconsin Individuals, 1949 — Thomas R. Atkinson — Princeton University Press, Princeton, N. J. (cloth), $3.75.

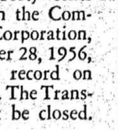
Saving Income Taxes by Short-Term Trusts — Reuel L. Olson and R. L. Gradishar—Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. (cloth), $7.50.

Tunisia Faces the Future — "World's Documents" Series, Economic World, 91 Champs-Elysees, Paris, France $6.00 per copy.

Two Approaches to the Exchange-Rate Problem: The United Kingdom and Canada — Samuel I. Katz — International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper), on request.

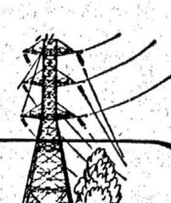
United States Foreign Policy 1945-1955 — William Reitzel, Morgon A. Kaplan, and Constance G. Coblenz — The Brookings Institution, Washington 6, D. C. (cloth) $4.50

U. S. Participation in the UN: Report by the President to the Congress for the Year 1955— Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 70 cents.



Stephen J. Stroock

Stephen J. Stroock, member of the New York Stock Exchange, passed away Sept. 8 after a brief illness.



Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — It didn't happen here. What didn't happen was a full-scale, TV-viewed, radio reported, full dress public investigation of the steel industry for raising the price of steel consequent upon raising the wages of steel labor to settle the strike for higher wages.

When in mid-summer Washington the sun comes out in the middle of the afternoon following a brief shower, the pavements and sidewalks steam and the air is oppressively humid. This is the kind of cause and effect relationship which determines that when the steel industry raises prices to settle a steel strike there must be a hearing by the Joint Economic Committee which will infer, as organized labor contended, that there is no need for paying for this in higher steel prices if the bloated capitalists of Big Steel would just forego a few of their fat profits.

There is not a sign of the hearing, which before the steel strike was settled, was widely anticipated. That paragon of detached economic analysis, the Chairman of the Joint Economic Committee, Senator Paul H. Douglas (D., Ill.) had directed his staff to study wages, prices, and profits. There is no sign of a report. The report is being carefully prepared by the staff. It may or may not ever see the light of day. It is even within the realm of possibility that it may not be released to the public before the first Tuesday after the first Monday in November, when there is a certain popularity contest going on.

In Washington, in a manner of speaking, pavements notoriously steam after hot showers on even years every four years. Why not now?

It is not just a question that members of the Joint Economic Commitete may be beating the pavements in the remoter constituencies to show that one man is a better trustee of the Americans for Democratic Action party line than another. For when there is a big popularity contest on between the Established Big Brother and the contender for the job, and speeches are difficult to write, nothing is more natural than if one can catch a Big Business Man Gouging The Public.

Events Change

The news of the situation is that events in the economy have had a sobering effect upon the recklessness of some politicos. For the first time the value of money is beginning to come into its own. Triple A bonds, new issues, that is, broke the 4% lid that had held them down after 23 or 24 years of the feeling that money is not something that is earned, but something that is manipulated in supply according to the dogmas taught by certain deceased English "economists" or at some of the "best" universities from the East to the environs of Lake Michigan.

In August more than 66.8 million persons were employed, and "unemployment" was ridiculously below the "frictional" normal when it was but 2.2 millions. Not merely the feeble minded, but the toothless and ugly female, can wait on a counter or a table if she can count on her fingers, especially if she hasn't learned that it is softer to not work under unemployment compensation than to work continuously.

Already, after the steel strike, there is a rising possibility of a shortage of steel, the basic commodity necessary to the Ever Expanding Economy.

Discretion Limited

This is having the effect of limiting the discretion of the viewers with alarm. The politicians appear to be running into a situation in which there is a concatenation of a shortage of materials, manpower, AND money. It will do them little good to huff, and puff, for if they inflate the volume of money for any particular objective, they do so only at a price which is likely to be measurable and current.

Specifically, if the Favorers of Easing Housing Credit push the government into opening the spigot for government-sponsored FHA's and VA's, they may do so at a price of putting further pressures on the industrial companies who are borrowing to achieve the Ever Expanding Economy at Higher Wages. Some of the latter would then not get the money that the government would get to put into mortgages.

All in all it is not a happy situation for demagogues. For they can legislate inflation in the current boiling boom only with the apprehension that the inflation might be felt in a distressingly short time.

Gold Not Sought

Canada for some time has permitted Canadians or foreigners to purchase, and legally own newly-mined gold in Canada at a price above the official government price, the same as the U. S., of $35 per ounce. Yet so far as authoritative sources know in either Canada or the United States, this possibility has not been utilized by persons who might want gold as a hedge against either a deflation or inflation in the economy.

