CANADIAN INVESTMENT OPPORTUNITIES FEATURED

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 184 Number 5572 New York 7, N. Y., Thursday, September 27, 1956 Price 40 Cents a Copy

EDITORIAL

As We See It

The Democratic politicians are now busy trying to convince the farmers of the country that their present state of "depression"—to use a term chosen by Mr. Stevenson — is to be charged against the Republican party in general and the Eisenhower Administration in particular. It is all too familiar political practice in election years, and it is supposed to have paid off handsomely in 1948. Of course, Republican politicians are not wanting who do not hesitate to tell farmers that many, if not most of their woes are a result of the errors and unfortunate programs of the Democratic party. To this kind of pot-and-kettle exchanges we may as well reconcile ourselves for a period of weeks until after the voting early in November.

It would, however, be immensely helpful both to the nation and to the farmer himself if, despite it all, the people of this country, including the farmer, kept certain plain and simple facts about this situation clearly and constantly in mind. There can be little doubt that various acts of the Federal Government in recent years, under both Republican and Democratic Administrations, have served to aggravate a condition already existing and to prolong the period of ultimate readjustment which must inevitably come sooner or later. Surpluses would not have been so burdensome and so persistent, and production would have been much more ready to adjust itself to the effective demand, if natural economic laws had been left to perform their natural functions during the past few years and even decades.

But the programs of the New Deal and the Fair Deal, carried forward as they were through-

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Impact of Liquidity Squeeze On the Business Outlook

By GEORGE W. MITCHELL*

Vice-President, Federal Reserve Bank of Chicago

Reserve Bank official depicts a record 1956 year, accompanied by sudden number one problem of liquidity. In analyzing liquidity deterioration, Mr. Mitchell opines: capital formation is at a faster pace than economy can support without threatening dollar stability; savings-flow no longer can be met by decreasing liquidity, and that this trend may be reversed. Hold price inflation cannot be attributed to Federal fiscal policies, but to optimistic "new era" of private deficit financing. Contrasts G.N.P. 7% real rise for 1954-55 with expected 2% for 1956, and notes "rolling adjustment" pressures can induce price level increase. Avers decreased liquidity aids Fed's power to control inflation.

Now that Labor Day lies behind us, it is possible to determine with greater certainty the manner in which the economic picture is shaping up for 1956. It will be a record year; not for all lines of activity, but for virtually all aggregate measures. The Gross National Product was running 5% ahead of last year in the second quarter, and it now appears that results for the year as a whole will approximate this gain. Employment, total factory output, retail trade, business capital expenditures, and total construction are all heading for new highs.


George W. Mitchell

But advances in dollar measures of activity are being influenced more and more by higher prices. Between 1954 and 1955 GNP rose 7% in real terms. It now appears that the increase in 1956 after adjustment for price changes will be only about 2%. Moreover, since the end of 1955 to the present, the rise in physical volume has been modest, indeed. A confirmation of this

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*An address by Mr. Mitchell before the Annual Meeting of the American Statistical Association, Detroit, Sept. 10, 1956.

Canadian Progress And Prosperity

By IRA U. COBLEIGH

Enterprise Economist

Presenting an autumn review of Canada's economy, with some current notes on minerals and mining, transport and timber; ships and blue chips. Also a panoramic catalog of premier Canadian equities with special citation of those with long records of uninterrupted cash dividends.

Contemplating the Canadian economy is a most pleasing pastime for the economist, banker, industrialist or investor. In a troubled world where many countries are beset by inflation, Communism, or dictatorship; where millions of people are illiterate, half-fed, and living in a most primitive state; in such a world Canada presents the welcome contrast of modernity, political serenity and sustained prosperity.

Twenty-one years of Liberal government have smoothed out the earlier Socialist tendencies of some of the Western provinces, strengthened and streamlined the banking and financial facilities of Canada, and fostered a sound, healthy growth in the major areas of economic activity, that is admired throughout the Free World, and envied in Commie-captive lands. Those with an investment turn of mind in many nations have turned increasingly to Canada for prudent employment of their funds for predictable growth, safety, dividend durability and expansion. They have been

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LONG-TERM CANADIAN DIVIDEND PAYERS—An integral part of the cover page article "Canadian Progress and Prosperity" are the tables showing Canadian listed stocks on which consecutive cash dividends have been paid from 5 to 128 years

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

Great-West Life Assurance Company—Henry Brandt, Financial Advisor, New York City (Page 2)

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HENRY BRANDT
Financial Advisor
New York City

Great-West Life Assurance Company


Henry Brandt

Great-West Life Assurance Company is a dynamic company that is benefiting from the twin growth of Canada and the life insurance industry. Although it is one of the leading Canadian life insurance stock companies, the price of Great-West stock of 270 is capitalizing 1955 earnings of $26.48 per share after all contingent income taxes only 10.2 times and actual earnings of $47.39 per share before contingent taxes only 5.7 times. Sales for the first half were up a dramatic 58% and results for all of 1956 should show considerable earnings improvement over 1955.

Income taxes on Canadian life company earnings are contingent since they need be paid only when funds are transferred from the participating or non-participating accounts to the shareholders account, which transfer can be delayed until whatever time the company's management chooses to make it. Dividends can only be paid out of the shareholders account and typically most Canadian life companies transfer only a small amount of earnings from the non-participating account to the shareholders account, thus limiting the tax liability to a modest amount. This leads in effect to the retention of nearly all taxable profits on which a large and growing investment income is earned, all of which is accruing to the shareholders' eventual benefit.

Expansion of Great-West's non-participating department has been quite vigorous, non-participating insurance in force of $1,186 million at the end of 1955 being close to three times the figure of $422 million at the end of 1949. Great-West's growth in its non-participating department is about the best in the whole Canadian life industry during this period. Participating insurance in force during the same period grew only 53%, from $837 million to $1,279 million. This is highly significant from the shareholders' viewpoint as all of the earnings of the non-participating department belong to them, whereas only 5% of the participating department's earnings accrue to the benefit of the shareholders, with the remainder belonging to the policyholders.

Most of the expense in the life insurance business in securing new business is incurred in the first year the policy is written; renewal expenses in subsequent years are relatively modest by comparison. Therefore a rapidly growing life insurance company's earnings are penalized by these new business expenses and to adjust for this factor, it is common in life stock analysis to allow $15 and $5 per thousand for the increase in ordinary life and group insurance in force respectively (ordinary being more profitable than group). This adjustment has been made to Great-West's earnings and an additional $2 per thousand has been allowed for the increase in all participating insurance in force since 5% of the participating department's earnings are allocated to shareholders. This adjustment to total 1955 earnings per share after all contingent income taxes of $26.48 was $6.77.

Judging by first half results, 1956 should be another banner year with new highs anticipated in sales, earnings, and insurance in force. In the first six months total sales of $271 million were 58% above the like 1955 period with ordinary insurance sales rising 62%, group insurance sales 37%, and accident and health premiums 16%.

Great-West is the third largest life insurance company in Canada, and by a wide margin the leading writer of the fast growing accident and health business. Its 1954 volume in this line of close to $15 million was close to 35% of the national total. The company has been writing insurance in the U. S. for 50 years and, at the end of 1955, 43% of the company's insurance in force was in the U. S. The company writes insurance in all provinces in Canada and 18 states in this country.

In common with other Canadian life insurance companies, Great-West has a small capitalization consisting of only 100,000 common shares. Therefore, the total present market value of $27 million seems quite small in comparison with 1955 year-end total assets of $556 million and non-participating insurance in force of $1,186 million of which $550 million was in the highly profitable category of ordinary insurance. It is interesting to note that $1 of market value of Aetna Life, one of the major U. S. life companies, buys $32.15 of non-participating insurance in force of which $5.55 is ordinary and $26.60 group insurance, whereas $1 of market value of Great-West buys $43.90 of non-participating insurance in force of which $20.40 is ordinary and $23.50 group insurance.

As is the case with most growth equities, yield from the recently increased $3 dividend is nominal, but the large plowback of earnings provides the basis for the continued growth of the business.

Great-West's accounting policies are on a conservative basis as new business is written mainly on an interest assumption of 2½% and 3%. Reserves are computed entirely on the net level premium basis, which is the most conservative basis and has the effect of understating current earnings.

The company's portfolio, as is the case with all life insurance companies, consists almost entirely of high grade bonds and mortgages. Common stocks at carrying values of $2½ million were less than ½% of total assets.

The future of the Canadian life insurance companies seems very bright as in the next quarter century life insurance in force is expected to quadruple to a figure close to $100 billion as a result of increases in the Canadian population and national income and a doubling of life insurance in force per capita from the present level of around $1,600. In the U. S. industry leaders are also predicting dynamic future growth for the life insurance business.

Great-West's prospects are therefore as promising as the future of these two major markets that it serves. With its shares available at only 10.2 times last year's earnings after all contingent taxes, and 5.7 times actual earnings before contingent taxes, and with 1956 income anticipated at even higher levels than last year, a fine opportunity is available to the patient investor desirous of profiting in the dynamic growth of the Canadian life insurance industry.

I. HENNER
Certified Public Accountant
New York

Porto Rico Telephone Co.


I. Henner

With security prices near all-time highs, it is difficult to discover special situations and many "growth" stocks are marking time or even retreating somewhat. A public utility company is the subject of this article. It is a little-known company with interesting possibilities.

The Porto Rico Telephone Co. was incorporated in 1914, succeeding several smaller companies and is presently serving a population of over 2,000,000. The company has a long waiting list of unfilled orders for telephone service. In 1945 there were 22,000 phones in use. At present there are 58,000. The number of telephones has more than doubled in 10 years and is still increasing. A planned program extending the dial service and expansion of toll facilities is under way and is far from complete.

Some recent statistics reveal the following:

	6 Months 1956	Year 1955	Year 1954
Oper. Rev.	$3,208,000	$5,589,000	$4,740,000
Net Income	548,570	813,605	753,884
Per Share	$1.10	$1.63	$1.51

The company is controlled by the International Tel. & Tel. Co. who own about 80% of the 500,000 shares of outstanding capital stock. Since January of this year, the company's shares have been listed on the American Stock Exchange.

Puerto Rico has been attracting many American industries with inducements of favorable tax laws. Tourists have also been encouraged. The increasing industrialization and greater opportunities for better housing and education are raising the standard of living for the entire population. These factors will give great impetus to the continued growth of the company.

One factor to be considered is the franchise under which the company is operating. The original franchise has been extended to 1984, but the government has the power to purchase the property in 1964 and 10-year periods thereafter at a value arrived at by appraisal. At the present time the book value per share is about $24.00 per share. The company's market price has fluctuated between 25½ and 21¼, the recent price being 22⅛. With dividends being paid at $1.60 per share, the yield is over 7%. In my opinion the stock is very reasonable in view of the above.

Canada's Mineral Producing Industry Forging Ahead

By CLAUDE TAYLOR

An up-to-date panorama of the Canadian mineral and producing industry is provided by Mr. Taylor who cites names, location, facts and data in reporting: (1) $2 billion annual producing mineral industry is headed for new heights; (2) record amount of U. S. and European capital flow is assisted by nationalization abroad; (3) new oil production bank and consumption records; (4) gas pipelines are opening up a new era for natural gas in Canada; (5) copper developers are as active as booming uranium; (6) nickel is reassessing old showings and started prospecting in many areas with an assist by Washington's recent premium price announcement; (7) marked increase in iron ore production; and (8) development of lithium deposits.

TORONTO — Canada's mineral producing and developing industry is experiencing its greatest year of growing pains whether it be in metals or oils or gas, from an earnings standpoint or from the cost-consuming angle of mill building, diamond drilling or just straight financing of drill holes or oil wells.

More funds are channeling into development and exploitation of our Natural Resources at the moment than at any time since Canada started experiencing the problems of a Worldly Nation.

Record amounts of American and European capital are participating in the giant task of financing the large numbers of new projects underway across the country and more and more top-flight mining corporations from across the border, from Britain and South Africa have moved into fast-expanding Canadian mining. An assist can probably be credited to nationalization policies across the seas. Undoubtedly Canada's $2 billion annual producing mineral industry is headed for new heights.

New Oil Industry Records

The oil industry — the junior member of Canada's producing mineral team — is in itself establishing new records in every division, from exploration right through to sales of crude and refined production. Extensions of known fields and discovery of new ones are pushing the stature of this accelerating industry to progressively greater heights almost every day.

Recently a series of what looks like important new fields in the westernmost provinces, Saskatchewan, Alberta and British Columbia, has electrified the marketplace. Coming at a time when the Suez Canal seizure has swung more interest than ever to the Canadian oil scene, the oil index on our exchanges has been carried to the highest level in history.

From an oil hungry nation producing around 10% of its own requirements in 1947, Canada has now progressed to the position where she could supply — and within strict conservation limitations—virtually all of its 650,000-675,000 bbls. per day requirements. But because of economic considerations dictated by geography domestic producers are only serving some 55 to 58% of Canada's requirements. The remainder is imported from Venezuela, The United States Gulf Coast and the Middle East, with bulk of the imports coming into the large Montreal refining market.

Canada's Oil Exports to U. S. A.

At the same time Canada's oil exports to the United States are increasing — actually running around 110,000 bbls. per day during August (some 66,000 bbls. per day going to two U. S. Washington State refineries; 12,000-15,000 bbls. per day going to California via tanker out of Vancouver).

Looking ahead, the vast needs for energy will bring a further and continuous surge of growth for the petroleum industry. By the year 1960 it is conservatively estimated the production rate will reach 605,000 bbls. per day. At the same time productability will be around 1.3 million bbls. per day. Oil reserves now are placed conservatively at 3 billion bbls.

Two major "big inch" oil pipelines with starting points at Edmonton, Alta., in the heart of the oil industry, move east and west to tap the big oil markets in eastern Canada and the Pacific Northwest.

Longest "Big Inch" Oil Line

Interprovincial Pipe Lines, the longest "big inch" oil line in the world, extends from Edmonton to Sarnia, Ont., a distance of 1,770 miles. This will be extended in the summer of 1957 to Toronto.

The Trans Mountain Oil Pipeline runs from Edmonton, Alta., to Vancouver, B. C. a distance of some 700 miles, with a short spur extending to Anacortes, Wash.

The capacity of both these pipelines is being progressively increased by addition of new pumping stations and/or looped lines. The Inter-provincial pipeline delivered 47.2 million bbls. of crude out of its pipeline system during the first six months of 1956 (36,051,000 in same period last year).

The Trans Mountain pipeline system moved an average 109,486 bbls. per day during the first half of 1956 (73,779 in the same period of 1955). But Trans Mountain pipeline is now operating at current capacity of some 150,000 bbls. per day. Current rate in all probability will soon be boosted in view of company plans to increase

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Articles and News

CANADIAN PROGRESS AND PROSPERITY

Article starting on the cover page "Canadian Progress and Prosperity" discusses the investment opportunities inherent in Canadian securities and, by way of documenting the views presented, includes a tabulation of the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 128 years (Table I) and from 5 to 10 years (Table II), along with other data of interest to investors.

Regular Features

*See article on page 4.

Published Twice Weekly

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President

Thursday, Sept. 27, 1956

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

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

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

Subscription Rates

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

Other Publications

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

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

Can the Federal Reserve Board Obtain Desired Economic Results?

By DR. MARCUS NADLER*

Professor of Finance, Graduate School of Business Administration, New York University

Well known bank economist maintains: (1) money and banking professors should reexamine quantitative and qualitative applicability of Federal Reserve statutory powers in view of changed conditions since last passage of banking acts; (2) there are fine professors who should cease slavish belief in gold standard's efficacy under today's dynamic circumstances; (3) Employment Act of 1946 imposes functions upon the Board; (4) there's practically no change in lengthening the debt under present Administration; (5) bills-only open market policy is mistaken; and (6) cost of money is not as important as before. In requesting universities to study whether the Board has adequate powers to achieve desired results of sound and growing economy, Dr. Nadler shows, despite active credit restraint, marked increases took place in: bank loan volume, consumer loans; capital financing, commodity prices, and inventory levels.

The policy of the active credit restraint followed by the Board of Governors of the Federal Reserve System has been in operation now for a year. And we know the reason for such policy of active restraint. Industry was operating at capacity and therefore the Board felt there is no use of permitting an increase in the money supply because it could lead only to an increase in prices. More recently the policy was accentuated in order to prevent corporations from utilizing the facilities of the banks instead of savings. Now, since this policy has been in operation for over a year, it is of importance to inquire, how successful is it? That is question number one.

Marcus Nadler

Question number two is, can the Federal Reserve System, with the powers at its disposal at present, really operate successfully, and if not, what should be done?

*An address by Dr. Nadler before the Sixth Annual Forum on Finance, American Stock Exchange, New York City, Sept. 5, 1956.

Increases Despite Tightening

If you study the record of what has taken place during the last year, you will reach the conclusion that the Federal Reserve was capable and achieved the ultimate objective of preventing an increase in the money supply, but the volume of loans has increased very considerably in 1955 as well as in 1956, and the reason why deposits did not increase is simply because the banks sold government securities and thereby brought about a reduction in the volume of deposits, but the fact remains that the volume of loans continued to increase.

Two, consumer loans, in spite of the efforts to curb loans of that type, have continued to increase and at a new high record.

Three, although some large corporations deferred or delayed their offering of securities, most corporations obtained the capital that they wanted, as is evidenced by the fact that the total volume of securities—bonds and stocks—publicly offered as well as private placements, in the first half of 1956 was higher than a year ago in spite of the fact that the policy was one of active credit restraint.

Four, commodity prices continued to increase. You know the reason for the increase in commodity prices. And finally the volume of inventories, as reported by the Department of Commerce, also continued to rise.

The only important segment of industry, outside of automobiles, which showed a decline is in the home building field, and there, I believe, it was more due to the fact that the home-financing agencies insisted on some down payment on mortgages. The veteran was used to receiving a bonus when he signed the contract upon buying a house, and now, instead of receiving a bonus, he actually has to make a down payment on the house, and that is not so attractive as it was before.

We find, therefore, that the policy of active credit restraint, while it worked in a way, did not achieve the desired results, and the question arises, why?

Changed Central Banks Functions

If you study the Federal Reserve Act you will find that the ideas embodied in the Federal Reserve Act were the same as were found in the central banks of Europe. I am quite sure all of you are familiar with the great U. S. Monetary Commission, and if you have studied through those volumes in your graduate student years, you will have found how the people in the United States culled through all the activities of the Bank of England, of the ReichsBank, of the Bank of France, in order to adopt those ideas to our economic and political system. The Federal Reserve Act was established in 1913, and in 1913, before the outbreak of World War I, the ideas of the mid-19th century were still prevalent. The world at large was on the gold standard. The most important countries adhered to the gold standard. The principal function of the central banks in those days was to maintain the gold standard. The credit policies of a central bank were determined by the movement of gold and by nothing else. The central banks were not under any obligation to pay close attention to business activity or to employment. The budgets of most countries were balanced. The public debts of all the countries, with the exception of France, were relatively small. The problems, therefore, that confronted a central bank were infinitesimal and the most important power at their disposal was the discount rate.

Open market operations in those days were practically unknown. Raising or lowering the reserve requirements weren't invented yet. Consumer credit played no important role whatsoever. Management of the public debt hadn't been heard of. And under these circumstances to be a central banker was a very easy job. These ideas predominated at the time when the Federal Reserve Act was passed.

Since the passage of the Federal Reserve Act two major amendments were made, in 1933 and in 1935, and, as you know from the great credit inquiries that were held at that time, the most important thing in the minds of the Congress was to prevent another major depression.

Look at the situation today. The public debt is tremendous and has become a very important factor in our economy.

Liquidity Lessons Control

Two, in this connection we have to raise this question: right now, the policy of the Federal Reserve has been effective to some extent because the banks, particularly the large banks, have no liquidity. I can tell you that one large American corporation has more bills than all the New York banks put together, and there are some very large banks that don't have any bills. But just as sure as anything can be, the time will come again when money will be easy, when the banks will have excess reserves, and in the future, in all likelihood, they will use these excess reserves in order to increase their liquidity. They will be large buyers of bills, and you and I know that when the time comes again for the Federal Reserve to tighten credit and if, at that time, the banks have ample liquidity at their disposal—namely a large amount of Treasury bills—they will be practically independent of the Federal Reserve.

The Bank of England found it out a few years ago when in order to make its credit policy effective, the government had to carry through a refunding operation to reduce the amount of short-term Treasury bills outstanding because large liquidity at the disposal of the banks interferes with the effectiveness of credit control by the central bank.

Contractual Savings and Insurance Firms

Let's look at some other phases. Look at the role that the insurance companies are playing today, not only as buyers of securities in the open market, but as underwriters through private placements of loans. The insurance companies have assets of nearly $90 billion and they are increasing at the rate of $6 billion annually, and this $6 billion probably before long will become $7 billion and $8 billion.

Let us look, for example, at the changed character that has taken place in the nature of savings. The savings of the nation today

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The [illegible]ent Operations in Sound International Finance

By A. WILFRED MAY

Reporting on tenth anniversary meeting of Bretton Woods Organizations, Mr. May notes strong emphasis on anti-inflation attitudes and generally sound economic aims. After noting Export-Import Bank's contrasting policies and operations, lauds International Bank's continuing use of prudence, hard-headed business standards, and strong resistance to severe and mounting political pressures. Outlines similar problems and decisions facing new International Finance Corporation.

WASHINGTON—The outstanding impression gained at this, the tenth anniversary of their birth following Bretton Woods, is that the world's hope for international financing on a sound and constructive basis lies uniquely with the twin organizations, the International Monetary Fund and the International Bank. Fund officials emphasize anew here that it as well as the Bank is carrying-the-ball for soundness in their own policies and operations, and in the member nations being serviced.

A. Wilfred May

Productivity Stressed

Thus, Antonio Carillo Flores, Governor of the Fund and Bank for Mexico, who acted as Chairman at the Opening Joint Session, vigorously stressed the importance of higher production and productivity, and of greater freedom in international trade and flow of investment; in lieu of mere emergency programs of foreign aid. Citing the progress toward exchange convertibility and multilateral trade, he re-emphasized the healthy principle that "the financing of public investment must be made by each country with its own resources."

Similarly, the Fund's outgoing Managing Director, Ivar Rooth, in his statement presenting the Annual Report here, devoted primary attention to the importance of production, and to the improvement in world payments resulting from anti-inflation policies.

The new anti-inflation spirit has liberally spilled over into the U. S. attitude. Treasury Secretary Humphrey, who last spring had differed with the wisdom of the Martin de-flationary Reserve policy, here this week voiced the need for assuming the responsibility, in a trusteeship role, of guarding against inflation, and for maintaining the value of money as the indispensable element for a nation's economic progress.

Of course, such change of heart as well as affirmative emphasis toward soundness, to some extent reflects the world public's slow veering away from interventionism and management.

A Real Banking Operation

But it is the International Bank management which reveals the sensational success of its long-time devotion to courageous sound-banking rather than "aid-ing." During the fiscal year 1956, it expanded its lending to $396 million and receipts of $29 million, its loan commitments to a grand total of $2,720 million lent in 42 countries, and its reserves to $228 million. In 10 years it has made 150 loans to 42 countries totaling $2¾ billion, without a single bad debt.

Reflected in the excellent quantitative record of complete freedom from default as well as by its qualitative practices, is the unceasing devotion to sound banking and the abstinence from political domination of its lending policies, insisted on by its long-time President, Eugene Black.

Demonstration of Sound Banking

Brazil constitutes a striking example of the Bank's sound and prudent policy. Since 1953, in the absence of satisfactory restoration of its economic house-to-order as so judged by the Bank, the institution has steadfastly refused to accede to further loan requests, under a continuing impasse and not without considerable resentment. Contrastingly, the Export-Import Bank, whose purposes differ in being frankly committed to the furtherance of U. S. foreign policy as well as to the interests of importers and exporters, has come through in a big way in filling the lending void. Coupled with the Eisenhower Administration's giving of its backing to the Kubitschek government, as a good friend and valuable ally, in late July, Ex-Imp gave Brazil $151,400,000 of development credits (on top of $50 million credits authorized earlier in the year). The Export-Import officially further agreed to consider additional long-term development loans; supply medium-term credits to help finance private Brazilian purchases of American Industrial equipment; and suspend loan repayment in case of a shortage of dollar earnings.

The Contrast With Ex-Imp Operations

This substitution of Export-Import funds in Brazil, highlighting the World Bank's prudence, is in line with the over-all comparative record. In the ten-year period 1947-56 Ex-Imp loaned a total of $1,642,464,865 to "less-developed" South America, partly in "bailing-out" operations, against only $653,360,326 by the International Bank; and to Asia $870,279,000

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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

A noticeable increase occurred in over-all industrial production in the period ended on Wednesday of last week as the automotive, coal and electric power industries stepped up output. Production continued moderately above that of the similar period a year ago.

Unemployment claims in the latest week rose 18% and exceeded those of a year ago by nearly 27%. The increase was attributed to shutdowns and scattered labor disputes in the apparel and automotive industries.

The Bureau observed that the number of auto workers laid off since the first of the year and not recalled was 254,000 up to Sept. 15—a drop of 18,000 from the previous week. State reports showed recalls in the seven major auto producing states totaled 33,000 while layoffs for model changeovers were 15,000.

The agency noted the figure of 254,000 is not a measure of unemployment in the auto industry since it represents accumulative weekly estimates by the industry and does not take into account that many of the workers laid off since Jan. 1 have found other jobs or left the labor market.

Insured unemployment, the Bureau reported, increased 79,300 to 1,073,500 during the week ended Sept. 8. The increase from the previous week's 1956 low, the agency said, was attributed chiefly to the rescheduling of claimant reporting because of Labor Day and temporary layoffs during the week ended Sept. 8 in New York and New Jersey apparel plants.

Insured unemployment for the similar week in September, 1955, was 922,000.

Initial unemployment claims went down 23,300 to 182,300 during the week ended Sept. 15, according to the Bureau of Employment Security.

The total of claims from laid off workers who are covered by state and Federal unemployment insurance laws was the second lowest for any week this year. The 1956 low was 174,900 in the week ended Sept. 1, but the total was still above initial claims for the like week of September, 1955, when claims were 161,400.

Two states showing the largest declines accounted for more than the total drop, indicating some states showed a rise in initial claims. The states showing big drops were New York, 25,800 and New Jersey, 5,000.

Living costs dropped 0.2% in August after rising consecutively for a six month period. At the same time, factory workers' take-home pay advanced to a new high. The decline in consumer price was due chiefly to a 1.5% decrease in food costs. Carrying the government's index to 116.8% of the 1947-49 average where it was still 2% higher than a year ago.

Steel consumers were making an agonizing reappraisal of their inventory position this week, according to "The Iron Age," national metalworking weekly, the current week. Some users had been lulled into a false sense of security by the summer automotive letdown, but that picture is changing and so is the outlook for fourth quarter steel supplies.

A special "Iron Age" survey of sheet users indicates growing apprehension over availability in the coming months. Storm signals already are beginning to appear, even though the full impact of automotive buying is still to come. The new model changeover period is just about over for most car builders and the production lines will be setting an increasingly fast pace in the weeks ahead.

There's no question about the market moving into a period of increasing tightness. It's just a matter of degree. Strike losses have forced the mills to cut allocations to customers accordingly and since consumption maintained a steady pace despite the automotive slowdown, the mill cutbacks mean reductions in consumer inventories, this trade weekly states.

The term "gray market" is a swear word among most steel users and producers and the situation may not quite reach that stage before increased supply or reduced consumption reverses the present trend. But the term is cropping up occasionally. One fabricator already has paid $360 a ton for carbon plate, some $240 a ton above the prevailing mill price, "The Iron Age" declares.

Costly conversion deals are being made, where possible. But it's hard to find the rolling space to carry such deals through to completion. Since the mills brought melting and finishing capacities into better balance, conversion arrangements have not

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Canadian Investment Penetration Of the United States Economy

By EDMOUR A. R. GERMAIN

Writer breaks down the surprising extent of Canadian investment in U. S. A. and the rest of the world, and also U. S. investment in Canada, in order to indicate Canada's growing international finance importance. Mr. Germain reveals: (1) Canadian per capita U. S. investment is $50 compared to $30 per capita U. S. investment in Canada; (2) Canada has had a faster asset growth abroad than liabilities; (3) per capita manufacturing output rise places Canada second only to U. S.; (4) Conservatives are making a false election issue of U. S. investments in Canada; (5) sixteen important Canadian companies alone, with aggregate assets of $4.6 billion, have established 50 U. S. subsidiaries operating 75 plants; and (6) 1955 earnings by Canadians on their U. S. assets totaled $160 million, or 25% of total earnings by all foreigners on their U. S. assets that year.

The cry heard in some quarters of Canada today that American corporations are taking over just too much control of industry north of the U. S. border tends to hide the great amount of direct investments which Canadian companies themselves have made in completely American enterprises south of the border.


E. A. R. Germain

Quietly and without fanfare, Canadian companies have over the years been establishing subsidiary companies in the U. S. and otherwise obtaining a substantial interest in American firms, able in one way or another to help them in their own business if not just to help swell their earnings from dividends paid out.

Canadian direct and other investments in corporate enterprises in this country do not have the same social or economic implications, true, that such U. S. investments have in Canada. The share of U. S. investments in Canadian manufacturing, petroleum, mining and smelting, taken together, is almost the same as the Canadian share in those investments. No such proportions of American industry of course are held by Canadians.

In a sense, Canadians themselves have chosen to permit American initiative to establish itself as strongly as it has in their economy. Canadians, if they had elected, could have financed all but 6% of their own economic development in recent years because, for at least half of the period since World War II and for some years before that, Canada was a net exporter of capital.

Canada's Foreign Assets Growing

Canada's international financial position is becoming so strong, in fact, the country could well move from the position of a debtor to that of a creditor nation over the next 25 years or so. Prior to World War II, its gross liabilities to other countries amounted to $7.4 billion and its assets abroad, $1.9 billion. That is, for every $4 Canadians owed abroad, $1 was due them.

At the end of last year, its gross liabilities to other countries had grown to $14.5 billion or about double the 1939 figure; its external assets had risen to $7 billion or four times what they had been in 1939. Currently, that is, for over $2 Canadians owed abroad, $1 is due them.

What really bothers some Canadians at the moment, of course, is that a very great part of the American capital flowing across the border has been going into the key industries, the economic nerve centers, as it were, responsible for a very large part of Canadian employment.

Canadians are apprehensive over the likelihood they may be forced to share every downturn of America's somewhat more volatile economy. Canadians like life to move on an even keel over a stable course. They don't want to be the tail of the American economic kite. Other than that, too, in charting their national destiny, they don't want to be shoved around or aside by American enterprisers who may have entirely different ideas about the direction to be taken.

To a greater extent than is generally realized, Canada is an important manufacturing country. Every fourth person working in Canada today is employed in the manufacturing industries. Likewise, one out of every three dollars of the nation's total income is earned in industrial plants. In terms of output per capita of its manufacturing industries, Canada now occupies a position in the world second only to the U. S.

Canada's Nationalism Growing, Too

American companies with subsidies in Canada would do well probably to solicit Canadian financial participation in their ventures if they do not already have it, despite the annoyance or inconvenience the presence of such a minority interest might occasion. Nationalism abroad is not to be ignored or flaunted, even in Canada—or perhaps especially in Canada—which not only is the best customer but an important supplier to U. S. companies.

But certainly Canadians can not be really too serious in questioning the propriety of American investment in Canadian enterprises. Actually, of course, it is primarily the Conservative Party which is making capital out of it, hoping to create an election issue which they apparently otherwise seem to lack. The Liberal Government indeed has very ably defended its policy of encouraging American capital into Canada.

Surely, however, even the Conservatives must realize that to push the controversy too far could only tend to destroy the amity existing in U. S.-Canadian relationships and erect barriers, artificial ones, to be sure, to the solution of some real problems such as those revolving around tariff considerations. Because, in essence, the issue of U. S. investments in Canada is a false one.

What Canadian investors might have done and what they have done with their money are two different things. The fact remains that but for U. S. funds, a great part of Canada's natural resources, notably minerals and petroleum would remain undeveloped and Canada's manufacturing industries would have remained in a backward state.

Moreover, Canadian companies themselves have invaded the American markets, not just by

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Sales Outlook for Chemicals

By A. T. LOEFFLER*

Vice-President, Food Machinery and Chemical Corporation

Mr. Loeffler's 1957 expectations include: (1) chemical sales to rise well over $23 billion total anticipated for 1956, with profit margins climbing at a slower rate; (2) unprecedented spending program resulting in investment return; (3) less labor unrest; (4) Federal road program influencing chemical sales; (5) a good auto year to nudge upward several chemical process industries; and (6) sizable synthetic rubber output. Believes foreign chemical producers in Germany, Japan, Italy and Mexico will bear closer watching.

Considering the chemical sales outlook for one calendar year may seem arbitrary but can be justified as a matter of convenience and of legitimate concern. It is of great importance to everyone associated with the chemical industry to form for himself answers to the questions:

A. T. Loeffler

Will chemical sales be up in 1957?

If so, how much will they be up?

What materials will be most affected?

What will be the prime motivating factors in any increase?

One basis for expecting a rise in chemical sales in 1957 lies in a brief look backward. Expansions, acquisitions and over-all capital spending have climbed steadily since early in 1955. When the new units that will result from these expenditures go on stream and when this new equipment is in operation along production lines, present records will almost certainly be surpassed. This unprecedented spending program should begin to show investment returns by 1957. Sales of chemicals and allied products next year were and still are expected to be well above the total of $23,000,000,000 that is anticipated for 1956.

Final 1956 Quarter Outlook

The outlook for the final quarter of 1956 is encouraging. Inventories are generally at manageable levels. By way of contrast, some producers in the chemical industry went through a period of inventory adjustment in the second quarter and now find that they have profited by it. Labor agreements reached in the chemical industry earlier in the year show a trend to longer-term contracts, covering two- and three-year periods. As a result, it seems not unreasonable to expect less labor unrest in the coming year.

A specific influence on 1957 chemical sales will be the Federal road building program. Federal funds have been voted by Congress to cover this program during the next ten years. The program will get under way in 1957, and will influence a number of areas in the chemical industry, one example being explosives. Actually, this road building program was undoubtedly anticipated to some degree—for example possibly in glycerine expansion. It is likely that this program will lift demand for dynamite glycerine by at least three to four percent next year.

Influence of Auto Production

The effect of automobile production on the chemical industry in 1957 is hard to predict, but at the same time is too big a factor to overlook. If 1957 is a 6,000,000 passenger car year for the industry, as some now feel it will be, it should be considered not only as a good year in its own right, but good when compared with five-year averages. The chemical process industries most directly affected, such as rubber, glass, textiles, antifreeze, will notice a comfortable nudge upward as a result of activity in Detroit.

1957 is expected to be a year of broad changes in automobile styling. However, the extensive substitution of plastic parts for metal parts in car interiors that had been expected for 1957 appears not to have materialized. This substitution still appears to be on the way, however, and probably will be an important part of the 1958 scene. Even though it does not fully materialize in 1957, however, high impact resins going into plastics will realize benefits from other new uses such as extruded sheets and pipes, pipe fittings, vacuum-drawn display signs, electrical coil forms, safety helmets, radio, TV and phonograph exteriors, and bowling pins. The demands for monomers going into plastics will be good throughout the year, and will almost cerainly feel a boost from the automobile industry—to some extent in 1957 and to a greater extent thereafter.

In addition to chemicals needed in the manufacture of cars, chemicals will be needed during 1957 in increasing amounts in the maintenance of cars. Specialties such as antifreeze, tetraethyl lead, dyes used in tetraethyl lead, ethylene dibromide and ethylene dichloride, were sold at the rate of $300,000,000 in 1954 and will probably reach sales of $350,000,000 during 1957.

Foreign Chemical Competition

Foreign chemical producers will bear closer watching in 1957. Today, West Germany is already a tough competitor for United States producers. Tomorrow, their cut of the world market may squeeze our industry to the point where it hurts. West Germany, more dependent than the United States on sales abroad, exports four times as much of her chemical production as does the United States, and she has retained high tariff levels to protect her own chemical industry. German tariff rates on vitamins, for example, are double those of the United States. During the coming year, Germany will continue to move into specialized lines such as dyes, plastics, pharmaceuticals, and synthetic fibers.

In Japan, the average increase of the chemical industry has been 15% per year. This rate is expected to continue throughout next year, and compares with an average rate of increase of 10% for the United States chemical production. Increases in production in Japan have been particularly marked in synthetic textiles, pharmaceuticals, petroleum products and such basic chemicals as caustic soda.

The Italian chemical industry, a lesser threat but nevertheless vigorous, trebled its output in 1955 over that of 1938 and contributed 8.6% of the country's total exports. American purchases of Italian chemical products will be up in 1957, having already doubled in 1955 over the preceding year. The bulk of these purchases has been in plastics materials, synthetic resins, and artificial fibers.

Mexico is becoming a real competitor in sulphur. Her exports are expected to jump again in 1957, as they did last year. At the same time, exports of United States sulphur have declined from 1,605,000 tons in 1954 to 1,300,000 tons in 1955, and may drop below 1,000,000 tons both in 1956 and 1957.

Synthetic Rubber Output

Some segments of the chemical industry can be expected to take a bigger slice than others of 1957's growth. For example, a sizable increase in synthetic rubber output is expected next year. From a total of 972,000 long tons of actual capacity of all types of synthetic rubber in 1955, United States capacity is slated to jump to an estimated capacity of 1,460,000 long tons in 1956, and to 1,718,000 long tons in 1957. As another example, acetylene and acetylene derivatives appear to be at the start of a growth spurt and next year may well exhibit a 12 to 15% advance, up from the 7 to 8% rate of the past years. Affected will be such acetylene derivatives as vinyl chloride and resins based on vinyl chloride; trichloroethylene, neoprene, acrylonitrile, vinyl acetate, acrylates, methyl styrene, and vinyl esters.

Mergers of chemical concerns during 1957 can probably proceed undisturbed by any significant legislative events of 1956. Before Congress adjourned for the summer, the Senate Judiciary Committee reported out a pre-merger notification bill so loaded with amendments that further action in 1956 was impossible.

As a final word, it might be noted that of equal importance to the sales picture in 1957 is the outlook for profit margins. A squeeze in profit ratios was felt in the first half of 1956. This squeeze left the strong feeling that while chemical sales would climb in 1957, profit margins would climb at a slower rate.

*An address by Mr. Loeffler before the National Industrial Conference Board's 4th Marketing Conference, New York, Sept. 21, 1956.

With First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John P. Sheather has become associated with First California Company Incorporated, 647 South Spring Street. He was formerly with Paine, Webber, Jackson & Curtis and Francis I. du Pont & Co.

Two With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Billie R. Gentry and Jerome Zonis have become connected with Hill Richards & Co., 621 South Spring St., members of the Los Angeles Stock Exchange. Mr. Gentry was formerly with McCormick and Company; Mr Zonis was with Samuel B. Franklin & Co.

Sy Leavitt Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George A. Levine has been added to the staff of Sy Leavitt & Company, 3482 Cabrillo Boulevard. Mr. Levine was previously with California Investors.

Joins Morgan Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph L. Cravens has joined the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Renfro C. Montgomery has become connected with B. C. Morton & Co., 1752 West Adams Boulevard.

Shaw, Hooker Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Virgil Breen has become affiliated with Shaw, Hooker & Co., 1 Montgomery Street, members of the San Francisco Stock Exchange.

Ramification of Inflation in Business Trends and Outlook

By DR. H. E. LUEDICKE*

Editor "The Journal of Commerce"

Nationally known business editor, in concluding inflation in any form is unsound, dangerous, and, if continued long enough, leads to its own undoing, reproaches the many vested interests in inflation today. Dr. Luedicke characterizes present situation as one involving a conflict between rising costs and keener consumer-dollar competition. Shares belief deep depressions need no longer be feared, but disagrees with economists who see present tight money a serious threat to current high level of business activity. Believes we are reaching critical cyclical position, and raises questions regarding: definition of inflation; ability to recognize signs of approaching downturn; applicability of old economic laws in view of rolling adjustments since 1946; price rise expectations encouraging inventory build-up; and role of savings.

"Tight money"—the No. 1 economic problem of today—will not torpedo the boom because it will not be permitted to do so, but at the same time, continuation of the era of government intervention cannot yet be taken as a guarantee against future ups and downs in the economy.

I

The Immediate Problem

There has seldom been a time in recent years when opinions on the immediate business outlook have differed so little as at present, while those on the intermediate outlook have been at greater odds.

Heinz E. Luedicke

Nobody seems to worry about the fourth quarter of 1956 and even the first quarter of 1957. An upturn for the fourth quarter had been anticipated right along because it was a foregone conclusion that the automobile industry, smarting under a poor model year, would throw itself wholeheartedly into the production of its 1957 models in the fourth quarter. This anticipated upturn is being reinforced by repercussions of the steel strike because pre-strike inventories apparently were overestimated. While, on the other hand, political uncertainties now provide some check on this bullishness, it now seems virtually certain that the immediate trend in industrial production will exceed the normal seasonal pickup. The limits of this upturn are indicated by the sluggishness in residential building, caused largely by conditions on the mortgage market, the limitations for further increases in plant and equipment spending which are physical and monetary in character, and the size of inventories in general.

There is little doubt that "tight money" is currently the primary retarding factor in residential building and may be on the verge of becoming the key factor in industrial construction as well. Nevertheless, tight money is hardly a serious threat to the current high level of business activity.

This opinion differs sharply from those economists who believe that "the damage has already been done" and that a downturn will be under way in a matter of months.

We fully agree that tight money could well prove the undoing of the boom. The reason we are not afraid of this is a political rather than an economic one. We do not believe that "tight money" will be permitted to cause any substantial downturn. It will be modified before deflationary forces can get hold of the economy.

The real risk involved in the current situation is not inflexibility of our monetary policy, but the possibility that those who are guiding it may miss the signs of an approaching downturn.

The experiences in the field of monetary policy both in this country and in Europe have demonstrated the effectiveness of monetary and credit policy in slowing down booms before top-heavy credit structures can drag business activity down.

Still untested is the contention that such policies can be modified quickly enough so that downturns can also be kept within manageable limits. Two of the European central banks — among them the West German Laenderbank—have recently reduced their rediscount rates moderately because their booms showed signs of leveling of. That is encouraging. If they could see the handwriting on the wall, there is no reason to doubt that our monetary authorities will be able to read the signs as well.

II

Vulnerabilities

What we are currently witnessing is the third postwar rebound following a minor dip in business activity. The first one developed in 1948; then came the recession of 1953; finally the straight-line recession of 1956. This last one was so mild that a new term had to be invented for it, but nevertheless it was an interruption in the strong postwar upward rush of the economy.

The reason why we have business declines is that during booms maladjustments creep into the economic structure which ultimately must be corrected. Unfortunately, the mildness of our three postwar recessions does not prove that only minor maladjustments have developed in our economy during the postwar boom. The fact of the matter is that, because of special circumstances, there has not yet been any genuine test of the soundness of the postwar boom. Any time such a test seemed imminent, it was postponed because of varied forms of governmental stimulation, the continued high level of defense spending, and, this year, an unexpectedly sharp flareup in the producers' goods boom.

There is a growing belief that the ease with which these three postwar disturbances were overcome indicates that future adjustments will be successfully kept within similar limits.

This goes further than the belief that a repetition of a deep depression like the one in the early '30s need no longer be feared. We share that belief. It has been sufficiently demonstrated that monetary management has improved enough to prevent financial "panics" which usually

*An address by Dr. Luedicke before the Annual Meeting of the New Hampshire Savings Banks Association, Sept. 22, 1956.

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Financial Fruits of Leisure

By IRA U. COBLEIGH

Enterprise Economist

Some random notes about companies and industries likely to benefit from the increased hours of leisure which automation, and a most bountiful economy, are delivering to the American wage earner.

We couldn't have a nicer topical background for today's piece. Vice-President Nixon has just gone down the line for a four day week, three television sets in every home, and two cars in every garage. On the other side of the political fence, Adlai Stevenson offers the snug security of a guaranteed annual wage, virtually from crib to slab, undiluted in retirement years. The inflationary overtones of these Utopias, I'll skip; and merely confine comment to the fact that both of these eminent politicos are promising leisure time, and income with which to enjoy it, on a scale and plane of luxury never before envisioned by any economic system the world has yet devised. We never had it so good; and the amazing thing about these quite lavish political promises is that some of them might come true!

Ira U. Cobleigh

With this nod to the promissory propensities of political campaigners, let us reflect upon some potentials of all this leisure and recreation, for corporate profit. In the past 25 years, we have reduced the average work week from 52 to about 40 hours; and if you add up all the things that make up leisure spending—games and sports (spectator and participant), travel, fishing, hunting, theaters, taverns, TV and horse parks—all these outlays will total some $30 billion annually. And this staggering sum is on the increase.

Now, leisure alone is not enough. There was plenty of leisure for the multitudes in 1932, but it was a drain not a drive in our economy because something vital was missing—money. Today, however, with the highest wage scale and levels of personal income, the fullest employment, the longest paid vacations and the earliest (and most) pensioned retirements in all history; hours of leisure are replete with spending money. And this spending money is a big builder of corporate profit.

For example, the greatest participation sport today is bowling. It's social, co-educational, competitive and you don't have to be a four letter collegiate athlete to get fairly good at it. Main supplier of bowling equipment for years has been Brunswick-Balke Collender Co., whose common stock is listed on NYSE, where it sells at 39 paying $1 to yield a little over 5%. It earned $2.52 per share last year and should do better by virtue of an automatic pin-setter it has developed. Brunswick-Balke also is a leading producer of pool and billiard tables. American Machine and Foundry, maker of automatic machines and electric motors, also has a bright future in bowling with its patented pinsetter (which has created unemployment among pin boys, but has had no noticeable effect on pin-up girls). American Machine & Foundry common sells at 33, pays $1 plus a stock extra last year.

In the field of spectator sports, basketball is the most popular, followed by baseball and football. A major supplier of equipment here is Spalding (A. G.) & Bros., Inc. which with its recent acquisition of Rawlings Manufacturing Co. (maker and wholesale distributor of complete lines of baseball and football equipment) ranks as the leading organization in sporting goods equipment. Serving the above cited spectator sports, Spalding is also a major factor in tennis and golf, and it supplies Tinker Toys to sop up Junior's leisure time as well. $9,000,000 in debt lies ahead of the 572,827 common shares of Spalding now selling at 19 with an indicated dividend of $1. Earnings here have been a bit uneven but the trend seems upward now. Common dividends have been liberal and uninterrupted since 1945.

Wilson & Co. you first regard as a meat supplier (and eating meat is a popular leisure pastime, too, come to think of it); but Wilson is also the second largest manufacturer of sporting goods. Its common stock sells around 14 on NYSE, pays 50c (plus an extra in stock) and is expected to show some improvement over last year's (fiscal year ends Oct. 31, 1956) per share net of $1.72.

Whether you're playing or watching, you need sportswear. A renowned trade mark in this field is "McGregor." The company sponsoring this line is McGregor-Doniger, Inc. They're the largest manufacturer in sportswear with 1955 net sales above $46 million. McGregor turns out almost everything for casual and leisure wear — sport shirts of every variety, leather and drizzler jackets, sport coats of corduroy or suede, slacks. Bermuda shorts, swimwear and sweaters. You have come to know about McGregor in part because the company spends over $1 million a year on advertising and promotion and distributes its wares through over 7,400 retail outlets.

Of especial interest here is the fact that McGregor-Doniger, Inc. only within the past 10 days listed its class A shares on the New York Stock Exchange where they are now quoted at 15, with 50c paid so far this year (1955 net was $1.72 per share).

A great pastime is watching TV and a whole list of companies come to mind here. Radio Corporation of America, and Columbia Broadcasting on the sending side together with such other set makers as Zenith, Admiral, Philco, Motorola, Emerson, General Electric and Westinghouse. Big maker of the related tubes is Sylvania, which has recently entered another leisure-slanted pastime by acquiring Argus Cameras Inc.

Speaking of cameras, photography is a fabulous hobby and, in addition to Argus, you should certainly consider Eastman Kodak; the Daddy of them all. Common stock of this company has been a top drawer dividend payer for decades and sells today around 90. Another entry in the film, flash and focus department is Bell & Howell, whose common stock sells at 42 paying $1 in cash, plus stock.

If leisure leads to carpentry, then Skil Corp. (Over-the-Counter Market at 24) is a big saw and tool supplier, while Black and Decker manufactures a whole line of portable electric tools. Black and Decker common sells around 45, listed NYSE. And while we're on this "do-it-yourself" business, we should bring in some related companies that derive a share of their earnings from this trend to craftsmanship. We had in mind Kendall Co. and Johnson & Johnson, leading makers of bandages and dressings. Saws and drills, in the eager but clumsy hands of amateurs, can goof off!

For those who use leisure in horse playing, such companies as Roosevelt Raceway, Narragansett Park, Toronto Jockey Club, Monmouth Park Jockey Club, all have shares traded in the Over-the-Counter Market; and if you happen to have a spare $70,000, you can buy a single share of Los Angeles Turf Club, which owns Santa Anita. And if you want to improve your percentage at the $2 window, you can buy stock in the Automatic Machine Co. of Maryland (which controls the Totalizator).

Then there's a whole area of leisure expenditure of both time and money involved in consuming the products of Schenley Corp., Distillers-Seagram, Brown-Forman Corp., National Distillers, Anheuser-Busch and Ruppert. These are prosperous companies with shares available for public purchase. And if less stimulating, and perhaps less turbulent, imbibing is preferred, then consider Coca-Cola, Pepsi-Cola and Canada Dry.

Travel opens up limitless vistas to the investor. Motor car companies, such as Ford, Chrysler and General Motors, Oil companies like Gulf, Texas, Standard Oil, etc., railway, steamship, airplane, and hotel shares, all flash across the mind as gleaning dividends from travel. Not to mention the boating craze which has propelled Outboard Marine and Manufacturing (leading maker of outboard motors) into new heights of corporate magnitude and prosperity.

We couldn't begin to cover them all—fishing tackle and guns from Abercrombie and Fitch, guns from Olin-Mathieson; home gardening, bridge, archery, chess, motion pictures, skin diving, water skiing, and reading of newspapers, books, and magazines—all of which absorb our spare time and variously make vast contributions to corporate earning power and the dividend income which, in so many cases, makes luxuriant leisure possible. In fact, investing itself yields some of the finest financial fruits of the application of our leisure time.

U. S. Investors Double Their Investments In Canada to Over $10,000,000,000

In the last ten years, American investments in Canada have increased from $4,990,000,000 in 1945 to $10,322,000,000 in 1955 according to a recent report of the Dominion Bureau of Statistics at Ottawa. In the first half of 1956 the total foreign inflow capital into Canada was $305,000,000 most of which was American investment. Our U. S. investments in Canada show a noteworthy growth over the past ten years, progressing from $4,990,000,000 in 1945 to $9,622,000,000 in 1954 and last year another increase of $700,000,000 was added to 1954 total.

Dealer-Broker Investment Recommendations & Literature

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

Area Resources—Explaining why the area served offers such industrial opportunities—Utah Power & Light Co., Dept. K, Box 899, Salt Lake City 10, Utah.

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.

Canadian Bonds & Stocks—Selected list—Kippen & Company, Inc., 607 St. James Street, West, Montreal, Que., Canada.

Canadian Business Review—Monthly news bulletin on Canadian economy—Bank of Montreal, Montreal, Que., Canada (New York branch 84 Wall Street, New York 5, N. Y.).

Canadian Commercial Letter — Monthly letter on Canadian business developments—The Canadian Bank of Commerce, Business Development Division, 25 King Street, West, Toronto 1, Ont., Canada.

Canadian Investors Digest—Monthly—Wills, Bickle & Company, 44 King Street, West, Toronto 1, Ont., Canada.

Canadian Mining—Weekly newspaper covering developments of the mining fields — $7.50 per year; $4.50 six months (specimen copy on request). — "The Northern Miner," 116 Richmond Street, West, Toronto, Ont., Canada.

Canadian Mining News—Weekly publication on mining activities covering copper, uranium, base metals, oil and gold—$8.00 per year; $5.00 for six months—two weeks' trial subscription free to new subscribers.—"The Quebec Miner," Suite 104, 455 Craig Street, West, Montreal, Que., Canada.

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

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

Montreal Stock Exchange—Booklet and monthly review—Montreal Stock Exchange, 453 St. Francois Xavier Street, Montreal, Que., Canada.

Oil & Gas Investments—How to get tax protected income—J. K. Lasser Tax Institute and Francis L. Durand—$12.50 per copy (two weeks examination free)—Business Reports, Dept CF-1, Larchmont, 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.

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.

Portfolios—Two suggested portfolios to yield 5 and 6%—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.

Products and Processes—Booklet on how alloys, carbons, gases, chemicals and plastics improve many articles—Booklet A, Union Carbide and Carbon Corporation, 30 East 42nd Street, New York 17, N. Y.

Rubber industry — Discussion — Calvin Bullock Ltd., 1 Wall Street, New York 5, N. Y.

Treasury of Tax Saving Ideas—J. K. Lasser—$12.50 per copy (two weeks examination free)—Business Reports, Dept. CF-1, Larchmont, N. Y.

Warrants and Rights listed on the Toronto Stock Exchange—Data—Draper Dobie & Company Ltd, 25 Adelaide Street, West, Toronto, Ont., Canada.

* * *

Aircraft Radio Corporation—Bulletin—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Allegheny Ludlum Steel Corporation—Table of related values —First Boston Corporation, 100 Broadway, New York 5, New York.

American Hardware Corporation—Analysis—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

American Hospital Supply Co. — Analysis — Unlisted Trading Dept., Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

American Telephone & Telegraph Co.—Table of related values —New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Burroughs Corp. — Memorandum — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

California Western States Life Insurance Company—Bulletin—Morgan & Co., 634 South Spring Street, Los Angels 14, Calif.

Commonwealth Investment Company — Fact book — North American Securities Company, Russ Building, San Francisco 4, Calif.

Consolidated Cement Corporation—Analysis—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Continental Aviation and Engineering Corporation—Bulletin—DeWitt Conklin Organization, 100 Broadway, New York 5, New York.

Dan River Mills, Inc.—Memorandum—Arthur M. Krensky & Co., Board of Trade Building, Chicago 4, Ill.

First National City Bank of New York — Circular — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Frigikar Corp. — Memorandum — Muir Investment Corp., 101 North St. Marys, San Antonio 5, Texas. Also available is a memorandum on **Lone Star Brewery.**

General Tire & Rubber Company — Bulletin — Bache & Co., 36 Wall Street, New York 5, N. Y.

Green Bay Mining & Exploration Ltd.—Report—De Pontet & Co., Inc., 40 Wall Street, New York 5, N. Y.

Grinnell Corporation—Analysis—Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

Imperial Oil Limited—Booklet—Wood, Gundy & Co., Inc., 14 Wall Street, New York 5, N. Y.

International Telephone and Telegraph Corporation—Analysis —Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Interprovincial Pipe Line Company — Report — Wisener and Company, Ltd., 73 King Street West, Toronto 1, Ont., Canada. Also available are reports on **Canadian Delhi Petroleum Ltd.** and **Westcoast Transmission Co.**

Ludman Corporation — Memorandum — Frank D. Newman & Co., Ingraham Building, Miami 32, Fla.

New York Capital Fund of Canada, Ltd. — Report — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Philadelphia Fund—Eight-page booklet—Fahnestock & Co., 65 Broadway, New York 6, N. Y.

Pinellas Industries, Inc. — Bulletin — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Royal McBee Corp.—Memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Signode Steel Strapping Co. — Analysis — Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Sinclair Oil Corp.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Southeastern Public Service Co. — Memorandum — Shields & Company, 44 Wall Street, New York 5, N. Y.

Spencer Chemical Company—Report for fiscal 1956—Spencer Chemical Company, Dwight Building, Kansas City 5, Mo.

Sutherland Paper Company—Special analysis—American Institute of Management, Incorporated, 125 East 38th Street, New York 16, N. Y.

Thompson Products, Inc. — Memorandum — Dominick & Dominick, 14 Wall Street, New York 5, N. Y.

Thor Corporation—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

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

Yonkers Raceway, Inc.—Bulletin—Hunter Securities Corporation, 52 Broadway, New York 4, N. Y. Also in the same bulletin are data on **San Juan Racing Association, Inc.** and **Sunshine Park Racing Association, Inc.**

$75 Million Issue of Connecticut Bonds To Be Sold on Oct. 30

Proceeds for Greenwich-Killingly Expressway, according to Lehman Bros., the State's financial advisers.

Connecticut State Treasurer John Ottaviano, Jr., announced Sept. 26 that he plans to offer $75,000,000 State of Connecticut Expressway Revenue and Motor Fuel Tax Bonds; Greenwich-Killingly Expressway, third series, due 1963-1995, inclusive, at public sale on Oct. 30, 1956. This decision was arrived at following a meeting in New York City of Connecticut fiscal officials with members of Lehman Brothers, financial advisers to the State of Connecticut on the Connecticut Turnpike.

The offering will constitute the third instalment of a total of $445,000,000 bonds authorized for the Turnpike, of which $200,000,000 are presently outstanding.

Further details will be announced in the official statement to be issued respecting this sale.

With Harry Pon

(Special to THE FINANCIAL CHRONICLE)

AZUSA, Calif. — Ivan J. Sharp has been added to the staff of Harry Pon, 711 North Azusa Avenue.

With Hemphill, Noyes

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — David S. Garraway is now associated with Hemphill, Noyes & Co., 9478 Santa Monica Boulevard. He was formerly with Francis I. du Pont & Co. and Shields & Company.

Two With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Raymond L. Prewitt and Charles R. Rudolph have been added to the staff of Daniel D. Weston & Co., Inc., 9235 Wilshire Boulevard. Mr. Prewitt was previously with Samuel B. Franklin & Company.

Arthur Hogan Adds

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — Goldie M. Seaton has been added to the staff of Arthur B. Hogan Inc., 6630 Sunset Boulevard, members of the Los Angeles Stock Exchange.

Joins J. Barth Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles E. Todd has joined the staff of J. Barth & Co., 3323 Wilshire Boulevard. He was formerly with Columbia Securities Company of California and Shelley, Roberts & Co.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Lauren W. Averill has become connected with Dempsey-Tegeler & Co., 210 West Seventh Street. He was formerly with Daniel D. Weston & Co.

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—David M. Sellgren is now affiliated with Dean Witter & Co., First National Building.

Two With First Calif.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Lee G. McCoy and Daniel G. Minto have been added to the staff of First California Company, Incorporated, 300 Montgomery Street.

Avery Eppler Adds

(Special to THE FINANCIAL CHRONICLE)

REDWOOD CITY, Calif.—Robert W. Kelley has been added to the staff of Avery L. Eppler Company, 1839 Broadway.

With Rudd and Company

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Robert J. Slobe is now affiliated with Ruud and Company, 2608 El Paseo Lane, Town & Country Village.

Bright Construction Outlook

By MELVIN H. BAKER*

Chairman, National Gypsum Company

Two percent higher construction in first half of 1956 over 1955 leads Mr. Baker to conclude that over-all construction for the year will exceed 1955 by $1 billion. National Gypsum chairman contemplates staggering $600 billion prospect for coming decade, and lists reasons for next year's expected marked rise over 1956. Critically probes downturn in home building and concludes deterring elements do not spell a discouraging outlook in this sector. Presents array of factors indicating encouraging housing demand.

The picture is bright. Construction throughout the nation rose to an all-time high of $20 billion for the first six months of 1956. This was 2% over the record set in the first half of 1955. If continued at the present rate for the remainder of the year, this will result in about $44 billion for over-all construction in 1956—about $1 billion above 1955.

Melvin H. Baker

And the long range prospects are staggering. Construction's 10-year outlook is about $600 billion. Actually, today's huge dollar volume of building obscures the fact that we have been underbuilding for many years.

Reasons for Next Year's Marked Rise

Despite recent slowdown in home building, there are several important reasons why next year will be another record year for the construction industry. I will list some of these:

Most of the medium and large size corporations are going ahead full speed on their expansion programs. Some smaller concerns are postponing expansion outlays, pending the time when money will be cheaper.

Business is good, with no sign of a downturn. Unemployment has reached its lowest level ever in peacetime. A record 66.5 million persons are now employed. The annual rate of personal income is the highest in history. Average take-home pay is at an all-time high.

Nationwide supplies of building materials should be adequate, with increased capacity and high productivity sufficient to preclude all but spot shortages in steel and maybe cement.

The dollar value of new highway construction and expansion of privately owned utilities may reach $5.5 billion in 1957. The most significant gains among utilities will probably occur in railroad, telephone, gas plant and light and power firms. This can be supported by merely noting the expansion programs of the American Telephone and Telegraph, General Electric, Westinghouse, Niagara Mohawk, and at least a dozen of the nation's larger railroads.

Highway construction is reaching a much faster pace after lagging for years. This is partly due to the government's multi-billion dollar Federal aid program now getting started.

Private spending for new industrial plant expansion apart from the utilities may reach $3.3 billion in 1957, compared to an estimated $3 billion which the Labor and Commerce Departments anticipate for 1956.

New commercial building outlays in 1957 will probably top 1956 by 10%.

Construction of public schools is expected to soar to another record. This is anticipated regardless of the outcome of President Eisenhower's School Construction Bill.

Here is a great public need, and I anticipate that the President's proposed School Construction Bill will be passed, after being temporarily shelved in a political snarl. This fine program had been carefully explored to meet the needs of individual communities. Under its provision, New York would receive $60 million during a 5-year period.

Decreased Housing Starts Considered

In discussing construction for 1957, I have taken into account the decrease in housing starts which are currently hurting the industry.

Housing starts are running 17% behind the 1955 rate. According to the latest estimates, builders throughout the nation will have started about 1,070,000 units by the end of the year, a decrease of about 250,000 under 1955.

There are several reasons for the downturn in home building, the principal of which is tightness of mortgage money. Authorities in Washington tell me that money will continue tight until the elements threatening inflation have been checked.

As you may recall, last July the government placed a down payment requirement for home loans guaranteed by the Veterans Administration. It also increased the required down payment for loans for the Federal Housing Administration.

It is significant to point out that loans insured by the VA and FHA constitute more than half of all mortgages on new homes and Home Improvement Financing.

Recently rising interest rates reflect the relative shortage of lendable funds. Thus, mortgages become less attractive for long term investments. The higher minimum down payments, slowdown on mortgage handling and limitations on Savings and Loan Associations for borrowing from the Federal Home Loan Banks have served to hold down the supply of mortgage money.

Then, too, the Federal Reserve has tightened credit because it feared the inflationary consequences of the current wage increase might lead to dangerous price spiral. Wage boosts come at a time of renewed business growth and substantial credit expansion. In this, Federal Reserve has two distinct objectives—keeping the index of industrial production below 145, and halting price rises.

Then there is the high cost of construction — both labor and materials. Builders report that construction costs have gone up along with land cost, to up the price of new homes. They point out that over-all costs are up 6% over 1955. The public is not sympathetic to this rise in cost.

Non-Discouraging Homebuilding Outlook

A careful study of these deterring elements indicates you need not be discouraged with the outlook. There are indications that housing starts will continue at present level until wel into 1957 and then pick up to a higher level. Some of the encouraging signs are:

Builders are finding ways to hold costs through the use of materials and designs that will reduce "on-the-job" labor. For example, many are now using dry wall construction and more prefabricated materials. Along with other producers, National Gypsum will continue the effort to find better and less expensive construction materials.

Home owners are finding new stimulus for buying new homes by trading in their present residence under the revised trade-in code formulated by the Federal Housing Administration. The decline in new house construction does not at all indicate that the market is saturated. We merely have to consider the population surge to realize the market potential is ever increasing.

A recent survey conducted for "Look" magazine indicates that about 2,250,000 families are now seriously considering the purchase of a new home by the early part of 1957. This may present some indication of what people want.

As to the prospects for easier credit, this is difficult to pin down. But we do know this. Every element that goes into the Gross National Product is either strong or rising. There is nothing in sight to indicate this will be reversed. For this reason, it is our belief that present restriction will not be lessened very soon.

While I am concerned over credit restrictions, I do not view the housing situation with grave alarm. Thus far, there's no sign that the decline in starts indicates any collapse in the housing market. Demand for new houses is still strong — vacancy rates are low and prices of existing homes are firm.

The recent marriage and birth rate is astounding even to the most optimistic forecasters. Those who study population trends see the increase in births continuing on into the 1970's.

Even at present birth rates, population is expected to reach 190 million by 1965. This high rate of births and marriages will create a need for more homes and in fact, more of all kinds of buildings necessary to serve a larger community.

And, in thinking of current needs, consider data compiled by the F. W. Dodge Corporation in which are shown a need to supply more for decent living quarters of our present population.

In addition to housing new families, we are losing homes at the rate of about 300,000 units a year from fires, floods and other causes.

In a prosperous economy, there is the urge for better living from families constantly being upgraded into higher income groups. In 1949, more than half of our families had total incomes of less than $3,000 a year. Today, only about a third are in this bracket. With full employment and high wages, this up-grading process will continue.

All this adds up to a demand in excess of that for 1955 when 1,330,000 homes were started. And with this surge will come greater demand for schools, stores, offices, utilities, highways, churches and the like.

A further measure of potentials may be had by evaluating the amount spent for construction to the Gross National Product. In 1925, the amount spent for construction was equal to 13¼% of the Gross National Product. From 1950 through 1955, new building construction was maintained at a ratio ranging from 9.5% to 10.9% of Gross Product.

Statistical records of the past 30 years seem to indicate that about 10% of our peacetime economy will go into construction. That is total building after eliminating engineering projects such as roads and bridges.

According to the latest available figures, the U. S. economy is now producing at the rate of more than $400 billion a year. This will probably reach $500 billion by 1965, when new building should reach about $53 billion—or almost $10 billion more than this year.

*An address by Mr. Baker before the Annual Past Presidents' Dinner of the Engineering Society of Buffalo, Sept. 20, 1956.

With Paine, Webber

(Special to The Financial Chronicle)

SANTA MONICA, Calif.—Robert D. Evans, Jr., James M. O'Brien, William C. Robbins, Jr., and Norman Sobel have joined the staff of Paine, Webber, Jackson & Curtis, 1220 Fifth Street. Mr. Evans was formerly with Dempsey-Tegeler & Co. Mr. O'Brien and Mr. Robbins were with E. F. Hutton & Company.

John M. Hancock

John M. Hancock, a partner in the investment banking firm of Lehman Brothers and a former advisor to the United States Government, died Sept. 25 at White Plains Hospital, White Plains, N. Y., in his 73rd year. In addition to his many governmental positions and his investment banking activities, he was a director of a number of leading corporations. His home was in Scarsdale, N. Y.

John M. Hancock

Mr. Hancock was awarded the Medal of Merit for his aid during World War II to Washington's War Agencies. He continued to advise the government on postwar problems. During World War I, he was awarded the Navy Cross for his services as a Navy Commander in charge of purchasing during the period 1914 to 1919.

Joins Daniel Reeves

(Special to The Financial Chronicle)

BEVERLY HILLS, Cal.—Armin Degener has become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Degener was previously with Sutro & Co.

Herbert Adler Now With Stern, Frank, Meyer

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Herbert C. Adler has become affiliated with Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York Stock Exchange. He was formerly with Morton Seidel & Co. as manager of the oil securities department.

Blalack Adds to Staff

(Special to The Financial Chronicle)

SAN MARINO, Calif.—William F. Staunton III is now affiliated with Blalack & Co., 2486 Huntington Drive.

Metalworking Outlook for 1956-60

By IRWIN H. SUCH*

Editor-in-Chief "Steel Magazine"

Envisioning $138 billion metalworking sales for 1956 on basis of 7% increase in sales already reported as against last year, Mr. Such predicts 10% sales increase in 1957, or $151 billion; and, with continuation of this growth rate, sales of $193 billion in 1960. In analyzing this "era of expansion and prosperity," author describes outlook for steel, auto, building and other metalworking-related industries; indicates extent of developmental change, competition, and new markets; and refers to upwardly revised GNP estimates for 1965.

First I would like to ask a question, then answer it. Is metalworking: Steel? Copper? Aluminum? Machine tools? Stampings? Bolts and nuts? Automobiles? Refrigerators? Golf clubs?

Irwin H. Such

It's all of those and more. It's everything from the basic metals to the components, machines and processes that wind up as finished products made wholly or partly out of metals. For men interested in marketing and advertising, metalworking encompasses Standard Industrial Classifications 33 through 38. Accounting for 45% of all manufacturing industries, it's America's biggest industry.

Higher Sales Predicted

In 1955, metalworking did $129 billion worth of business—$3 billion more than the next five largest industries combined: Food and beverages, petroleum and coal, chemicals, lumber and furniture and textiles.

Even though most steel plants were closed for five weeks this summer, most metalworking plants continued at full tilt on accumulated inventories. As a result, metalworking sales this year are 7% better than they were last year. They'll hit a record $138 billion.

The figure is more than an educated guess. On the premise that things don't happen but that people make them happen, we regularly ask several thousand metalworking executives about what they are thinking and planning.

Ninety-two percent of the executives reporting to us think 1957 will be as good as or better than 1956. If these expectations are realized—and experience over the years shows that they invariably are—you can look for a 10% increase in metalworking sales in 1957. That would mean they would climb to $151 billion.

Now let's see what is likely to happen in a few of the industries that are part of metalworking or are markets for its products.

Steel and Auto Outlook

The steel industry is expanding its capacity by 3.5 million tons in 1956. By Jan. 1, it will be able to make 132 million tons of steel a year. If it operates at an average of 95% of capacity in 1957, it will produce a record 125 million tons of steel. This year, the industry will make 114.5 million tons.

The all-new, longer, lower 1957 automobiles are bound to get a big reception from the public. Nearly 1.8 million of them will be made before the end of 1956, to put production for the year at 6 million units. Output in 1957 is expected to be 7 million units. General Motors thinks the figure will be 7.5 million.

Building construction will push upward to a record $48 billion, $4 billion more than this year. New housing starts probably will be down to 1 million units, compared with 1.1 million in 1956 due to tighter credit. But the drop in housing will be offset by gains in industrial, commercial and institutional construction, plus the big road building program that gets under way next year. Roads alone will take nearly 2 million tons of steel a year.

This year's home appliance sales are matching last year's. Appliance makers think that the replacement of standard items like refrigerators and TV sets purchased since the war will contribute to an expanding market in 1957.

Deliveries of freight cars to the railroads are holding at 5,000 to 5,500 a month in 1956 and will continue at that rate into 1957. A shortage of steel plates will continue to limit carbuilders.

Continued Machine Tool Pace

The $1 billion pace in machine tool sales this year will be maintained in 1957. People who make component parts like gears report heavy backlogs that will carry over into 1957.

Electrical equipment shipments are limited only by capacity to produce, and this situation is expected to continue.

Sales of the 12 largest aircraft manufacturers will total $5 billion for 1956, up from $4.9 billion in 1955. Orders from the military and the commercial airlines will make 1957 an equally good year.

Though farm equipment sales may be up slightly from the $1.4 billion performance this year, they still will be short of 1955 and 1954 figures.

These expectations for 1957 are only part of the picture in metalworking. This year, each of the 168 million people in the U. S. will account for about $825 in metalworking sales. The average per person is accelerating at the rate of $41 a year.

If this growth continues, metalworking sales will reach $193 billion by 1960. When our population reaches 220 million, metalworking sales readily could reach $372 billion, in terms of 1955 dollars.

Gross National Product Estimates

When your association met in Washington last year, it was predicted that the nation's Gross National Product or total production of goods and services would be $500 billion by 1965. But what has happened? The GNP in 1956 already is at the annual rate of $408 billion, up $17 billion in one year. It's likely to reach $500 billion well before 1965.

We are living in an era of expansion and prosperity, but we cannot overlook the fact that it is also an era of rapid change and terrific competition.

Aluminum, for instance, has moved in as a strong competitor of steel as well as copper and brass. Consumption of 2 million tons in 1955 was double what it was in 1947. Its use is expected to double again in 10 years. The 1965 car may have 80 pounds of aluminum, compared with 35 pounds in the 1956 models.

New Markets

This is only part of the materials picture. New alloys are being developed to meet strenuous new requirements and to compete for a share of the market. Supersonic aircraft traveling at 2,000 to 3,000 miles per hour must withstand skin temperatures of a thousand degrees—and the materials already are available.

Automation is being applied to the assembly of parts as well as to the making of them. The time is not far distant when auto bodies will be assembled automatically. Jigs will place the side panels, roof and floor pans in place for welding, then be automatically removed. Workers will be needed only to operate controls.

Technical know-how, imagination and knowledge of markets are being applied to the development of new and better products that have sales appeal. New transistor radios that operate on 50 cents worth of flashlight batteries for months perform as well as their obsolete big brothers.

New markets are opening up. Atomics alone will mean $700 million in business for metalworking.

In 1957 and the years ahead, you have the job of knowing and studying the underlying trends that will have such a profound effect on the fortunes of your company and your clients.

*An address by Mr. Such before the 50th Anniversary Conference of New York Chapter of the National Industrial Advertisers Assn. at the panel session on "Forecasting Industry's 1957," New York City, Sept. 11, 1956.

Levy Director

The election of Gustave L. Levy, partner of the investment banking firm of Goldman, Sachs & Co., as a director of Diebold, Inc., manufacturers of bank vaults, protective equipment and record handling devices, has been announced by Raymond C. Koontz, President. Mr. Levy is a member of both The New York Stock Exchange and The American Stock Exchange.

Gustave L. Levy

Form Paul Jones Co.

SALT LAKE CITY, Utah—Paul W. Jones & Co. has been formed with offices at 70 East 21st South Street to engage in a securities business. Officers are Paul W. Jones, President; Robert F. Barnes, Vice-President; and Mildred B. Jones, Secretary-Treasurer. Mr. Jones was formerly with Doxey-Markley Co.

Opens Baytown Branch

BAYTOWN, Texas—Stacy, Bell, Nanthos & Company have opened a branch office at 400 West Pierce under the management of M. Earl Lively.

With Lee Higginson in N.Y.

Ernest Peter Abelson has joined the New York office of Lee Higginson Corporation, 40 Wall St., New York City, members of the New York Stock Exchange, as a registered representative, it was announced. He was formerly with the firm in Chicago.

Calif. Investors Add

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Denis P. Coyle, Nathan T. Marshall, Richard J. Rorick, Anthonie Rijst and Williard B. Weaver have joined the staff of California Investors, 3932 Wilshire Boulevard.

John G. Curtis

John G. Curtis, limited partner of E. F. Hutton & Company, passed away on Sept. 18.

From Washington Ahead of the News

By CARLISLE BARGERON

That the Republicans are in trouble, there is little doubt. For months they have thought, or at least have been talking, that their only danger was complacency. I have recently made visits to several Midwestern states, including Indiana in that category. There are few signs of complacency. The people evidently intend to vote in the proportionate numbers they have in the past. But unmistakably, Democrats who voted for Eisenhower in 1952 are moving back to their own party in great numbers. The unusual circumstances — Korea and Trumanism—which influenced them before have disappeared. Everything is going along all right now so why not go back to the party with which they are more comfortable.

Carlisle Bargeron

Aside from this the Eisenhower Administration has left its scars on conservative groups here and there. The truckers, about as potent as any group in the country, are beefing that the Eisenhower Administration is railroad minded. The railroad managers would be amazed to know this, but it is based mainly on the Weeks' report of 1954 calling for a revision of the Interstate Commerce laws to bring about "competition among the various modes of carriers," the railroads, the truckers and the barge lines. The report never got to first base. It was bottled up in committees on both sides of the Capitol.

Of more concern to the truckers, though, is that if the Republicans were to get control of the Senate, Senator Bricker of Ohio, would be Chairman of the Senate Interstate and Foreign Commerce Committee which handles all legislation relating to transportation. The truckers look upon Bricker as pro-railroad. His Ohio law firm represents the Pennsylvania RR. For this reason they are supporting former Secretary of Agriculture Claude Wickard in Indiana, against Senator Homer Capehart. They don't look upon Capehart as unfriendly. But they don't want a Republican Senate. They are going all out for the reelection of Senator Magnuson of Washington, in his fight against the White House-sponsored Governor Langlie. Magnuson is now Chairman of the Senate Interstate and Foreign Commerce Committee and it was he who bottled up on the Senate side the Weeks' report.

The truckers, successful businessmen, might be generally considered as being ordinarily on the conservative or Republican side.

Not the Eisenhower Administration, but the Federal Reserve Board has stepped on the toes of small business by tightening up on money. So a lot of small businessmen are looking askance upon the Eisenhower regime. The point I am trying to make is that the gripes against the Administration are not confined to the farmers.

Whether the farmers are bad off is difficult to tell except where they have had drought, but out in the Midwest there is little doubt that Benson, the Secretary of Agriculture, is a naughty word. I am sorry about this because I have an admiration for him. But facts are facts. The Democrats seem to have been quite as successful at smearing him as they have Nixon. Whether the farmers are bad off or not the Democrats are making them feel they've been mistreated and that Benson is no friend.

To me it is amazing that the Democrats, under whose reign occurred the greatest tragedy this country has ever known, are, in my opinion, putting the Republicans on the defensive on foreign policy. Their orators have a delightful time in playing upon Dulles flitting hither and thither, his "brink of war" statement, his optimism one day and his pessimism the next. They chide the Republicans for having charged in 1952 that the Democrats were responsible for three wars in our lifetime — World War I, World War II and the Korean "police action." These wars just happened, they explain smugly, and they've got the Republicans afraid to even mention them or the fact it was the Democratic Administrations that brought the Communists into the society of nations, into the government at Washington, into the fashionable Washington salons. Why the Republicans, when they mention these things, are casting aspersions upon the millions of Americans who voted the Democratic ticket. And the Republicans grin sheepishly under the tongue-lashing which the Democrats give them.

It is an interesting state of affairs but the Republicans, in my opinion, have got to quit being intimidated and to revive some memories.

Keith Funston Leaves On European Trip

Keith Funston, President of the New York Stock Exchange, will sail for Europe on the line United States on Friday, Sept. 28, for a month-long speaking trip and survey of business and economic conditions on the continent.

G. Keith Funston

He also plans to discuss with business and financial leaders in European capitals the New York Stock Exchange educational work and program of broadening the base of share ownership. Considerable interest has been expressed abroad in these phases of the Exchange's work.

Mr. Funston is scheduled to speak in Paris on Oct. 4 before the American Club of Paris; in Amsterdam on Oct. 11 before the American Businessmen's Club of the Netherlands; in Stockholm on Oct. 17 before the Stockholm Chamber of Commerce; in London on Oct. 25 before the American Chamber of Commerce.

During his trip Mr. Funston will visit stock exchanges in Paris, London, Amsterdam, Brussels, Stockholm, Copenhagen and Oslo.

Sterling Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Thos. M. Anaya, H. Gordon Benson, Peter E. Donovan, David Kessler, Walter C. Paris, and Kenneth R. Sanders have become affiliated with Sterling Securities Co., 714 South Spring Street.

Billion Dollar Bus Industry in The Unlimited Road Ahead

By ARTHUR S. GENET*
President, The Greyhound Corporation

Greyhound President predicts "railroads in ten years will have virtually abandoned the business of carrying passengers" and that inter-city bus transportation will be a billion-dollar-a-year industry by 1965. Mr. Genet asserts the industry is not subsidized; applies recommendation of the Cabinet Committee Report on Transportation favoring competition where the rates are compensatory to intercity bus; finds areas where bus travel is far more expeditious than air; and seeks a correct evaluation by regulatory bodies which would place the industry in its proper light and remove existing obstacles.

Education and communication are two things that have made gigantic steps forward. The spoken and written word is available to more peoples than ever before, and their ability to interpret communications is at its highest level since time began. These facts are irrefutable. Most industries have taken advantage of communications to tell of their accomplishments, their virtues, their problems, and their future. This being the accepted way, it is difficult to understand why there is the great dearth of knowledge that is everywhere apparent as concerns the intercity bus industry.

Arthur S. Genet

The following facts are known to relatively few people as they concern our industry. More people, use, need, and require our service than any other form of public transportation. This service is provided better by us than by any other form of transportation. Fifty thousand communities in our country have no other form of mass transportation for the movement of people, package express, newspapers, and other daily needs of life. Where service is provided by a competing form of transportation, we furnish four or five times the number of arrivals and departures, and at hours that suit public convenience.

Short- and Long-Haul Growth

While it is true that the total number of people carried in public transportation percentagewise is less than in the peak years immediately following World War II, the diversion of our short-haul travelers to the private automobile has reached the very lowest point that it can go, and the growth of our longer-haul business is evident as our month by month statistics become available. Revenues from special services—tours, package express and charters are increasing each year.

These basic facts of transportation are not only unknown to a large segment of the traveling public, but are generally unrecognized by those who regulate our industry: i.e., the Interstate Commerce Commission, the State regulatory bodies, and the taxing authorities. As an illustration of the misunderstandings that exist, many have insisted, and it has gone unchallenged, that we are a subsidized industry. Nothing could be further from the truth. The fuel taxes that we pay, many times duplicated because of their being assessed on sales and use bases, plus the unfair assessment for State license tags, plus the so-called third structure taxes, with which all of you are familiar, place this industry on a high level "Pay As You Go" basis.

It should be remembered that those who require our service, and approximately one million people will use our facilities this day, are a broad cross-section of our population. They are children on their way to school. They are men and women on their way to work. They are mothers and fathers on visits to children. They are retired folks on vacation. They are everyone from youngsters to oldsters, from legislators to doctors, from business heads to salesmen, who require movement in order to conduct their businesses, or enjoy the necessities and conveniences of life. As carriers of these people, we are a vital part of transportation, an integral part of the economy of this country, and we will be a dominant factor in its future.

What does the future hold for this industry? It is important in any consideration of the future to look at the growth records of the country and the economic conditions which surround us, so that we might properly judge our position, and our contribution, in the years to come.

Country's Growth Picture

In 1946 the Gross National Product (the total of what all the people spend for goods and services, what business spends for new plants and equipment, and what the U. S. Government spends) was $209 billion.

In 1953 the "United States News and World Report" tells us the Gross National Product had risen to nearly $365 billion. The current figure of almost $388 billion is an increase of 85% over 1946, and an increase of almost $23 billion over the year 1953.

Yet, several studies, outstanding among them one by the President's Material Policy Commission, say that this is only the start. These studies conclude that by 1975—only 19 years away—the Gross National Product will be double what it was in 1950.

The Joint Committee on the Economic Report, U. S. Congress, agrees with these studies and predicts a tremendous growth in corporate products by 1965—in only nine years.

There are many other reasons for a confident look ahead.

The Federal Government has already embarked on a National Highway Building program that, at a cost of $33 billion will produce 41,000 miles of brand new highways. No superlative can describe the program's magnitude, its importance to the country's economy—or, more personally, the influence it will exert upon the bus industry. It is a public program that staggers the imagination.

In the years ahead, there will be more Americans, too. Last year, over four million newly born youngsters were added to our nation's rolls. In five years the experts predict our population will reach 178 million—in 10 years 190 million.

There will be a continued suburban shift. New communities—needing new transportation services—will continue to spring up all over the countryside.

In 10 years, the railroads will have virtually abandoned the business of carrying passengers.

More and more people will be at work.

The average income will rise.

The workweek will be shorter, vacations longer. More people will be interested in seeing America.

More people will live longer—and enjoy retirement longer.

Millions will be on the move. They'll go south to chase the sun. They'll head west for more space in outdoor living and easy informality. They'll follow the dispersing industries. They'll come east to see the wonders of New York. They'll go to see the Pacific, the Atlantic, the mountains, and our great national parks. And millions of them will go in America's buses—from one horizon to the other.

"Look" Magazine editor, William Attwood, writing of his experiences in a three-month tour of the United States, says that "America is exciting . . . because it is changing faster than even Americans suspect."

And this adds up to a terrific challenge to America's bus industry.

It is a challenge not only to keep pace with our country's tremendous growth, but to forge ahead.

Billion Dollar Industry

It is my opinion that the bus industry will be a billion dollar a year business—more than twice its present total—within 10 years. Bus routes will grow to an amazing total with our use of the new and improved highways which will allow us to provide an even more comfortable ride and better time schedules between all cities. Whereas, we as an industry today serve exclusively some 50,000 communities, that figure will be doubled within the next 10 years.

Unquestionably, our equipment will be improved. Many will be powered by exciting new engines that are already undergoing secret work tests here and abroad. They will be more colorful with new type dyes, paints, and metals, adding brilliance to our highways. Unquestionably, more glass than ever will be used in their construction. The buses will be virtually picture-windows on wheels. The will ride more smoothly and quietly. They will be lighter in weight due to the use of new plastics and still-to-be-discovered new metals. They will be faster and will make more trips.

Most of all, they will be even safer with the introduction of advanced technology. (When I say that buses will be safer, I must hasten to point out that today bus transportation, according to National Safety Council records, is the nation's safest form of transportation. But we are not standing on the record. We seek always to improve.)

With the highways as they will be 10 years from now, plus the improved equipment, many more millions of Americans will go forth on bus trips from Canada to Mexico, and New York to Los Angeles. Despite the addition of new and greatly improved highways, the growth of our population and the addition of more motor vehicles will continue to cause traffic congestion, and there will be a growing demand for people to relax in vehicles operated by professional drivers. Vacations undoubtedly will be longer, and workweeks shorter. Bus vacations will be the nation's most popular form of diversion.

All these things will come to pass, if we will concentrate our best efforts towards telling one and all (as modern business does) of our assets and our contribution, and the service that we can and do render. This will establish our rightful place.

Rail-Air-Bus Competition

I cannot help but notice the expressions by various thinking transportation people, that the railroad industry which played such an important part in the early growth of our country, and which makes sizable contributions to the welfare and security of this nation, should now be restricted to the hauling of heavy density volume freight. Railroads have embraced with great joy the so-called Cabinet Committee Report on Transportation, particularly that part which recommends that they be allowed to compete with other forms of transportation where the rates are compensatory. This same good basic American philosophy should hold true in the transportation of persons.