If a Canadian gold mine elects to sell gold above the official price of $35 per ounce, it forfeits the official Dominion subsidy averaging something like $1.50 per ounce. In other words, if a mine decided to sell to buyers outside the Dominion Treasury, it would have to content itself with receiving on any gold it did not sell at a market premium, the official price of $35 per ounce.

In spite of the reckless disregard of the U. S. Government toward its long-term obligations, so far as it is known no company in Canada is tied up on any deal to sell newly-mined gold at a premium. The Canadian Government, of course, is incomparably more responsible toward its creditors, having had an almost continuous Federal Government surplus since World War II.

Projects Banking Inquiry

Washington is always full of surprises and one of the more interesting surprises was the decision of some of the stouter hearts of the Senate Banking Committee at the end of the last session to modernize all the Federal laws relating to banking and credit.

Senator A. Willis Robertson of Virginia is the leading spirit in this enterprise, which is intended to be reminiscent of and perhaps rival the overhaul of banking and credit laws involved in the Banking Act of 1935. The latter was MC'd by the late Senator Carter Glass of Virginia. Others who are backing this enterprise include Chairman J. William Fulbright of Arkansas, another Democrat, and two Republicans, Senators John W. Bricker of Ohio and Wallace F. Bennett of Utah.

A lot has happened to the commercial banking industry since the Banking Act of 1935. For instance, it has seen a remarkably successful rival for long-term savings arise in the Home Loan Bank System, sponsored by former President Hoover.

S. & L. Status

HLBB has chartered thousands of savings and loan associations which are specialized institutions lending on mortgages. With this specialized outlet, they can earn a minimum of 4½%, and usually 5% or more on their money. Commercial banks, on the other hand, cannot channel all their time deposits into mortgages or other high-yielding securities exclusively. Consequently they are at a great disadvantage competitively in what they can pay on savings. Commercial banks are usually limited in mortgage lending, except for government-sponsored mortgages, to a sum equivalent to their capital.

Banks Taxed

Commercial banks as stock companies are taxed at the 52% corporation income tax rate on their earnings, the same as any other business corporation. Savings and loans, on the other hand, not being stock companies, are legally cooperatives and escape corporation income taxation as such except when and if their reserves against "deposits" exceed 12%, and earnings above that 12% are not distributed to the shareholders as dividends, in effect, as interest on deposits.

An equalizing of this competitive situation is one of the things that MIGHT theoretically be achieved in a "modernization" of Federal laws relating to banking and credit, as proposed by Senator Robertson. It might theoretically be possible to liberalize commercial bank lending on mortgages or equalize the tax status of the latter to put them more on a parity with the S. & L's.

The political fact, however, is that the savings and loan industry has in recent years demonstrated a far greater "drag" with Congress than the commercial banking industry, which has difficulty getting the most innocuous legislation passed.

Under the Banking Act of 1935, as well as in banking laws and regulations for almost a century, Congress has steadily narrowed the discretion of bank management in the interests of "security." It has both proscribed and prescribed investments and curbed genius, dash, and courage, so that all commercial banks shall fall into a dead level of a regulatory pattern.

Naturally, as commercial banking has become more regulated, cut, and dried, it has lost its political influence, but not its availability as a whipping boy for demagogues.

Aids Cause of Graduated Tax

It is believed that the Eisenhower Administration, perhaps unintentionally, has given broad aid to the cause of the graduated tax on corporation income. This is likely to be the effect of the recommendation of the President's Cabinet Committee on Small Business. This proposal was that the corporation tax rate on the first $25,000 of income should be 20% instead of the persent 30%.

A considerable segment of leftist sentiment favors the idea of graduated or "progressive" rates of taxation on corporation income, and the first proposal to bring it about can likely be that of the Cabinet Committee. The proposal for a graduated tax was favored in the Democratic platform.

The best hope of killing this scheme for slaying the golden goose of American business which is laying the heavy tax eggs, is to leave the present corporation income tax schedule alone. Once the Administration takes the position "small business" is entitled to a still greater preferential tax rate, however, it won't take Congress long to carry the thing much farther toward its logical conclusion of still lower taxes on "small business" and still higher taxes on "big business."

Furthermore, the idea of "progressive" corporation income taxation is likely to have a neat demagogic appeal to the uninformed population with the argument, "individuals have to pay progressive rates of taxation, why not business?"

The idea of switching the corporation "normal" and surtax rates around so that small business would get the 20% rate was stopped in the last session primarily because of the Administration's opposition. With the Administration backing it instead, it probably will pass in 1957. And as usual with Administration social legislation, the Democrats will, if they control the Congress, go the Administration not one, but two or three better in compounding the evil.

[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

New Sutro Bros. Branch

A significant departure in modern brokerage offices is represented in Sutro Bros. & Co.'s new branch office at 625 Madison Ave., New York City. Customers men are provided with individual offices in order to assure privacy for customer discussions and transactions.

Equipment and fittings of the new offices are in line with modern decor, in accordance with the current trend in Wall Street.