It is unthinkable in this modern day and age that progress would be thwarted by an unsound approach in one field of transportation. A correct evaluation of this problem by regulatory bodies will place our industry in its proper light, and remove from our path the obstacles that are presently there.

Those who are charged with the administration and regulation of transportation for the security and well being of the country are duty-bound to give full consideration to what is the proper arm of transportation to do the job. We do not deny the place of the airline industry as a proper mode of transportation for those who desire extreme speed of travel between cities of considerable distance. However, I would like to note that they are the beneficiaries of sizable contributions towards terminal costs and traffic controls from Federal, county, and municipal agencies.

With the novelty of air travel wearing off, there are a great number of places where it is far more expeditious to use our type of service. Our elapsed time is more favorable when we take into consideration the time to and from the airport, and the cost is much lower.

Unlimted Horizon

So as we look at the picture today, we see unlimited horizons whose attainment can be achieved by a strong and unified industry, willing at all times to express themselves forcefully and ably to the nation as a whole, to the users and to administrators of our form of transportation.

Our great President, Dwight D. Eisenhower, in accepting last month the Republican renomination at San Francisco, took occasion to speak the words of Henrik Ibsen who once wrote:

"I hold that man is in the right who is most clearly in league with the future."

We in America's bus industry are surely in the right—for we are in league with a wondrous and exciting future.

*An address by Mr. Genet before the National Association of Motor Bus Operators' Annual Convention, Chicago, Sept. 12, 1956.

Boren Adds to Staff

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Sheldon Graff has been added to the staff of Boren & Co., 9640 Santa Monica Boulevard.

Violating International Contracts In the Name of Nationalization

By T. S. PETERSEN*
President, Standard Oil Company of California

Oil head ponders growing immoral acceptance of "the concept that a nation's sovereignty allows it to abrogate an international contract whenever it finds it expedient to do so"; notes such far-reaching consequences encourage international irresponsibility to point where there can be no basis for trust between nations, discourages aid to under-developed areas; hurts millions with direct savings involved, and the peoples of expropriating countries themselves. Mr. Petersen advocates strong stand be taken against arbitrary and unilateral abrogations, and correct labeling of nationalization when used as euphemism for breach of contract.

I'd like to begin by going back over recent history and briefly reviewing three breaches of international faith, and what impact they are having upon the sanctity of contracts and the resultant economic security and welfare of the Free World.

T. S. Petersen

The first of these is the expropriation of foreign oil holdings by one of the countries of our hemisphere back in the latter 1930's. This took place despite the existence of contractual agreements which were thought to protect the oil companies' interests.

Without attempting to go into the merits of either side's case at this late date, the primary significance of this occurrence for us that it established a serious and far-reaching precedent. It is a precedent that is coming back to haunt us today, cloaked in a new garment which many people conveniently — and incorrectly — are labeling with the word "nationalization."

Nationalization vs. Expropriation

This term "nationalization" was not commonly applied to the expropriation I just mentioned. The word "expropriation" itself was considered an accurate and official description of the action. But several years ago — in an eastern hemisphere country — a similar episode took place. This time, the chosen description was "nationalization," even though, again, it was a simple case of abrogation of a contract.

The company involved had an agreement with the government to develop the country's oil resources. Nevertheless, the company's holdings were taken over, without regard to the contract which both parties had freely entered into many years before.

Most recently, there has been yet another precedent-setting expropriation, this time involving a waterway upon which a great deal of the world's commerce has depended. This act, too, is being incorrectly described as a "nationalization." And more so than any of the similar events that have preceded it, this case is bringing home to us the point that an expropriation, even disguised as "nationalization," posed a very serious threat to the economic well-being and security of all free peoples.

A Malapropism

Why should we challenge the use of the word "nationalization"? Because the word is being employed to cloak with sovereignty and national pride an act that is nothing more than the violation of a binding contract. Through repetition, the meaning of the word "nationalization" is being improperly broadened to include the unilateral abrogation of contracts. Yet it should mean no such thing; and every time the term is so repeated it is to everyone's misunderstanding of the basic principles at issue.

Let me elaborate on this point:

First, keep in mind that the term "nationalization" initially came into common usage after World War II, when the British Labor Government came to power and nationalized several of England's industries. While many people in America—and in England as well—may not have been in sympathy with this action, there was no question about its legality.

It was a case of a government, elected by a democratic majority, plotting its own economic course. There was no violation of any contractual obligation. The private owners of the nationalized industries were **properly** compensated at the time their properties were taken over.

That was a legitimate nationalization, as I saw it—and I'm sure most others saw it—the case of a nation exercising its sovereignty over its own citizens, its own property, for what its government believed was for the common good. But since that time, the term "nationalization" has been **im**properly invoked to rationalize and dignify simple acts of bad faith.

In the other episodes I have cited, the governments concerned freely entered into contracts by which—in effect—they agreed to give up their right of nationalization for a given period of time. This was the guarantee they gave the companies as an inducement for making substantial investments. But after the investments had been made, the contracts were abrogated. What was this, if **not** bad faith?

I want to doubly emphasize this point I've been making. A nation has every right to take the private property of its own citizens to serve the common welfare. Our government does the same thing in this country when it condemns property for a highway right-of-way. But the term "nationalization" must not be used to mask acts of international irresponsibility, acts which destroy the integrity of international agreements in general.

I hope, for this reason, that you will not be misled and inclined to sympathize when you read that foreign holdings in one of the countries overseas have been supposedly nationalized. If those holdings are protected from expropriation for a given period by solemn agreements between the governments and the investors—as most such holdings are—they *cannot* be subject to nationalization in the proper sense.

While we may all be for the underdog—and Americans particularly sympathize with the patriotic aspirations of all peoples—we cannot condone any act of expropriation which tears down the fabric of international agreements. To do so is to encourage further violations of international faith.

Against that background, let me consider now the impact, and some of the broader implications, of these violations of contract sanctity.

The third episode I mentioned, because it concerns a heavily traveled trade route, provides us with a classic example of the far-reaching consequences with a single, unilateral contract abrogation can have.

Growing European Oil Consumption

Last year, Western Europe consumed nearly 2.5 million barrels of crude oil a day. About 1.3 million—better than half the total—came to Europe by way of this trade route. While Europe's economy at the moment still remains primarily a *coal* economy, there is no minimizing the area's growing dependency on petroleum. Where coal today supplies about 75% of Europe's energy needs, it's expected that in 20 years coal will be able to provide only half of the energy and oil will have to provide the rest.

Obviously then, any international development which might cut off or diminish the flow of oil to Europe is viewed with considerable alarm by all the countries of Europe. New routes would have to be found for the shipment of half of Europe's oil requirements, and the countries there would also have to turn to substitute sources of oil supply in other parts of the world.

The upshot would be that cost of Europe's oil would become substantially higher, a serious dollar drain would occur, and Europe's economic progress would be dealt a heavy blow.

Western Europe obviously would be hardest hit, but the people there would by no means be the only victims. The people of India and the Far East, for instance, would also be affected, because so much of their welfare depends on trading their raw materials for Europe's capital goods and consumer products.

Minimizing U. S. Oil Holdings Abroad

Likewise, in our own country there's an extremely large segment of the public which has a very personal stake in this situation. These are the millions of direct and indirect shareholders in oil companies with foreign interests, and the millions of others who are the dependents of these shareholders.

This is a point which I don't believe is appreciated enough, and which can certainly stand amplification here. There seems to be a tendency to minimize the extent of American holdings in the Middle East. We hear it said, "Oh, there's only four or five big companies over there, they can afford to stand the loss."

The facts are that there are *28* companies operating over there—not all of them big, incidentally. When you add up their direct stockholders, and the clients of investment trusts, foundations and insurance companies which have substantial holdings in these oil firms, you get something like three or four million people whose savings have gone toward the development of this foreign oil.

Then total up the eight or 10 million dependents of these investors. I submit this all adds up to a much bigger group than just "a few big companies," which supposedly can easily stand the loss. If there *were* any loss, it would be stood by millions of Americans. . . . If there *were* any loss, it would *not* be absorbed by some tight little group of millionaires — which simply doesn't exist—but by you and by me, and by our families and friends.

Oil Countries Hard-Hit, Too

Particularly hard-hit, too, would be the peoples of the oil-producing countries themselves. They have grown dependent upon oil revenues for their economic progress and well-being. In fact, the present prosperity of many countries—the great strides they have taken in social and economic progress—are all the product of income from oil operations.

True enough, the promise is usually made after an expropriation that stockholders will be properly compensated. But actually, the under-developed countries more often than not do not have the money to make proper payment. And how can compensation—assuming it *is* paid at all—justify the breach of the original solemn agreement? Also, in the case I've been citing, who is to compensate European consumers and oil producers, if their trade is disrupted.

This typical interdependence between buyers and sellers—between foreign investors and the countries of investment — points up the fact that, in our complex world of today, no nation has the moral right to violate agreements it has entered into freely, in the exercise of its sovereignty. Abrogation of a contract between an investor and a nation is not a purely national matter. It is completely international in every sense.

Affects Under-Developed Areas

In addition to the potential victims I have just cited, these violations of international contracts have tragic forebodings for yet another group. This is comprised of the peoples of under-developed countries all around the world, who look to the more prosperous nations for technical and financial assistance in developing their resources and their standards of living.

No one can really measure the good that American businessmen have done abroad. But since the end of the war, their development projects overseas have been extremely important factors in the foreign affairs of our country.

Despite the way we may sometimes feel, I believe that Americans enjoy a great reservoir of good will in the minds of *people* elsewhere in this world. Many things have gone into the creation of this reservoir, and not the least of them has been the contribution of American businessmen to all kinds of progressive activities.

Because I am an oil man, I know best what our industry has done. Oil companies in the last two decades — and before — have made the most substantial of all American private investments abroad. Oil men have been among our country's best ambassadors of good will, because they took with them a multitude of good things for the benefit of many. These Americans have consistently recognized the right of their host countries to maintain their own political and cultural self-determinations and to add to their ways of life only what they have chosen to accept.

All these Americans have taken away has been the oil, which, lying underground, was useless to these peoples until it was developed.

Provides Progress and Friends

The skills and knowledge the oil men have painstakingly built up in a century of the development of their industry in the United States have been shared freely. The income thus provided has built up the health of people in desert and jungle and they live longer. Their opportunities for economic improvement have been advanced immeasurably. They have been taught to use some of the complicated machines upon which the Western World's prosperity and physical advancement have been largely based. They have gotten to know Americans and the American love of freedom and belief in the individual. Perhaps most important of all, they have been given the hope that they and their children can have a better life than preceding generations have had.

But now, this progress is in danger. As I see it, the instances of violation of international contracts between governments and private business are generally bound to weaken the confidence of world investors. These investors cannot for long be expected to pour their skills, knowledge and capital into works that are subject to seizure as soon as the enterprises reach the paying stage and long before the contracts have reached their legal termination.

Unfortunately, it has been all too evident that so-called "just compensation," even if it can be made promptly, rarely, if ever, is adequate to indemnify the investor for either the present value of his holdings or, more particularly, for what the holdings might have earned for him during the anticipated life of the contract. In effect, the foreign investor who does a good job has *no* safeguard for his investment, other than his own faith in the government with which he contracts. I ask you to think what chaos would ensue in the United States if freely signed contracts, engaged in for mutual benefit, stood only upon the immediate expediency of the parties involved.

With all this in mind, it is only reasonable to expect that investors in important foreign projects will proceed with great caution in the future. No matter how attractive the potential may appear, no matter how forward looking the investor may be in seeking means to expand the world's use of its resources, he is going to tend to hold back when he has reason to suspect that he will be turned out once his venture begins to show a measure of profit.

I cannot emphasize enough what a retardment of the international flow of brains and capital might mean to the under-developed nations of the world, and to the Free World in general.

Aided U. S. A. Development

To go back in history for a moment, you are all aware of the key role which British capital played in the industrial development of our country, particularly in opening up the West. Of course, the British profited—but so did we. Would we have moved forward as rapidly as we did in the latter half of the 19th century and the first part of the 20th if it had not been for such help? Many of you men here today can remember the stories of hardship in New Mexico and other parts of the Southwest told by your fathers and grandfathers. But, they worked hard and honored the contracts into which they had entered and all of us are proud of them that they did so. I do not recall any instance in which the terms of investments and contracts were abrogated merely because they represented money put up by someone outside of the United States.

The British and other foreigners invested their money in the confidence that Americans would uphold their contractual obligations. I submit that our economic development would have been seriously hampered if we hadn't kept our word.

Then, around about 1900, Americans themselves had accumulated enough capital so that they were in a position to return the favor they had received and to begin investing directly in foreign enterprises. Since then, these private American investments abroad have grown steadily to almost $30 *billion*. The results have been

*An address by Mr. Petersen before the New Mexico Petroleum Industries Committee, Albuquerque, Sept. 17, 1956.

overwhelmingly on the good side, not only for the people we have helped, but for ourselves.

Cannot Live Alone

These investments have been and are one of the cornerstones of our nation's leadership in world affairs. The Americans who have gone abroad to help operate the ventures which these investments have financed have come home with the realization that we cannot live alone in this world of ours, that we *are* our brother's keeper when we can help him out.

Our company, I am proud to say, has been one of the leaders in going abroad. True, in some countries we have made money, but in many others we have not. Nor have these funds for foreign development always come easily, because at some of the times it would have been a lot less trouble to have kept at home what money we had. I recall when the day came that we had agreed to put up a $50,000 guarantee to King Ibn Saud for the Saudi Arabian concession, all the banks in the United States had been ordered closed. But, somehow or other we did get together that much money and paid it to him as we had agreed to do. I am sure that this instance of scrupulous adherence to an agreement did not go unnoticed by King Ibn Saud and that it contributed to the trust he and his successor, King Saud, have displayed in us.

However, trust can be a much broader thing than the feeling of confidence between individuals and groups of individuals.

European Oil Dependence

It has been the basis of the *faith* which the countries of Europe demonstrated when they began their present trend toward an oil economy. True, the course of time had come to the propitious moment for the large-scale use of oil in Europe. But, hard-headed Europeans would not have considered the time propitious had they not believed they could depend upon adequate sources of oil, as developed by the various companies in the business around the world, and the uninterrupted flow of that oil.

It has been my experience that people everywhere want to cooperate with each other when they can feel confident that the benefits to be obtained from such cooperation will be mutual. Furthermore, each working example of trust and faith adds to the whole, just as each violation detracts from it.

In the business world, the foundation of trust and faith is the belief that agreements and contracts will be honored. When a land-owner gives anyone of you a lease, he feels confident that you will carry it out as the contract provides. I believe that we oil men do not have to take a back seat to any industry in the manner in which we keep our agreements, at home and abroad.

It will be to the great and long-lasting benefit of the whole world if faith in the sanctity of contracts can be maintained and fostered. There is far more to this than money, far more in it for you and me and for a lot of other people.

No man, no group, no nation, can live alone in this world of ours today. The consequences of an important breach of faith pass around the world, touching upon peoples who can least afford to suffer them. Each such violation of solemn, contractual obligation weakens the structure of international agreements in general, which, at the very best, are based on nothing more solid than faith and integrity between human beings.

If this integrity were to be destroyed, if a sort of international anarchy is to take place, the impact must be felt everywhere. It will be felt in the weakening of our European allies. It will be felt in the slowing of progress within countries that depend on prosperity elsewhere for their own welfare. It will be felt in the continuation of depressed conditions abroad, which might be improved through the assistance of foreign investors.

Perhaps such things seem far away. But, we all know they are not, that the world's problems are our problems.

How should we proceed? All of us here will be quick to agree that there are no fast and easy solutions.

Advocates Strong Stand

I should like to suggest that to me the answer seems to lie in two general directions:

First, our own country and the other nations of the Free World which are parties to existing contracts should take a strong stand against arbitrary and unilateral abrogations of these agreements.

Private investors owe an obligation to carry out the spirit and letter of their agreements, and to renegotiate their contracts in good faith as changing circumstances may require. By and large American business has followed this precept, and I can cite the American oil companies operating abroad as good examples. It means, too, that the host countries must protect the interests of foreign investors within their boundaries; submit disputes to negotiation or arbitration, if necessary; and keep a check on the kind of short-sighted nationalism that threatens international unity and cooperation.

Repudiate Nationalization Concept

Secondly, the responsible nations of the world should repudiate the concept that a nation's sovereignty allows it to abrogate a solemn contract whenever it finds it expedient to do so. If every international agreement is to exist only so long as either party finds it convenient, then there can be no basis for trust between nations.

Responsible governments throughout the world have a moral obligation to uphold the integrity of international agreements, and, needless to say, the United States owes a special obligation. That obligation is to assert world leadership in affirming that there is still progress to be made in this world through agreements founded on nothing more solid than the word and integrity of responsible people.

J. C. Atkin Opens

EVANSVILLE, Inc. — Jack C. Atkin is engaging in a securities business from offices at 213 So. Spring Street.

A. B. Bletz Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Allen B. Bletz is conducting a securities business from offices at 9716 Santa Monica. He was formerly with Lloyd Arnold & Co.

C. P. Henry Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles P. Henry has opened offices at 1179 Market Street to engage in a securities business.

Paul V. Shields Elected

Paul V. Shields, senior partner of the investment firm of Shields & Co., New York, has been elected Chairman of the Board of National Automotive Fibres, Inc.

Form Handy Finance Corp.

BRONX, N. Y.—Handy Finance Corporation has been formed with offices at 3445 Boston Road to engage in a securities business.

Free World Must Curb Inflation

By HON. GEORGE M. HUMPHREY*

Secretary of the Treasury

Governor of the International Monetary Fund and International Bank for the United States

Mr. Humphrey notes "very real" worldwide problems arising from prosperity and peace, to balance demands for defense, high consumption, and economic development against available resources; and maintains government financial leaders have "trustee" responsibility to preserve value of the people's work and money. Asserts United States has met its responsibilities by balancing the budget, freeing economy from artificial restraints, and allowing monetary policy to operate for public good—resulting in record employment and prosperity.

Problems Stemming From Prosperity

The basic problems which confront us in most of our countries are the economic and financial problems arising—happily—out of high prosperity in a world at peace. It might seem surprising that peace and prosperity should cause trouble for Finance Ministers and Central Bank Governors. These present troubles of ours are much more bearable than those of depression or war. They are, nevertheless, very real.

Geo. Humphrey

These problems arise from the insistent and conflicting demands on available resources in each country. The question, in a few words, is how to finance both needed defense and high prosperity without inflation.

It is our task to balance the demands for defense, high consumption, and for further economic development, against available resources. We have to steer as best we can the difficult and often unmarked channel between the whirlpool of inflation and the rocks of deflation.

*Statement of Mr. Humphrey at the Opening Joint Session of the International Monetary Fund and International Bank, Washington, D. C., Sept. 24, 1956.

A Trustee Responsibility

We who are gathered here—Ministers of Finance and Central Bank Governors—have a very special responsibility to the people of our countries. We are the trustees of the value of our people's work and skill which is to say, the value of their money. We are responsible for the value of their wages and salaries, their savings accounts, their pensions and insurance policies, and the other investments they make to provide for the future. This is a sobering responsibility and trusteeship. The average citizen cannot defend himself against the terrible hardships of inflation.

Inflation brings with it grave social injustices and instability. It destroys not only the value of savings but also confidence, and security, and social values. Inflation is the cruelest form of theft—a theft with greatest harm to those least able to protect themselves. Inflation results in the destruction of the value of money. It is attractive only to those unwise politicians and others who are willing to sacrifice long-term good for unreal but falsely apparent immediate gain.

We here have a special trusteeship, additionally, because inflation destroys the incentive to save and to invest funds. Without such saving and investment in productive enterprise, we cannot have the growing and dynamic economies from which can come more and better jobs and higher standards of living for our growing populations.

It is far too little realized what an important contribution good money—money which people can trust—makes to the soundness of a nation. Confidence in the value of money is one of the greatest spurs to economic progress because it is an incentive to save, and it is our peoples' savings over the years—large and small savings alike—which have built up our countries.

This is the trusteeship which we have—to avoid inflation. In this we are the trustees of the people and the future of our countries. We are the trustees for continued growth and continued peace and prosperity of our people.

U. S. Has Met Responsibilities

We in the United States, responsible for the government's financial and economic policies, have tried to continue to discharge wisely this trusteeship and this responsibility. We have brought the budget into balance. We have freed the economy from artificial restraints and allowed monetary policy to operate for the public good. We can fairly report that although we are not free from problems, we have had substantial success. Employment is at the highest level in our history. National production is establishing new records. The cost of living has moved within a very narrow range. Confidence is high and savings are growing. This job of nourishing a dynamic U. S. economy, while also maintaining the U. S. dollar as a strong and reliable currency in the world, must be carried forward. This is not only a duty to ourselves; it is an important contribution to all of you, our friends from abroad.

Many of you have similar problems. We have been pleased to see so many of the free world economies grow and strengthen during the past year. It is our hope and belief that the interchange of views in these meetings will give us all greater courage and inspiration in our essential tasks, and that the Fund and Bank will continue to render effective aid at many key points.

Howard M. Palmer Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Howard M. Palmer has opened offices at 351 North La Cienega Boulevard, to engage in a securities business.

Machine Tool Purchasing Costs Financed by Alternative Plans

By DR. R. M. SOLDOFSKY
Assistant Professor of Finance
College of Commerce, State University of Iowa

Finance Professor analyzes alternatives to "pay-as-you-depreciate" plan of financing equipment in explaining the marked interest rate differences that result from buying a machine tool under one instalment plan as against another. Dr. Soldofsky finds the real—as compared to the nominal or stated—interest rate to be much larger in the sum of the years-digits method of depreciation accounting, or when interest is charged on the original balance, than when paid on the basis of the unpaid balance of an instalment loan.

It is well known to businessmen that the 1954 Federal Tax Code permits depreciation to be charged off on a sum of the years-digits basis or on a double-rate declining balance basis as well as the traditional straight line basis. It is also generally understood that the depreciation charge made on the accounting records is a non-cash charge and, therefore, a measure of the extent to which cash is "released" or becomes available within the business.

Robert M. Soldofsky

By combining these two facts—the more rapid depreciation and the "release" of cash through the depreciation charge—some manufacturers and lenders have geared installment payment schedule on the purchase of new machine tools and other equipment to the sum of the years-digits method. (For example, see "Iron Age," Oct. 28, 1954, page 45.) The advantages of using more productive equipment are well advertised, but the differences in the interest rates that result from buying a machine tool under one installment plan rather than another are less well known.

Two typical methods of financing the purchase of new equipment are (1) with a bank loan and (2) through a finance company, the manufacturer himself or his subsidiary finance company. Under the latter method repayment may be made in equal monthly installments or may be geared to the "release" of cash under the sum of the years-digits method of depreciation. Let it be assumed a firm is buying $40,000 of equipment and is required to make a 25% or $10,000 down payment. A six-year bank loan might be obtained at, say, 6% to help finance the purchase and the interest would be charged on the unpaid balance only. Payments on principal and interest would be as follows: (assuming annual payments for the sake of simplicity of presentation).

Year	Opening Balance	Payment On Principal	Int. on Unpaid Balance at 6%	Total Payment
1	$30,000	$5,000	$1,800	$6,800
2	25,000	5,000	1,500	6,500
3	20,000	5,000	1,200	6,200
4	15,000	5,000	900	5,900
5	10,000	5,000	600	5,600
6	5,000	5,000	300	5,300
		$30,000	$6,300	$36,300

The $30,000 due on the machine tool after the down payment may be financed by the manufacturer himself, a subsidiary finance company, or a commercial finance company. If the rate of interest charged is 4¼% and payments are made annually, the total payments of principal and interest would be as follows:

Debt	$30,000
Int. at 4¼% per year for 6 Years	7,650
	$37,650

Even though the interest is at a lower rate the total amount of interest paid is greater than in the case of the bank loan because in the first case interest is charged on the basis of the original balance rather than on the unpaid balance. On the basis of *simple* interest and equal annual installments the pertinent details are as follows:

	(1)	(2)	(3)	(4)	(5)
Year	Opening Balance	Payment On Principal	Interest On Original Unpaid Balance	Total Payment	Rate of Interest
1	$30,000	$5,000	$1,275	$6,275	4.25%
2	25,000	5,000	1,275	6,275	5.10
3	20,000	5,000	1,275	6,275	6.38
4	15,000	5,000	1,275	6,275	8.50
5	10,000	5,000	1,275	6,275	25.50
Total	$105,000	$30,000	$7,650	$37,650	

The average annual unpaid balance of $17,500 divided by the annual interest of $1,275 results in an effective interest of 7.0%. If payments are made monthly, the average of the monthly unpaid balance approaches $15,000 and the effective rate of interest is slightly under 8.5%.

Under the newest installment plans of the manufacturers and the commercial finance companies, installment payments are tied to the "release" of cash on the basis of the sum of the years-digits method of depreciation. The pertinent facts under this plan are as follows:

Year	Proportion Of Debt Paid	Opening Balance	Payment On Principal	Interest On Original Unpaid Bal.	Total Payment	Rate of Interest (3) + (1)
1	6/21's	$30,000	$8,572	$1,275	$9,847	4.25%
2	5/21's	21,428	7,143	1,275	8,418	5.95
3	4/21's	14,285	5,714	1,275	6,989	8.94
4	3/21's	8,571	4,286	1,275	5,561	14.88
5	2/21's	4,285	2,857	1,275	4,132	29.75
6	1/21's	1,428	1,428	1,275	2,703	89.29
Total	21/21's		$30,000	$7,650	$37,650	
Weighted Average		$8,143				

The payments on principal in each of the first three years are larger than when the installments are equal. Because of this the weighted average balance of the debt is only $8,143 and the rate of interest averages 15.7% ($8,143 ÷ $1,275). If payments were made on a monthly basis the weighted average would be approximately $6,666 and the effective rate of interest would be 19.1%. On the basis of a 4¼% rate of interest and monthly payments, the effective rate of interest would be approximately 14% for a three-year period, and it would increase to approximately 20% for a ten-year period.

It is well known that the rate of interest is much less when interest is charged on the basis of the unpaid balance rather than the original balance of an installment loan. When the installments are geared to the sum of the years-digits method of accounting for depreciation, the effective interest rate is likely to be 4-5 times as large as the nominal or stated rate of interest. The purchaser should pay very close attention to the cost of financing the purchase of equipment by alternative methods and select the method which is most advantageous to him considering his total financial and economic circumstances.

Customers' Brokers Elect New Officers

The Association of Customers' Brokers has elected the following officers for the 1956-1957 year:

Albert F. Frank

Alan C. Poole

J. Harold Smith

Gerald Wilstead

President: Albert F. Frank, Ladenburg, Thalman & Co.
Vice-President: J. Harold Smith, Hirsch & Co.
Treasurer: Gerald L. Wilstead, Hallgarten & Co.
Secretary: Alan C. Poole, Hemphill, Noyes & Co.

Also named to serve two-year terms on the Executive Committee were Todd G. Alexander, Auchincloss, Parker & Rednath; Beatrice Bougie, McLaughlin, Cryan & Co.; Nicholas E. Crane, Dean Witter & Co.; Daniel F. Davison, Hayden, Stone & Co., and William Winslow, Merrill Lynch, Pierce, Fenner & Beane.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

The Nominating Committee of the Security Traders Association of New York announces that an open meeting will be held at the Antlers Restaurant, 67 Wall Street, at 4:30 p.m. on Oct. 1. Members of the Nominating Committee are Alfred F. Tisch, Fitzgerald & Company, Inc., Chairman; Richard F. Abbe, Shearson, Hammill & Co.; Thomas Greenberg, C. E. Unterberg, Tobin & Co.; Joseph D. Krasowich, Gregory & Sons; Stanley L. Roggenburg, Roggenburg & Co.

THE SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

The arrangements committee of the Security Traders Association of New York reports the completion of the fall program for members:

Annual Beefsteak Party—Oct. 17, 1956.
Cocktail Party Dinner & Dance—Nov. 24, 1956.
Annual Meeting & Cocktail Party—Dec. 7, 1956.

The Beefsteak Party will be held at The Antlers, 67 Wall Street, commencing at 5:00 p.m. A good old fashioned Beefsteak is planned, no speeches, the tariff is all on STANY.

The Cocktail Party, Dinner & Dance, the second, is planned as a result of the very favorable comments by members and their wives who attended last year's affair.

This affair will be held in the Grand Ballroom, Hotel Commodore, on Saturday, Nov. 24, 1956, informal dress. Cocktails will be served from 7 o'clock, Dinner at 8:30 p.m. $30 per couple including gratuities.

There will be no seating arrangements, unless a table of 10 is reserved. No Head Table, no speeches. Each table will be decorated with a magnum of Champagne at no additional charge. A top notch band and entertainment has been engaged. Checks are to be made payable to STANY and mailed to Elbridge H. Smith, c/o Stryker & Brown, 50 Broad Street.

With regard to the Annual Meeting, the Board of Directors feels that all members should make a strong effort to attend. The importance of member participation in STANY affairs cannot be over-emphasized.

A Cocktail Party is planned at the conclusion of the meeting which will be held at The Bankers Club.

COMING EVENTS

In Investment Field

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.

Sept. 28, 1956 (New York City)
Charles Hayden Memorial Trophy Golf Tournament at the Apawamis Club, Rye, N. Y.

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. 17, 1956 (New York City)
Security Traders Association of New York Annual Beefsteak Party at the Antlers.

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. 24, 1956 (New York City)
Security Traders Association of New York cocktail party, dinner and dance in the Grand Ballroom, Hotel Commodore.

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.

Dec. 7, 1956 (New York City)
Security Traders Association of New York annual meeting and cocktail party at the Bankers Club.

Jan. 14-16, 1957 (Chicago, Ill.)
American Bankers Association 9th National Credit Conference.

Mar. 18-20, 1957 (Chicago, Ill.)
American Bankers Association 11th National Instalment Credit Conference.

J. D. Creger Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif. — Calvin E. Clifford, Hugh R. Graham, William J. Lytton, Henrietta Miller, Irving G. Searcy and Harry H. Young are now with J. D. Creger & Co., 124 North Bright Avenue.

With Security Planning

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla.—Leroy C. Clifford, Nicholas D. Gereffi, Juan B. Gould, Richard A. Grass, William Karley, John J. McCarthy, Mrs. Evelyn McDade and Mrs. Muriel Siegel are now affiliated with Security Planning Inc., Harvey Building.

A Richer Life in a Poorer World Can Be Achieved With Teamwork

By B. BREWSTER JENNINGS*

Chairman of the Board Socony Mobil Oil Company, Inc.

Stressing the importance of teamwork, Socony Mobil Chairman envisions problems of the next 44 years, differing from past 56 years more in size than in nature, and believes the race of resourcefulness can keep abreast of the harder problem of obtaining resources to meet the expanding needs of our growing population. Mr. Jennings condemns such deterrents as inflation, proposed graduated corporate income tax, and nationalization, particularly when capital needs loom larger than ever before; concludes big business is socially desirable and has not prevented small business growth, and opines energy and capital will get, and make available, what we need provided we forge ahead in education, inventiveness, organization, management and fair play.

Young people who will cast their first vote this November will spend their retirement in the 21st Century, now only 44 years. Their business careers will span most of the last half of what in all probability is the most important and significant century of all tens of thousands of years that man has lived on our planet.

B. Brewster Jennings

This is so because of the rapid development of industry and science since the great inventions of the 19th Century.

I propose today to review some of the more important things that have happened in the 20th Century to date, give you my guess as to what we may expect between now and the year 2,000, and then suggest certain courses of thought and action which appear essential if the great problems we face are to be dealt with effectively.

As a starter, let us look at just a few of the changes that have taken place in our population and in our use of energy and of certain basic raw materials since the turn of the century. Our population in the United States has more than doubled. Our energy use is nearly five times what it was. Our copper consumption is seven times the 1900 figure, and our steel consumption more than 10 times. Our oil use is 75 times what it was. Trends in the rest of the world have been similar though not as pronounced.

Enormous as these increases are, some of them would have been bigger still except for the introduction of new raw materials, the use of which has grown even faster. Our consumption of aluminum, for example, which in some areas competes with copper, has increased at an annual rate three times as fast as our use of copper.

More People Consuming More Per Person

What has made the increase in our energy use and raw material consumption almost explosive in character is the multiplying of a rapidly growing number of people by an even more rapidly rising standard of living—more people consuming more per person.

Our ability to meet this demand is far more of a testimonial to our natural resourcefulness than to our natural resources. By invention and industrial organization our people have managed to meet the problem along two lines, first by making a ton, a barrel or a cubic foot of raw material go farther—do more work—than ever before, and second by producing more and more from sources either poorer, or less accessible, or both. Let me cite just a few examples:

Along the line of making better use of our raw materials, at the turn of the century it took about seven times as much coal to generate a kilowatt hour of electricity as it does today. Only 38 years ago it took twice as much crude oil to produce a gallon of gasoline as it does today, and that earlier gasoline was not nearly as good as today's. Thirty or 40 years ago, except in unusual cases, oil men were lucky to recover a quarter of the oil in a field. Now, recovery of more than twice that much is not uncommon.

Along the other line — using poorer and less accessible sources of raw materials—half a century ago all of our iron ore was so rich it could be taken directly to the blast furnaces. Nowadays more than a quarter of all the iron ore shipped in this country and Canada has to go through an expensive, eight-step beneficiation process requiring enormous capital investment.

Miners Are Having to Go Deeper

Miners are having to go ever deeper for the rich iron ores that are left in our own country, and at the same time the steel companies are developing new sources in other countries, all the while comparing the rising cost of using deeper or lower grade ores at home with the risks and costs of finding and mining ores elsewhere and transporting them to the United States.

When iron was first discovered on the Mesabi range in northern Minnesota, there was nothing to do but scoop it up. Put in recent years, to get at a body of ore in Canada, one of our steelmakers drained a lake, and another, to get ore from a mountain in Venezuela, built a railroad, dredged a river, then erected a new steel city on the Atlantic seaboard of the United States to process it.

In the petroleum industry the story is much the same. We find ourselves forced to go ever deeper and farther away for oil. Last year in this country oil producers drilled 78,500 feet — roughly 15 miles—for every million barrels added to reserves. Only 10 years earlier the same addition to reserves was obtained by drilling 50,000 feet. Last year we had to drill 20 wells to find a million barrels of oil. Ten years earlier it took only 14 wells.

Oil for Three and a Half Hours

A million barrels of crude oil, by the way, meets the needs of the American people for less than three and a half hours. Between now and the time you start home from work this evening another million barrels of oil will be gone forever. In our business there is no scrap to be reused.

The greatest single discoveries added to our domestic reserves in recent years have been made by wells drilled out of sight of land in the Gulf of Mexico. Taking the world as a whole the greatest additions to reserves in the past 10 to 15 years have been found in the area to the north and west of the Persian Gulf. There as a matter of fact, halfway around the world, lie two-thirds of all the proved oil reserves on earth today.

The story of copper has not been unlike that of iron and oil. In the 18th Century ores assaying less than 13% copper were considered impracticable. By the beginning of this century the average grade of copper ore being processed was about 5%. Currently it is well below 1%. In the Great Lakes region mines are today recovering copper from materials which they discarded as waste five decades ago.

Problems Getting Harder All the Time

Every one of you can think of other examples, each a triumph of resourcefulness. We can be proud of them but not complacent because our problems are getting harder all the time.

As we look ahead to the year 2000 we must anticipate, first continued population growth. While experts do not agree precisely in these matters, it is competently estimated that as compared with a population of two and a half billion now, the world will contain three and a half billion people by the end of this century. If the present rate of natural increase continues, the population of the United States can double by the year 2000.

Second, we must anticipate continued improvement in living standards throughout the world. Not only will the relatively well-to-do live better but the millions now living marginally will attain a substantial level of comfort.

Our third anticipation is a consequence of the first two. It is that more people living better will pose a tremendous challenge to the world's agriculture and industry to supply their material wants. What we have seen in the first half of this century in that regard is only a foretaste of what we must expect in the next 44 years.

Fourth, there is every reason to anticipate that the problems of meeting these rising demands will become progressively greater as depletion of irreplaceable natural resources forces us to turn to even less accessible and still poorer sources of raw materials.

Depend on Mental and Moral Resources

Some of the best work and most stimulating thinking along these lines has been done right here in southern California at the California Institute of Technology. The Cal-Tech findings boil down to this: Given sufficient energy, the essential raw materials can be obtained for the indefinite future. Given sufficient capital, the needed energy can be made available. But in the last analysis these prerequisites depend on mental and moral resources—on education, inventiveness, organization and management, and fair play.

If this appraisal of probable developments between now and the next century is valid, it follows that our civilization is confronted with a tremendous challenge. How can this challenge best be met?

It may help us if we start by inquiring how we got where we are. Basically the problems of the second half of this century seem likely to differ from those of the first half more in size than in nature. If we are wise enough to recognize the sources of our progress in the past, we may see how to maintain and increase it in the future.

Man's Greatest Discovery—Teamwork By Agreement

Man's greatest discovery is not fire, or the wheel, or the internal combustion engine or atomic energy, or anything in the material world. It is in the world of ideas. Man's greatest discovery is teamwork by agreement. I do not mean to suggest that every agreement to work together has been good. That would be like arguing that every fire has benefited mankind. But the advance of civilization can almost be told in terms of widening appreciation of the fact that working together to produce more of the good things of life pays better than fighting with one another over the division of what is already available.

Nowhere on earth and at no time in history have so many men worked together of their own free will under a common direction as in the business organizations of our country. If there is one thing that seems certain for the rest of the century it is that such teamwork, on an ever increasing scale, is going to be required just to maintain present living standards, let alone improve them. And they must be improved if for no other reason than that human happiness is based on having things a little better each year, both materially and spiritually, than they were the year before.

Progress Increases Need for Teamwork

Every step of the way on the long road of human progress has increased the need for teamwork. A man can transport himself and his goods by walking or even by riding a horse if he can catch himself a horse. That requires little or no teamwork. A wagon or a stagecoach provides better transportation, but requires more teamwork. And, of course, an immensely greater amount of teamwork is needed to move us and our goods by auto, truck, bus, train, ship or airplane.

A few men with a few tens of thousands of dollars of savings can drill a shallow oil well in settled country. It takes a much bigger organization to build a steel-legged island in the Gulf of Mexico or in the Pacific Ocean, and from it drill a well reaching down miles below the waves. Similarly the costs and risk involved in searching for oil in underdeveloped countries across the ocean are of an entirely different dimension from those in this country. It is necessary to build docks and roads and water systems and complete towns, to bring in vast stores of equipment, and skilled people to train the nationals for a variety of jobs. On top of all that, facilities for transporting, refining and marketing the oil have to be created, sometimes from scratch.

No major oil development in the Middle East is now the undertaking of a single company, even though the leading companies in the oil industry are of substantial size. There was one exception in recent years but that exception no longer holds. Iranian oil formerly produced wholly by the Anglo-Iranian Oil Company today is being handled by a consortium of oil companies from England, France, the Netherlands and the United States.

The history of the development of foreign sources of iron ore has

Continued on page 42

*An address by Mr. Jennings before the Rotary Club of Los Angeles, Calif., Sept. 14, 1956.

THE MARKET . . . AND YOU

By WALLACE STREETE

Some important resistance levels were breached by the stock market this week when a string of six weeks of desultory action was snapped by a slump that just about wiped out all the progress of the summer rally.

* * *

Rails, which had seemed about to do better after a couple of one-day splurges, sold down to around their poorest levels of the year. The industrial average was in minus territory on the year with a prospect of testing its May low which was around a dozen points away.

Tight Money and Politics

There was little in the Suez situation that could be blamed for the latest downturn, since the Canal impasse is hardly new at this stage. Consequently, the tight money market and uncertainty over the political picture had to assume the burden of blame. The fact that the market had dawdled all through August after a couple of unsuccessful tries for a new peak, and that price erosion has been a feature of September set up an unfavorable technical situation that bred caution at best and prompted selective selling at least by the short haul traders.

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Volume was, if anything, on the low side for one of the few favorable notes. The managers of the larger portfolios refused to share the pessimism rampant in the Street and were pretty much sitting pat except for the inevitable switching that is necessary to keep a varied investment bundle abreast of conditions. Among the portfolio managers the fact that some stock yields were in line with bond yields was a sign of caution for the near term but not enough of one to prompt any wholesale liquidation. Their feeling currently is that long range prospects are unimpaired, although the impatient investors who have found it an easy game up to here are about to learn about a different facet of the market.

Motor Stocks Quiet Down

Marketwise the auto stocks came to an end, at least temporarily, of their recent buoyancy. But there are still plenty of students who regard them as one of the more promising groups, with the camps about evenly divided over whether it will be Ford or Chrysler that shows the best sales snapback. Chrysler has realigned its executive lineup both for more efficiency and more sales punch. The industry generally seems to have mastered the dealer inventory problem and the introductory season for the new models, imminent now, is traditionally a time for popularity among the automotive shares. Some of the more dour earnings projections for 1956 made awhile back are being revised upward, consequently. Some estimates had placed Chrysler's results as low as $3 for the year but the figure more popular currently is a full dollar above that pessimistic one. Ford, which sells a dozen points below Chrysler, is currently being figured for earnings this year running toward $4.50.

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The hunt for increased dividend possibilities was if anything sharpened by the discouraging market performance, particularly since suspect yield levels alter drastically as soon as a higher rate is posted. Cooper-Bessemer which on the present $2 rate showed a yield of close to 5% was among the issues where earnings are believed adequate to support a hike. This issue, moreover, has the benefit of a small capitalization, only a shade over half a million shares, which is attractive to some market dabblers because market action can be sharp where the floating supply of stock is small.

Promising Paper Issue

Union Bag & Paper, rather well deflated from its high this year, is also rather widely regarded as a candidate for at least moderate improvement in the $1.20 cash payment since even an increase to $1.50 would seem to be earned at least twice over this year. As paper stocks go, and the long range element is still bullish on the insatiable demands of present-day economy for all types of paper products, Union Bag has been available around a 11-times-earnings basis, which also is considered a reasonable ratio for the current market. The stock, moreover, is also a candidate for better market action in the school favoring "new leaders" for the next show of strength. It has held in a range of only 16 points so far this year against the 20 to 30-point swings of St. Regis, Great Northern Paper and International Paper. These, incidentally, have retreated rather generally in the sick markets to trim back some of the excessive speculative interest shown in them earlier in the year.

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From strictly a yield basis there was some tentative nibbling among some of the better grade preferred stocks which, along with bonds, have had to contend with some revised money market ideas that whittled them down pricewise. This, in turn, lifted yields to or above the 5% level which, against some of the yields available on the growth stocks that have been the real popular market favorites in the bull swing, are decidedly attractive. Cluett Peabody, Reading Co., Reynolds Tobacco, Safeway and American Smelting preferreds are among the better grade ones that have been selling at a yield of 5% or close to it.

* * *

Mesta Machine, among the common stocks offering a 5% or better yield, had a growing following among those who hunt among the machinery firms for issues that will benefit from the heavy capital expenditures for plant and equipment that are necessary in this day of technology. Machine tool shipments fell sharply from 1953 to last year when orders took a sharp upturn late in the year. The obvious possibility in that earnings will be able to snap back smartly.

Carrier Yields Attract

Rails, although inert marketwise save for an occasional fling, are still favored by a somewhat sophisticated, although limited, clientele. The attraction here is above-average yields, possibilities for a rousing fourth quarter business this year and the growth of traffic along their lines as business expands. Rock Island, for instance, is available at a yield of above 7% which is also true of Erie. Erie has the distinction of being one of the more neglected of the carriers with a price range this year that has yet to span four full points. The carriers generally have been conservative in the dividend department so that the payments are well sheltered.

[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.]

L. C. Parlate Opens

BUFFALO, N. Y. — Lucian C. Parlate is engaging in a securities business from offices in the Shelton Square Building. Mr. Parlate was previously with Bache & Co.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Clifford G. Brand, Frederick W. Bushnell, Jr., Ervin J. Dimter, Alfred A. Fournier, Marianne Masako Kimura and Freeman W. Reid have joined the staff of FIF Management Corporation of Denver.

Join Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Maurice A. Bugbee and Albert D. Schlossin are now connected with Samuel B. Franklin & Company, 215 West Seventh Street.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

David Haviland

David Haviland has been elected Vice-President of **Chemical Corn Exchange Bank, New York** it was announced on Sept. 20 by Harold H. Helm, Chairman. Mr. Haviland, a former Assistant Vice-President, is a member of the bank's National Division and is responsible for its business in the New England States. After his graduation from Yale University in 1937, Mr. Haviland joined the Chemical Bank. A reserve officer, he was on active duty with the U. S. Army from 1940 through 1945.

* * *

Herbert D. Shea, of the Out-of-Town Division of **Bankers Trust Company of New York** has been named Vice-President of the company it was announced on Sept. 24 by S. Sloan Colt, Chairman of the Board. Simultaneously, Mr. Colt made known the promotion of John Hawes, Jr., formerly a manager in the Foreign Exchange Division, to the position of Assistant Vice-President and the election of John C. Ketchum, Jr., of the Petroleum Group, Paul W. Marpe, of the Foreign Division and Edward H. Pennell, of the Out-of-Town Division to Assistant Treasurers. Mr. Shea has been associated with the bank since 1933. After work in credit and field investigation, Mr. Shea joined the North Atlantic Group in 1943. He was named an Assistant Treasurer in 1943 and an Assistant Vice-President in 1946. Mr. Hawes started his career with the bank in 1951 and was named a manager in the Foreign Division in 1955. Mr. Ketchum began his career with Bankers Trust in 1952 serving in the bank's training program for a year and as a credit investigator until November of 1954. He has been associated with the Petroleum Group in the Special Industries Division since that time. Mr. Marpe, a banking veteran of nearly 35 years, joined the company in 1922 and has been associated with Foreign Division work since joining the bank. Mr. Pennell joined Bankers Trust in 1951. He began work with the Out-of-Town Division in 1955 and is concerned with servicing bank customers in the South Atlantic District.

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Ralph Emerson Morton, former Vice-President of **City Bank Farmers Trust Company** and **The First National City Bank of New York**, has been named President of the **Hawaiian Trust Company Ltd.**, in **Honolulu**, it was announced on Sept. 20. Mr. Morton succeeds R. G. Bell, who was named President of the **Hawaiian Trust Company** last April on a temporary basis. A native of Mount Vernon, Ohio, Mr. Morton served during World War I as a naval officer and became a member of the New York Bar in 1927. He was associated with City Bank Farmers Trust Company in various capacities since 1921, becoming a Vice-President of that institution in 1944.

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Election of Lawrence C. Marshall as a Trustee of **The Bank for Savings in the City of New York** was announced on Sept. 21 by DeCoursey Fales, Chairman of the Board. Mr. Marshall is an Executive Vice-President of **The Chase Manhattan Bank of New York.**

* * *

George C. Johnson, President of **The Dime Savings Bank of Brooklyn, N. Y.**, has announced that at a meeting of the Board of Trustees of "The Dime" on Sept. 21, Alfred J. Tria was appointed as an Assistant Vice-President. Mr. Tria entered the employ of "The Dime" in 1940, and has since served in various capacities including Chief Appraiser and Assistant Secretary. Mr. Tria is a member of the Long Island Society of Real Estate Appraisers, The American Society of Appraisers, etc.

* * *

The plans calling for an increase in the capital of the **State Bank of Suffolk, at Bay Shore, Long Island, N. Y.**, from $731,250, in 73,125 shares, par value $10 per share, to $745,880, in 74,588 shares, par $10 each, were approved by the New York State Banking Department on Sept. 10. The State Bank of Suffolk, established on August 15, a branch at North Lindenhurst, N. Y., Township of Babylon, to be known as North Lindenhurst Office, according to an announcement by the Board of Governors of the Federal Reserve System Aug. 25.

* * *

The remodeled office of **The County Trust Company of White Plains, N. Y.**, at the corner of Tarrytown and Saw Mill River Roads in **Elmsford** will open with the public invited to visit the bank anytime between 9 a.m. and 8 p.m. The interior has been enlarged and modernized in order to better accommodate customers and a drive-in window has been installed. Thomas F. O'Rourke, Vice-President of The County Trust Company, is in charge of the office. He has been associated with banking for 44 years—the last 29 years with the Elmsford bank.

* * *

The New York State Banking Department approved on Sept. 10 a certificate providing for an increase in the capital of the **Citizens Trust Company of Schenectady, N. Y.**, from $600,000 in 24,000 shares, par $25 per share to $700,000 in 28,000 shares, likewise in shares of $25 each.

* * *

Effective Sept. 14 the **First National Bank & Trust Co. of Ellenville, N. Y.**, increased its capital from $100,000 to $150,000 following the sale of $50,000 of new stock.

* * *

James Watson, a Vice-President of the **Brick Church Branch** of the **National Newark & Essex Banking Co. of Newark, N. J.**, died on Sept. 23. He was 68 years of age. Mr. Watson, who had formerly lived in East Orange, N. J. moved to Maplewood in 1938. For 48 years he had been in the banking business, starting with the former **Peoples Bank of East Orange**, according to the Newark "Evening News" of Sept. 24, which further said: "He remained when the bank was merged with the **Savings Investment & Trust Co.** That institution was merged with the National Newark & Essex three years ago."

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As of Aug. 31, the **First National Bank of May's Landing, N. J.**,

Continued on page 55

Public Utility Securities

By OWEN ELY

Long Island Lighting Company

Long Island Lighting Company serves electricity and gas to a population of about 1,600,000 in Nassau and Suffolk counties and the contiguous Rockaway Peninsula in Queens County. Revenues are about 76% electric and 24% gas. Electric revenues are about 54% residential, 24% commercial, 13% industrial and 9% miscellaneous. (Although industrial revenues have more than doubled since 1950 and local employment substantially increased, the ratio of industrial to total revenues has remained fairly constant.) Gas revenues are 79% residential and 21% commercial and industrial.

The aviation industry is the largest in the territory. Numerous factories have been erected in recent years by light industries, their employment absorbing most of the population increase. About two-thirds of the wage earners live and work within the area. Industrialization is rapidly spreading eastward into Suffolk County, which however remains an important farming and fishing area with the largest agricultural income of any county in the State.

The per capita income in Nassau County is one of the highest in the State and nation. Long Island is also noted for its rapid growth. The population of Nassau County increased 65% during 1940-50, according to Census reports, and Suffolk County 40%, the two largest increases in New York State. Since 1950 total population has increased over 60%, it is estimated. The company's revenues have increased 287% in the past decade or at a slightly faster rate than Florida Power & Light. The latest revenue figures of $94 million shows a gain of nearly 80% over 1951.

The company anticipates continued rapid growth, with revenues of $140 million by 1960 forecast. During the period Aug. 1, 1956 to Dec. 31, 1957, $71 million is scheduled to be spent on plant, including part of the cost of 340,000 kw new capacity which compares with present capability of 702,000 kw. In addition to the two 170,000 kw units now under construction, the company also plans to acquire property at Northport for construction of another large generating station. Moreover, the interconnection with Consolidated Edison with a capability of 100,000 kw will be increased to 200,000 kw in 1957. The company's larger stations are equipped to burn oil and coal, and the big Glenwood Station (420,000 kw) can also burn natural gas in the off-peak gas season, which enables the company to take advantage of fluctuations in fuel cost.

The company has no plans to install atomic reactors but is contributing sizable amounts to Atomic Power Development Associates and Power Reactor Development Company, to share in the research results obtained by these companies. Personnel are also assigned to Brookhaven National Laboratory.

About 93% of the service area containing about 55% of the gas customers receives 1,000 btu natural gas. The balance presently receives 537 btu gas, consisting chiefly of natural gas reformed at the Glenwood Catalytic Plant. Rapid strides are being made in the company's gas house-heating campaign. Over half of new homes now being planned provide gas-heating. Moreover, during the first eight months of this year there were 1,800 conversions in older homes from coal or oil to gas. Earnings on the gas business have been relatively low in the past, and it appears likely that share earnings can reach a substantially higher level before they will have to worry about reductions in gas rates.

The company is currently issuing rights to common stockholders on a 1-for-38 basis to subscribe for 180,000 shares of convertible preferred stock at $100 per share. On completion of this financing capitalization should be approximately as follows:

	Millions	Percent
Mortgage Bonds	$162	46%
Debentures	11	3
Preferred Stock	60	17
Com. Stock Equity (6,899,000 Shs.)	119	34
	$352	100%

Despite the very rapid growth of Long Island Lighting, the increase in share earnings has been somewhat disappointing since the company was recapitalized in 1950. In that year share earnings were $1.19 and the next three years were slightly lower with a recovery to $1.21 in 1954 and $1.34 in 1955. This year with cold weather stimulating gas sales the company expects to earn $1.60 for the calendar year.

The rather slow increase in share earnings is considered due to the large sales of common stock (the number of shares is 92% higher than in 1951), the rise in the equity ratio from 27% in 1950 to 33% currently, and hurricane damages plus the charges to set up a hurricane reserve.

The management feels that the era of common stock dilution is drawing to a close. The equity ratio has been built up, and any future common issue will result in a smaller percent dilution as the company capitalization is now much larger than before. Conversion of the new preferred issue will bolster the equity ratio over the next few years, and no further sales of common stock are expected for at least the next 3-4 years. Some $20-25 million bonds will probably be issued within the next six months.

Dividends are currently at the rate of $1.10 but since the payout ratio usually approximates 75%, an increase to $1.20 would seem indicated for 1957. The stock is currently selling around 22 to yield 5%.

Joins R. F. Campeau

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Lorne M. Best has become connected with R. F. Campeau Company, Penobscot Building.

With B. C. Morton Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — James O. Bell has joined the staff of B. C. Morton & Co., Penobscot Building.

Declining Oil Stocks and Temptation of Uranium

By ROGER W. BABSON

In seeking an explanation for oil stock decline, noted New England analyst theorizes: (1) many investors fear uranium as a source of heat; (2) some see in the oil surplus reason to conclude preferential income tax treatment accorded oil companies will be removed; and (3) others are switching, at 92, to Government 2½% bonds for payment of estate taxes. Mr. Babson maintains oil consumption will increase for many years to come, and cautions against selling oil stocks in view of acquisition by oil companies of uranium-rich land.

Since its high in April the Dow-Jones Industrial Average has fallen from a peak of 521 to 490 recently. The oils have been one of the leaders in this decline. This, however, is only natural since they had previously been among the best performers. I will now discuss some reasons for this decline.

Roger W. Babson

Wall Street reports to me that the "insiders" are selling, that is, those who are supposed to be "in the know." You cannot blame these insiders for diversifying, or at least storing up reserves for the payment of estate taxes at the time of their death. They can now buy, at 92, Government 2½% bonds which will be accepted at par for death-tax payment.

There also is fear — with the present surplus of oil—that the income tax consideration given oil companies may be taken away. This could easily happen if the price of gasoline increases much more while there is a surplus. The oil companies are also watching what has happened to the coal companies. The feeling is that sooner or later the oil producers may also suffer.

Long-Term Outlook for Oil

Although oil will have competition from power generated in other ways, oil consumption will increase for many years to come. Demand for electricity is constantly rising, the availability of new hydro-electric sites is decreasing, and the plants generating electricity constantly demand greater fuel supply. Although coal consumption as a whole is declining, the efficiently operated mines near the big power houses are making money. This means that holders of coal stocks should carefully check the operating costs and locations of the mines in which they are interested. Although most coal stocks should probably be sold today, there are doubtless some which should be purchased.

It is reported that more candles, more kerosene, more gas, and other fuels are being used today than at any time in the past 100 years, notwithstanding the tremendous expansion of electricity for power, lighting, and heating. In fact, I recently heard of a young man who has developed a profitable business supplying hardwood for fireplaces. Anyone desiring to start a new business chain today might well own hardwood lots near several large cities and deliver a standard quality of hardwood, under a special trade name which could be nationally advertised! I am willing to forecast that a 100 years from now—perhaps 1,000 years from now—people will be burning candles on their dinner tables and hardwood in their fireplaces!

Peacetime Uses for the Atom

Privately, I believe that it is the fear of uranium as a source of heat which is causing many investors to take profits on their oil stocks. The possibilities of peacetime uses for uranium are greatly increasing. Ten years ago it was thought there was only a limited amount of uranium; now we are told the supply is almost unlimited. Therefore, uranium can become a standard source of heat for the production of electricity. In fact, there is a possibility that boilers, turbines, and perhaps dynamos will some day be eliminated. I forecast it will be possible to generate electricity direct from uranium. This, of course, would cause an industrial revolution. When we add to this the possibility of harnessing hydrogen, the results could be fantastic.

I understand that some of the oil companies are already acquiring holdings of land rich in uranium. Furthermore, all oil companies have records of their own drilling and must have drilled through uranium-producing areas. Therefore, do not sell all oil stocks for fear of uranium competition. When uranium becomes a real substitute for oil, some of the oil companies will be able to supply uranium. All oil companies will not be caught unprepared for change, as were most coal companies.

Significant News Items

It is reported that the Koppers Co. and Kennecott Copper Corp. have already asked the Atomic Energy Commission for permission to refine uranium ores and sell the product direct, as they would sell coal and oil. This is something that all investors should watch. As the war scare passes, Congress will compel the AEC to permit, under license, the treatment and sale of uranium. A demand for small reactors should then follow.

For this demand both the Westinghouse and General Electric organizations are now preparing. Some of their engineers believe that the heaters in our homes will some day be discarded and replaced by uranium heaters. They further forecast that a small amount of uranium can, by the "self-feeding process," be made to last several years. Shipping is sure to turn to this fuel. Probably airplanes will follow, and ultimately (perhaps) automobiles. I am only a statistician, not a physicist, but I advise that the stocks of the manufacturers of small reactors, household heaters, and other utilities may be better buys than the uranium itself.

John J. Keenan Co. Formed in Los Angeles

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John J. Keenan & Co., Incorporated has been formed with offices at 639 South Spring Street to engage in a securities business. Officers are John J. Keenan, President and Treasurer; Joseph B. Keenan, Vice-President; and Marilyn J. Carner, Secretary. John J. Keenan was formerly with Morgan & Co. as manager of the Wholesale Department.

Futility of Economic Sanctions

By PAUL EINZIG

British economist deprecates use of sanctions and/or force in the Suez Canal crisis, and avers Egyptians would inure themselves to any hardships—grossly overrated by the West—for the sake of upholding nationalization. In examining the meaning of national "bankruptcy," Dr. Einzig contends: (1) counter-sanctions may be levied involving payments to foreign holders of Egyptian bonds, and imports from the West; (2) U. S. S. R. could make up Egypt's financial losses in the Canal, and buy oil and cotton embargoed by the West; and (3) added transportation and ship costs would be more than Egypt's toll losses.

LONDON, Eng.—Although at the time of writing the policy of the Western Governments concerned with the Suez Canal situation is still in the melting pot there appear to be unmistakable indications that the decision which will eventually emerge from it will be one in favor of economic sanctions. Some moves in that direction have already been made in the form of blocking Egyptian assets. In their effect if not in their intention, the diversion of traffic from the Suez Canal also constitutes an economic sanction. It was undertaken partly to avoid sending ships to an area that might well become the scene of hostilities, partly to avoid exposing the ships to arbitrary action by the Egyptian Government, and partly on the assumption that after the withdrawal of foreign pilots the Egyptian authorities would not be able to manage the canal traffic. But from an economic point of view, the incidental effect of a fall in canal traffic would be that, instead of making a profit, Colonel Nasser's Government would operate the nationalized canal at a financial loss. Hence the possibility of applying this means as an economic sanction.

Dr. Paul Einzig

Should it be possible to force Colonel Nasser with the aid of economic sanctions, to adopt a more reasonable attitude, there would be everything to be said in favor of such sanctions. Those who expect economic sanctions to produce their desired effect appear to be, however, guilty of unwarranted optimism. The lesson of the sanctions adopted against Mussolini after the Italian invasion of Abyssinia seems to have been lost on them. Yet it should make it quite clear that a nation inspired by aggressive nationalism is prepared to put up with a considerable amount of inconvenience and hardship inflicted on it by economic sanctions. There are other instances besides that of the League of Nations economic sanctions against Italy in 1935 which confirm this conclusion.

There can be no doubt that the Egyptian nation is now inspired by the same kind of aggressive nationalism that characterized Mussolini's Italy in the '30s. This means that, even if economic sanctions inflicted grave hardships on Egypt, the vocal section of the Egyptian Nation would be willing to put up with them for the sake of upholding the nationalization of the Suez Canal. It seems, however, that the extent of the hardships that economic sanctions can conceivably inflict on Egypt is grossly overrated.

Supporters of the idea of economic sanctions are fond of saying that the Egyptian Government is "on the verge of bankruptcy" and that losses resulting from the running of the Canal at a deficit might easily bring about its bankruptcy. They never define precisely what they mean by "bankruptcy." If they mean that the Egyptian Government would suspend the service of its debt, the main sufferers would be not the Egyptian people but foreign holders of Egyptian bonds. Such a step might even be taken by Colonel Nasser deliberately as a counter-sanction. If they mean that the Egyptian balance of payments would become hopelessly unbalanced, that again would only result in a curtailment of imports from the Western countries. That step too is liable to be taken as part of Colonel Nasser's counter-sanctions. Its result would be that orders would be diverted from Western countries to the Soviet Union and to satellite States.

Cutting Off One's Nose

Above all, by diverting shipping from the Canal for the sake of bringing economic pressure to bear on Colonel Nasser, the Western countries would be cutting off their nose to spite their face. For each million pounds of canal dues lost by Egypt, Britain and the other maritime powers concerned stand to lose many millions of pounds as a result of the additional cost of transport, the delays involved, and the effects of a possible scarcity of oil in Western Europe during the transitional period. It would be necessary to build additional tankers and the capital expenditure involved might well exceed the capital value of the Suez Canal itself. The need for increasing the import of dollar oil would result in another period of dollar scarcity. Britain and other European countries would have to resort to further corrective measures to offset the effect on their balance of payments.

Moreover the Soviet Government is well in a position to indemnify Egypt for any disadvantages resulting from economic sanctions. The amounts involved may be large for Egypt but they are insignificant for Soviet Russia. Moscow could easily loan or grant an amount equivalent to the losses arising from a diversion of traffic from the Suez Canal. If the Western countries reduce their purchases of Middle East oil the Soviet Union and the satellite countries might easily step into the breach and transport their additional oil purchases through the Suez Canal. The Soviet Union and Czechoslovakia could easily buy up the Egyptian cotton crop if the Western countries should place an embargo on its import.

Having regard to the above considerations, it seems more than probable that any attempt to force Colonel Nasser by means of economic sanctions to change his policy would be doomed to end in a complete fiasco. It would strengthen Colonel Nasser's prestige in the Arab world and it would increase Soviet influence in the Middle East.

Sanctions Are Not Practical

Possibly, it may a matter of opinion whether in existing circumstances the use of force in defense of the legitimate interests of the Canal-using countries would be justified. What is important is that we should not deceive ourselves into believing that economic sanctions would provide a practical alternative. There is no hope whatever for the Western countries to achieve the desired end by means of economic sanctions. Indeed, there is reason to believe that many of those who profess to favor economic sanctions only want to adopt them as a means for gaining time. It may take many months before the futility of economic sanctions will come to be fully realized and, meanwhile, the chances of using force would gradually recede. It would be as well to be realistic and to come to the conclusion that economic sanctions are inadequate today rather than in six months time. Once we take account of the realities of the situation we stand a better chance of arriving at a practicable solution.

Theodore Koslow With John Muir & Co.

Theodore Koslow, former financial editor of International News Service, has become associated with the New York Stock Exchange firm of John Muir & Co., 39 Broadway, New York City, as a registered representative, it was announced today.

Theodore Koslow

Mr. Koslow had been with INS for 27 years, during which period his syndicated daily and weekly stock market stories were distributed in this country and abroad.

Roderick, Behr With Jenks, Kirkland Co.

PHILADELPHIA, Pa.—Jenks, Kirkland, Grubbs & Keir, 1421 Chestnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Edward L. Roderick and Paul E. Behr have become associated with them as registered representatives.

Edward L. Roderick

Prior to joining Jenks, Kirkland, Grubbs & Keir, Mr. Roderick was for six years associated with H. A. Riecke & Co., Inc. A native of Hazelton, Pa., Mr. Roderick attended Wyoming Seminary, Kingston, Pa., and graduated from the Wharton School of Finance, University of Pennsylvania.

With C. D. Mahoney Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—John J. Welch is now connected with C. D. Mahoney & Company, Baker Building.

Stowers Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Amos A. Hermanson, Jr. is now connected with Stowers & Company, 312 West 46th Terrace.

With Federated Plans

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Donald E. Teague is now affiliated with Federated Plans, Inc. He was formerly with King Merritt & Co., Inc.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

The current weakness in the equity markets has affected four groups of stocks, industrials, rails, insurances, and, to a less degree, utilities. On the other hand, bank stocks are at their highs for a long span of years.

For a long period during the depression the climate was distinctly a bad one for the banks. The prime loan rate stood at 1½% for a considerable period, and with the tide of commercial and industrial borrowing at such a low point it mattered little what the prime rate was. Even in securities, the government endeavored by cheap money to restore prosperity—although the money managers ought to have known that confidence was a far more potent factor in establishing favorable business conditions than loan rates were. But the low rates mitigated against any fair level of earnings for the banks; in both their loan operations and their investing, the cards were stacked against any reasonable rate of earnings on their invested capital.

Then came the war; and for the banks it was more of the same so far as rates of interest were concerned, for the fabulous cost of the conflict had to be financed, and as cheaply as possible. In this period the banks did have an increased volume of loans, but the loan rates improved for them but little.

Then came the postwar period, and with it came improvement in the earnings of the banks. The rate of expansion of the general economy accelerated, and with it loan volume and interest rates improved. Where, prior to this, investments, mostly U. S. Governments, had absorbed most of the banks' deposits, now loans were beginning to increase, while investments contracted. This shift in distribution continued until at present representative large New York banks have more than twice as much committed to loans and discounts as they have to governments.

First National City Bank, to use as an example, on June 30 last showed 16.0% of its assets in United States Government obligations versus 49.9% in loans; Bankers Trust at the same date reported 16.6% in governments and 55.2% in loans. So there has been an important change in the distribution of our major banks' assets, and all favoring decidedly higher earnings as the rate of return on loans is, roughly, twice that on investments on average.

There has been a steady build-up of reserves "for bad debts" by the large New York banks to the extent that the Treasury formula makes this possible. Some of the totals of these reserves at the end of 1955 were:

Chase Manhattan	$76,604,000
Manufacturers Trust	32,236,000
Hanover Bank	7,994,000
Irving Trust	9,906,000
New York Trust	5,607,000
J. P. Morgan & Co.	6,000,000
First National City	50,000,000
Guaranty Trust	11,740,000
Bankers Trust	11,329,000

These reserves in most cases are carried as deductions in the totals of loans outstanding at a given time.

There is thus justification for the improving markets for the stocks of these New York banks. Their improvements thus far have probably not kept pace with earnings, but they are now beginning to be sought after, where for so long they were largely neglected. During the current weakness in most equity markets, the bank shares have, on balance, given no ground.

Phila. Municipal Club Luncheon Oct. 8

PHILADELPHIA, Pa.—The Municipal Bond Club of Philadelphia has extended an invitation to members of the Philadelphia Securities Association to attend a luncheon being given for Secretary of Commerce Sinclair Weeks on Monday, Oct. 8 in the Lincoln Room of the Union League.

Mr. Weeks' subject will be "The Highway Program." Russell W. Schaffer of Schaffer, Necker & Co. is in charge of reservations.

Wm. P. Meyer With New York Hanseatic

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William P. Meyer has become associated with New York Hanseatic Corporation, 110 Sutter Street. Mr. Meyer was formerly San Francisco manager for Baxter, Williams & Co.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

ASHEVILLE, N. C.—Robert J. Grimsley is now connected with Merrill Lynch, Pierce, Fenner & Beane, 29 Page Avenue.

Courts Adds to Staff

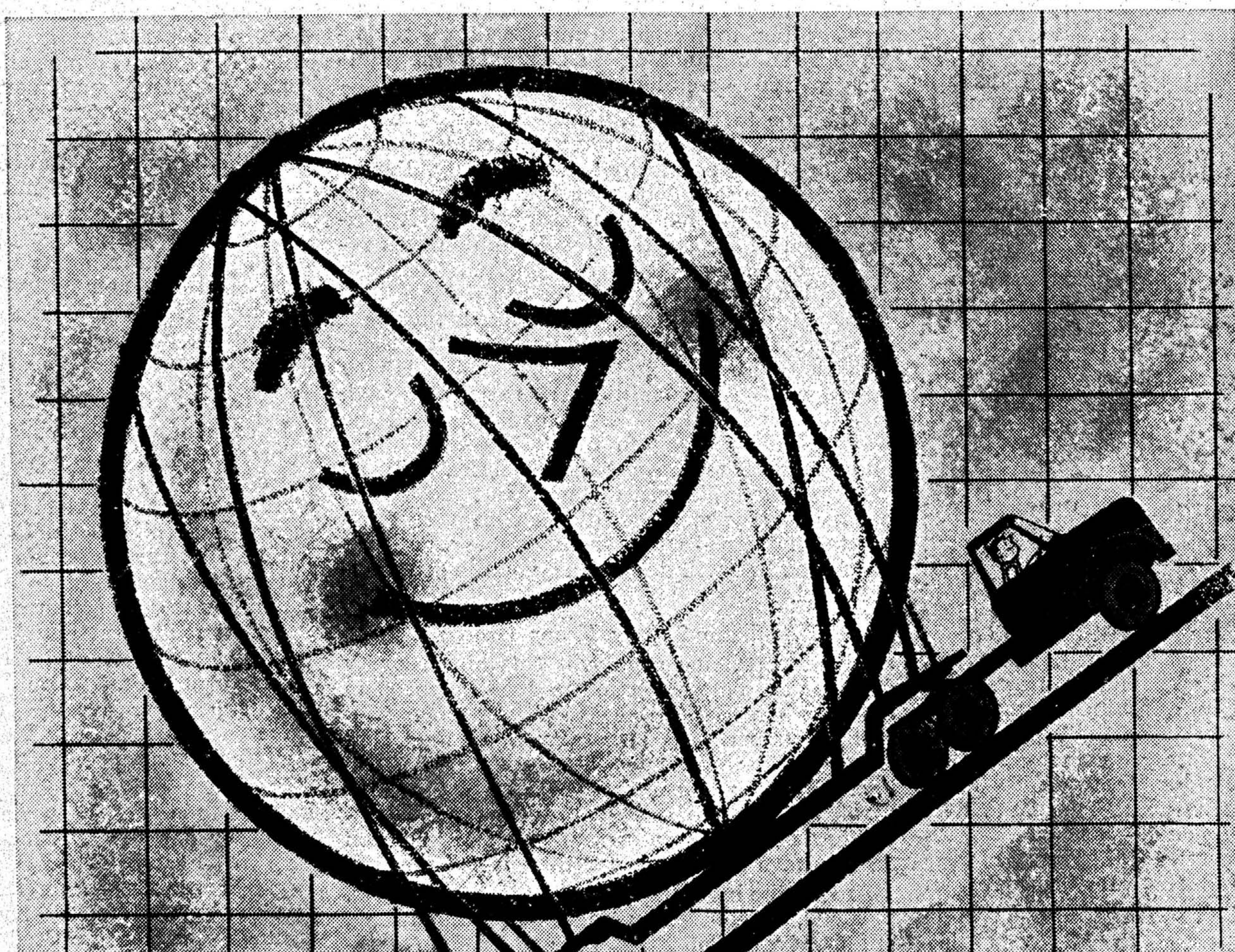
(Special to THE FINANCIAL CHRONICLE)

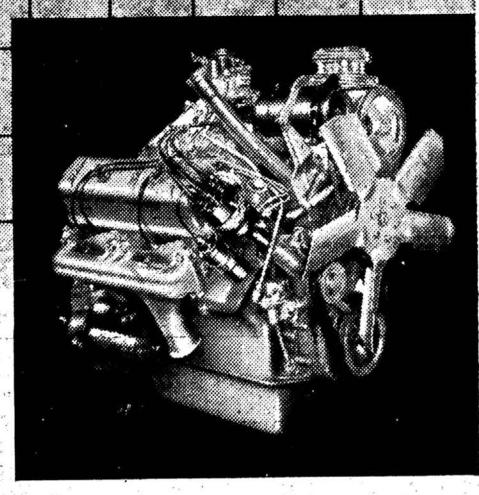
CHARLOTTE, N. C.—John L. Thomas is now with Courts & Co., Liberty Life Building.

A. C. Allyn Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—William S. Woodside has become affiliated with A. C. Allyn and Company, Incorporated, 122 South La Salle Street.





Canadian Progress and Prosperity

Continued from first page

well rewarded both financially, and in peace of mind.

Vast Transportation Network

Any autumnal economic snapshot of Canada in 1956 should, we think, stress transport as a major motif. In this area the St. Lawrence Waterway leads off. Future transporter of millions of tons of iron ore from Labrador to the Great Lakes, of wheat from the prairies to Europe, expander of the St. Lawrence River and lake ports, consumer of 6,600,000 barrels of cement in the building, creator of hydro-electric power, St. Lawrence Waterway is a mid-century Canadian stimulant to commerce, industry and trade. Its location on the peaceful and unguarded international boundary between two great nations, dedicated to democracy and private enterprise, makes a delightful contrast to the recent militant Moslem meddling with another major man-made waterway—Suez.

Speaking of transport, the Canadian railways have been busy running out several hundred miles of new lines, for the most part to reach and accommodate burgeoning centers of mineral activity; there's Canadian Pacific's new "Empress of Britain"; and a brand new fleet of turbo-props on Canadian air lines. Of unique significance, however, are the pipe lines. The 1956 expanded through-puts of oil on Interprovincial running to the East, and Transmountain to the Pacific, have been widely noted (and reflected in the market advances of their common shares). To these liquid petroleum arteries, two large-scale natural gas lines have now been added—again one toward the West, and the other toward the East from the booming petroleum producing areas centering in Alberta and Saskatchewan.

Booming Natural Gas Industry

The first started, and first to be completed, is Westcoast Transmission Company Ltd. which is running a 650-mile 30-inch line from the Peace River District in Alberta to Vancouver, B. C.; and to Sumas, Washington, where it will deliver gas to Pacific Northwest Pipeline. Ultimate delivery capacity of the present line will be 550,000 MCF per day. It will deliver gas to sections of Northwest U. S. as well as to West Canada. It provides part of the needed outlet for more than 19 trillion c.f. of gas already located in West Canada. Subscription to Westcoast units made the underwriting an outstanding success; and the units went to a 30% premium in a matter of weeks.

The line to the East, Trans-Canada, of which Canadian Delhi is the largest stockholder, took a bit more doing politically and financially. Parliament had quite a debate on the line principally because (1) the major promoters were Americans, and (2) to start it, the Dominion was required to advance some $80 million. Arrangements, however, were made for 51% of the stock to be offered in Canada; and for a majority of directors to be Canadian citizens. With these provisions this king-size transport project is now on its way—a $365 million enterprise that will, in due course, bring West Canada's gas all the way from Winnipeg to Montreal—2,240 miles altogether. The earliest beneficiaries will be Winnipeg and Western Ontario. But the line, if history is any guide, will usher in vastly expanded industrialization in the whole wide zone where the line will deliver this volatile and valuable fuel.

Petroleum Supply Keeps Growing

About petroleum supply, it gets bigger every day and the hottest section in 1956 has been in Southeastern Saskatchewan. Major companies such as Imperial, Shell, Canadian Gulf, Mobil Oil and Tidewater have been active here, followed by Canadian Devonian, Gridoil, Canadian Pipelines, Central Leduc and many others. Projections of oil reserves as high as 100 million barrels have been made for this single area.

Among the big integrated Canadian companies, Imperial, of course, continues with top billing, followed by McColl-Frontenac and British American, with terrific competition supplied by Canadian Petrofina Ltd. This latter enterprise, launched in Canada only a few years back with Belgian capital, has rounded out to include refineries, a broad swath of service stations and expanding production facilities in West Canada.

Uranium Is Now Big Business

Switching to more solid minerals, uranium in Canada has now come of age, and companies which only three or four years ago were hopefully drilling and exploring, now boast large proven ore bodies, government contracts, and are entering a period of expanding earning power. Algom, Pronto, Gunnar, all have been able to do senior financing; and mergers of a number of the Hirshhorn companies into Rio Tinto Ltd., and Northspan Uranium mines have set a pattern of consolidation expected to continue. Including the recent contracts of $242 million to Northspan, $60 million to Lorado and a reported $76 million one under negotiation with Stancan, El Dorado Mining and Refining (the government agency) has issued contracts or letters of intent (running to March 1962) in the order of $1½ billion. Uranium is no longer a prospector's plaything or a geiger gimmick—it's big business in Canada.

Continued Uptrend in Other Minerals

In other minerals, Canada still leads the world in production of nickel, with International Nickel not only the star performer, but one of the most distinguished mineral enterprises anywhere. In second and third positions, in respect to nickel output, are up-and-coming Falconbridge, and Sherritt-Gordon.

Aluminum is, of course, fabulous in Canada. The vast facility at Kitimat, handicapped somewhat by water shortage last year, is zooming ahead to new production peaks and Aluminium Ltd. appears on almost every major list of "growth stocks" either North or South of the St. Lawrence.

Copper, which is frequently found in nickel-bearing ores, has been booming, propelled by world copper prices which reached a 93-year high in January. Since then, however, expanding production has lowered prices, and most copper stocks in Toronto have lost considerable ground since Spring. Production, however, continues to move forward, led by the big ones at Chibougamau, and including Sudbury; and Newfoundland where Maritimes is expanding. And in the longer range future lies Granduc, with millions of tons of ore out in British Columbia at the edge of a glacier.

Asbestos production still is the world's biggest and best in Eastern Quebec. Consolidated Mining & Smelting (Canadian Pacific subsidiary) is the big one in zinc and lead. In iron, Steep Rock (on Lake Superior), Hollinger, in Labrador, and Canadian Javelin in Newfoundland present greatly enlarged capacities for iron ore; and gold headed by Kerr Addison and Giant Yellowknife are "revving" up output and awaiting the day when the official price of gold moves up from $35 U. S. dollars, to a figure more related to rising costs of production.

Huge New Cement Production Envisaged

Canada used about 27 million barrels of cement last year—but it imported two million barrels of that total. In view of its extensive internal demands—for building construction, highways, factories, etc.—Canada has been, in fact, short of cement for almost a decade. Hence today we see projections of some 10 million barrels of added capacity to enter production within the next 15 months—the latest mills being Lake Ontario Cement (140 miles West of Toronto) and La Farge Cement in British Columbia.

Water Power and Paper

In water power, Canada, with only 25% of its hydro-electric capacity presently developed, will spend $634 million on electric power stations in 1956. Among the biggest hydro companies is Shawinigan Water and Power with $48 million net sales (1955) and a $95 million three-year expansion program running till the 1958 year-end. The common stock here, which earned $3.48 last year, is an authentic utility blue chip.

Paper is, of course, a Canadian major, and such leaders as International, Abitibi Power & Paper, Consolidated Paper, Howard Smith, Ontario & Minnesota, Price Bros. and St. Lawrence, have all gained new stature and earning power in 1956.

A Fundamentally Sound Economy

It is only academic to observe that all this industrial and commercial progress in Canada is geared to sound Dominion finance, a remarkably efficient and broadspread system of highly solvent and profitable branch banking; expanding consumer credit facilities through such companies as Industrial Acceptance and Traders Finance; and seven big stock life insurance companies that not only serve Canada well but are efficient enough to glean important (and competitive) business from the States in ordinary life, and especially in annuity contracts.

Canada has also provided such an attractive investment climate that investment companies emphasizing Canadian securities have flourished. This, of course, has been true of those domiciled in the United States as well as their Canadian counterparts. A very special advantage of the Canadian investment trusts, for United States citizens, is found in the tax angle. Canadian funds are not subject to capital gains taxes and almost all dividends from Canadian companies are also exempt from tax. These funds can thus receive regular income, cash in on capital gains, accumulate, retain and reinvest funds with virtually no tax burden. An American stockholder has no tax to pay as he goes along—only when he sells his stock. Then Canada will retain 15% of his share of the net (regular income accumulated, but nothing on gains in capital). The tax for the American is then merely the U. S. tax on capital gain on securities held for more than six months.

The excellent advances recorded in the Canadian share market in the past few years, plus tax features so kind to the upper income brackets, have boomed the Canadian investment companies. There are nine major ones with combined investment assets today of well above $300 million. The earliest one was Canadian Investment Fund, established in 1932, with its shares sold only in Canada. Other open-end funds selling shares currently include Canada General Fund, Ltd., Keystone Fund of Canada Ltd., United Funds Canada Ltd., Investors Group Canadian Fund Ltd., and Canadian Fund Inc. (a United States corporation). Trusts which presently make no new sale of shares, but whose issues are traded over-the-counter would include New York Capital Fund of Canada Ltd., Scudder Fund of Canada Ltd., and Templeton Growth Fund of Canada Ltd.

The opportunities for increase in capital under a sheltered tax arrangement, plus the quite expert supervision of portfolios composed of thriving Canadian equities have caused Canadian trusts to be eagerly sought by those investors who prefer to delegate to professionals, the responsibilities of security selection and management.

Broad Market Facilities for Investors

Finally, apart from such requisite corporate investment elements as sound balance sheets, good earning statements, and fair dividend policies, there has to be an effective mechanism for brokerage and investment banking. Canada offers these in size, quality and depth. Several major investment firms underwrite Canadian capital needs from offices in Montreal, Quebec and Toronto (and dozens of branches); whilst the brokerage facilities are most extensive. More shares change hands each year on the Toronto Board than on any other share exchange in North America. The exchanges in Montreal provide major markets for a large number of top flight equities; and there are also Stock Exchanges in Calgary, Winnipeg, Vancouver and Edmonton—making for the most part markets in regional securities.

Mention likewise should be made of the im-

Continued on page 23

Continued from page 3

Canada's Mineral Producing Industry Forging Ahead

throughput to California to 70,000 bbls. daily by fall.

Fast-Growing Gas Industry

Expansion is also true of Canada's fast-growing gas industry. After years of planning two major gas pipelines are now under construction. These lines will open up a new era for natural gas in Canada by providing access to big waiting markets.

On the West Coast a 650 mile, $155 million gas pipeline is being built from Fort St. John in northwestern British Columbia to a point on the international boundary near Sumac, B. C. Gas from the extensive Peace River gasfields will be piped down through British Columbia for distribution in the province and for sale to Pacific Northwest Pipe Line Corporation in the United States. The latter company is currently completing a major West Coast pipeline distribution system and will obtain its gas supplies both from the San Juan field in New Mexico and the Peace River field in Canada, via the Westcoast Transmission Co. pipeline. The Canadian line will be completed by next fall.

The western phase of the Trans-Canada pipeline is now under construction. Plans were to complete the 575-mile stretch from Eastern Alberta to Winnipeg, Manitoba, by December. But the United States steel strike has disrupted the flow of big inch pipe from U. S. pipe mills. The company will continue construction as long as it can this year. Plans are to start on the second phase of the pipeline job next year—the stretch from Winnipeg down to Ontario. If everything works our right Alberta gas will be flowing through the longest gas pipeline in the world to eastern Canada by early 1958.

Glowing Picture of Straight Mining

The picture in straight mining is just as glowing and we Canadians in our lifetime have never before witnessed the flurry of expansion evident today. And this "excitement" covers practically all our provinces and takes in a wide range of the metals common and in some instances fairly uncommon to the mineral table.

Authoritative quarters, following lengthy research, estimate some 40 new mills or concentrating plants are now under construction or at least in various stages of planning at present. At least an additional 25 properties look to be pretty sound prospects for future production and, outside of the old established and somewhat "depressed" gold camps, most of the districts across the country are witnessing new shaft sinking programs to win long-untapped ore for Canada's economy.

Promise of future growth of Canada's mineral productivity can best be gleamed from the fact that the 40 mills planned for production, coupled with those reasonably certain in the non-too-distant future, represent some 65,000 tons additional daily to the nation's mill capacity.

Impetus in Uranium Production

Completion of government uranium contracts totalling $1.4 billion—likely $1.5 billion before Eldorado Mining & Refining closes off negotiations—has given tremendous impetus to Canadian mining and before long should place the nation in the forefront of the uranium producing world.

Granting of additional uranium contracts now suggests Canada's uranium production will quickly rise to an estimated $400,000,000 annually, or an amount close to 25% of the entire 1955 production of our mineral producing industry.

Mill construction—costing many millions of dollars—is underway at four points in Canada. The Blind River district of Ontario, of course, is undergoing the greatest mine preparation - mill building job of all as it is likely the district will finally win the honors as being the world's greatest center of uranium productivity.

So far it looks as though 10 companies will be sharing in the uranium production of Blind River where mills to handle 33,400 tons daily are either under construction or have been granted the go-ahead signal for mill preparation. Some 16 shafts are either being sunk or will be started shortly.

Heavy activity is also apparent in the Bancroft area of Ontario where contracts have been awarded Dyne, Faradav, Bicroft, Greyhawk and Cavendish Uranium.

In Northern Saskatchewan, Lorado Uranium Mines will soon be erecting a custom concentrator to treat uranium ores from its own properties as well as from nearby properties controlled by other corporations. The Crown-operated Eldorado Mining & Refining is expanding its own concentrating facilities to meet the growing needs of its own mine plus additional millfeed from the leased Radiore mine adjoining. The big Gunnar mine is operating at capacity on ore from its open pit as well as making satisfactory progress on shaft sinking.

Along the Marion River belt, in the Northwest Territories and not too far from the big Yellowknife gold district, Rayrock Uranium Mines is erecting a mill to start servicing its uranium contract. In all likelihood Rayrock will also handle high-grade ore from the property of an associated company as well.

Active Copper Developers

But uranium planning is only one phase of Canada's tremendous mining boom. The copper developers are just as active. Programs are underway in most provinces with the greatest concentration of work perhaps confined to the Chibougamau district of Quebec, lying some 200 miles north and west of Chicoutimi, a deep-water port.

The Chibougamau district is experiencing its most ambitious wave of exploration and development this year even though the area first yielded discovery of copper over half a Century ago. Last year's marked expansion and improvement in both reserves and in grade of ore have raised Chibougamau to big stature which undoubtedly will see the camp develop into one of Canada's main copper producing camps of the future.

At present there are four producers which include the pioneer Opemiska Copper Mines Limited in which Ventures Ltd. and Hoyle Mining Co. Ltd. play an important role through stock interests.

Campbell Chibougamau, located in the Dore Lake area is the camp's largest producer at present having reached production with a 2,000 ton daily capacity mill in May, 1955. The company is servicing a contract with the Defense Materials Procurement Agency, Washington, covering 63.2 million lbs. of electrolytic refined copper. Campbell also treats ore from the leased portion of the adjoining Merrill Island property. Chibougamau Explorers is operating a 500-ton daily capacity mill on an entirely separate mineralized belt some miles to the southwest.

Chibougamau Camp Ore Potential

The ore potential of the Chibougamau camp blossomed materially over the past few months. Opemiska located an entirely new ore body through surface diamond drilling and is now expanding its 800 ton mill. Some rather startling discoveries were made on several old and new properties associated with the McKenzie Narrows fault along Dore Lake. The changing ore picture and the apparent need for copper smelting facilities recently resulted in the completion of a $5,500,000 financing deal between the J. Bradley Streit-J. A. Hackett interests of Chibougamau financing fame and the H. W. Knight father and son team associated with Eastern Mining & Smelting Corporation Limited.

Eastern Mining & Smelting, already engaged in developing 34,000 HP on the Chicoutimi River for proven needs is now assured of adequate copper concentrates for its projected smelter-refinery at Chicoutimi. Initial installed capacity is expected to be 200,000,000 lbs. copper and 15,000,000 lbs. nickel annually. Up until the entry of the Streit-Hackett team into Eastern financing plans had been to treat ores from properties controlled by or associated with Mogul Mining Corporation Limited. The latter is a rapidly expanding mining-holding company directed by the Knights and controlling large nickel and copper reserves.

The Dore Lake sector — un-

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portant over-the-counter and placement machinery available. This is largely provided by members of the Investment Dealers' Association of Canada; with the interdealer activities being governed by Security Traders Associations located in Toronto and Montreal.

Documentary Proof at a Glance

The final acid proof of Canadian solvency and corporate profitability, however, is found in the appended list of companies with fine records for constancy of dividend payments running from five years to past a century and a quarter. We salute Canada and respectfully submit that being a shareholder in her solid, varied and well managed enterprises may add zest and serenity to your life, increase your income, and exalt your solvency.

TABLE I

LISTED

CANADIAN

Common Stocks

On Which

CONSECUTIVE CASH DIVIDENDS

Have Been Paid From

10 to 128 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦ —Canadian $ §—	Approx. % Yield Based on Pymts to June 30 1956
Agnew-Surpass Shoe Stores, Ltd.	23	0.40	7½	5.0
Makes and distributes shoes through retail chain				
Aluminium Ltd.	13	*2.25	132½	1.7
Largest producer of aluminum ingot in the world				

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.

§ Add current Canadian Exchange Rate.

* Dividend paid in U. S. Currency.

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Tenders of American Automobile Insurance Co. Stock Solicited

Kidder, Peabody & Co. Named Dealer - Manager

Kidder, Peabody & Co. has been named by The American Insurance Co. as dealer-manager to form a group of soliciting dealers for soliciting tenders of American Automobile Insurance Co. capital stock. American Insurance is offering to exchange shares of its $2.50 par value capital stock for all of the 1,750,000 outstanding shares of American Automobile Insurance capital stock on a share for share basis after certain adjustments in the capitalization of American Insurance.

The exchange offer, which is conditioned upon the tendering of at least 1,400,000 shares (80%) of American Automobile's outstanding stock, expires at 3:00 p.m. (CDT) on Oct. 15, 1956.

Authorized capitalization of The American Insurance Co. consists of 6,000,000 shares of capital stock of which 2,000,000 shares are presently outstanding. Providing that the exchange offer is accepted by holders of the minimum number of shares but prior to the consummation of the exchange, the American Insurance stock will receive a special cash dividend of 20 cents per share on the 2,000,000 shares presently outstanding and a stock dividend of 20% thereby increasing the shares outstanding prior to the exchange to 2,400,000 shares. Thus, after consummation of the exchange offer and payment of the 20% stock dividend, The American Insurance Co. will have outstanding capital shares ranging from a minimum of 3,800,000 to a maximum of 4,150,000 depending upon the number of shares exchanged.

At June 30, 1956 on a combined basis the assets of American Insurance and American Automobile totaled $319,650,594, policyholders surplus was $119,601,259, and net premiums written for the 12 months ending June 30, 1956 totaled $168,710,591.

I. W. Page Co. Opens

I. W. Page & Co., Inc. has been formed with offices at 37 Wall Street, New York City, to conduct a securities business. Officers are Jack Gold, President and Treasurer; Irving Kastner, Secretary. Mr. Gold was previously with G. F. Rothschild & Co., Inc.

Schmidt To Address Phila. Invest. Women

PHILADELPHIA, Pa. — Miss Joanna R. Wajda, Chairman of the Education Committee of the Investment Women's Club of Philadelphia announces the first Educational meeting of the current season on Wednesday, Oct. 3, 1956, in the Boardroom of the Fidelity-Philadelphia Trust Company. The speaker will be Walter A. Schmidt of Schmidt, Poole, Roberts & Parke and the topic is "The Place of the Investment Business in the Economy."

Walter A. Schmidt

Boston Inv. Club To Hear on Oil & Gas

BOSTON, Mass. — On Wednesday, Oct. 3, the Boston Investment Club will hold its first dinner meeting of the Fall Season at the Boston Yacht Club on Rowes Wharf.

This year, the Club is fortunate to have as its speaker, Jerome C. Hunsaker, Jr., Partner, of Colonial Management Associates and Vice-President of Gas Industries Fund. Mr. Hunsaker, assisted by Theodore W. Noon, Jr., Geologist, and Edwin Webster Hiam, Gas Utility Analyst, of Colonial Management, will conduct a panel on the title subject. Mr. Hunsaker is a well-known speaker and a director of several oil and gas companies.

Chicago Analysts to Hear

CHICAGO, Ill. — The Investment Analysts Society of Chicago will hold a luncheon meeting on Sept. 27 at 12:15 p.m. in the Adams Room at the Midland Hotel. John L. McCaffrey, President of International Harvester Company, will address the meeting regarding the operations of the company.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
		—Canadian $ §—		
Andian National Corp., Ltd. — Operates crude oil pipe line in Colombia, S. A.	13	*0.35	6	5.8
Anglo-Canadian Pulp and Paper Mills, Ltd. — Newsprint and allied products	11	2.00	46	4.3
Anglo-Huronian Ltd. — Holding & operating co.—chiefly interests in Can. gold mining	17	0.50	12⅞	3.8
Anglo-Newfoundland Development Co., Ltd. "Ord." — Newsprint and allied products; also mining interests	12	0.60	11¼	5.3
Argus Corp., Ltd. — Investment co.—manufacturing & merchandising interests	10	0.80	21	3.8
Asbestos Corp., Ltd. — Mining & milling of asbestos fibre	19	1.60	41	3.9
Ashdown Hardware Co., Ltd., J. H., "B" — Large wholesale and retail business in general hardware	19	0.72	13½	5.3
Aunor Gold Mines Ltd. — Ontario gold producer	16	0.16	2.20	7.3
Auto Electric Service Co. Ltd. — Service distributors of automotive electrical carburetors & auxiliary equipment	10	0.85	12	7.1
BANK OF MONTREAL — Operates 602 branches and agencies throughout the world. ● **See Bank's advertisement on page 29.**	128	1.55	50¼	3.1
BANK OF NOVA SCOTIA — Operates 450 branches and sub-offices throughout the world. ● **See Bank's advertisement on page 26.**	124	2.00	55¼	3.6
Banque Canadienne Nationale — Operates 247 branches in Canada	75	1.35	42	3.2
Barber-Ellis of Canada, Ltd. — Stationery and printers' supplies	26	4.00	b40	10.0
Beatty Bros. Ltd. — Manufactures barn and stable equipment, household equipment, pumps, etc.	17	0.40	7½	5.3
Belding-Corticelli Ltd. — Makes nylon, silk and rayon threads for all purposes	34	0.10	7	1.4
Bell Telephone Co. of Canada — Most important telephone system in Ontario and Quebec	76	2.00	46¼	4.3

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
b Bid.
a Asked.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Belleterre Quebec Mines, Ltd. Quebec gold producer	12	0.10	2.00	5.0
Biltmore Hats Ltd. Men's fur felt and wool felt hats	23	0.40	b5½	7.3
Brazilian Traction, Light and Power Co., Ltd. "Ord." Diverse utility interests in Brazil	16	0.50	7	7.1
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	22	1.60	31	5.1
British American Oil Co. Ltd. Petroleum production, refining, distribution	47	0.85	42¼	2.0
British Columbia Power Corp. Ltd. Holding co., controlling B. C. Electric Co. Ltd.	39	1.20	42	2.9

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 49

British Columbia Telephone Co. "Ord." Second largest privately owned telephone system in Canada	41	2.00	46¾	4.3
Brock (Stanley) Ltd. "B" Laundry supplies, hardware, plumbing supplies, etc.	11	0.40	8½	4.7
Building Products Ltd. Asphalt roofing, flooring and insulation	30	1.80	36½	4.9
Burlington Steel Co. Ltd. Steel rolling mill & related oper.	20	1.50	28½	5.3
Burns & Co. Ltd. "B" Meat, lards, butter, poultry products, etc.	10	†0.65	12¼	5.3
Caldwell Linen Mills, Ltd. Makes wide variety of linen and cotton products	14	0.80	‡	‡
Calgary & Edmonton Corp., Ltd. Leases oil and gas drilling rights in Alberta	20	0.10	26½	3.8
Canada & Dominion Sugar Co., Ltd. Cane and beet sugar refining	26	1.10	23¼	4.7

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
‡ Inactive issue, no Exchange trading.
b Bid.

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Canada's Mineral Producing Industry Forging Ahead

doubtedly the most active developing area of the entire Chibougamau camp — has nine shafts completed or underway over a radius of three miles by two miles. These shafts represent the undertakings of seven separate companies and it would appear this general sector holds the main productivity of the camp as known at this date.

Besides the underground-production operations of Campbell Chibougamau and Merrill Island Mining Corporation, the other heavy developers include Copper Rand Chibougamau, Chibougamau Jaculet and Bouzan Mines which seem assured producers.

Copper Rand Chibougamau is a comparatively new incorporation having consolidated the orebodies of Copper Cliff and New Royran, the latter companies in turn controlling Copper Rand. Two shafts have been put down on the Copper Rand and a third seems more than a probability. There are three distinct orebodies which collectively represent 10,000 tons per vertical foot with grade ranging from 1.25% copper to 2.8% copper average, depending on the orebody. Milling is suggested in terms of a 5,000 ton daily capacity (minimum).

The adjoining Chibougamau Jaculet Mines is sinking a five-compartment shaft to 1,000 feet to develop two known ore bodies. Recent surface exploration located an entirely new ore occurrence 3,500 ft. north and it is likely a second shaft will be required. The new occurrence, outlined in two holes, is considerably higher-grade and could conceivably change the future profit potential.

Both Copper Cliff and New Royran have been conducting programs on holdings kept out of consolidation as both companies still maintain their own entity. Copper Cliff is preparing to shaft sink on one of its properties.

Besides its main operation Campbell Chibougamau is proposing to reopen a long-dormant shaft in the general area. Recent diamond drilling has started pointing up rather interesting results on holdings of Bateman Bay Mining Co. at Portage Island Chibougamau and on the nearby Yorcan Exploration Ltd. holdings. Bouzan Mines is completing several additional surface holes prior to shaft sinking.

Record General Exploration

Over and above shaft sinking and underground programs general exploration in Chibougamau has reached a record peak this summer. Approximately 65 diamond drilling rigs are engaged by a large number of companies. Chibougamau Jaculet is using 16 drills to complete fill in drilling on two zones with the balance used for further test of its new zone and for exploration.

Besides Chibougamau there are many other districts of heavy copper interest.

Coldstream Copper Mines has created marked interest in the Kashabowie area of Ontario by starting construction of a 1,000-ton daily capacity mill to treat a large copper tonnage. Activity on other properties is at a high level.

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Canada's Mineral Producing Industry Forging Ahead

The Algoma district has come under new assessment, inspired by development results of Copper Corp.

The Temagami district, the summer playground of Ontario, has blossomed into a fine new copper camp on the high-grade shipping success of Temagami Mining. The company plans constructing a 2,000 ton mill. Temagami's success occasioned a mining boom.

Heavy expenditures are continuing in the Manitouwadge area of Ontario where the Noranda-directed Geco Mines is shaft sinking and building a 3,200 ton daily capacity mill for its copper, lead, zinc property. The nearby Willroy Mines also has a shaft sinking program well in hand for a 1,000 ton daily capacity operation. Exploration is underway on many additional properties. A long list of companies is active on copper hopes in the Kenora district as well.

British Columbia Developments

Principal new copper excitement i n British Columbia is centered around the operations of Granduc Mines at Stewart where a major tunnel undertaking is underway to develop at least 15,000,000 tons of 1.6% to 1.7% copper. Jaye Exploration is diamond drilling nearby with other companies also active. Canam Copper has announced plans for a 2,000 ton mill at Hope, B. C.

American Smelting & Refining is financing a development program on a low-grade tonnage operation of Bethlehem Copper Corporation at Ashcroft, B. C. where a number of companeis have been attracted to the potential of the district.

In Newfoundland, Maritime Mining Co. is moving in equipment for a 4,000 ton per day operation in the Tilt Cove area where other companies are engaged in exploring the potential of this district as well as other sections of the province.

Manitoba received a real "shot in the arm" this year by Hudson Bay Mining & Smelting's announcement of a brand new base metal find in the Snow Lake area, some miles from its big base metal operation at Flin Flon. The copper, lead and zinc potential of at least three new deposits is reported large. The discovery undoubtedly has added many years to the Hudson Bay lifeline and it appears the company will lose little time in footing the heavy expenditure to bring the properties to production. The resultant staking boom has brought a heavy influx of activity to the district. The other main copper development is centered on the underground operation of Anglo Rouyn at LaCLa Ronge, Man.

The fine large new operation of the Noranda controlled Gaspe Copper Mines on Quebec's south shore is now operating efficiently. The 6,500 ton daily capacity concentrator and smelter is assured longevity in view of indicated ore totalling 67 million tons of 1.3% copper.

Stepped-Up Dominant Nickel Position

Canada's dominant position in the nickel producing industry has become more apparent with the announcement premium prices will be paid on new Canadian production. Already operating at capacity the established producers and new developers have stepped up development and exploration to win new sources of production to contribute toward Washington's need of 150,000,000 lbs. nickel additional annually.

International Nickel Co. of Canada, the world's largest producer of the "white" metal seems almost certain to start a $140,000,000 expenditure to gear its low-grade nickel and copper deposit in the Mystery Lake area of Manitoba to production. So far INCO, has spent about $5,000,000 on the project over the past three years, including the sinking of a shaft to 1,300 feet depth. The property could conceivably be ready for production by late 1960 or 1961 if officials are satisfied with the price willing to be paid by Washington.

Falconbridge Nickel Mines, Canada's second largest producer, has been undergoing fairly consistent expansion in recent years to meet increasing demands placed upon the organization. The company's smelting and development facilities have been consistently enlarged with its major Sudbury district undertaking at present being confined to the North Rim where the Fecunis Lake deposits are being readied for early production.

Falconbridge is also actively developing new nickel-copper potential in the Populus Lake area of Kenora, Ontario, where most of

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 30 1956
Canada Bread Co., Ltd. Bread and cake wholesaler and retailer	14	0.10	3.15	3.2
Canada Iron Foundries, Ltd. Holding and operating company—machinery & equipment interests	12	1.35	38	3.6
Canada Life Assur. Co. One of the largest Canadian companies underwriting life, accident and sickness insurance	102	4.00	160	2.5
Canada Malting Co., Ltd. Malt for the brewing & distilling industries	29	†2.50	57	4.4
Canada Packers Ltd. "B" Full line of packinghouse prods.	22	1.50	35¼	4.3
Canada Permanent Mortgage Corp. Lends on first mortgage security, issues debentures, accepts deposits	101	3.10	86	3.6
Canada Steamship Lines, Ltd. Freight and passenger vessels: other diverse interests include hotels	14	1.00	27½	3.7
Canada Vinegars Ltd. Vinegar and apple products	32	1.15	b19	6.1
Canada Wire and Cable Co. Ltd. "B" Copper and steel wires and ropes	18	†0.65	19¼	3.4
CANADIAN BANK OF COMMERCE Operates 711 branches throughout the world ● **See Bank's advertisement on page 32.**	89	1.50	51¾	2.9
Canadian Breweries Ltd. Holding co.—brewing and grain milling interests	12	1.37½	29¾	4.6
Canadian Bronze Co., Ltd. Holding co. — subsidiaries make bronze bearings, bushings, and castings	29	1.81½	b30	6.1
Canadian Canners Ltd. Cans fruits, vegetables, meats, etc.	17	2.00	39¾	5.0
Canadian Celanese Ltd. Synthetic yarns and fabrics	21	0.75	16	4.7
Canadian Fairbanks Morse Co., Ltd. Exclusive sales agents for Fairbanks, Morse & Co. of Chicago	19	1.05	28	3.8

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

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Canada's Mineral Producing Industry Forging Ahead

the big and small names of Canadian mining have acquired acreage over large areas. Besides this sector the Werner-Gordon Lake district, northwest of Kenora, is witnessing major development programs on new nickel-copper hopes.

Eastern Mining & Smelting is developing large nickel-copper tonnages underground and proposes erecting a 1,000 ton daily capacity concentrator at Gordon Lake. Concentrates will be shipped to Chicoutimi for smelting and refining. The nearby Norpax Mines is also working underground on similar material and a long list of companies have work underway in the district also.

Nickel Rim, also in Sudbury, has been pursuing depth development and mill expansion as a measure of increasing daily output. Sherritt Gordon Mines, Lynn Lake, Man. is also engaged in heavy development and having completed its arrangement for some custom refining by INCO, should be in a position to expand both its nickel and copper output this year.

North Rankin Nickel, Canada's most northerly precious metal operation on the west shore of Hudson Bay, expects to be in production next spring. Bulk of equipment for a 250-ton mill is on the property and orebodies are being prepared for production. Concentrates will be treated at Chicoutimi along with production from Eastern Metals Corp. which plans a 500 ton mill on holdings at St. Fabien de Panet, eight miles from the Maine border in Quebec.

Many new nickel-copper developments have cropped up in the old Sudbury camp.

Arcadia Nickel Mines, in particular, has resumed development of an old dormant deposit with results so far being decidedly encouraging and grade of ore underground exceeding original surface drilling. Sufficient tonnage has been indicated to warrant erection of a 1,000 ton mill.

Effect of Washington's Premium Prices

Washington's recent announcement of premium prices has created reassessment of old showings and started active prospecting in many areas of Canada. Latest scene of new activity is the typical farming-industrial area of Renfrew which has been startled by a staking boom on a nickel-copper discovery. More and more companies are becoming interested in nickel chances.

New Brunswick continues in the Canadian limelight with additional ore news. The latest important new development is on property held by Kennco Explorations (Canada), the Canadian exploratory arm of the Giant U. S. Kennecott Copper Corp., where about 2,000,000 tons of copper have been indicated to 500 feet depth. Excluding this latest development New Brunswick in the past three years has established well in excess of 100,000,000 tons of base metal ore.

Brunswick Mining & Smelting, under direction of St. Joseph Lead Co., is working underground in a program designed to eventually equip the property with a 4,000 ton mill. New Larder "U" Island Mines is developing a base metal ore body to the 1,500 ft. horizon and Sturgeon River Gold Mines is sinking a shaft to develop its base metal tonnage.

The American Metal Company is surface stripping two open pits and sinking two exploratory shafts to 480 ft. depth in preparation to bringing its deposits into production at 1,500 tons daily. The mill is now being erected. The Province at present is experiencing an active exploratory undertaking by a range of companies.

Remarkable Iron Ore Production

Canada's iron ore production keeps moving along on a full head of steam and, in all probability Dominion-wide output will hit 22.3 million tons this year. Growth of the iron ore industry here is rather remarkable in view of iron ore production having only commenced in 1947.

Major producer, of course, is Iron Ore Co. of Canada which is likely to ship 12,000,000 tons from its New Quebec-Labrador deposits before the end of the season. Indications point to Steep Rock Iron Mines hitting record production of over 3,000,000 tons this year. Wabana Iron, the undersea operation in Newfoundland, will likely produce 3,500,000 tons with Algoma Ore Properties 1,800,000, the Marmora, Ontario, deposit of Bethlehem 500,000, the two Pacific coast producers 1,000,000 and possibly 500,000 tons from International Nickel by-products and other satellite deposits.

Steep Rock Iron Mines on May 3 officially opened the No. 1 Errington underground mine and is hopeful of reaching its annual output objective of 5,500,000 three years hence.

Algoma Ore Properties, the wholly-owned operation of Algoma Steel Corporation, has been concentrating a great deal of effort on its new Sir James mine in the Siderite Hill area of Ontario. Ore reserves in the new

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Canada's Mineral Producing Industry Forging Ahead

mine are believed in the neighborhood of some 80,000,000 gross tons, of which about 7,000,000 tons will be recovered by open pit mining during the first six years of operation. Production is expected to commence next year.

Caland Ore Properties, controlling large acreage leased from Steep Rock Iron Mines, is engaged in the long-drawn-out task of preparing its property for production in 1960 at overall cost ranging to $50,000,000.

Besides the established producers a wide range of companies are actively engaged in exploring and developing known iron deposits at many locations in Canada. The Cyrus Eaton interests of Cleveland have been investigating large deposits of magnetite and hematite in the Ungava Bay district where other interests, including Fennimore Iron Mines, are conductig further work on extensive holdings.

Belcher Iron has been diamond drilling large reserves of magnetite in the Belcher Islands, James Bay region of Ontario, and is now reported negotiating with U. S. interests for senior finances to bring the property to production. Iron Bay has been conducting tests on representative samples from magnetite deposits controlled in Ontario and the gold-producing Upper Canada Mines has started exploring iron possibilities on large tracts of ground generally west of Steep Rock Iron Mines. Additional work is also being conducted on the known deposits in British Columbia, Ontario and Quebec.

Lithium Deposits

A number of companies are actively developing lithium deposits at present but Quebec Lithium Corporation continues the lone producer so far disposing of its concentrates to Lithium Corp. of America. Lithium Corp. of Canada is sinking a shaft on holdings in the Cat Lake area of Manitoba and Nama Creek is shaft sinking to develop its deposit in the Beardmore area of Ontario.

A couple of shaft sinking programs are also being conducted on columbium-tantalum properties in the Oka region of Quebec.

Firms Consolidate With Yates, Heitner

ST. LOUIS, Mo.—O. H. Wibbing & Co., Paul Brown & Company and Redden and Company are discontinuing business and will be consolidated with Yates, Heitner & Woods, 320 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Maisel Inv. Co. Formed

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Maisel Investment Company has been formed with offices at 564 Market Street to engage in a securities business. Officers are Fred W. Maisel, President; Arthur W. Miller, Vice-President; and David M. Atcheson, Secretary. Mr. Maisel was previously with Consolidated Investment Incorporated.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Canadian Gen. Elec. Co., Ltd. — Exclusive manufacturing & selling rights of General Electric products in Canada	27	9.00	b760	1.2
Canadian Gen. Invest. Ltd. — Management type invest. trust	28	1.28	29	4.4
Canadian Industries Ltd. — **Name changed on Dec. 30, 1955 from Canadian Industries (1954) Ltd.** Chemicals and allied products	30	0.50	20¼	2.5
Canadian Ingersol-Rand Ltd. — Manufactures compressors, pneumatic tools, pulp and paper	27	6.00	92½	6.5
Canadian Oil Cos., Ltd. — Petroleum refining & distribution	31	0.60	24	2.5
Can. Pac. Ry. Co. "Ord." — "The" private railway system of Canada	13	1.50	30⅞	4.9
Canadian Tire Corp., Ltd. — Automotive accessories, parts, etc.	13	0.70	135	5.2
Canadian Westinghouse Co., Ltd. — Airbrakes and large variety of electrical apparatus	11	1.50	46¼	3.2
Celanese Corp. of America — Yarns and fabrics	18	*0.50	‡	‡
Celtic Knitting Co., Ltd. — Silk, silk & wool, and cashmere hosiery	12	1.00	‡	‡
Central Canada Invest. Ltd. — Investment co. — large insurance interests	73	0.80	28	2.9
Charter Trust Co. — General fiduciary business	22	1.30	60	2.2
Chateau-Gai Wines Ltd. — Wines and juices	12	1.00	15	6.7
Collingwood Terminals, Ltd. — Operates a 2 million bushel grain elevator in Collingwood, Ontario	15	1.10	b11⅛	9.8
Commoil Ltd. — Oil props. in West. Canada, also holding co.	19	0.40	4.10	9.8
Conduits National Co., Ltd. — Rigid electrical conduits, elbows, couplings, etc.	20	0.90	12¼	7.3
Confederation Life Assoc. — Wide range of endowment and life policies	33	1.50	150	1.0

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
‡ Inactive issue, no Exchange trading.
b Bid.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	24	1.75	31½	5.6
Consol. Paper Corp., Ltd. Owns five mills; daily newsprint capacity 2,479 tons	11	1.50	43⅞	3.4
Consumers' Gas Co. of Toronto Manufactures and distributes gas in the Toronto area	109	0.80	22¼	3.6
Consumers Glass Co., Ltd. Wide variety of glass containers	21	1.50	32	4.7
Corby (H.) Distillery Ltd."A" Holding and operating co. — alcohol and spirits	20	1.10	16¼	6.8
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	22	0.70	11¾	6.0
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	28	2.00	54	3.4
Crown Trust Co. General fiduciary business	57	0.60	26	2.3

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 40

Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	39	4.00	195	2.1
Distillers Corp.-Seagrams Ltd. A holding co.—interests include a complete line of whiskies and gins	20	1.70	34¾	4.9
Dome Mines Ltd. Ontario gold producer	37	0.70	13¾	5.1
Dominion and Anglo Investment Corp., Ltd. Investment holding company	17	16.00	b395	4.1
Dominion Bridge Co., Ltd. Bridges, cranes and structural steel of all kinds	44	0.70	20¼	3.5
Dominion Engineering Wks., Ltd. Wide variety of machines and equipment	15	1.00	23	4.3
Dominion Fabrics, Ltd. Towels, tapestries, draperies, etc.	30	0.40	10	4.0

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
b Bid.

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Hayden Memorial Golf Trophy Match Sept. 28

The 28th Annual Charles Hayden Memorial Trophy Golf Tournament will be held on Sept. 28 at the Apawamis Club, Rye, N. Y. As in the past, four-man teams representing Wall Street securities firms will compete for the trophy and two-man teams will be eligible to compete for a variety of other prizes. There will also be a special individual low net prize for "seniors" (age 50 or over). The trophy remains in perpetual play as a memorial to Mr. Hayden, founder of Hayden, Stone & Co., who sponsored the competition.

The committee on arrangements for this year's tournament is composed of L. S. Potter, Jr., of Fahnestock & Co.; R. E. Christie, III, of Dillon, Read & Co. Inc. and Kenneth Ward, and Wickliffe Shreve, of Hayden, Stone & Co.

With Hamilton Mng'ment

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—John F. Kelly and Ralph Z. Rozel are now with Hamilton Management Corporation.

Join Hamilton Management

(Special to THE FINANCIAL CHRONICLE)

PANAMA CITY, Fla.—Keith B. Johnson and Donald W. Stewart, Jr. are now connected with Hamilton Management Corporation.

With Pierce, Carrison

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla. — Vincent R. Brice and Benjamin H. Troemel are with Pierce, Carrison, Wulbern, Inc., Barnett National Bank Building.

McInnes Adds Two

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Harry Simberg, David F. Tracy and Joseph J. Wilensky are now connected with McInnes & Co., Inc., Huntington Building, members of the Pittsburgh Stock Exchange.

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Canadian Investment Penetration Of the United States Economy

exporting their products to this country but either by establishing a large number of subsidiaries in the U. S. or holding a substantial interest in firms here owning valuable natural resources, especially oil, iron ore and coal, which they need for their own Canadian operations. Nobody in the U. S. is claiming that American interests have been hurt by such Canadian moves.

The 300 Canadian Companies

More than 300 Canadian companies or groups of Canadian investors altogether had direct investments abroad at the end of 1954. Their direct investments in the U. S. alone totaled $1,250 million. The Canadian equity in this figure, however, was $872 million, that is, roughly about two-thirds of the total. These amounts compared with U. S. direct investment of about $5.7 billion in Canada. On a per capita basis, however, of direct investments in the U. S., Canadians hold on an average ground $50 and Americans, $30 of direct investments in Canada.

All Canadians direct investments everywhere—not just the U. S.—at the end of 1954 totaled $1,644 million of which the Canadian equity was $1,073 million. Of the $1,644 million total, $119 million were in the U. K.; $77 million in Latin America; $55 million, other American investments; $48 million, Africa; $40 million, Australia; $34 million, Europe, and $15 million, Asia. All foreign direct investments in Canada, including those of the U. S., were $6,695 million.

Since the end of 1954, total Canadian direct investments abroad have increased by $112 million more, $45 million or more than a third of this amount in the first three months of this year alone. The $45 million compares with $110 million of direct investments made by foreigners in Canada in the same quarter. In the five quarters ended March 31 last, direct investments by foreigners in Canada increased $520 million.

As of the close of 1954, Canadian direct investments in the U. S. were distributed as follows: Railways and utilities, $390 million; industrial and commercial, $711 million; mining and petroleum, $145 million; other concerns, $10 million. Other Canadian investments in the U. S. included $490 million of stocks and $89 million of bonds. The grand total of all Canadian investments in the U. S., direct and other, was thus $1,835 million.

Canada's Foreign Direct Investments

All direct investments of Canadians abroad, taken together, were distributed as follows: Railways and utilities, $427 million; industrial and commercial, $960 million; mining and petroleum, $245 million, and other concerns, $12 million. Canadian investments, other than direct, abroad included: Stocks, $723 million; bonds, $203 million; Government of Canada credits, $1,705 million. The grand total of all Canadian investments abroad, direct and other, in the U. S. and elsewhere, was thus $4,275 million.

Direct investments of residents of the U. S. in Canada at the end of 1954 were distributed as follows: Bonds and debentures of steam railways, $29 million; of other corporations, $581 million; capital stock of Canadian companies, $3,655 million; other corporate assets, $1,475 million. In addition, other investments of U. S. residents in Canada included: Government and municipal bonds, $1,822 million; other portfolio investments, $1,758 million, and miscellaneous investments, $302 million, for a grand total, direct investments and other, of $9,623 million.

The direct investments of all foreigners in Canadian enterprises at the end of 1954 were distributed as follows: Bonds and debentures of steam railways, $37 million, of other corporations, $606 million; capital stock of Canadian companies, $4,365 million; other corporate assets, $1,687 million. In addition, other foreign investments in Canada included: Government and municipal bonds, $2,056 million; other portfolio investments, $3,157 million, and miscellaneous, $561 million, for a grand total, direct investments and other, of $12,469 million.

An estimate of the Canadian balance of international indebtedness for the end of 1955 shows, on the side of Canadian assets held abroad, total long-term investments of $4.8 billion, including direct investments of $1.8 billion; Government of Canada holdings of gold and foreign exchange of $1.9 billion, and other short-term assets abroad of $300 million, or a total of $7 billion for gross assets.

On the liability side, total nonresident long-term investments in Canada are estimated at $13.2 billion, including direct investments of $7.5 billion; equity of nonresidents in Canadian assets abroad of $600 million; Canadian

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
		—Canadian $ §—		
Dominion Foundries & Steel Ltd. (Makes wide variety of primary steel products)	20	0.75	31½	2.4
Dominion Glass Co., Ltd. (Wide variety of glassware)	39	1.30	42	3.1
Dominion Insurance Corp. (Operates company for fire insurance etc.)	13	8.00	b200	4.0
Dominion Oilcloth and Linoleum Co., Ltd. (Wide range of linoleum and oilcloth products)	70	2.00	33½	6.0
Dominion Steel & Coal Corp., Ltd. (A holding co.—coal, iron & steel interests)	11	1.00	21⅞	3.5
Dominion Stores Ltd. (Operates grocery and meat chain)	15	1.00	39¾	2.5
Dominion Tar & Chemical Co., Ltd. (Distiller of coal tar & producer of its derivatives)	11	0.45	16	2.8
Dominion Textile Co., Ltd. (Wide range of cotton yarns and fabrics)	45	0.50	8	6.3
Donohue Brothers Ltd. (Owns and operates a paper mill at Clermont, Quebec)	11	1.45	38	3.8
Eastern Theatres Ltd. (Operates theatre in Toronto)	14	3.00	b26	1.2
Easy Washing Machine Co., Ltd. (Electric washing machines, floor polishers, air circulators, etc.)	13	†4.65	b15⅞	2.9
Economic Invest't Trust Ltd. (General investment trust business)	30	1.50	37	4.1
Electrolux Corp. ("Electrolux" vacuum cleaners, & air purifiers)	13	*1.25	14	8.9
Equitable Life Insurance Co. of Canada (Wide line of life and endowment policies)	18	0.85	49½	1.7
Falconbridge Nickel Mines, Ltd. (Nickel, copper, cobalt; subsidiary produces steel castings)	24	1.20	36½	3.3
Famous Players Canadian Corp., Ltd. (Largest operator of motion picture theatres in Canada)	22	1.50	17½	8.6

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
* Dividend paid in U. S. Currency.
b Bid.

CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Fanny Farmer Candy Shops, Inc. ________ Operates large candy chain	29	*1.50	b22¼	6.7
Federal Fire Insurance Co. of Canada ________ Sells fire, rain insurance etc.	14	3.00	b53	3.7
Ford Motor Co. of Canada, Ltd. "B" ________ Automotive manufacturer	24	5.00	125	4.0
Foundation Co. of Canada Ltd. ________ Engineers and general contractors	17	0.90	b23	3.9
Fraser Companies, Ltd. ______ Wide variety paper and lumber products Synthetic yarns and fabrics	13	1.30	36¼	3.6
A. J. Freiman, Ltd. ________ Owns & operates largest department store in Ottawa	11	1.00	b15	6.7
Gatineau Power Co. ________ Hydro-electric energy in Eastern Canada	19	1.20	28	4.3
General Steel Wares Ltd. _____ Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	16	0.40	8⅛	4.9
Goodyear Tire & Rubber Co. of Canada, Ltd. ________ Natural and synthetic rubber products	30	4.00	135	3.0
Gordon Mackay Stores Ltd. "B" ________ Manages subsidiaries which distribute textile products and allied goods	32	0.50	8½	5.9
Granby Cons. Mining, Smelting & Power Co. Ltd. _____ Copper producer in British Columbia, Canada	10	*0.50	16	3.1
Grand & Toy Ltd. ________ Manufactures commercial & general stationery & business forms and distributes office supplies and furniture throughout Ontario	13	1.40	b35½	3.9
Great Lakes Paper Co., Ltd. __ Manufactures newsprint and unbleached sulphite paper	10	1.60	50⅛	3.2
Great West Coal Co., Ltd. "B" Wholesale distributor of lignite coal	10	0.40	9½	4.2
Great-West Life Assur. Co. ___ Wide range of life, accident and health policies	57	2.50	282	0.9

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
b Bid.
* Dividend paid in U. S. Currency.

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Canadian Investment Penetration Of the United States Economy

dollar holdings of non-residents, $400 million, and Canadian short-term assets, International Monetary Fund and World Bank, $200 million, or a total of $14.5 billion for gross liabilities.

To summarize Canadian direct investments abroad in another way, it can be noted that about three-quarters of the total of $1,256 million at the end of 1954 was the U. S. Industrially, by far the largest part of the investment, $420 million, was in brewing, distilling and beverage industries. But many other forms of industry and commerce, notably the manufacturing of agricultural implements, were important.

Investments in U. S. Mining and Petroleum Quadruple

Among the utilities, Canadian investment in railroad facilities in the U. S. amounted to $273 million and petroleum pipe lines made up much of the balance of around $120 million. Canadian direct investments in mining and petroleum in the U. S. had nearly quadrupled since 1947 with much of the increase represented in the growth of subsidiaries in the petroleum field.

So far as Canadian portfolio holdings of foreign securities were concerned, it should also probably be noted in summary that estimates of the $490 million in Canadian holdings of the stocks of U. S. companies in 1954 were higher than the projections of an earlier survey made in 1939 on the basis of known trends in book values and the extent of liquidation of the stocks held in the earlier year. The $89 million in U. S. bonds, held by Canadians in 1954 were also exclusive of short-term Treasury issues.

The big concentration of Canadian holdings of other foreign securities estimated at $303 million altogether in 1954, was of course the $103 million of total holdings of $210 million in foreign stocks invested in the petroleum products and public utilities of Latin America. Prominent among the additions to the bond holdings of Canadians in recent years have been subscriptions to issues of the International Bank floated in Canada and to State of Israel bonds.

It is the figure for direct foreign investments rather than for other foreign portfolio investments that tends to give the clearer picture in the case of both Canada and the U. S. of the extent to which their nationals and corporate enterprises have succeeded in obtaining a business foothold in the other's market and economic affairs.

The portfolio investment of Canadians in the securities of the U. S. totaled $579 million or less than half the $1,256 million of their direct investments in this country in 1954. Likewise, the portfolio investments of Americans in Canada that year at $1,758 million was less than a third of their direct investments of $5.7 billion. Naturally, of course, for the full impact of the investments of one country on the other, both must be added up.

The U. S. Subsidiaries of 16 Companies

Much of the direct investments of Canadians in the U. S. is concentrated in a relatively few firms, some of which have grown at an unusual rate. There are 16 important Canadian companies, including two which are themselves subsidiaries of English companies, that have not only established a total between them of exactly 50 subsidiaries in the U. S. operating more than 75 plants and, in the case of one of them, 154 supermarkets, but also have a substantial interest in 25 other U. S. companies.

The relative size and strength of these 16 Canadian companies—only a fraction of the total number of Canadian companies with subsidiaries or other interests in this country of course—can be seen from the fact that their aggregate assets, not just those in the U. S. total over $4.6 billion and their net income aggregates altogether more than $240 million annually.

A single company, the Canadian Pacific Railway, holds slighly over a half of the total assets of these 16 Canadian companies although it accounts for only one-sixth of their aggregate annual net income. Since it may be questioned perhaps how "typical" this company may be of Canadian investment in the U. S., it must be borne in mind that of total direct investments of Canadians here fully 25% is in either railways or utilities and of the CPR's total trackage of about 22,000 miles, nearly 5,000 are in the U. S.

The CPR has four subsidiaries in the U. S., the Aroostook Valley R. R., the Duluth, South Shore & Atlantic R. R., the Minneapolis, St. Paul & S. S. Marie R. R. (the Soo Line), and the Wisconsin Central R. R.

Another of the 16 companies is Shawinigan Water & Power Co., not only the largest privately-owned electric utility in Canada

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but also one of the largest hydroelectric enterprises in the world, which has a sales subsidiary, Shawinigan Products Corp. in the U. S. and an interest in two other U. S. companies, Midwest Carbide Corp., in which it shares ownership equally with National Cylinder Gas Corp., and Shawinigan Resins Corp. which it owns jointly with Monstanto Chemical Co.

Midwest Carbide manufactures calcium carbide in plants at Keokuk, Iowa, and Pryor, Iowa. Shawinigan Resins turns out polyvinyl acetate resins and emulsions in Springfield, Mass., and expects to double production with the building of a new plant in Trenton, Mich. It also owns Gelvatex Coatings Corp. which manufactures vinyl-base paints at Anaheim and Pasadena, California.

Distillers Corp.-Seagrams Ltd.

Just lacking one of half of the total number of U. S. subsidiaries of these 16 Canadian companies, that is, 24 of the 50 subsidiaries, are those of three firms in the alcoholic beverage business, Distillers Corp.-Seagrams Ltd., Hiram Walker-Gooderham & Worts Ltd., and Canadian Breweries Ltd. Their total assets about $830 million, also account for nearly a fifth of the total assets of all the 16 companies.

Distillers Corp.-Seagrams Ltd. operates 16 distilleries and nine rectifying and bottling plants in this country through its wholly-owned Joseph E. Seagram & Sons and its subsidiaries, an empire of 11 companies altogether. These U. S. subsidiaries also held 146,000 net acres of oil and gas leases in Oklahoma, Louisiana and Kansas producing 2,400 net barrels of oil daily.

The U. S. subsidiaries in the Distillers Corp.-Seagram group include the House of Seagram Inc., Gallagher & Burton Inc., Browne-Vintners Co. Inc., Hunter-Vintners Co. Inc., Calvert Distilling Co., Julius Kessler Distilling Co. Inc., Paul Jones & Co. Inc., Frankfort Distilleries Inc., Pharma Craft Corp. and Chivas Bros. Import Corp.

Hiram Walker-Gooderham & Worts Ltd., the second largest distiller in Canada, is, through subsidiaries, one of four principal producers and distributors of whiskies and gin in the U. S. where it has facilities to distill 163,000 U. S. proof gallons daily. Its main plant at Peoria, Ill., is the largest distillery in the world. Besides another distillery of 36,000 gallons daily capacity at Peoria, it has one of 5,000 gallons daily capacity at Lovely, Md., and wineries with a fermenting capacity of 522,000 gallons in California.

The U. S. subsidiaries of this company, all 100% owned, include Hiram Walker & Sons Inc. (Mich.); Hiram Walker Inc. (Del.); Hiram Walker Distributors Inc. (N. Y.); Hiram Walker-Gooderham & Worts Sales Corp. (Mass.); Hiram Walker Properties Inc. (N. Y.); Gooderham & Worts Ltd. (Del.); James Barclay & Co. Ltd. (Del.); Associated Distillers Inc. (Del.); the Frank L. Wight Distilling Co. (Md.), and W. A. Taylor & Co., (N. Y.).

Canadian Breweries Ltd.

Canadian Breweries Ltd.'s U. S. subsidiary, Carling Brewing Co. Inc. (over 99% owned) has plants in Cleveland, Ohio, St. Louis, Mo., Belleville, Ill., and Natick, Mass., with an annual capacity of four million barrels altogether. The expansion plans of the subsidiary company also call for another plant in Atlanta, Gas., by early 1958. The company, too, has taken an option on a 70-acre plot at Baltimore, Md., for construction of a brewery there.

There are two big steel companies in the group of the 16 Canadian companies, the Steel Co. of Canada Ltd. and Algoma Steel Corp. Ltd. The Steel Co. of Canada Ltd. has only one U. S. subsidiary, the 100% owned Mather Collieries at Mather, Pa., from which it derives coal for coking but it has a 10% interest in Erie Mining Co. of Aurora, Minn., a project for beneficiation of low-grade iron ore properties. Two of Algoma's U. S. subsidiaries, Cannelton Coal & Coke Co. and Lake Superior Coal Co., operate coal mines in West Virginia. The third, Fiborn

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §	Quotation June 30, 1956♦ —Canadian $ §	Approx. % Yield Based on Paymts. to June 30 1956
Greening (B.) Wire Co., Ltd. Wide variety of wire products	19	0.25	5	7.6
Guaranty Trust Co. of Can. General fiduciary business	28	0.62½	22	2.7
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	10	†1.20	37½	3.2
Hahn Brass Ltd. Manufactures large variety of metal products	10	1.00	21½	4.6
Hallnor Mines, Ltd. Ontario gold producer	18	0.20	3.25	6.2
Hamilton Cotton Co., Ltd. Wide variety of textile products	15	0.675	13½	5.0
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	21	0.60	8	7.5
Hayes Steel Products Ltd. Wide variety of automotive parts	14	1.50	27	5.6
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	10	1.25	29	4.3
Hinde and Dauch Paper Co. of Canada Ltd. Wide variety of paperboards, boxes, etc.	23	1.80	b45	4.0
Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	41	0.24	26	0.9
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	22	5.50	86	6.4
Huron & Erie Mortgage Corp. Lends money on first mortgage security and operates deposit and debenture accounts	92	1.40	37	3.8
Imperial Bank of Canada Operates 234 branches throughout Canada	81	1.70	56	3.4
Imperial Flo - Glaze Paints Ltd. Varnishes, lacquers, enamels, paints, etc.	16	1.20	b25	4.8
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	55	1.75	68	2.6

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
		—Canadian $ §—		
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprises	57	1.00	52⅞	1.9
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	45	0.575	11¼	5.1
Inter-City Baking Co., Ltd. Operates bakeries in Toronto, Ottawa, and Montreal	18	0.75	‡	‡
International Metal Industries Ltd. "A" Com. Holding co. Subs. Can. & U. S. mfr. water heaters, oil trade equip. etc.	14	1.60	41¼	3.8
International Nickel Co. of Canada, Ltd. Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	23	*3.95	97	4.1
International Paper Co. Holding and operating co.—Operates pulp and paper mills in Canada and the U. S.	11	*†2.96	131½	2.2

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 40

International Petroleum Co. Ltd. South American oil producer and refiner	39	*1.25	34¼	3.6
International Utilities Corp. Management and development of natural gas and electrical companies in Alberta	13	1.70	51⅝	3.3
Investment Foundation Ltd. Management type investment trust	13	2.00	42	4.8
Journal Publishing Co. of Ottawa, Ltd. Publishers "The Ottawa Journal"	40	1.00	b16	6.3
Kelvinator of Canada, Ltd. Complete line of home appliances, parts and repairs	13	1.00	14	7.1
Kerr-Addison Gold Mines Ltd. Ontario gold producer	17	0.80	19¼	4.2
John Labatt Ltd. General brewing business	12	1.10	22	5.0

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§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
‡ Inactive issue, no Exchange trading.
b Bid.

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Limestone Co., works limestone and dolomite quaries in Michigan.

Coal and Ore Properties in the U. S.

The U. S. coal and ore properties in which Steel Co. of Canada has an interest, in addition to Mather Collieries and Erie Mining, are: Mathies Coal Co., Library, Pa.; Banner Mining Co., Wakefield, Mich.; Ontario Mining Co., Hillsboro, Pa.; Fortune Lake Mine, Crystal Falls, Mich.; Olga Coal Co., Coalwood, W. Va.; Plymouth Mining Co., Wakefield, Mich.; Hoyt Mining Co., Hibbing, Mich.; Huron Land Co., Aurora, Minn.; James Mining Co., Mineral Hills, Mich.; Palmer Mining Co., Palmer, Minn.; Balkan Mining Co., Bovey, Minn.; Lake Mining Co., Biwalbek, Minn.; Ontario Iron Co., Aurora, Minn.; Utica Mining Co., Hibbing, Minn.; Iron Range Mining Co., Mineral Hills, Mich., and Western Mining Co., Grand Rapids and Mineral Hills, Mich.

British American Oil Co. Ltd., a completely integrated producer and distributor of petroleum products and recognized as the Number Two company in the Canadian oil industry, obtains a substantial portion of its crude oil requirements for Eastern Canada through a U. S. subsidiary, British-American Oil Producing Co., which has producing properties in California; Illinois; Kansas; Oklahoma; Texas; Wyoming; Louisiana; New Mexico; Colorado; Montana; Arkansas; Nebrasks, and Mississippi.

Its Toronto Pipe Line Co. owns 450 miles of gathering lines in Illinois, Indiana, Montana and Texas. Besides serving British American wells in the U. S., it also acts as a comomn carrier for numerous other producers. British-American also has a third interest in Trans-Northern Pipe Line, an 18% interest in Portland Pipe Line Corp. and a 15% interest in Platte Pipe Line Co.

Portland Pipe Line, together with Montreal Pipe Line Co. Ltd., in which British American also has an 18% interest, operates a crude oil pipe line from Portland, Maine, to Montreal, which supplies the bulk of the crude requirements for British American's Montreal East Refinery. Platte Pipe Line operates an 1,149-mile 20-inch oil line capable of transporting 195,000 barrels of Rocky Mt. crude oil daily to Eastern refining centers. A 70-mile 12-inch crude oil pipeline (50% owned) connects British-American oil fields in Colorado with the Platte Pipe Line at Gurley, Neb.

Moore Corp., Ltd.'s 16 U. S. Plants

Moore Corp. Ltd., manufacturers of business forms, such as continuous interfold forms, sales books and speediset forms for unit accounting records, also of paper boxes and printing presses, 86% of whose business is in the U. S., has two wholy-owned U. S. subsidiaries, Moore Business Forms Inc. and Kidder Press Co. Inc. These companies have a total of 16 plants altogether in the U. S. located at the following points: Niagara Falls, Elmira and Buffalo, N. Y.; Dover, N. H.; Thurmont and Snow Hill, Md.; Marion, Ky.; Iowa City, Iowa; Kahoka, Mo.; Denton, Texas, and Salem, Ore.

Massey-Harris-Ferguson Ltd., largest producer of farm machinery in the British Commonwealth but second largest in the world, has an incorporated subsidiary of

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Canadian Investment Penetration Of the United States Economy

the same name in the U. S. with plants located in Batavia, N. Y.; (Ferguson Works) Detroit, Mich.; Racine, Wis., and Fowler, Calif.

Geoibe Weston Ltd.'s U. S. subsidiary, Weston Biscuit Co., operates biscuit plants at Passaic, N. J.; Battle Creek, Mich.; Burbank, Calif.; Fort Worth and Waco, Texas; its Southern Biscuit Co. division at Richmon, Va., and American Biscuit and Cracker Co. divisions, at Tacoma, Wash.

Weston's unconsolidated Canadian subsidiary, Loblaw Groceterias Ltd., owns a 55% interest in Loblaw Inc. (U. S.) and a beneficial ownership of 577,867 shares or about a fourth of the total common of National Tea Co. (U. S.) outstanding. Loblaw Inc. operates 154 supermarkets in western New York, northwestern Pennsylvania and northeastern Ohio besides owning a bakery building and warehouse in Buffalo and a warehouse in Syracuse and leasing a warehouse in Youngstown, Ohio.

MacMillan & Bloedel Ltd., which conducts a world-wide merchandising and shipping business in timber products and through divisions and subsidiaries not only engages in logging but also manufactures lumber, plywood and sulphate pulp, has three U. S subsidiaries, MacMillan & Bloedel (N. Y.) Inc.; MacMillan & Bloedel (U. S. A.) Co., Seattle, and MacMillan & Bloedel Ltd., Portland. Abitibi Power & Paper Co. Ltd. formed a Delaware corporation only last year to establish a $16.5 million plant in Michigan to produce hardboard and insulation board.

The Bowater Subsidiaries

The U. S. and Canadian assets of Bowater Paper Corp. Ltd. of London, England, equal to more than half of the total assets of the company, are all managed by Bowater Corp. of North America Ltd., a Canadian subsidiary. Bowater Southern Paper Corp., a U. S. subsidiary was formed in 1954 to operate a plant at Calhoun, Tenn. with a capacity of 300,000 tons of newsprint a year. Other U. S. subsidiaries of the Bowater Organization are Bowater Paper Co. Inc., a sales organization, and Bowater Fibreboard Co. Inc.

Another London company whose North American assets are generally controlled from Canada is Beecham Group Ltd., manufacturers of numerous proprietary medicines of which Beecham's Pills is one of the best known, and of a large number of food and toilet products. In charge of the company's overseas operations, including subsidiaries in the U. S., Canada and Latin America, is the Harold F. Ritchie & Co. Ltd.

Another Canadian company, the Powell River Co. Ltd., operator of the world's largest newsprint mill at Powell River, more than 75 miles north of Vancouver in British Columbia, and a large producer of sulphite pulp, laminated paper, lumber and other wood products, has under consideration a project to form a U. S. subsidiary to manufacture newsprint in the southern part of the country. An important market for its products now is in California, Texas, Arizona, and the whole Puget Sound area.

If Powell River decides to go ahead with its expansion plans in the U. S., then the number of selected Canadian companies with American interests under consideration of course would grow to 17 and their aggregate assets would increase by over $100 million and annual aggregate earnings by around $12 million. It might be a point of interest to know that nine or half of these 18 companies have main offices in Ontario, six in Toronto, but that a third as many or only three with headquarters in Montreal have two-thirds of aggregate assets of the entire group.

Earnings in U. S. Total $160 Million Annually

The very substantial interests, corporate and otherwise, held by Canadians in the U. S. is indicated also by a recent study of the U. S. Dept. of Commerce showing that earnings by Canadians on their assets in the U. S. in 1955 totaled $160 million altogether or one-fourth of total earnings by all foreigners on their assets in this country that year.

Against the group of 16 important Canadian companies with U. S. subsidiaries could be cited a list of 28 U. S. companies with important subsidiaries in Canada. The combined total assets of 20 of the 28 companies which have wholly-owned subsidiaries in Canada total more than $17 billion. The Canadian assets of the eight other subsidiary companies controlled by U. S. firms total nearly $1.5 billion.

The 20 U. S. companies with the wholly-owned subsidiaries, carrying, in each case, the same general name of the parent company, are the following: Firestone Tire & Rubber Co.; the B. F. Goodrich Co.; U. S. Rubber Co.; Swift & Co.; Continental Can Co. Inc.; American Can Co.; International Harvester Co.; Standard Oil Co. of Calif.; Gulf Oil Corp.; the Procter & Gamble Co.; Union Carbide & Carbon Corp.; General Motors Corp.; Chrysler Corp.; International Paper Co.; General Foods Corp.; Great A. & P. Tea Co. of America; Safeway Stores Inc.; Johns-Manville Corp.; and International Machines Corp.

The eight controlled subsidiaries of the group are: Canadian Westinghouse, 70% controlled by Western Electric Corp.; Goodyear Tire & Rubber Co. of Canada Ltd., 79% controlled by Goodyear Tire & Rubber Co. of Akron, Ohio; Canadian Chemical & Cellulose Co. Ltd., 80% controlled by Celatino, a wholly-owned subsidiary of Celanese Corp. of America; McCall Frontenac Oil Co. Ltd. (Canada), 58.95% controlled by the Texas Corp.

Also, Canadian General Electric Co., Ltd., 99.4% controlled by General Electric Co.; Imperial Oil Ltd., 69.6% controlled by Standard Oil Co. (N. J.); International Petroleum Co. Ltd., 82.58% controlled by Standard Oil Co. (N. J.); Ford of Canada whose voting stock is held mainly by the Ford family or Ford Foundation; and Du Pont Co. of Canada Ltd., 82.3% owned by du Pont de Nemours & Co. All these U. S. companies of course represent only a small part of total American firms with subsidiaries and other corporate interests in Canada.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦ —Canadian $ §—	Approx % Yield Based on Paymts. to June 30 1956
Lake Shore Mines, Ltd. Ontario gold producer	39	0.10	4.90	2.0
Lamaque Gold Mines Ltd. Quebec gold producer	18	0.18	3.00	6.0
Laura Secord Candy Shops, Ltd. Retail candy chain in Ontario & Quebec	30	1.10	b19¾	5.1
Leitch Gold Mines Ltd. Ontario gold producer	19	0.06	0.76	8.0
Lewis Bros., Ltd. Wholesale hardware trade in Eastern Canada	11	0.60	9¾	6.2
Loblaw Groceterias Co., Ltd. "B" Operates chain of "self-service" grocery stores in Ontario	34	0.5087	17	3.0
Loblaw Inc. Operates 133 "self-service" food markets in northern New York, Pennsylvania and Ohio	18	*1.50	76⅜	2.0
Walter M. Lowney Co., Ltd. Chocolate and other confection products	21	1.00	b20½	4.9
Lucky Lager Breweries (1954) Ltd. Name changed from Coast Breweries Ltd. on Dec. 15, 1954. A holding company for four British Columbia companies	28	0.15	b4.75	3.1
Maclaren Power & Paper Co. Holding company—newsprint, lumbering and power interests	15	3.50	91⅜	3.8
MacMillan & Bloedel Ltd. "B" Fully integrated lumber business; large exporter	16	1.00	43½	2.3
Madsen Red Lake Gold Mines Ltd. Ontario gold producer	17	0.25	2.45	10.2
Maple Leaf Gardens, Ltd. Owns and operates Toronto sports arena of same name	11	1.30	b18¾	7.1
Maple Leaf Milling Co., Ltd. Grain handling; flour milling; operation of bakeries, etc.	11	0.50	b8½	5.9
Marcus Loew's Theatres, Ltd. Owns two Toronto motion picture theatres	12	5.00	b120	4.2
Massey-Harris Co., Ltd. Complete line of farm implements and machinery	11	0.60	7⅞	7.6
McCabe Grain Co., Ltd. "B" General grain dealings	10	0.70	b18	3.9
McColl-Frontenac Oil Co. Ltd. Oil production, refining and distribution	13	1.25	55	2.3
McIntyre Porcupine Mines, Ltd. Ontario gold producer	40	3.00	80½	3.7

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Mitchell (J. S.) & Co., Ltd.___ General supply house for many industries in Eastern Quebec	22	1.25	b35	3.6
Midland & Pacific Grain Corp., Ltd. ____________ Deals in grain and operates line elevators in Western Canada	11	1.00	b19	5.3
Minnesota and Ontario Paper Co. ____________ Newsprint, specialty papers and other timber products	10	†1.30	35¼	3.7
Molson's Brewery, Ltd. "B"_ Montreal brewer	12	1.30	b22½	5.8
Montreal Locomotive Works, Ltd. ______________ Diesel-electric locomotives and related production	11	1.00	16¾	6.0

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 40

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Montreal Refrigerating & Storage Ltd. Operates general and cold storage warehouse in Montreal	11	2.00	38	5.3
Moore Corp. Ltd.____________ Business forms, advertising display products, etc.	13	*1.50	47½	3.4
National Drug and Chemical Co. of Canada, Ltd.______ Wholesaler of drugs, chemical and general merchandise	16	0.70	11½	6.1
National Grocers Co., Ltd.___ Ontario grocery wholesaler	15	0.60	b16½	3.6
National Steel Car Corp., Ltd. Railway cars, automobile chassis, etc.	20	2.00	30	6.7
National Trust Co., Ltd._____ General trust business, also accepts deposits	58	1.40	40½	3.5

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

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Bank Women Elect National Officers

Mrs. Bee Bush, Vice-President, Valley National Bank, Phoenix, Arizona, was elected President of the National Association of Bank Women at its Annual Convention held at the Radisson Hotel, Minneapolis, Minnesota, Sept. 18-21, 1956.

Other officers elected were:

Vice - President: Miss Iweta Miller, Assistant Vice - President, First City National Bank of Houston, Post Office Box 2557, Houston, Texas.

Recording Secretary: Miss Evva Shaw, Assistant Trust Officer, Valley National Bank, Phoenix, Arizona.

Corresponding Secretary: Mrs. Ruby H. Condron, Assistant Cashier, The Bank of Douglas, Post Office Box 2511, Phoenix, Arizona.

Treasurer: Mrs. Evelyn B. Wirebaugh, Auditor, The Miami Beach First National Bank, Miami Beach 39, Florida.

Eight Regional Vice-Presidents chosen were:

Lake Division: Miss Irene M. Cole, Union Bank of Michigan, 100 Ottawa Avenue, N. W., Grand Rapids, Mich.

Middle Atlantic Division: Miss Mildred N. Whitby, Assistant Vice - President, The National Bank of Olyphant, Olyphant, Pa.

Mid-West Division: Mrs. Eva McBride, President, The Commercial Bank, Blue Hill, Neb.

New England Division: Miss Katherine E. Minor, Assistant Branch Manager, The First National Bank of Boston, Massachusetts Avenue Branch, Boston 15, Mass.

Northwestern Division: Mrs. Mary Adele Givens, Pro-Manager, Pullman Branch, Seattle First National Bank, Pullman, Wash.

Southern Division: Mrs. Helen C. Wardlaw, Assistant Vice-President, The Union National Bank, Post Office Box 1476, 301 S. Tryon Street, Charlotte, N. C.

Southwestern Division: Mrs. Dollie Riviere, Assistant Vice-President, Tyler Bank & Trust Co., Tyler, Texas.

Western Division: Mrs. Julia W. Stoney, Assistant Cashier, The Continental Bank and Trust Company, 200 South Main Street, Salt Lake City, Utah.

The new officers were installed at breakfast on Friday, Sept. 21, 1956. Following the inaugural talk by Mrs. Bee Bush, the Convention was adjourned.

Two With G. R. Jobin

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla.—DeWitt C. McLamb and Harry S. Williams have become connected with Gerard R. Jobin Investments Ltd., 242 Beach Drive, North.

R. F. Campeau Adds

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla.—Russell B. Hayes, Wallace E. Maclaskey and Dorothy M. Strock have been added to the staff of R. F. Campbeau & Company, 110 Second Avenue.

Three With Goodbody Co.

(Special to The Financial Chronicle)

CLEARWATER, Fla. — Douglas E. Bark, Mrs. Elizabeth A. Gillespie and Richard D. Smith are now associated with Goodbody & Co., 407 South Garden Avenue.

Zahner Adds Three

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Lester K. Britt, Jack E. Buckner and James M. McCarthy have joined the staff of Zahner and Company, Dwight Building.

Sees '29-Style Crash Unlikely

Axe-Houghton Economist-President compares immeasurably favorable situation today with that of pre-1929 era; lists unfavorable factors responsible for 1929 crash; and concludes 1929-32 collapse of business and security prices is highly improbable, and though we are not depression-free, such phenomena will be far less severe. Reports 126 open-end funds hold $8 billion assets, are still growing, and possess vastly more experienced management than in 1920's.

The chances of another collapse of business and security prices such as we had in 1929-32 are as remote as a recurrence of the Black Death and the mutual funds and other institutional security holders are one of our strongest bulwarks against it, in the opinion of Emerson W. Axe, economist and President of the Axe-Houghton Mutual Funds.

Emerson W. Axe

"Although investment companies were among the heavy sufferers of the economic fall-out of 1929," he says, "there is every reason to believe that managements of today's balanced-type funds would be able to minimize or at least greatly reduce the effects of any business depression that may conceivably be ahead of us."

Mr. Axe finds it highly improbable that we will ever again witness the combination of unfavorable factors that brought about the business and stock market decline of a quarter of a century ago.

He admits we are by no means depression-proof. "But," he says, "any depression we do have is sure to be far less severe than the one that closed out the 20's and ushered in the 30's."

The mutual funds and other institutional holders, he says, now hold a much larger percentage of the industrial common stocks.

Funds Growing Investment Power

"The investment power of the mutual funds alone is immense. Early this year, the assets of 126 open-end funds in this country came to more than $8 billion—and they are still growing."

"The balanced funds hold a good proportion of fixed-income securities and very well diversified common stocks. Their managements are vastly more experienced than the investment trust managements of the 20's. They are far less likely to sell in a panic than individuals."

In his comparison of the present situation with that of the pre-crash era, Mr. Axe further notes:

Compares Present With 1929

The absence of heavy speculation in securities of the earlier period and particularly of the heavy speculation on thin margins.

The fact that many common stocks are much better seasoned, that is they are more largely in the hands of long-term investors.

The fact that our gold supply is much larger than it was 30 years ago and that partly because of this and partly because of changes in the banking system the potential credit supply is much greater.

The stronger position of the banks.

Mr. Axe lists the combination of unfavorable factors responsible for the worst collapse in history as follows:

A wave of public speculation in common stocks which carried prices higher in relation to earnings and assets than ever before or since.

Reaction from a long period of high business activity based on replacement of war-accumulated shortages.

Draining of gold from European countries resulting partly from foreign trade policies of the United States and partly from unsound European government financial situations growing out of World War I.

A bad decline in the international commodity markets resulting from this movement of gold out of Europe and related influences.

A European financial collapse in the spring of 1931, first the Austrian and then the German currencies and central banks and then the break in the pound a few months later.

Serious deterioration of the political situation in Germany, starting with Hitler's victory in the German elections of 1930.

Reaction from unsound lending practices of the banks in the United States.

Serious deterioration of the domestic political situation.

Reaction from over-expansion and speculation in real estate.

Ill-Advised Hoover Efforts

Ill-advised efforts of the Hoover administration to prevent by artificial means a natural reaction in general business activity and in the security markets in 1929-30, which delayed and prolonged the depression.

"By the spring of 1931," Mr. Axe says, "American business had experienced nearly as much reaction as could be expected when the serious European financial collapse brought on a new wave of liquidation; so that there were actually two major declines, one setting in immediately after the other."

A. B. A. Announces Credit Conf. Dates

The dates for the Ninth National Credit Conference and the Eleventh National Instalment Credit Conference of the American Bankers Association, which will be held in Chicago, Illinois, early in 1957, have been announced by the Association. Both of the conferences will be held at The Conrad Hilton.

The National Credit Conference, sponsored by the Credit Policy Commission of the Association, will occupy Monday, Tuesday, and Wednesday, Jan. 14, 15 and 16, 1957.

The National Instalment Credit Conference, sponsored by the Instalment Credit Commission of the A. B. A., is being planned for Monday, Tuesday and Wednesday, March 18, 19 and 20, 1957.

Joins Griffin McCarthy

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Evelyn C. Cumming has joined the staff of Griffin McCarthy, 8340 Northeast Second Avenue.

With Frank Edenfield

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Armistead G. Alison has become connected with Frank L. Edenfield & Co., 8340 Northeast Second Avenue.

With First Southern

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla. — Marjorie D. Cupp has joined the staff of First Southern Corporation, 350 Lincoln Road.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Neon Products of Western Canada Ltd. Neon advertising signs	27	†0.4375	13¼	3.3
Niagara Wire Weaving Co., Ltd. Makes wire mesh, cloth, wire weaving machinery, etc.	23	2.50	49½	5.1
Noranda Mines, Ltd. Copper and gold producer	27	2.00	57⅞	3.5
Normetal Mining Corp., Ltd. Quebec copper and zinc producer	11	0.80	6.80	11.8
O'Brien Gold Mines, Ltd. Quebec gold producer	18	0.02	0.85	2.3
Office Specialty Manu. Co. Ltd. Mfg. and distributes office furniture and supplies	11	0.80	16½	4.8
Ogilvie Flour Mills Co., Ltd. Mills flour, feeds, and cereals	54	1.50	38	3.9
Ontario Loan and Debenture Co. Accepts deposits and sells debentures; invests in first mortgages	86	1.15	27½	4.2
Ontario Steel Products Co., Ltd. Automotive springs, bumpers and plastic products	19	1.40	27¼	5.1
Page-Hersey Tubes, Ltd. Industrial pipe and tubing	31	3.00	88½	3.4
Pato Consolidated Gold Dredging Ltd. Operates a gold dredging project in Colombia, S. A.	18	1.55	5.70	27.2
Paton Mfg. Co., Ltd. Woolens and worsted fabrics	18	0.80	10	8.0
Penmans Ltd. Woolen, cotton and silk knitted goods	50	1.10	25	4.4
Photo Engravers & Electrotypers Ltd. Photo engravings, electrotypes, commercial photography, etc	23	2.00	b43	4.7
Pickle Crow Gold Mines Ltd. Ontario gold producer	21	0.10	1.55	6.5
Placer Development, Ltd. Investment—holding company—gold interests	24	†1.16⅔	12¾	9.2
Powell River Co., Ltd. Largest producer of newsprint on the West Coast	19	1.85	54¾	3.4
Power Corp. of Canada, Ltd. A utility holding management and engineering company	20	2.00	62¾	3.2

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Premier Trust Co. Operates as trust company trustee, etc.	12	4.00	b82	4.9
Preston E. Dome Mines Ltd. Ontario gold producer	17	0.08	6.40	1.3
Price Brothers & Co., Ltd. Newsprint and related products	13	2.75	67	4.1
Provincial Transport Co. Operates coach lines in Quebec and Ontario	20	1.10	13½	8.1
Quebec Power Co. Operating public utility	42	1.20	27¼	4.4
Robertson (P. L.) Manufacturing Co., Ltd. Wide range of screws and bolts	15	0.40	12¾	3.1
ROYAL BANK OF CANADA Operates 796 branches throughout the world ● See Bank's advertisement on page 21.	88	1.92½	59½	3.2
Royalite Oil Co., Ltd. Oil production and development	28	0.26	14	1.9
Russell Industries Ltd. Holding company—machine tool interests	21	0.80	11½	7.0
San Antonio Gold Mines Ltd. Manitoba gold producer	23	0.03	0.85	3.4
Sangamo Co., Ltd. Electric meters, motors, switches, etc.	20	0.55	b11	5.0
Sarnia Bridge Co., Ltd. Steel bridges and related production	14	0.80	15½	5.2
Scarfe & Co. Ltd. "B" Mfrs. and sells varnishes, paints, etc.	10	0.40	‡	‡
Scythes & Co. Ltd. Manufactures cotton and wool waste, cotton, wipers, etc.	21	1.00	a15¾	7.8
Shawinigan Water and Power Co. Quebec electric utility	50	1.75	82¼	2.1
Sherwin-Williams Co. of Canada, Ltd. Paints, varnishes, enamels, etc.	15	2.05	40	5.1
Sicks' Breweries Ltd. Beer, ale, stout and carbonated beverages	29	1.40	26½	5.3
Sigma Mines (Quebec) Ltd. Quebec gold producer	17	0.40	4.85	8.2
Silverwood Dairies, Ltd. "B" Full line of dairy products	19	0.60	12	5.0

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
‡ Inactive issue, no Exchange trading.
b Bid.
a Asked.

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NY Muni. Bond Women Elect New Officers

Miss Emma Brehm of R. W. Pressprich & Co. has been elected President of The Municipal Bond Women's Club of New York, succeeding Miss Anna F. Schreiber, of Mitchell, Pershing, Shetterly & Mitchell. Miss Justina V. Taylor, of The Chase Manhattan Bank, was elected Vice-President; Mrs. Betty C. Pollock, of the Harris Trust and Savings Bank, was elected Treasurer, and Miss Marie G. Dolan, of J. J. Kenny Co., was elected Secretary.

Miss Estelle M. Hanvey, of Wood, Struthers & Co., and Miss Madlyn Hoskins, of Braun, Bosworth & Co., were elected members of the Board of Governors to serve for two years. Continuing Governors will be Miss Schreiber, the retiring President, and Miss Mary Ciarlo, of The Bond Buyer.

First Boston Group Offers Peabody Coal Co. 5¼% Debentures

The First Boston Corp. and associates yesterday (Sept. 26) offered to the public $35,000,000 of Peabody Coal Co. 5¼% sinking fund debentures, due Oct. 1, 1976, at 100% of principal amount.

Of the proceeds from the sale of these debentures, Peabody Coal expects to use approximately $28,180,000 for the payment of outstanding debt and the remainder for other corporate purposes, including expenditures for property developments and additions, the acquisition of additional coal reserves, the development of new mines and the purchase or extension of related transportation facilities, all of which are expected to cost about $38,600,000 during the period 1956-59.

The new debentures are entitled to a sinking fund sufficient to retire $1,950,000 principal amount annually commencing Oct. 1, 1959, which is calculated to retire $33,150,000 or 94.7% of the issue by Oct. 1, 1975.

Peabody Coal Co. is the second largest commercial producer in the bituminous coal industry, selling primarily to electric utilities in the Midwest area, largely under long-term contracts. Its mining operations involve both underground and strip mining methods, with mines in six states for the most part accessible to the Mississippi, Ohio, Green and Illinois Rivers.

For the first six months ended June 30, 1956, net sales amounted to $48,957,865 and net income to $3,024,375 compared with sales of $41,081,992 and income of $1,942,946 for the same half of 1955. For the full year 1955, sales amounted to $87,929,988 and income to $6,909,922.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—John T. Canfield is now connected with Bache & Co., 96 Northeast Second Avenue.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Robert R. Siska has been added to the staff of Columbia Securities Company, Inc. of Florida, 3839 Biscayne Boulevard.

B. C. Morton Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla. — Henry Nelson has been added to the staff of B. C. Morton & Co.

Joins A. M. Kidder Staff

(Special to THE FINANCIAL CHRONICLE)

SARASOTA, Fla. — Harry Bentrup is now with A. M. Kidder & Co., 16 South Palm Avenue.

Joins Fahnestock Staff

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla. — Charles N. Sacher has joined the staff of Fahnestock & Co., 1750 East Sunrise Boulevard.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla. — Leroy L. McCaul and Charles J. Vance Jr. are now affiliated with King Merritt & Co., Inc., 24 Julia Street.

$75,000,000 Issue of Commercial Credit Co. 4¼% Notes Offered

An investment banking group headed jointly by The First Boston Corp. and Kidder, Peabody & Co. yesterday (Sept. 26) offered for public sale a new issue of $75,000,000 Commercial Credit Co. 4¼% notes due 1974. The notes, which constitute a part of the superior indebtedness of the company, are priced at 98.45% and accrued interest, to yield 4.375% to maturity. They are non-callable for the first 10 years and thereafter are redeemable at par.

The proceeds of the sale will be added to the company's working capital and will be available for the purchase of receivables, for the reduction of short-term loans, for advances to and additional investments in subsidiary companies and for other corporate purposes.

As of June 30, 1956 and after giving effect to this financing, the superior indebtedness of the company will amount to $1,033,495,500 of unsecured notes consisting of $718,495,500 due within one year and $315,000,000 with maturities running from 1961 to 1976. Subordinated indebtedness totals $105,000,000 comprising unsecured notes due 1957 to 1969. Capital stock outstanding, of $10 par value, amounts to 5,026,181 shares.

The company and its finance company subsidiaries constitute one of the three largest enterprises in the United States engaged on a national scale in the business of acquiring instalment and deferred payment obligations and accounts receivable. The company also has a group of subsidiaries comprising insurance companies and manufacturing companies. The business is transacted almost entirely within the United States and Canada.

For the six months ended June 30, 1956 the company reported gross receivables acquired of $1,683,551,000; gross insurance premiums prior to reinsurance, $17,180,000; and net sales of manufacturing companies, $57,036,000. Net income credited to earned surplus was $13,120,000 for the first six months of 1956 compared with $12,873,000 for the comparable 1955 period.

New Branches For Merrill Lynch Firm

Merrill Lynch, Pierce, Fenner and Beane, members of the New York Stock Exchange, will open a Rockefeller Center office, in the heart of New York City, early next year, it was announced by Winthrop H. Smith, managing partner of the firm.

Wilbert H. Teepe

The leases have been signed and remodeling work will be started soon for the new Merrill Lynch office which will be located in the U. S. Rubber Company Building in the Center. It will be the firm's sixth office in Manhattan.

The new office will be managed by Wilbert H. Teepe who has spent his entire business career in the brokerage and investment business, having started in 1928 and been with Merrill Lynch since 1940. At present Mr. Teepe is an account executive in the 575 Madison Avenue office of Merrill Lynch. The new office will have the complete investment services offered by the firm including an electric quote board upon which will be listed quotations on approximately 350 securities and commodities.

Mr. Teepe will open the office with a staff of 10 trained and experienced account executives.

Merrill Lynch also opened its second full-scale office in Washington, D. C., Sept. 25, under the managership of S. Harold Williams.

The new office in the nation's capital brings to 117 offices that Merrill Lynch operates in the United States and foreign countries.

With Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

POMPANO BEACH, Fla.—Gerald J. Hayes is now affiliated with Draper, Sears & Co. of Boston. Mr. Hayes was formerly in the investment business in Boston for many years.

Bieder Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Mary E. Howe has joined the staff of Bieder and Company, 3006 Central Avenue.

Curtis Merkel Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — Mrs. Louise M. Santos has been added to the staff of Curtis Merkel Company, Inc., 601 First Avenue, North.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
		—Canadian $ §—		
Simpson's Ltd. — Owns and operates through subs. dept. stores in Canada	11	0.50	19	2.6
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	19	0.65	17¼	3.8
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufactures in Canada	12	1.25	44¼	2.8
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates three radio stations	21	1.80	47½	3.8
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	34	2.00	51½	3.9
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	38	1.75	b37	2.0
Stedman Brothers Ltd. — Wholesale and retail small wares business	22	1.00	b23	4.3
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	41	1.60	63¼	2.5
Sterling Trusts Corp. — General fiduciary business	20	1.80	47	3.8
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	17	1.05	14½	7.2
Supertest Petroleum Corp., Ltd. "Vot. Com." — Markets petroleum products in Ontario and Quebec	31	0.80	b26	3.1
Sylvanite Gold Mines, Ltd. — Ontario gold producer	27	0.08	1.23	6.5
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	20	1.80	41½	4.3
Taylor, Pearson and Carson (Canada) Ltd. — Holding co.—interests in automotive and household appliances	10	0.50	10	5.0
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	31	0.10	2.03	4.9
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	28	0.24	5¼	4.6
Tip Top Tailors, Ltd. — Manufacturer of fine clothing	22	0.15	b10½	1.4
TORONTO-DOMINION BANK — Operates 460 branches, 448 in Canada, one in New York and one in London, Eng. ● See Bank's advertisement on page 28.	99	1.50	42	3.6
Toronto Elevators, Ltd. — Grain elevators, feed manufacturing and vegetable oils	18	0.80	20	4.0
Toronto Iron Works, Ltd. — Steel plate products and special metals	11	1.00	22½	4.4
Toronto General Trusts Corp. — General fiduciary business	73	1.40	37	3.8
Toronto Mortgage Co. — Lends on first mortgage; issues debentures and accepts deposits	57	5.00	112¼	4.5

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
b Bid.

CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yie'd Based on Paymts. to June 30 1956
Traders Finance Corp., Ltd. "B" — Purchases installment sales obligations	10	2.40	42	5.7
United Amusement Corp., Ltd. "A" — Operates 34 motion picture theatres in Montreal and other Quebec cities	32	0.50	8	6.3
United Canadian Shares Ltd. — Holding co. — insurance interests	32	0.70	21	3.3
United Corporations Ltd. "B" — An investment trust of the management type	16	0.75	22¼	3.4
United Steel Corp., Ltd. — Steel plate and welded steel products	11	1.00	15½	6.5
Upper Canada Mines Ltd. — Ontario gold producer	17	0.05	0.92	5.4
Viau Ltd. — Biscuits and confectionery	10	3.00	b64	4.7
Wabasso Cotton Co., Ltd. — Cotton yarns and goods	21	0.50	16½	3.0
Waite Amulet Mines, Ltd. — Quebec copper-zinc producer	17	1.40	14½	9.7
Walker (Hiram)-Gooderham & Worts, Ltd. — Holding company—extensive liquor interests	21	4.00	69	5.8
Westeel Products Ltd. — Manufactures sheet metal	16	1.20	19¼	6.2
Western Canada Breweries, Ltd. — Serves four western provinces	20	1.10	30	3.7
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	24	0.80	b25	3.2
Weston (George) Ltd. "B" — Fine biscuits, bread, cakes, confectionery, etc.	27	†0.25	23¾	1.1

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

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Business Man's Bookshelf

Appraisal and Management of Securities—Douglas A. Hayes—The Macmillan Company, 60 Fifth Avenue, New York 11, N. Y., $6.00.

Comparative Economic Development—Ralph H. Blodgett and Donald L. Kemmerer—McGraw Hill Book Company, Inc., 330 West 42nd Street, New York 36, N. Y., $6.00.

Fluoridated Water — Gordon B. Leitch, M. D.—The Foundation for Economic Education, Irvington-on-Hudson, N. Y., paper.

Industrial Organization and Management — (Third Edition) — Lawrence L. Bethel, Franklin S. Atwater, George H. E. Smith, and Harvey A. Stockman, Jr.—McGraw-Hill Book Company, 330 West 42nd Street, New York 36, N. Y., $6.75.

Insurance and Economic Theory—Irving Pfeffer—Richard D. Irwin, Inc., Homewood, Ill. (cloth), $4.00.

National Issues—Handbook of information on political issues—Lester A. Sobel—Facts on File, New York, N. Y., $3.50.

New Money for Business—Techniques of Long-term Corporate Financing — George J. Leness, Gillette K. Martin, and Robert T. Gilmartin — McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York 36, N. Y., $15.00.

Progress in Productivity and Pay—All U. S. Manufacturing Combined — Eddy-Rucker-Nickels Company, Harvard Square, Cambridge 38, Mass. (paper), $1.00.

Statistical Abstract of the United States 1956—U. S. Department of Commerce — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (cloth), $3.75.

Supervision of Scientific and Engineering Personnel — John T. Lloyd and Robert D. Gray—Industrial Relations Section, California Institute of Technology, Pasadena, Calif. (paper), $8.75 (quantity prices on request).

Trends in Employment in the Service Industries — George J. Stigler — Princeton University Press, Princeton, N. J. (cloth), $3.75.

Two Directions at Once—Leonard E. Read—The Foundation for Economic Education, Irvington-on-Hudson, N. Y. (paper).

United Nations Greeting Cards—Proceeds for United Nations Children's Fund—$1.00 per box—UNICEF Greeting Card Fund, United Nations, New York.

With King Merritt Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Raymond L. Epstein is now with King Merritt & Company, Inc.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edgar R. D'Abre is now associated with Paine, Webber, Jackson & Curtis, 24 Federal Street, members of the New York and Boston Stock Exchanges. Mr. D'Abre was previously with Merrill Lynch, Pierce, Fenner & Beane.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates on Sept. 25 offered $3,600,000 of Virginian Ry. Co. series E 3¾% equipment trust certificates, maturing annually Oct. 1, 1957 to 1971, inclusive.

Certificates maturing from 1957 through 1967 are priced to yield 3.70%. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The issue is to be secured by the following equipment estimated to cost not less than $4,500,000: 8 diesel-electric road-switching locomotives and 12 rectifier type electric locomotives.

Associates in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter, Williams & Co.; Freeman & Co.; Gregory & Sons; The Illinois Co., Inc.; Wm. E. Pollock & Co., Inc.; Shearson, Hammill & Co.; and McMaster Hutchinson & Co.

With West Fla. Secs.

TALLAHASSEE, Fla.—Herbert J. Woodard is now connected with West Florida Securities Company, Inc.

Securities Salesman's Corner

By JOHN DUTTON

The Analytical, Advisory Method Of Security Salesmanship

(ARTICLE I)

The investment business is changing rapidly from what it was when lower income taxes prevailed. No longer is it possible for investors to place primary importance on short-term moves in individual securities and still be compensated for the risks involved. More and more people are becoming educated to this fact. Investors now must buy value and retain commitments for long-term growth and income. "Switches" should be made only when there is a need for it based upon the changed status of a particular security, or an opportunity for betterment of yield, growth, or both. These facts are well known and recognized.

The Capital Gains Tax

In addition to punitive income taxes, the 25% (maximum) capital gains tax is also a deterrent to profit taking and making "switches" except wherein there is a more than average opportunity for betterment in the account by so doing. Further elaboration on this point is unnecessary.

The Inheritance Tax

Informed investors, who see their estate from the aspect of its relationship to their family as a unit, are also well aware that plans must be made (and changed from time to time in light of conditions) so that the ultimate rewards of their efforts will be maximized, instead of dissipated by taxation, probate costs, and avoidable erosion outside of the normal losses to which every investment account is subjected.

People Who Have Awareness

The investors who are aware of these three termites which are constantly gnawing away at their capital — income taxes, capital gains taxes, and inheritance taxes, are potentially your best accounts. There are several reasons why this is so, as follows:

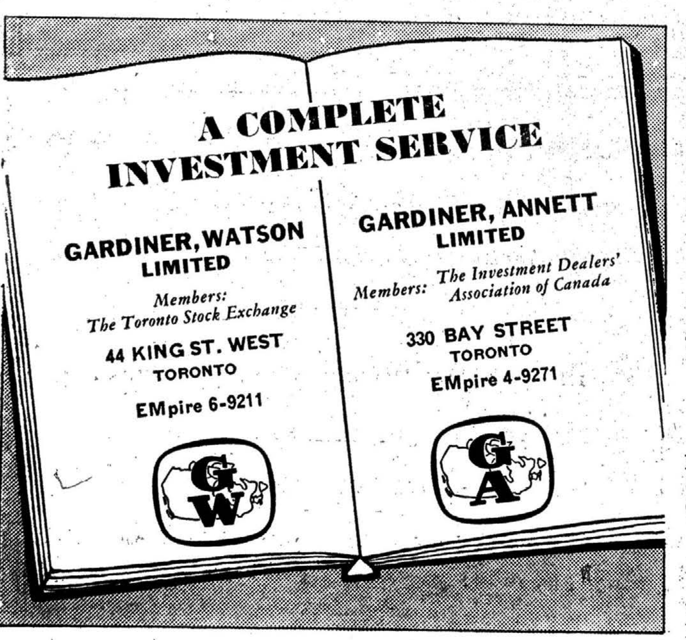
(1) Those who buy and sell for the purpose of obtaining quick profits are in one or the other of two categories psychologically. (A) They are either impatient with facts, and also act impulsively. They want action and you will be able to do some business with this type of person as long as they are making good profits from your suggestions. They are "bull market, fair weather clients." They will come and go. (B) If they have more patience and "trade" because they enjoy it (some with more skill and knowledge than others) you will take orders from them but will never initiate a relationship wherein you are the advisor and they the investor. You will never control these accounts except in the rare case where a personal liking exists that is very strong, or you come through with exceptional service necessitated by their excessive demands.

(2) People who have awareness of their tax problems are also in the larger account class. Their business is more than likely of a substantial nature. When you obtain and control such an account you have quantity as well as quality. The rewards and compensations for your efforts as a salesman, advisor, are larger when you work with accounts that can place orders for substantial amounts of securities with you.

(3) Those who are aware of taxes are also more methodical and analytical in their own approach to investment and estate planning. When you deal with people who have a plan and an intelligent approach to their investments, they are more than likely to be people who are openminded, fair, and **alert to the possibilities of bettering their situation providing they meet with an advisor who can gain their confidence and their respect.** If you know your business both from the standpoint of establishing pleasant and confidential relations with your clients, and you also know securities, taxes, and how to analyze the needs of your client both from an emotional, as well as to the particular investment requirements of the individual, you can build a very solid clientele of **real investors with buying power.**

This field of investment salesmanship offers the largest rewards in satisfaction for a job well done, and material compensation. It is going to be the **investment business of the future** and those securities salesmen who are now working in this lucrative area are finding it the most gratifying work they have ever accomplished.

(Next week Article II)



With Federated Plans

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—Robert J. Dickson is now with Federated Plans, Inc. of Worcester.

Joins John G. Sessler Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Bernard Kalus has joined the staff of John G. Sessler Company, 10 Post Office Square.

With H. L. Robbins

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Herbert W. Truedson is now with H. L. Robbins & Co., Inc., 40 Pearl Street.

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CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Wright-Hargreaves Mines, Ltd. — Ontario gold producer	26	0.12	1.76	6.8
Zeller's Ltd. — Operates chain of specialty stores across Canada	16	1.02½	25	4.1

TABLE II

LISTED CANADIAN Common Stocks

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
Abitibi Power & Paper Co., Ltd. — Newsprint and allied products	8	1.50	38¾	3.9
Acadia Atlantic Sugar Refineries Ltd. — Refines raw sugar cane & produces 50 or more grades & packages of sugar	6	0.50	10	5.0
Barymin Co., Ltd. — Prospectus, development & holding co. — gold and other metal interests	8	0.10	2.45	4.1
Bathurst Power & Paper Co., Ltd. "B" — Boxboards, corrugating materials, etc.	8	1.50	42	3.6
British Columbia Forest Products Ltd. — One of the largest producers of timber products in Canada	9	0.475	15⅞	4.0
Bulolo Gold Dredging, Ltd. — Operates a gold dredging project in New Guinea	9	0.75	5.25	14.3
Campbell Red Lake Mines Ltd. — Ontario gold producer	5	0.3125	5.90	5.3
Canada Cement Co., Ltd. — Portland cement	7	1.00	31	3.2
Canada Foils, Ltd. — Oldest and largest foil converting plant in Canada	8	0.40	13¼	3.0
Canadian Dredge & Dock Co., Ltd. — General dredging; construction & repair work on waterways	7	0.75	22	3.4
Canadian Vickers, Ltd. — Shipbuilding, repairs; also makes industrial and mining machinery	7	1.50	34¾	4.3
Delnite Mines Ltd. — Ontario gold producer	8	0.04	0.72	5.5
Dominion Scottish Investments Ltd. — Investment trust of management type	5	1.15	27	4.3
East Sullivan Mines, Ltd. — Produces copper, zinc, silver and pyrite	7	0.50	6.10	8.2
Empire Life Insurance Co. — Operates as life insurance co.	6	0.75	90	8.3
Enamel & Heating Products, Ltd. — Stoves, ranges, furnaces, air conditioning equipment, etc.	9	0.40	9⅛	4.4
Erie Flooring & Wood Products Ltd. — Mfrs., processes and distributes hardwood flooring	7	0.10	b2.65	3.8
General Bakeries Ltd. — One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	6	0.20	5½	3.6

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.

§ Add current Canadian Exchange Rate.

b Bid.

CANADIAN PROGRESS AND PROSPERITY

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 —Canadian $ §—	Quotation June 30, 1956♦	Approx. % Yield Based on Paymts. to June 30 1956
General Petroleums of Canada Ltd. "Ord." & Class "A" — Oil well drilling contractors	8	0.20	5.10	3.9
Grandoro Mines Ltd. — Holding co. in mining, oil and industrial securities	5	0.02	0.50	4.0
Great West Saddlery Co., Ltd. — Wholesale distributor of general store mdse., and riding goods	7	2.00	b19½	12.56
Hydro-Electric Securities Corp. — Management type investment trust	9	0.40	10½	3.8
Industrial Acceptance Corp., Ltd. — Purchases acceptances; also small loans and general insurance business	9	2.50	53½	4.7
International Bronze Powders Ltd. — Holding co. Subs. mfr. bronze and aluminum powders	6	0.55	10½	5.2
International Power Co., Ltd. — Holding Co., controlling public utilities in Central and South America	8	2.40	285	0.8
Interprovincial Building Credits, Ltd. — Home improvements financing	5	0.85	12½	6.8
La Luz Mines Ltd. — Nicaragua gold producer	8	0.10	4.15	1.9
Macassa Mines, Ltd. — Ontario gold producer	8	0.15	2.00	7.5
MacLeod-Cockshutt Gold Mines, Ltd. — Ontario gold producer	8	0.10	1.22	8.2
Maxwell Ltd. — Manufactures washing machines, dryers, lawn mowers and food choppers	7	0.37½	7½	5.0
Mersey Paper Co., Ltd. — Newsprint and related products	8	3.00	225	1.3
Milton Brick Co., Ltd. — Makes first quality face brick	7	0.20	4.00	5.0
Mining Corp. of Canada, Ltd. — Holding exploration & financing company	8	1.25	24¼	5.2
Mitchell (Robert) Co., Ltd. "A" — Brass, bronze, nickel and other metal products	9	1.00	12⅝	7.3
Modern Containers Ltd. — Makes tube containers for tooth paste, shaving cream and other semi-liquid products	9	0.75	b12¼	6.1
Monarch Mortgage & Investments Ltd. — Operates and owns number of apartment houses	9	2.00	44	4.5
National Hosiery Mills Ltd. "B" — Manufactures ladies' hosiery	9	0.32	5	6.4
Newfoundland Light & Pow. Co., Ltd. — Operating public utility	8	1.27	44	2.9
Nor-Acme Gold Mines Ltd. — Receives royalty from Howe Sound Co. through lease of company properties in Manitoba	5	0.03	1.37	2.2
Quemont Mining Corporation Ltd. — Producers gold, silver, copper, zinc, and pyrites in Quebec	6	2.25	25½	8.8
Quinte Milk Prod., Ltd. "B" — Wide variety of milk products	8	0.15	b6	2.5
Robinson Little & Co., Ltd. — Wholesale and retail merchandising of dry goods and variety store lines	9	0.80	10¼	7.8
Rolland Paper Co., Ltd. — High-grade bond writing paper and related products	7	†0.70	19½	3.6
St. Lawrence Corporation Ltd. — Newsprint and allied products	6	2.00	79¾	2.5
Silknit Ltd. — Lingerie, swim suits and other rayon products	9	1.00	19	5.3
South American Gold & Platinum Co. — Gold dredging operation, in Colombia, South America	6	0.57½	11¼	5.1
Stadacona Mines (1944) Ltd. — Quebec gold producer	9	0.02	0.31	6.5
Standard Paving & Materials Ltd. — General paving contractor	9	1.50	40	3.8
Sullivan Consolidated Mines, Ltd. — Quebec gold producer	8	0.20	5.40	3.7
Union Gas Co. of Canada, Ltd. — Production, storage, transmission and distribution of natural gas	8	1.40	50¼	2.8
VENTURES LTD. — Holding, investment, promotion, exploration and development co. ● See Company's advertisement on page 29.	8	0.30	42¼	0.7
Victoria & Grey Trust Co. — Operates as trust company	6	0.90	26	3.5
Yukon Consolidated Gold Corp. Ltd. — Gold dredging operation in Yukon	6	0.06	0.62	9.7

♦ Quotations represent June 30, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1956.
§ Add current Canadian Exchange Rate.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market at times has been showing signs of greater recuperative powers, although these rallies still seem to be very much on the professional side. Reportedly, buying for Treasury trust accounts has also given the market a temporary stimulus. According to advices, however, the interest in Treasury issues is as limited as ever, with the sell side still the better one, at least when bids with some size can be found. There is a modest interest from time to time appearing in certain of the intermediate and longer-term obligations, but it is not large enough yet to be of any real importance in a very defensive market.

The demand for money is showing no signs of abating, with new issues of corporates and tax-exempt obligations coming into the market in very large amounts. These flotations, however, have been fairly well received, because rates are at levels that are attracting funds, which previously had not been going into fixed income securities. This is one of the reasons for lack of interest in Government securities.

Corporate Borrowing Renewed

As a matter of fact, some of the corporate bond issues which were postponed because of the uptrend in interest rates, have been put back on the market for sale in order to get the needed funds, even at higher rates than would have been the case had the original offerings been made. There appears to be no change of importance at this time in the boom psychology, which has been driving the economy ahead to higher and higher levels. Prices and wages are still being pushed up and, until there is some change in this condition, there is not likely to be any lessening of the pressure on the money markets. Nonetheless, the easing in the mortgage terms by the Government Agency appears to have been made in recognition of the uncertainties which have developed in the building business.

Pension Funds Turn to Non-Governments

The higher rates which are available in new offerings of corporates and tax-free issues is bringing more money into these securities, some of which is new funds, with the rest of it coming from the sale of Governments, non-Treasury securities, preferred and common stocks. Pension funds, both the public and private ones, have been among the important buyers of the recent corporate bond offerings, with reports that a considerable part of the money which is being used for these purchases by the private funds has come from the sale of short-term Treasury obligations.

No Change in Discount Rate Expected

The uptrend in the yield of Treasury bills is bringing it rather close to the 3% level, and this has apparently created some concern as to what will happen to the discount rate (which is also at 3%), since the cost of borrowing from the Central Banks is generally above the near-term yield on government securities. The discount rate is usually a penalty rate when it comes to Treasury bills, although this is not the case as far as the longer-term rates are concerned. Whether there will be another increase in the discount rate, will depend on the tightness of the money market and the action of the monetary authorities.

However, there seems to be opinions around that a rise in the discount rate is not to be expected in the near future. It is being pointed out that a 3% or higher rate for short-term borrowings by the government, whether it be through the medium of Treasury bills or tax certificates, is not expected to be exactly to the liking of the Treasury. Likewise, a 3% rate for near-term borrowings by the government might also have political repercussions.

Yields on Governments at Attractive Levels

Even though there is no lifting of the cloud of bearishness which enshrouds the government market, because there is so little interest in these securities, other than the short-term liquid ones, there are nonetheless opinions around that the quotations of many of these are approaching levels where limited scale buying would not appear to be too premature. There are indications that consideration is being given to such a program by some of the smaller institutional investors. Tax switches are not so easy to work out under current uncertain conditions in the government market, but it is believed that buyers will be appearing in the future for some of the issues that will be sold for tax losses.

Intermediates Receiving Attention

The intermediate-term government obligations seem to be in a position where considerable betterment could take place pricewise, with any change in money market conditions. These issues appear to be pretty well liquidated and it is reported that positions in these securities are very small. The 2½s of 1961 seem to be not without some friends even in the presently depressed and inactive market. The 2½s of 1963 also appear to be getting a modest amount of attention.

Joins Lloyd Arnold

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robert F. Bernhard has joined the staff of Lloyd Arnold & Company, 404 North Camden Drive. He was formerly with Shelley, Roberts & Co.

Continued from page 15

A Richer Life in a Poorer World Can Be Achieved With Teamwork

paralleled oil. One or two of the biggest steel companies have ventured abroad alone, but their smaller competitors have banded together in joint ventures to share the enormous costs and risks both in foreign operations and in working low grade ores in this country.

Too Big for the Biggest

Perhaps the most spectacular of the recent examples of the ever increasing need for more and bigger teamwork was the discovery and release of atomic energy by a gigantic wartime consortium under government auspices in an effort far too big for and single company — even the biggest. In effect the government mobilized the nation's industrial and research resources for the Manhattan project in much the way that it mobilized its manpower for the armed services. For the most part the government was no more responsible for the facilities and talents mobilized than it was for the minds and bodies of the men and women who made up our defense forces. The government's role was simply to bring about a bigger piece of teamwork than private industry had thus far developed. Indeed it is a question whether under some of the interpretations given our antiquated anti-trust laws private industry would have been, or would today be, permitted to engage in teamwork on the scale that was necessary to put the atom to work.

Teamwork Required to Climb Everest

The farther mankind pushes out the frontiers of knowledge the larger must be the safari organized to take the next scientific explorer into the unknown. You or I could walk up Mt. Whitney alone, given enough time, on trails built by others, but it took hundreds of men working together to enable the first two men to reach the summit of the world's highest mountain. The individual is no less important than he ever was, but in more and more fields of human endeavor, large scale teamwork is required merely to place the individual on the perimeter of the known world where discoveries become possible.

As I have indicated, teamwork by agreement takes many forms, but its essence is that men join together to accomplish what they could not do at all, or as easily, or as well, by themselves. It is teamwork when one man plants corn enough for two while the other makes a hoe. It is teamwork when 74,000 Socony Mobil men and women coordinate their efforts in all parts of the world to find, produce, transport, refine and market oil. It is teamwork when one man, who knows how to operate an electronic calculator, gets the answers to problems he did not originate and may not understand, to aid another man who thought up the problems but has not learned to operate the calculator. And it is teamwork of the most essential kind when investors — men, women, colleges, hospitals and insurance companies —agree to supply the tools and materials for a project they may never even see, in return for a promise to repay their capital with interest or to give them a share in the profits, if any.

In this respect, too, we see the need for teamwork on a larger and larger scale as capital costs increase and accumulations of capital in individual hands are pared by income and inheritance taxes. How to raise the necessary capital to meet the challenge of a more abundant life for more people from poorer resources may prove to be the most difficult of all the big problems we face in the next 44 years.

Must Continue to Rely on Retained Earnings

It seems likely that continued reliance must be placed on retained earnings to finance a substantial portion of the capital needs of industries faced by such raw material development problems as we have been considering. The unforgivable sin for business, big or little, is to fail to supply the public with the goods or services it wants when it wants them. Business managers facing huge capital requirements due to expanding demand, costlier raw material sources and depreciation charges made inadequate by inflation have found as a practical matter that it is almost impossible to raise on the outside all the capital they need, when they need it. Ours being a free country, our fellow citizens are able to do what they wish with whatever part of their income is left after taxes. A good many save relatively little. While their spending of the balance may help our sales, it does nothing to meet our capital requirements unless we manage to make sufficient profits to finance internally.

A Tax on Teamwork

Ironically, both at home and abroad, at a time when capital needs loom larger than ever before we find powerful forces working to discourage that form of teamwork we call investing.

At home the primary deterrent is inflation, which means that the lender gets back less purchasing power that he lent. That hits at all savings, pooled or not. There is a tax proposal in Congress, however, which would strike directly at teamwork by investors. It is a proposal to apply a graduated income tax to corporations just as to individuals. Superficially plausible, this proposed tax reflects a lack of understanding of the need for and the nature of teamwork in our present-day society.

Today's large corporation represents a pooling of the savings of many people—some of them individually wealthy, some of them in very modest circumstances and the vast majority somewhere in between rich and poor. In many corporations the number who participate in this teamwork through the pooling of capital exceeds by far the number who participate through the pooling of skills. Of the 25 largest U. S. industrial corporations, 19 have more shareholders than employees. Our company has more than twice as many.

The fact one corporation is larger than another does not mean that its shareholders are on the average wealthier individuals or that they are different in any other significant way from those of the smaller corporation. Instead it usually means simply that there are more of them. Generally speaking, the larger a company is in capital assets, the larger the number of people who have pooled their savings in it. I think anyone who sees this point clearly will reject the notion that higher tax rates should apply to large corporations than to small ones. Or that, at a time when greater teamwork is our best hope, investors who join forces to do a job should be penalized simply for teaming up. It would be analogous to penalizing employees for working for a big company.

Real Problem of Underdeveloped Nations

Abroad, the threat to investor teamwork manifests itself most frequently as nationalization. Without getting into any legal arguments about the rights of sovereign nations to nationalize, anyone who sees the next 44 years as I do must conclude that the real problem of underdeveloped nations insofar as foreign capital is concerned is not to get control of that which has already ventured within their borders, but rather to attract the vastly increased amounts of foreign capital they urgently need. There are great differences in respect to the availability of capital in different countries, and thus far, except by conquest, no nation has found a means to conscript capital from another nation. Instead of asserting the power to break their contracts unilaterally, nations needing foreign capital should be asking themselves if there is not some way whereby they can make pledges on which outside investors can rely.

I suggest that what is most needed is an affirmation by civilized nations that a sovereign power has the authority to make a contract binding on itself. Precedents to the contrary notwithstanding, world trade may be strangled in semantic red tape unless a way can be found to put an end to the absurdity that a sovereign power, like a minor child, is incapable of giving investors assurance that it will do what it specifically promises to do, and will not do what it specifically promises not to do.

Sometimes people seem to think too much about what may be legal, and too little about what is wise. I know of no better way of killing the goose that lays the golden eggs than for an underdeveloped country to intimidate foreign capital. Perhaps that is why I have a good deal of confidence that if emotions can be quieted down, self-interest will dictate a course conducive to continued teamwork across international boundaries.

If, as I believe, teamwork on an ever larger scale is going to be required to solve mankind's material problems in the next 44 years, is that good or bad?

You may be wondering whether I envision a world in which a few giant companies control everything. I don't. There are jobs for which a big company is no more suited than a sledgehammer for swatting flies. Such jobs will always be done by small companies, partnerships or individuals in business for themselves. To the extent that such enterprises are run by capable individuals who have enthusiasm for their work, devote themselves to it and make the most of the advantages they have over big companies in flexibility, their future is secure and their number should continue to increase.

Big Increase in Small Businesses

This is not just theory or wishful thinking. The number of operating businesses in our country reached a record high of four and a quarter million at the end of last year. In 1929 the total was three million. It dropped below that in the depression of 1932 and again during the war, so the increase in the number of businesses in the last decade has been sharp. And, by the way, some of those that were small 10 or 20 years ago have grown pretty big.

Further supporting the thought that big business and small business complement each other was a car card I saw in the New York subway on my way home a few nights ago.

"Almost 1,000,000 New Yorkers are engaged in manufacturing," it said. "The world's leader in manufacturing, New York, has over 42,000 manufacturing plants turning out products of almost every nature."

What interested me most was the fact—if my mental arithmetic was correct — that the average manufacturing plant in our biggest city has fewer than 25 employees.

Big Business No Octopus

Big business today is not an octopus that grows by devouring small businesses, but rather is a central facility like a railroad or highway along which all kinds of small businesses spring up both to serve the big business and to take advantage of the new opportunities it creates. General Motors has 21,000 suppliers and reports that out of 12 and a half billion dollars it took in last year it paid out six billion to those suppliers. Socony Mobil and all its United States affiliates, of which of course General Petroleum is one of the more important, supply 2,700 independent distributors and 34,000 independent dealers who sell our products, and we buy from some 15,000 companies.

There are some who feel that while big business is necessary, it is socially undesirable, that it tends to exalt material values at the expense of human values. In my opinion such a view is without foundation. Let's look at the record:

Big companies instituted old-age pensions 30 years or more before our government got around to social security. In my own company our pension plan dates back to 1903.

Big companies have led the way in introducing safety measures to protect their workers.

Big companies have set the pace in conservation and anti-pollution measures.

Are we to infer from all this that big companies are managed by more humane and statesman-like men? Frankly I doubt it. By and large I think the men in big business have pretty much the same virtues and the same faults as the general run of mankind.

Social Benefits Cause Bigness

The social benefits of big business are both a cause and an effect of bigness. How a cause? In our competitive society companies grow big because they do a better job for the customer, the shareholder and the employee alike. Pension and other benefit programs help to attract good employees. Safety measures, notably when a company is large enough to be a self-insurer, cut operating costs. Conservation is basically waste preventive. You may remember that big meat packer's slogan, "We use everything but the squeal." It took rationing and the black markets of the second world war to bring home to us the truth and the value to the customer of that slogan. When cattle were slaughtered one of two at a time by local butchers the loss of by-products, some of them essential in medicine, was appalling.

Social Benefits Result from Bigness

How are social benefits a consequence of bigness?

Big companies must take a longer view than small ones just as the pilot of a great ocean liner must look farther ahead than the skipper of a launch. When anyone takes the long view, economics and ethics rather frequently point to the same course: The hawker of patent medicines who passes through town but once acts on principles quite different from the family doctor who is making a lifetime career in one community. That big companies tend to operate more in the public eye than smaller ones and hence cannot expect their sins to be overlooked may count for something too.

The point I am trying to make is that big companies' leadership in social benefits rests on factors inherent in their bigness rather than on accidents of managerial character. Thus it seems probable that they will continue to be good, and to do good.

The Way Is Clear

At the beginning I said I would suggest courses of thought and action which appear to me essential if we are to contend successfully with the problems ahead of us.

First, we must recognize that the bigger the job, the more teamwork required to do it. In those areas where this teamwork can be brought about most effectively by a large business organization, we should encourage, not discourage, growth to the size needed to do the job.

The second is that we must encourage capital formation and movement. To meet the challenges that face us, vast amounts of capital will be required for businesses of all kinds and sizes, in all parts of the world.

The third is that big business and little business complement each other. Neither thrives on the destruction of the other.

The fourth is that both on the record and by their nature big companies have led and are likely to continue to lead in social benefits of many kinds.

Mankind's way to a richer life in a poorer world is clear. I have the utmost confidence that if we can but see the light we will be guided by it.

A. S. E. Golf Tourney Winners Announced

Mark J. Stuart, Cowen & Co., won the American Stock Exchange Golf Tournament on Sept. 20, with a low gross of 77. Runner up was Harold J. Brown, Brown, Kiernan & Co. with a score of 85. Mr. Stuart received the Chairman of the Board Trophy.

Joseph F. Reilly won the President's Trophy with a low net score of 81-7-74. Second place among the low net scores went to Thomas J. Hickey, Jr., Vilas & Hickey, with a low net score of 87-12-75.

Joins Allied Inv.

(Special to The Financial Chronicle)

ATLANTA, Ga. — Clyde B. Spears is now connected with Allied Investment Company, Walton Building.

With King Merritt

(Special to The Financial Chronicle)

ATLANTA, Ga. — Sam I. du Bose has joined the staff of King Merritt & Co., Inc., 849 Peachtree Street, Northeast. Mr. du Bose was previously with Shields & Company.

Joins Bache Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—Roy G. Parry, Jr. has joined the staff of Bache & Co., 135 South La Salle Street.

Aline Ketelsen Joins Beyer-Rueffel Co.

(Special to The Financial Chronicle)

DAVENPORT, Iowa — Aline Ketelsen has become associated with Beyer-Rueffel & Co., Kahl Building. Mrs. Ketelsen was formerly an officer of A. J. Boldt & Co.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Ray W. Capron, Roy S. Chan, Herbert A. Hockley, William G. Phelon and Frank Yip have become affiliated with Mutual Fund Associates, Incorporated, 506 Montgomery Street.

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Ramification of Inflation in Business Trends and Outlook

started off or accompanied depressions in the past.

This, however, still leaves considerable leeway for ups and downs in the level of business activity. More specifically, there is nothing to prevent future maladjustments either in specific industries or in the whole economy. Most of our postwar adjustments have been in single industries. These types of adjustments have come to be called "rolling" adjustments. The two recessions of 1948 and 1953 were of a broader type, since both were triggered by the realization that inventories had become "too high."

There is a lot of wishful thinking that the old economic laws do no longer apply, but nobody can be sure of that. Until it is proven that the old economic laws are dead, any revision of the old economic textbooks would seem premature. However, the truly encouraging part of this picture is that we are learning a little more about economic processes every day.

Right now, quite a few of the old laws are being tested. Just to pinpoint a few of them:

(1) In the past, it has always been a sign that the final stage of a boom had been reached when capital expenditures, particularly for expansion, showed a terrific spurt while consumer buying showed signs of leveling off.

(2) In the past, when bank investments were falling persistently while bank loans were rising steadily, economic upsets of some sort usually resulted.

(3) In the past, when farm prices and farm incomes were in a protracted decline, the rest of the economy usually encountered difficulties in maintaining an upward cycle.

To keep an eye on trends of this type is far more important than to watch the week-to-week, or month-to-month behavior of some specific business indicators.

Assuming that these old rules still are valid, it certainly would seem that we are approaching a critical point in the boom.

This question is closely tied to the current and potential trend in plant and equipment expenditures.

The current capital goods boom is not merely extraordinary; it is nothing short of amazing. Even tight money has not broken its back, and it is not likely to do so although there is evidence that some marginal expansion projects are being postponed or cancelled. Wherever evidence of approaching over-capacity appears, it is quickly — and apparently effectively—refuted by the argument that business — particularly big business — is increasingly basing expansion on long-range planning.

This long-range planning factor plus the intense efforts to stay ahead in the race to improve competitive positions through technological progress are the two major forces behind the current plant and equipment expenditures boom.

Ever since the postwar phase of this boom got underway in earnest, its untimely demise has been predicted time and again. And each time, these predictions were proven wrong.

Once again it begins to look as if we may be going ahead too fast.

And yet, here again all that one can safely say today is that the economy would be headed for somewhat lower levels next year if economic forces are allowed to assert themselves without governmental interference, or if there would be no other outside stimulation. And that does not spell recession.

The outcome of the November elections will have a good deal to do with the future role of government in economics although it is easy to exaggerate the outcome of the elections as an economic factor. Pre-election uncertainties are probably more important than election results.

At the risk of some over-simplification, it probably can be stated that a Democratic Administration would be inclined to favor somewhat more inflationary economic policies than the present Republican Administration, although in the case of a real downturn, a Republican Administration probably would be forced into similar actions.

This needs amplification since it leads to the very key problem of our future economic policy: the question of whether there will be more or less inflation.

III
The Problem of Inflation

We have yet to find a politician who is for inflation.

It is axiomatic for a politician to be against inflation just as it is for a clergyman to be against sin.

There is one important difference, however. There is fairly general agreement as to what constitutes "sin." But when it comes to "inflation," everybody seems to interpret the term differently and it is by no means uncommon for an economist or a politician to interpret the term differently at different times, depending on the point to be made.

There should be a standing rule in economic debate that the term inflation must be defined each time it is used.

The dictionary is not too much help in this respect. And yet the simple explanation in the small dictionaries that "to inflate" means to "expand or to puff up" perhaps comes closer to the heart of the matter than all complicated definitions.

Inflation, in this country, has long been regarded as almost synonymous with rising commodity prices. Yet, in the European usage, not every commodity price increase is necessarily inflationary. Only if it is caused by maladjustments between supply of goods and rising money supply is it regarded as inflationary. Hence, the term inflation in Europe has a definite connotation of currency deterioration, from its crudest form, the printing press, to the more sophisticated methods, such as deficit financing, monetization of debt and even credit inflation.

The existence of such conflicting yardsticks explains why the recent increase in steel prices has been deplored by some observers as inflationary while others just as strongly have absolved it from such an indictment. Obviously, that does not make much sense. There has to be a better solution. The only meaningful definition of inflation is one that corresponds with public usage of the term. Approaching the problem from this end, we believe that in the United States today the term inflation is used rather broadly to indicate any type of artificial stimulation to the economy.

Used in such a way, the term embraces the wage-price spiral, as well as deficit financing and credit inflation but always with the connotation that the boundaries of sound restraint are no longer observed with the result that a threat to the purchasing power of the dollar is created.

Thus, the use of the term inflation implies some qualitative judgment that goes beyond the mechanical application of a definition. But having been lost in the labyrinth of discussions on inflation during my whole business career on two continents, I am convinced that only in such a way can the discussion of inflation be put on a rational basis.

The fact remains, of course, that any form of inflation, sooner or later, will show up in the shape of higher prices, which is merely a different way of saying that there will be a reduction in the purchasing power of the dollar.

This throws new light on the recent inventory trend. Over-all inventories are currently some $9 billion higher than their 1955 low point. The rise was continued even in July during the steel strike, although at a reduced rate.

A good part of the inventory gain reflects price increases. However, still unanswered is the all-important question to what extent—if at all—the expectation of further price increases is encouraging companies to add to inventories which otherwise might already be regarded on the high side.

The action of the commodity markets over the next few months should provide an answer to this question.

The danger in the use of too narrow a definition lies in the fact that price increases, caused by higher wages, can be kept "hidden" for considerable periods, just as wartime price controls merely hid wartime inflation until the controls were removed. What we are witnessing at present is a conflict between rising costs and keener competition for the consumers' dollar. In many cases price increases are not made because of strong competition in a given market.

This situation can lead to a false sense of safety in the evaluation of wage pressures. All too often, it is overlooked that the profit-squeeze on the smaller and financially weaker companies today is merely a detour to inflation. In time, this profit-squeeze will lead to rising unemployment and thereby create a situation to which there is only one political answer, regardless of the party in power. This answer, we might as well face it, is artificial stimulation in some form, or once again, inflation. Obviously, in the earlier stages of such reflation, finished products prices will not necessarily rise. They may even drop for a while longer, giving us something new, like an inflation with declining prices. That, however, will be a transitionary period only.

All this is just taking the long way around to explain why inflation in any form is unsound and dangerous and why any artificial stimulation, if continued long enough, will lead to its own undoing.

The use of artificial stimulants in periods of genuine emergency was one thing; it is an entirely different proposition to propose continued use of the same and similar devices to reach preconceived super boom growth totals which look good on paper but would subject the economy to a master "plan" instead of relying on the free play of economic forces.

IV
The Role of Thrift

Economic growth cannot indefinitely be based on borrowing from the future although in recent years we have lived apparently for the only purpose of disproving the validity of this old-fashioned rule.

We can stimulate the economy by pyramiding personal and corporate indebtedness, but nobody can tell how long such a policy can be continued with impunity. Already, we seem to have reached the point where we have to run faster and faster merely to stand still.

Solid economic growth is impossible without adequate capital formation. And this includes the important facet of personal thrift.

This puts an extra responsibility on the savings institutions of the country. To be effective, they must consider themselves the primary guardians of monetary stability. They owe this to the country, to their depositors and to themselves if they want to stay in business.

Their dual role as promoters of thrift and protectors of monetary stability actually has never been more important than it is today when the notion seems to be spreading that the individual saver is a traitor to economic growth rather than its very backbone.

This poses new and difficult problems in the field of thrift promotion, particularly in its relationship to instalment buying.

There is nothing wrong with instalment buying, except where it is overdone in relation to individual incomes and financial assets of spending units.

Keeping up with the Joneses has become one of the strongest motives in modern American consumer buying. Instalment buying, in other words, is here to stay. Consequently, savings promotion to be effective and not completely in a vacuum, must be based on the time-honored political advice: "if you can't beat 'em; join 'em."

You can't sell the majority of today's non-savers on the idea that it is better to save first and then spend. But you can sell a great many of them on the idea that their ability to use instalment credit is greatly enhanced when they can point to the existence of a thrift account built up over the years and maintained as liquidity—or emergency reserve.

Modern thrift promotion must be based on an uncompromising commitment to fight for monetary stability. There are too many vested interests in inflation today —and they are not all in the ranks of labor or agriculture.

The philosophy that it is profitable to borrow because repayments in all probability will be made in dollars of lower purchasing power is a dangerous poison, and in the final analysis, a fallacy. That has been demonstrated time and again in the wake of all the great European inflations. All kinds of inflation bring about illiquidity, particularly once the point is reached where a flight from money into goods develops.

This type of inflation inevitably is short-lived. Its end always is accompanied by heavy taxation on land and goods as well as high money rates for the stabilized currency.

Thus inflation - inspired flight into goods has always ended in forced liquidation of real estate or other holdings acquired as protection against inflation.

That is why in the end there are no winners when it comes to inflation—only losers. And that is why the savings institutions of the country are burdened with the heavy responsibility of destroying the dangerous and apparently spreading philosophy that a little inflation is a good thing for the country.

NYSE Appoints Haire, Etherington

Keith Funston, President of the New York Stock Exchange, has announced the appointment of John R. Haire as Vice-President and Edwin D. Etherington as Secretary of the Exchange.

Mr. Haire, 31 years old, joined the Exchange in September, 1953, as Special Assisstant to the President, and was appointed Secretary on Jan. 1, 1955. Before caming to the Exchange, Mr. Haire, a Massachusetts attorney, was legal and financial aide to William H. Vanderbilt, former Governor of Rhode Island.

Mr. Etherington, 31 years old, joined the Exchange as Assistant Secretary in March, 1956. In recent months he has been Acting Secretary while Mr. Haire assisted the President in maintaining liaison with governmental agencies. A graduate of Wesleyan University and Yale Law School, Mr. Etherington was formerly with Milbank, Tweed, Hope and Hadley, counsel to the Exchange.

With Betts, Borland

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Benno F. Nell has been added to the staff of Betts, Borland & Co., 111 South La Salle Street, member of the New York and Midwest Stock Exchanges.

Joins Reynolds Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Clarence R. Braaten has become connected with Reynolds & Co., 39 South La Salle Street.

Two With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert S. Lerner and John A. Reich have become associated with Dean Witter & Co., 105 South La Salle Street.

With Chas. A. Day Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Douglas R. Hague is now affiliated with Chas. A. Day & Co. Inc. of Boston.

Joins Burgess & Leith

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Thomas Magoun is now with Burgess & Leith, 30 State Street, members of the Boston Stock Exchange.

With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—John J. Campbell is now with California Investors, 40 Atlantic Boulevard.

"With Less Effort"

"American science has not stood still in the postwar period. American discoveries and methods are admired and emulated in every country of the world, especially Russia. The future, however, cannot be viewed with the same confidence and equanimity. For reasons as obscure as they are profound, our youth, although gadget-ridden and gadget-obsessed, are turning away from science to other fields which promise equal or greater rewards with less effort. . . ."—Prof. I. I. Rabi, Nobel prize winner in physics.

"Greater rewards with less effort"—especially "with less effort." That, we fear, is the story of common avoidance of mathematics and science in our schools and colleges.

We must not let it continue to be an American trait.

Continued from first page

As We See It

out the Eisenhower Administration, can not reasonably be charged with originating these problems. For the most part they aggravated and prolonged; ultimate causes are to be sought elsewhere. Those whose memories extend back to the 'Twenties need not be told — perhaps not even reminded — that we had a "farm problem" in those days which gave the politicians of all persuasions very considerable trouble. "Solutions," virtually always in the form of thinly disguised subsidies, were brought forward almost daily, while horrible economic conditions in the farm areas of the nation brought the most drastic, the most widespread and the most persistent epidemic of bank failures this country had ever seen, and for that matter with the exception of the early years of the next decade, have even to this day ever seen.

An Old, Old Question

Of course, if one wished to be exact he would have to say that long even before that devastating decade a "farm problem" of proportions existed among us and supplied the politicians with much of their thunder from election to election year. It was President Wilson who made a good deal of political hay with his schemes for making credit as plentiful and as cheap in Podunkville as in Wall Street — and in the process set up machinery which evolved as years passed into an ultra-elaborate system of largesse now taken for granted by the farmer and many others of this day and generation. During those relatively early years, too, most of the buncombe now going the rounds about the uniqueness and the primary role of agriculture in the economy was on many political tongues — and even that was a situation inherited from previous decades.

The roots of the present "farm problem," so far as it is different from or worse than those which have for many decades been a favorite topic of politicians visiting agricultural regions or hailing from those areas, reach back into World War I years. It will be recalled that the very high prices for farm products, plus government guarantees, stimulated output of a number of products during those war years far beyond anything that would have occurred otherwise. This brought lands into cultivation which were prior to that time devoted to grazing —and was in this way largely responsible for the "dust bowl" and its consequences. When the peace years subsequent to that great conflict were not able to sustain an agricultural economy of such blown up magnitude, great economic distress followed as most of those who lived through the 'Twenties and had any reason to know what was going on our farms need not be reminded.

The crash of 1929 came before any substantial relief from farm distress materialized. Pressure on Washington had meanwhile increased to the point that President Hoover was persuaded to promote legislation which laid a basis for New Deal subsidies. The farm situation as time passed became a more and more choice field for the designing politician with a good imagination and little real understanding of what all this really was about. The farmers were in effect told to write their own ticket, and they did — and then the situation at bottom began to grow rapidly worse. Farmers were soon being paid to continue to produce things no one would pay a profitable price for. The difference between all this and what went before may have been only, or chiefly, one of degree, but it was important so far as results are concerned.

All Over Again

Then came World War II with an effect on the farm situation not greatly different from that of World War I. Temporary need for greatly enlarged production greatly stimulated farm production. The aftermath was not essentially different this time either. Korea provided a sort of temporary relief, but the situation is back again now to where it has been on more than one occasion. Throughout all this latter part of the time tremendous advances in technology in many directions succeeded in making it possible for the farmer to produce enormously more per man hour of work, and even on a reduced work schedule a great deal more per worker. This development, of course, enhanced the need for a more rapid shift than otherwise would have been needed or advisable from the farms to other occupations.

Now, there has been an extensive movement of people from the farms to other occupations. Those still on farms are devoting more and more of their time to other occupations which they can carry on in addition to their regular or usual farm operations. All this, of course, tends to bring relief in one measure or another. But notwithstanding it the output of our farms is by and large still distressingly out of line with normal effective demand. And, of course, talking about "human needs" in the abstract, and comparison of them with existing supplies of things to meet them may be a tempting occupation for the academicians and the politicians, but it does little or nothing to remedy an economic situation which is not likely to yield to other than much more rigorous measures. And, too, paying farmers to continue to produce more than can be or will be consumed does nothing to help.

This is the basic situation by which the country is faced, but one would never guess it to hear what Mr. Stevenson has of late been telling the farmers in the states where the farm vote is large and strategically important. Not much of it would be surmised from what Mr. Stevenson's opponents are saying out there — but these are the facts.

Continued from page 4

Can the Federal Reserve Board Obtain Desired Econonic Results?

have changed in many respects. First, they have become more contractual in character. If I buy a life insurance policy, or am a member of the Teacher's Annuity, I am saving, but it is a contractual saving; and if I had a mortgage on my home I am also saving in a negative way. The direct savings of the nation, to a large extent, have become investments. Savings isn't any more what it used to be where the individual family puts aside $2 every week in order to have something for a rainy day. If you look over the accounts of the large New York savings banks, or some of the savings and loan associations, you will find many an account of $10,000. Now, that isn't savings. That is in the nature of investment. And yet the Federal Reserve has absolutely no control over it.

Look at the changed position of mortgages. Because of the establishment of the FHA and the VA, mortgages have become, to a considerable extent, riskless assets. A mortgage insured by the FHA, or that portion of a home mortgage guaranteed by the Veterans' Administration, is for all practical purposes a riskless asset. It rests on the credit of the government or of an agency created by the government, and therefore the banks have found in mortgages a new outlet for funds, notably savings deposits.

Look at the keen competition for savings that is taking place all over the country. Here in the East there is keen competition between the commercial banks on the one hand and the savings banks on the other. The savings and loan associations don't play such an important role, because they are overshadowed by the huge savings banks. Savings banks are in existence only in 17 states. In all others you have the savings and loan associations, and they are advertising all over the country: "We are paying this rate of interest, insured by . . ." Competition for savings is keener today than you had before.

Consumer Credit's Freedom From Control

Look at the volume of consumer credit and the role that consumer credit plays at present. At the time when the Federal Reserve Act was passed, consumer credit played no role whatsoever. In fact, banks did not engage in consumer credit because it wasn't a self-liquidating paper. Today you and I know that the ability of the individual to earn a regular income is a good collateral for a loan. Personal credit and personal indebtedness has increased to a tremendous extent and yet, can consumer credit be regulated through quantitative credit control, as some economists have maintained?

Some economists, including teachers of money and banking in some of our best schools, have maintained that the Federal Reserve doesn't need any power other than quantitative power. Make money tight enough and you will also reduce the flow of credit that goes for the purpose of financing the purchase and sale of durable consumer goods. Is it so? I doubt it.

In the first place, the business of consumer financing is divided among the finance companies, the credit unions and the commercial banks. The large finance companies can always obtain money, irrespective of credit conditions. They have large lines of credit with hundreds of banks all over the country. They can sell their own finance paper. During periods of tight money they may have to pay a rate of interest. So what? You know, if you have ever bought anything on the instalment plan, that the rate of interest paid is not a prime rate of 4%. You know that, and I do. Moreover, the large sales finance companies can sell their own stocks. They can also sell subordinated debentures. And what if they have to pay more than 4% on the debentures? More than 50% is taken care of by Uncle Sam, since the corporate tax is 52%. Irrespective of tight money, the sales finance companies have made loans to finance the sale and purchase of durable goods, and the terms on the sale of an automobile in July, 1956 — I didn't check up on August — were as easy as they were in the early part of 1955, when money was easy.

Small Banks Lend Most

Now, one would say that the Federal Reserve can control the volume of loans made for the purpose of financing durable consumer goods through the banks, but most of the loans are made by the small banks, by the country banks, and if you look over the figures, as I am quite sure you do, you will find that during 1955 and '56, whereas the New York City, Chicago and the Reserve City banks mostly operated with negative reserves—that is to say, that they borrowed more than they had excess reserves—throughout this entire period the country banks, month after month, week after week, operated with free excess reserves. The small banks operate to a considerable extent with savings deposits. Reserve requirements against savings deposits are 5%, with the result that irrespective of credit conditions, irrespective of the policy of the Reserve authorities—the small banks have continued to make consumer loans.

You can see therefore—and I could go on discussing—the differences in conditions as they exist today as compared with those when the Federal Reserve Act was passed and when the major amendments to the Federal Reserve Act were made.

Now, in view of all these changed conditions, what are the powers at the disposal of the Reserve banks to influence the money market and business activity?

Reserve Requirements Rarely Changed

Well, first is the power of the Board to raise or lower reserve requirements, and that is an emergency power. Anyone who drives a car and relies on the emergency brake must be a poor driver, or his hand brake or his foot brake isn't working. You cannot constantly increase reserve requirements. As you can see, throughout 1955 and 1956, in spite of the efforts of the Federal Reserve to make money tight, to reduce the availability of bank credit, to increase the cost of money, the reserve requirements remained unchanged because raising the reserve requirements is a drastic measure which gives the economy a very severe jolt.

Lowering of reserve requirements is bound to take place in the future when the Federal Reserve makes available additional reserves in order to make possible the secular growth of the economy of the country.

We find, therefore, that one of the most important instruments of credit control, the changing of reserve requirements, is an emergency measure, to be used rarely, and it has been used only rarely. It is not an instrument which can be used every day.

Against Bills-Only Open Market Policy

Then we have the open market operations, and naturally through open market operations the Federal Reserve is in a position to influence the availability and the cost of credit, but for reasons that are very well known to all of us the Federal Reserve has restricted its open market operations to bills only, and that at times has rather peculiar effects. It happens — as it happened, for example, early in the summer—that the monetary authorities for some reasons, had to make money easier. The Federal Reserve bought bills in the market. At the same time some corporations offered some securities in the market, and they had a whole lot of money at their disposal for short-term investments. The corporations also went into the short-term market to buy bills. You had therefore this situation: on the one hand there was a great pressure on the capital market for long-term funds and long-term rates went up; at the same time the supply of short-term funds was great and was further accentuated by the open market operations of the Federal Reserve. If you look at the movement of Treasury bills you will find how they gyrate. And I believe there is room for a very careful study as to whether the bills-only policy, which is based on the operations of central banking under a gold standard, fits in under present economic and social conditions. At least there is a serious question in my own mind as to whether the bills-only policy is the correct policy or not. In fact, I agree with Mr. Sproul, a former President of the Federal Reserve Bank of New York, that the bills-only policy is a mistaken policy, but the Board adheres to it.

Discounts Money Cost's Importance

The other instrument is the changing of the discount rate. Now, in the days of the gold standard—in the days up to 1913—a change in the discount rate was of great importance, and it is not surprising at all that many a college professor will write a book on money and banking or on credit policy by merely collecting footnotes from books that have been written by previous professors, and those books were written on footnotes that previous professors had written, that they come back to the idea that the discount rate is the most important credit instrument.

Now, in the first place, the cost of money today is not as important as it was before. If you are the treasurer of a corporation and you know that you have to pay 52% income taxes to the Federal Government, some income taxes to the State of New York, if you begin to figure out that payment of interest in tax-deductible, you say, "Money doesn't cost me hardly anything at all." In fact, these very high corporate rates are, at least in part, responsible for a very sharp increase of indebtedness, because under present conditions it certainly is cheaper to finance the capital needs of a corporation through bonds than it is through stocks.

Now, I remember, when I studied the textbooks I learned that equity capital—common stock—is the best form of capitalization for a corporation. You pay a dividend if you earn it. You haven't anybody to come and sit on your neck to pay interest. And yet you talk to corporate executives and ask them, "Why don't you sell stock? Your stock is selling so high." And the financial Vice-President will tell you, "Well, if we are going to pay $4 in dividends we ought to earn at least $9. On the other hand, if we borrow money and if we pay $4, we have to earn $4." The result is a constant increase in indebtedness, and I wonder whether academic people have paid enough attention to the impact of the very high corporate tax on the debt structure and what the consequences could be.

Psychology of Discount Rate

Changing to discount rate is important. When the discount rate is changed it is a signal to the community at large as to what the policy of the Reserve authorities will be. Let me be specific. You remember last April the Federal Reserve raised the discount rate and the newspapers had it that there was some disagreement between the Treasury on the one hand and the Board on the other whether the discount rate should be raised or not, and the question that arose was, why should there be a disagreement over one-quarter of 1%? The answer is simply this, that in April when the Federal Reserve raised the discount rate to 2¾%, it gave notice to the community at large, and particularly to the banks, that the credit policy will continue to be one of active restraint and that the Reserve authorities will continue to press on the availability of bank credit. Then again, a few weeks ago, the discount rate was raised to 3%, it was a confirmation that this policy will continue. If, let us say, business activity should show some signs of weakness and the discount rate is lowered from 3% to 2¾%, the significant part will be not that the discount rate has gone down by one-quarter of 1% but rather it will be notice to the community at large that the Federal Reserve is aware of the fact that business activity is softening and that it will do what is within its power to keep business healthy and provide the necessary reserves, thereby increasing the availability of bank credit in order to help the business community. It is a psychological factor.

We find, therefore, that in spite of all these great changes that are taking place in our economy, the powers of the Reserve are about the same that they were prior to 1913 if you eliminate the changes in the reserve requirements which, as I have indicated to you before, are to be used and have been used only rarely and as emergency measures. The only time a lowering will take place, not as an emergency measure, is when the Board reaches the conclusion that reserves have to be decreased in order to provide the banks with the additional reserves to meet the secular growth of the country.

This, briefly, is the situation. How does it affect us? I believe it is up to us, to the people in colleges and universities whose field is money and banking, to raise and study these questions.

Questions to Answer

First, what powers should a Board have under present conditions to fulfill the functions imposed on it by the Employment Act of 1946? Should the Board have powers only to influence the availability and cost of credit or should the Board have also qualitative powers to influence individual segments of the economy of the country without influencing the entire economy as a whole. What I have in mind are these questions:

(1) Should a Board be given powers to regulate consumer credit? This question will be discussed some time in October by a panel conducted by the National Bureau of Economic Research, which will analyze this question from every angle. As students of money and banking I am quite sure you might be interested in obtaining copies of those studies.

(2) Does the Board need powers to regulate real estate credit, or, if the Board cooperates with the home-financing agencies and with the Federal Home Loan Board and banks, this is sufficient. Maybe Regulation X as it existed during the Korean War is not needed, but it is a question that should be carefully investigated, not by the home builders and not by the mortgage lender, because they may have a particular interest in that question, but by people like you and me who have nothing to sell. Would it be advisable to give the power to the Board to regulate selectively real estate credit?

(3) This question hasn't been raised before. Should the Board have the power to regulate term loans? We have seen in Canada that the National Bank of Canada has laid down rules under which the banks could make term loans and I believe it is up to us to analyze rather carefully what the experience of Canada will be and whether or not their experience can be applied to the United States or not.

Impact of Institutional Savers

Another question that I believe we ought to examine very carefully is what impact do the investment policies of life insurance companies, of pension funds, and other eleemosynary institutions have on the economy of the country. The resources at the disposal of these institutions are tremendous and they will grow in importance and the question that arises is:

(1) How far-reaching are their powers? How do they influence the economy of the country? In the interest of the country should they operate as they have in the past, or should they be subjected to certain controls. One may argue that all these institutions do not create deposits, they merely administer the savings, and that the rate of interest will do the regulating, but it is something which I believe we, as students of the money market and of business conditions, ought to study carefully.

No Change in Debt Lengthening

I don't think that the last word has been said on debt management. Now, you and I know fully well that when the present Administration came to power we heard a great deal about the necessity of lengthening maturities, yet if you look at the short-term obligations of the Treasury outstanding now and compare them with what they were at the end of 1944, you find practically no change and the question that arises, is, can the debt be lengthened? Closely connected with it is this question, to what extent has the decreased marketability and liquidity of government bonds, medium-term and long-term maturities, affected their sale? We have learned in the last few months and again in 1953 that the government bond market does not have that breadth, width and resilience which were ascribed to it. What impact will this have on the ability of the government to lengthen maturities? When should maturities be lengthened?

In a period of declining business activity the Treasury doesn't want to compete with business, and in a period of rising business activity, particularly when the demand for capital is very great, corporations and other investors aren't interested in government securities. This is a question that we ought to study carefully, it is up to us, as academic men, to study it.

Rejects Applicability of Gold to Today

Finally, I believe we ought to get away from the befuddled ideas that some of us have and look less to the past and more to the future. Now, to be quite specific as to what I have in mind, there are still a number of college professors of good standing and fine reputation who think that if we returned to the gold standard all our ills would be cured. Does the gold standard fit in in a dynamic age such as we are living in at present? Could a gold standard work in the present economic and political conditions? But just because in the past the gold standard worked and all the great works on central banking were written at a time when the gold standard worked, does it mean that we have got to follow it slavishly and say, "All these great textbooks say so and therefore who are we to deny it?" And I call this befuddled thinking because it is thinking that does not fit in with realities.

To sum up, therefore, we are living in an age where the government holds itself responsible to maintain the economy sound and growing. We have given up the idea of controlling the economy directly through price controls, wage controls and others. The principal instruments at the disposal of the government to influence business activity are monetary and fiscal in character, and the question that I have tried to raise is whether, in view of the changed economic and social conditions that prevail today, the Board has adequate powers to achieve the desired results and if not, what powers should it be given. This is a problem which belongs to the universities. If we lay down a sound theory, then I am quite sure that the necessary sound practice will be followed.

H. L. Emerson Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John C. Wick has been added to the staff of H. L. Emerson & Co. Incorporated, Union Commerce Building, members of the Midwest Stock Exchange. In the past he was with Beadling & Co. in Youngstown.

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The State of Trade and Industry

been as prevalent as in past shortage markets, this trade authority reports.

With the nation's largest car maker headed into 1957 model changeover the past week, United States automobile production was scheduled for a 38% decline, "Ward's Automotive Reports," stated on Friday last.

Meantime, United States producers the past Friday built their 5,000,000th car or truck of the year.

Chevrolet, which has accounted for more than 28% of United States car output in 1956, began gearing its plants for forth coming models on Monday a week ago along with Cadillac Division. Buick Division concluded its 1956 model run on Wednesday the past week.

Both Oldsmobile and Pontiac will continue to build 1956 models through the current week. They are the only companies in the industry still assembling 1956 models.

"Ward's" estimated the last week's production at 40,086 cars and 15,082 trucks compared with 64,350 cars and 20,076 trucks in the week preceding.

"Ward's" added that Ford and Lincoln Divisions of Ford Motor Co., American Motors and Studebaker Division were immersed in 1957 model building last week.

Ford Division, with all of its assembly plants scheduling Saturday work for the seccond straight week, aimed at an output of 17,000 cars, with Lincoln edging close to the 1,000-unit mark. American Motors programmed 2,550 new automobiles the past week, while Studebaker, which just started up last Thursday, anticipated a 230-car total.

None of the Chrysler Corp. divisions scheduled production the past week, but all ran a few 1957 pilot models off the lines, however. Mercury began its second week of changeover on Friday last.

Business failures in August rose 8% to 1,101, the highest level for the month of August, since prewar 1940. Casualties were 24% higher than a year ago.

The rate of failure for each 10,000 enterprises listed in the Dun & Bradstreet Reference Book rose to 52, and noticeably exceeded the 42 of August last year. However, it remained well below the 71 of the comparable 1940 period.

The liabilities of August failures rose 13% above the July level to $55,000,000, and were more than half again as large as those of a year ago.

Casualties of all sizes were more numerous than in July, except for those in the $25,000-$100,000 group. Small failures, involving less than $5,000, were at the highest level so far in the postwar period. A record number of casualties was reported among large businesses, involving losses of more than $100,000.

Three-fifths of the August failures occurred among concerns in the first five years of operations. One-fifth of them were started in 1955.

While casualties among wholesalers were 8% below the August 1955 level, year-to-year increases were recorded in all other major industry groups. The sharpest rise from a year ago occurred in commercial service, where the toll rose 61%.

Six of the nine major regions reported more failures in August than July. In the West South Central States failures were the heaviest since August, 1949. Declines were reported in the New England, West North Central and Pacific States. Casualties exceeded those of a year ago in all regions except New England.

Numbering 11,399, new business incorporations during the month of August were 1.5% fewer than the July figure of 11,513, according to Dun & Bradstreet, Inc. Although the August count was the smallest since last December, it represented the highest August total on record, and a gain of 3.2% above the 10,983 corporate formations listed in August, 1955.

New businesses organized during the first eight months of 1956, totaling 99,109, remained at an all-time high for the period. Compared with 96,233 last year, there was a rise of 3.0%, while the gain over the 76,340 recorded in the comparable 1954 period, was 29.8%.

Steel Production Set This Week at 100.2% of Ingot Capacity

A big factor in making the fourth quarter the largest in the country's history is the pickup in the automotive industry, "Steel" magazine reports this week. Gross national product is expected to hit a new high annual rate of $412,000,000,000 for the next three months.

For the past nine months, the automotive industry has been a big disappointment, but from now on, there will be no holding back of Detroit's assembly lines, states this trade weekly.

Fourth-quarter scheduling of 1,700,000 passenger cars exclusive of jeeps on the assembly lines should bring 1956 production to between 5,800,000 and 6,000,000 cars. Production through September is just above 4,200,000. Last year's total was 7,942,132.

Heavier vehicles also look for a brisk fourth quarter. Truck production totaling about 840,000 so far, is programmed at 250,000 units for the last quarter. This will bring 1956 output just over 1,000,000 vehicles, or 12% under the level of 1955.

Auto plants are beginning to make their steel wants known, the magazine said. Those which have contacted one major steel producer have asked for 70% of the tonnage allotted to them for November delivery. The December take should be even larger. By then, big pre-strike inventories will be reduced and automakers will have a better idea of the acceptance of the 1957 autos.

The metal working authority said that customers are beating at steel company doors for deliveries on structurals, plates, seamless tubular goods and hot-rolled sheets, but demand for other products is less urgent.

It pointed out that the heavy and hot-rolled products are

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in stronger demand than the light and cold-finished forms. This is caused by brisk activity in heavy construction, freight cars and machinery.

Over-all demand in the week ended Sept. 23 kept mills operating at 100% of capacity or 2,461,893 net tons, a decrease of one-half point from the previous week, "Steel" magazine concluded.

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 will be at an average of 100.2% of capacity for the week beginning Sept. 24, 1956, equivalent to 2,466,000 tons of ingot and steel for castings as compared with 100.6% of capacity, and 2,477,000 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 97.0% and production 2,389,000 tons. A year ago the actual weekly production was placed at 2,341,000 tons or 97.0%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Climbed Higher the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 22, 1956, was estimated at 11,482,000,000 kwh., an increase above the week ended Sept. 15, 1956, according to the Edison Electric Institute.

This week's output rose 143,000,000 kwh. above that of the previous week; it increased 726,000,000 kwh. or 6.7% above the comparable 1955 week and 2,410,000 kwh. over the like week in 1954.

Car Loadings in Week Ended Sept. 15, Advanced 20.8% Above the Preceding Holiday Week

Loadings of revenue freight for the week ended Sept 15, 1956 increased 141,055 cars or 20.8% above the preceding holiday week, the Association of American Railroads reports.

Loadings for the week ended Sept. 15, 1956, totaled 820,666 cars, an increase of 3,432 cars or 0.4% above the corresponding 1955 week and an increase of 109,438 cars, or 15.4% above the corresponding week in 1954.

U. S. Car Output Declines 38% the Past Week as Car Makers Turn to 1957 Models

Car output for the latest week ended Sept. 21, 1956, according to "Ward's Automotive Reports," declined 38% from that of the preceding week as car manufactures turned to the construction of 1957 models.

Last week the industry assembled an estimated 40,086 cars, compared with 64,350 (revised) in the previous week. The past week's production total of cars and trucks amounted to 55,168 units, or a decrease of 29,258 units below the preceding week's output, states "Ward's."

Last week's car output fell below that of the previous week by 24,264 cars, while truck output declined by 4,991 vehicles during the week. In the corresponding week last year 123,109 cars and 24,086 trucks were assembled.

Last week the agency reported there were 15,082 trucks made in the United States. This compared with 20,076 in the previous week and 24,086 a year ago.

Canadian output last week was placed at 1,210 cars and 1,511 trucks. In the previous week Dominion plants built 713 cars and 1,599 trucks and for the comparable 1955 week 3,929 cars and 680 trucks.

Business Failures Increased in the Latest Week

Commercial and industrial failures increased to 262 in the week ended September 20 from 203 in the preceding week, reported Dun & Bradstreet, Inc. At the highest level in five weeks, the toll was considerably above the 171 in the comparable week a year ago and the 212 in 1954. Failures exceeded by 10% the prewar level of 239 in 1939.

Most of the rise occurred among failures with liabilities of $5,000 or more, climbing to 228 from 175 last week and 141 a year ago. Small casualties with liabilities under $5,000 edged to 34 from 28 in the previous week and 30 in the similar week of 1955. Twenty-two of the failing businesses had liabilities in excess of $100,000 as compared with 14 a week ago.

Wholesale Food Price Index Held to a Narrow Range the Past Week

Continuing to move in a narrow range, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell slightly to $6.06 on Sept. 18, from $6.07 a week earlier. The current level compares with $6.25 on the corresponding date a year ago, or a drop of 3.0%.

Commodities advancing in price the past week were wheat, rye, barley, lard, butter, coffee, eggs and hogs. Lower in wholesale cost were flour, corn, oats, hams, bellies, sugar, cocoa, steers, and lambs.

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

Wholesale Commodity Price Index Exceeded the Previous Week's High Level

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued to move higher last week, rising above the 300.00-mark for the first time since mid-April 1952. The index closed at 299.28 on Sept. 18, which compared with 298.89 a week earlier and with 277.95 on the corresponding date last year.

Grain markets were nervous and irregular the past week with early weakness reflecting the tense situation in the Middle East and the bearish estimates revealed in the September Government crop report. The trend was reversed in the latter part of the week, however, with wheat and rye advancing to new high levels for the season.

The rise in wheat was sparked by a sharp expansion in export trade for the first time since export business was returned to the private trade Sept. 4. Substantial sales were reported to Greece, Great Britain, and Portugal.

Strength in rye largely reflected the relatively small crops in prospect in both this country and Canada. Corn marketings continued below the demand and prices held up fairly well. Trading in grain and soybean futures on the Chicago Board of Trade expanded last week. Daily average sales totalled 44,700,000 bushels as against about 40,000,000 the previous week and the same week last year.

Demand for hard wheat bakery flours continued small last week. With most buyers amply covered, interest was confined to purchases by bakers and jobbers in need of early replacements. Shipping directions on most flours were fair. Some export sales to the Americas were reported.

Coffee prices continued to rise as the threat of a water-front strike on Sept. 30 overhung the market.

Roasters were actively in the market for afloats and particularly for coffee in nearby arrival position.

Trading in cocoa was inactive with prices moving irregularly lower. World consumption of cocoa was estimated at 771,000 tons, as compared with 702,000 tons last year. Warehouse stocks of cocoa showed a substantial decline to 388,937 bags from 407,807 a week ago. At this time last year they totalled 231,743 bags. Domestic raw sugar prices were slightly easier, reflecting lagging refiner interest. Lard prices fluctuated irregularly during the week. Export trade in lard was slow.

Cotton prices were irregular and held in a narrow trading range with net changes small in the absence of any new constructive influences.

There was some support based on the belief that the soil bank and loan programs would assume greater importance as market factors in the future.

Consumption of cotton in the four-week August period, according to the Census Bureau was estimated at 686,275 bales, or considerably less than trade expectations. The daily average rate of consumption for the August period was 34,313 bales, as compared with 27,476 bales for the July period and an average rate of 35,856 bales for the corresponding period a year ago. Entries of cotton into the Government loan stock continued in good volume.

Retail Trade Volume Continued at a High Level the Past Week

Consumer buying continued at a high level last week, and was slightly above that of a year ago. Retailers reported increased buying of Fall apparel, linens and gifts, while volume in food products, television sets and major appliances fell somewhat.

Sales of new and used cars rose and were close to the corresponding 1955 level.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 1 to 5% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England —4 to 0; East and Southwest 0 to +4; South +3 to +7; Middle West +4 to +8; Northwest —1 to +3 and Pacific Coast +1 to +5.

While the call for women's Fall coats, better dresses and sportswear expanded last week, purchases of children's back-to-school clothing slackened slightly. An upsurge in the buying of women's millinery, handbags and shoes occurred. Although total volume in men's apparel was slightly below that of a year ago, haberdashers reported gains in hats, dress shirts and sportswear.

Despite increased sales promotions in many lines, the buying of home furnishings was below the level of the similar week last year.

There was a decline in purchases of automatic laundry equipment, refrigerators and television sets. Sales of lamps and lighting fixtures were close to those of the previous week. While the call for linens and floor coverings expanded appreciably, volume in curtains and blankets decreased.

There was a moderate decline in the buying of cheese, eggs and poultry the past week, but a slight rise in the call for fresh meat and butter occurred. Volume in sugar and flour continued to decrease. While purchasers of fresh fruit and vegetables were considerably reduced, interest in canned goods and frozen foods expanded substantially.

Buying activity in the major wholesale centers rose noticeably last week; retailers sought fill-in merchandise for depleted stocks of Fall apparel and home furnishings. Wholesale inventories in some lines were limited. The dollar volume of wholesale orders was moderately higher than the corresponding 1955 level.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 15, 1956, increased 4% above those of the like period of last year. In the preceding week, Sept. 8, 1956, a like increase was reported. For the four weeks ended Sept. 15, 1956, an increase of 4% was recorded. For the period Jan. 1, 1956 to Sept. 15, 1956 a gain of 4% was registered above that of 1955.

Retail sales volume in New York City the past week advanced 10 to 12% over the comparable period a year ago, due in large measure to cooler weather.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Sept. 15, 1956, increased 4% above those of the like period last year. In the preceding week, Sept. 8, 1956 a decline of 3% was recorded. For the four weeks ending Sept. 15, 1956, an increase of 2% was registered. For the period Jan. 1, 1956 to Sept. 15, 1956 the index recorded a rise of 4% above that of the corresponding period in 1955.

Kuhn, Loeb Group Offers Allentown Portland Cement Stock

Public offering of 200,000 shares of class A common stock of Allentown Portland Cement was made yesterday (Sept. 26) by an underwriting group headed by Kuhn, Loeb & Co. The stock was priced at $26.50 per share.

Stockholders on Sept. 24 approved a reclassification of the company's stock as a result of which the outstanding stock consisted of 1,156,750 class B common shares. The class B stock is convertible share for share into class A common stock. Both classes of stock have equal voting rights and are identical except that cash dividends may be declared on the A stock with or without such dividends being declared on the B stock. The company has declared a dividend of 28 cents a share on the class A common stock payable Oct. 31, 1956, to stockholders of record Oct. 22, 1956, and expects to pay dividends quarterly on the class A stock.

The shares being offered do not represent new financing by the company. They are being acquired by the underwriters through conversion of a like number of shares of class B stock purchased from two stockholders, C. Thomas Fuller and James W. Fuller. The Fullers will continue to own over 70% of the outstanding common stock.

Allentown Portland Cement Co., which with its predecessor dates back to 1906, has two plants, one at Evansville, Pa., and the other at West Conshohocken, Pa., with aggregate annual capacity of approximately 4,500,000 barrels. Sales for the year 1955 totaled $12,969,370.

Harris, Upham Sponsors Trade Club Meeting

OAKLAND, Calif.—The monthly Trade Club meeting of the Oakland Chamber of Commerce will be sponsored by Harris, Upham & Co., 416-15th St., nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange, on Wednesday, Sept. 26 at 6 p.m., in the Colombo Club, according to an announcement by Ferdinand W. Strong, Harris, Upham Oakland manager.

Mr. Strong, in announcing the Harris, Upham participation, stated that "we are very happy to sponsor this meeting of the Trade Club and look forward to this opportunity of furthering Harris, Upham's national effort in the field of investment education."

The Harris, Upham manager congratulated the Oakland Chamber of Commerce for its origination of the Trade Club which, each month, conducts group meetings of business concerns in the Oakland area.

Salomon Bros. to Admit

Salomon Bros. & Hutzler, 60 Wall Street, New York City, members of the New York Stock Exchange on Oct. 4 will admit Clement J. Gaertner to partnership.

Leo G. Shaw will retire from the firm on Sept. 30.

Tsolainos Partner

On Oct. 4 William B. Clift will become a partner in Theodore Tsolainos & Co., 1 Wall St., New York City, members of the New York Stock Exchange.

N. B. Libbey Opens

(Special to The Financial Chronicle)

WHITTIER, Calif. — Nathaniel B. Libbey is conducting a securities business from offices at 8781 South Enramada Avenue.

Continued from first page

Impact of Liquidity Squeeze On the Business Outlook

evaluation can be found in an indicator which measures the physical volume of a large segment of activity. The FRB index of Industrial Production, which includes the output of our mines and factories, averaged 142 in the first six months of 1956 before the July slump which stemmed from the steel strike. This was one point lower than the average for the fourth quarter of last year.

Soft and Booming Cross Currents

Within the totals, certain lines have witnessed sharp declines. Cutbacks in motor vehicles and farm equipment have been wisely publicized, and unemployment in the centers specializing in these products has been substantial. Home building continues to lag far behind last year. Farm income seems to be stabilizing and is likely to improve in 1956, but it remains well below earlier years.

These soft spots were foreseen widely at the beginning of the year. Partly for this reason, slide-offs did not send sympathetic reverberations through other sectors of activity. More important, the steel, non-ferrous metals, glass and cement not used by producers of autos, farm machinery, and homes were needed badly in the booming lines—industrial equipment and non-residential construction. Some materials, such as lumber and wall board, were not shifted so completely to other uses. And, the human resource, manpower, given the limited alternatives in communities specializing heavily in the depressed lines, has been sweating out a period of underemployment. Nonetheless, 1956 is providing the first solid example of the "rolling readjustment" concept which entered the jargon of business forecasting a few years ago. Weaknesses in certain sectors have been more than offset by strength elsewhere so that the aggregates, in dollar volume at least, have continued to rise.

In any case, the overall pressures of demand upon available resources have been so strong as to induce a general upswing in the level of prices.

Price Level Rise

In July, consumer prices were 2% above the same month in 1955 and wholesale prices were 3% higher. These indexes had exhibited a remarkable degree of stability between mid-1952 and mid-1955.

Perhaps a more adequate measure of the "general price level" is available in the implicit deflators calculated for the National Product accounts. By this reckoning some price inflation has been present throughout the postwar period—even in the so-called "recession" years of 1949 and 1954. In 1955, the deflators averaged 3% higher than in 1952, a gain of about 1% per year during the interval. Between 1955 and 1956 preliminary evidence suggests a doubling of this rate of increase.

During recent months virtually all commodity and service categories have participated in the price uptrend. Farm prices which had tended to offset increases in industrial goods in the wholesale price index from mid-1952 to mid-1953 have been running appreciably above last year. However, at the moment, price news is being made by the increases posted by producers plagued by rising costs of labor and materials. There appears to be less concern on the part of those responsible for "administered prices" than formerly with the deterrent effect of higher prices upon demand. Even producers of goods which have been faced with slow markets have shown little hesitation in raising prices.

Non-Federal Deficit Spending to Blame

The current threat to the value of the dollar cannot be traced to the fiscal policy of the Government. Federal expenditures have been relatively stable for the past two years, and a substantial cash surplus was achieved in fiscal 1956. Rather, it is non-Federal buying financed, in part, by "deficit spending" which has pushed aggregate demand beyond the limits of physical capacity. In 1955, net non-Federal debt outstanding rose by $50 billion or 13%. Only once before in 1950, was there a rise comparable in magnitude, and that development was triggered by the outbreak of hostilities in Korea.

The willingness of borrowers to incur obligations at such a rate, and the ability and willingness of lenders to make the funds available were responsible for promoting the boom of 1955-56. The potential for such a movement had been present throughout the postwar period. Why did it occur in 1955?

It is easy to overstate the importance of the psychology of decision makers in determining the level of business activity, to push the idea to the point of suggesting that "wishing will make it so," regardless of underlying strengths and weaknesses. Nevertheless, it is apparent that the cumulative experience of the postwar years has served to insulate the body economic from shock and strengthen confidence in continuous prosperity. In 1946, 1949, 1954 and again in 1956 the economy has demonstrated a resistance to depressing influence which has steadily assuaged lingering fears that we have been enjoying a "false prosperity." A lonely voice still refers to the present structure as "a house of cards," but there are few sympathetic hearers.

"New Era" of Optimists

The "new era" philosophy has been slow to catch on. Too many people remembered the false hopes voiced a generation ago. But the experience of recent years has been that the bolder spirits have reaped the greatest benefits in the form of profits or the acquisition of capital assets at price levels lower than those now prevailing. Increasingly, decision makers in business firms, financial institutions, state and local governments and households have shown a willingness to "stick their necks out," rather than be left behind on the road ahead.

The McGraw-Hill organization has accumulated evidence on the pronounced trend toward long range planning for future expansion by business firms. Business firms and municipalities have overcome long standing prejudices against debt to finance expansion or to provide desired public improvements. Individuals are more willing to capitalize future earning potential as they incur mortgage and instalment debt. On the other side of the ledger, lenders have gradually substituted more liberal rules of thumb for determining the safe proportion of risk assets in their portfolios.

The willingness to incur debt and to stretch out the period of repayment is intimately tied to the more-or-less, continuous decline in liquidity of the private economy which has been under way since the end of World War II. During the conflict only half of the Government's outlays were matched by taxes. The resulting Government debt, whether purchased by consumers, businesses, banks, or other financial intermediaries, enormously swelled the money or near money position of the private sector of the economy. At the same time consumers, businesses, and state and local governments debt was being paid down and wartime restrictions were creating a backlog of demand for investment goods and consumer durables.

From 1945 to date, business has spent about $250 billion on new plant and equipment. More than 11 million new homes have been built. Consumers have purchased about 50 million new cars and a multitude of other durables. State and local governments have been clearing off their shelves of public works while raising their sights on the quality and quantity of community facilities appropriate to the "new era."

In acquiring these physical assets, strong liquidity positions in all sectors of the private economy have been pared, either absolutely or relative to assets or obligations. Luckily, not all holders of cash and securities decided to run off their reserves at the same time. If they had, the inflation problem would have been greatly magnified. Indeed, the fervor of the belief in some quarters that what had gone up would come down sooner or later probably was one of our most potent stabilizers in the early postwar period.

Business Liquidity Ratio to Debt Problem

The decrease in liquidity can best be documented in the case of the business community. At the end of 1945, all non-financial corporations possessed cash and securities in an amount about equal to current debt. Today current obligations are double the holdings of liquid assets. Moreover, the securities portfolio of today is less liquid in the minds of corporate treasurers because of recent price declines in Government securities. In much of the postwar period, the steady drop from uselessly high levels of liquidity was painless and voluntary. But more recently, accompanying the change in businesses' long-run expectations about economic stability, changes in tax payment requirements, working off of amortization allowances and higher working capital requirements, liquidity has suddenly become a number one problem. The extent of this "dehydration" of business in the face of expanding investment and rising prices was dramatically illustrated by the tax borrowing which occurred in March and June of this year. In March, business loans rose by $1.5 billion and June saw another jump of $1.1 billion. Business firms, more and more, have had to overcome a long-standing reluctance to incur debt. In some cases, strong, well-known firms have had to arrange last minute financing after a belated recognition that retained profits and depreciation money, together with a dip into the till, would not pay the tab for current expansion programs.

In the first half of 1956, security issues for new capital reached a record $4.9 billion — one-sixth greater than during the same period last year. Business loans at weekly reporting banks rose by $2.2 billion, almost half again as much as the contra-seasonal rise in the first half of 1955.

For the first time since the 1920's the financial officer in business has resumed his place on the top management team. The question of "where is the money coming from" is once again relevant and is all important in some cases.

Consumers, Farmers and State Government Liquidity

Developments among consumers, judging from such data as are available, have paralleled those of private business. In 1945 liquid asset holdings of individuals amounted to almost six times outstanding consumer and personal mortgage indebtedness. That ratio has declined in each postwar year and now stands at 1.5. Needless to say, that here, even more than in the case of the business sector, those holding the assets are not identical with those owing debt. But the figures give an idea of the reduced liquidity of the consumer sector. Another comparison shows that between 1950 and 1955 disposable income rose by almost one-third, but consumer credit increased 75% and personal mortgage debt doubled.

The situation has been similar for farmers and state and local governments. Wartime reserves have been worked down and debt has been rising rapidly. In the case of farmers this has occurred despite a sharp reduction in income.

Liquidity of Financial Institutions

Financial institutions also have witnessed a substantial deterioration in their liquidity ratios as they moved to meet private credit demand during the past decade. Holdings of Governments have been reduced virtually every year even when this meant disposing of securities below the purchase price.

Life insurance companies had 46% of their assets invested in Governments in 1945. This proportion has dropped each year since then and reached 9.5% at the end of last year. The expanded practice of warehousing mortgages with the commercial banks provides additional evidence of the liquidity pressures on insurance companies today.

The story is much the same for savings and loan associations. The ratio of cash and Governments to assets fell from one-third at the end of 1945 to less than 12% ten years later. Moreover, during 1955 alone advances outstanding from the Home Loan banks increased by over 50%. The greater relative importance of the shares of these institutions in the liquid asset positions of individuals should be pointed out in his connection. In 1945, these shares amounted to 5% of all personal holdings of liquid assets, which also include cash bank deposits, and Government securities. That ratio was 16% at the end of last year.

Commercial banks liquidated $7.4 billion of Governments last year in order to provide for loan expansion, and many individual banks have denuded themselves of short-term Treasuries. The ratio of loans to deposits at member banks stood at 47% on June 30 compared to 31% in mid-1950, and 18% at the end of the war.

Competition for a limited supply of funds between general categories of use and between individual borrowers has seldom been so intense as during the current year. Strides have been made in fully utilizing the possibilities of shifting funds about the private economy and in economizing on the use of cash. But beyond this the situation must resemble a game of musical chairs. Some would-be borrowers are forced to defer their needs. This must be the case if price inflation is to be avoided.

Liquidity Pressures and Near Future Decisions

The trend and pitch of feeling in the money and capital markets today may seem at odds with the overall pace of current economic activity. Average hours worked in manufacturing in 1956 have been somewhat less than last year and unemployment for the nation as a whole has been running moderately higher. Nevertheless, the sectors of our economy most dependent on the capital markets are those operating at or near capacity and in which generative price pressures are strongest.

Obviously, the pressure on liquidity has caused some planning goals to be postponed or reduced in scope. In addition, it is apparent that the current situation creates a new basis for uneasiness on the part of decision makers. Physical needs are not as pressing as they were a few years ago and there is a new obstacle, the availability of funds, to getting things done. It is too early to judge the seriousness of this threat to the psychology of the future, but the experience of 1956 is certain to have an impact on business and consumer plans.

The necessity of closer calculations of cash budgets will be recognized all along the line as the thinness of the 1956 equity cushion has brought home to many the seriousness of a miscalculation on the inflow and outflow of cash.

Capital Formation Threatens Dollar

It seems safe to say that in 1957 the spotlight will be focused on the nation's savers, investors, and its monetary system more sharply than ever before. Current evidence indicates that capital formation is now proceeding at a faster rate than the economy can support without threatening the stability of the dollar. In the past year especially, financing this rate of outlay has brought about a considerable deterioration in liquidity position of consumers and businesses. In the months ahead, efforts will undoubtedly be directed at preventing any further deterioration, if not, in fact, at rebuilding liquidity positions.

The commercial banks and the other financial intermediaries are in much the same position, having pushed their liquidity near the limit. Thus, throughout the entire private sector we cannot look to further decreases in liquidity to supplement the flow of savings as it has in 1956. In fact, the trend may be reversed.

Now that individuals, businesses, commercial banks and other financial institutions have strained their own resources to the maximum, attention may be increasingly directed toward the lender of last resort—the Federal Reserve System. The powers of the monetary authorities to keep an effective rein upon the expansionary forces within the economy doubtless have been enhanced by recent liquidity changes. Still monetary policy works more smoothly and effectively when borrowers and lenders recognize the symptoms of inflation and are prepared to share the responsibility for remedial measures. At the moment it is too early to know whether consciousness of this responsibility, an intuitive desire for liquidity, or more aggressive action by the monetary authorities will play the major role in the coming months.

Halsey, Stuart Group Offers C. & O. Ry. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $9,000,000 of Chesapeake & Ohio Ry. 3⅞% serial equipment trust certificates, maturing annually Oct. 23, 1957 to 1971, inclusive.

The certificates, first instalment of an issue aggregating $21,000,000, are priced to yield from 3.70% to 3.875%, according to maturity. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The entire issue of certificates is to be secured by 100 diesel electric road switching locomotives and 994 gondola cars, estimated to cost in all $26,494,508.

Associates in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter, Williams & Co.; Freeman & Co.; Wm. E. Pollock & Co., Inc.; Shearson, Hammill & Co.; The Illinois Co. Inc.; McMaster Hutchinson & Co.; Mullaney, Wells & Co.; and F. S. Yantis & Co. Inc.

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.

Allegheny Ludlum Steel Corp.
Aug. 31 filed $16,377,000 of 4% convertible subordinated debentures due Oct. 1, 1981, being 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**—100% (flat) to stockholders. **Proceeds** — To repay outstanding obligations and for expansion program. **Underwriters** — The First Boston Corp. and Smith, Barney & Co., both of New York.

★ **Allen Organ Co., Macungie, Pa.**
Sept. 14 (letter of notification) 80 shares of class A common stock, 180 shares of class B common stock and 202 shares of 6% cumulative preferred stock (par $100). **Price**—Of class A stock, $125 per share; class B stock, $110 per share and cumulative preferred stock, at par. **Proceeds** — For expansion; purchase of machinery and equipment; and working capital. **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.**
Aug. 31 filed 1,750,000 shares of capital stock (par $2.50) being 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 will expire on Oct. 15.

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.**
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. **Offering**—Postponed until latter part of October.

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.

★ **Armoking Co.**
Sept. 12 (letter of notification) 100,000 shares of common stock, to be represented by pre-incorporation subscription agreements. **Price**—At par ($1 per share). **Office**—1749 Arthur Avenue, Fresno, Calif., c/o Alfred G. Barnett. **Underwriter**—None. The company is to be formed under the laws of the State of California on or prior to Dec. 23, 1956.

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.

Astron Corp., East Newark, N. J.
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.

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. (10/2)
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.

• **Barium Steel Corp. (10/3)**
Sept. 11 filed $6,500,000 of 5½% convertible debentures due 1968. **Price** — To be supplied by amendment. **Proceeds** — $2,687,500 to pay 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.

Baton Rouge Water Works Co.
Sept. 11 (letter of notification) 6,946 shares of common capital stock (no par). **Price**—$43 per share. **Proceeds**—For extensions and betterments to water system. **Office**—131 Lafayette St., Baton Rouge, La. **Underwriter**—None.

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.

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 Oct. 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.

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., 863 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.

★ **Bucyrus-Erie Co. (10/17)**
Sept. 25 filed 311,040 shares of common stock (par $5) to be offered for subscription by common stockholders of record Oct. 16, 1956 at the rate of one new share for each five shares held; rights to expire on Oct. 31, 1956. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Business**—Produces power cranes and excavators in the United States. **Underwriter**—The First Boston Corp., New York.

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.

★ **Calenz, Inc.**
Sept. 10 (letter of notification) 300 shares of common stock. **Price**—At par ($1,000 per share). **Proceeds**—For drilling for oil and gas expenses. **Office**—835 Central Building, Seattle, Wash. **Underwriter**—None.

★ **Canadian International Growth Fund, Ltd.**
Sept. 21 filed (by amendment) 1,000,000 additional shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—Montreal, Quebec, Canada.

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.

• **Carolina 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**—To be received up to 9 a.m. (PDT) on Oct. 9 at Room 900, 433 So. Spring St., Los Angeles 13, Calif.

★ **Carolina Power & Light Co. (10/16)**
Sept. 25 filed 500,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters** — Merrill Lynch, Pierce, Fenner & Beane, New York, and R. S. Dickson & Co., Inc., Charlotte, N. C., and New York, N. Y.

• **Centers Corp., Philadelphia, Pa. (10/22-26)**
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.

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. (10/9)
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.

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. Statement effective Sept. 7.

★ Christiana Oil Corp.
Sept. 26 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire $2,500,000 of outstanding term bank loans and for other corporate purposes. **Underwriters** — Laird & Co. and Model, Roland & Stone, both of New York.

★ Cimarron Oil Corp.
Sept. 18 (letter of notification) 81,250 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil. **Office**—836 South Crenshaw Boulevard, Los Angeles, Calif. **Underwriter**—None.

NEW ISSUE CALENDAR

October 1 (Monday)

Gold Seal Dairy Products Corp. ______ Class A Stock
(All States Securities Dealers, Inc.) $1,000,000

Johns-Manville Corp. ______ Common
(Offering to stockholders—underwritten by Morgan Stanley & Co.) about 650,000 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

Madison Gas & Electric Co. ______ Common
(Offering to stockholders—no underwriting) 68,334 shares

Racine Hydraulics & Machinery, Inc. ______ Preferred & Common
(Loewi & Co.) 15,000 pfd. shares and 35,000 common shares

October 2 (Tuesday)

American Telephone & Telegraph Co. ______ Common
(Offering to stockholders—no underwriting) about $580,000,000

Bahamas Helicopters, Ltd. ______ Common
(Blair & Co. Incorporated) 300,000 shares

Brush Beryllium Co. ______ Common
(Offering to public and to stockholders—underwritten by Kuhn, Loeb & Co. and McDonald & Co.) $4,000,000

Economy Auto Stores, Inc. ______ Common
(Courts & Co.; Clement A. Evans & Co., Inc.; Johnson, Lane, Space & Co.; J. W. Tindall & Co.; and Wyatt, Neal & Waggoner) $220,000

Four Wheel Drive Auto Co. ______ Debentures
(A. C. Allyn & Co., Inc.) $1,500,000

Seaboard Air Line RR. ______ Equip. Trust Ctfs.
(Bids noon EDT) $4,650,000

Storer Broadcasting Co. ______ Common
(Reynolds & Co.) 200,000 shares

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)

Barium Steel Corp. ______ Debentures
(Lee Higginson Corp. and Allen & Co.) $6,500,000

Columbia Gas System, Inc. ______ Debentures
(Bids 11 a.m. EDT) $25,000,000

Kusan, Inc. ______ Common
(Clark, Landstreet & Kirkpatrick, Inc.) $583,120

Marsh Steel Co. ______ Debentures & Common
(Cruttenden & Co. and The First Trust Co. of Lincoln) $700,000 debentures and 135,000 shares of stock

Walt Disney Productions ______ Debentures
(Kidder, Peabody & Co.) $7,500,000

October 4 (Thursday)

Chicago & North Western Ry. ______ Equip. Trust Ctfs.
(Bids noon CDT) $3,360,000

National Newark & Essex Banking Co. of Newark ______ Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 55,000 shares

October 8 (Monday)

Republic Cement Corp. ______ Common
(Vickers Brothers) $9,650,000

Southern Bell Telephone & Telegraph Co. ______ Debentures
(Bids to be invited) $60,000,000

Union Bank & Trust Co., Los Angeles ______ Common
(Offering to stockholders—to be underwritten by Blyth & Co., Inc. and Stern, Frank, Meyer & Fox) $3,990,000

October 9 (Tuesday)

California Electric Power Co. ______ Bonds
(Bids 9 a.m. PDT) $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

Food Mart, Inc. ______ Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co.) 90,337 shares

Gardner-Denver Co. ______ Debentures
(Hornblower & Weeks and A. G. Becker & Co. Inc.) $10,000,000

Hawaii (Territory of) ______ Bonds
(Bids to be invited) $12,500,000

Knox Corp. ______ Class A Common
(Ira Haupt & Co.) 150,000 shares

Southern New England Telephone Co. ______ Common
(Offering to stockholders—no underwriting) 679,012 shares

Southern New England Telephone Co. ______ Common
(Bids 11 a.m. EDT) 1,173,696 rights

October 10 (Wednesday)

Fansteel Metallurgical Corp. ______ Debentures
(Hallgarten & Co.) $3,000,000

Lieberknecht, Inc. ______ Common
(Bids 11 a.m. EDT) 158,025 shares

Seaboard Finance Co. ______ Notes
(The First Boston Corp.) $15,000,000

Southern Pacific Co. ______ Equip. Trust Ctfs.
(Bids noon EDT) $9,600,000

Southern Union Gas Co. ______ Common
(Offering to stockholders—no underwriting) 171,187 shares

Texas Eastern Transmission Corp. ______ Preferred
(Dillon, Read & Co. Inc.) $15,000,000

October 11 (Thursday)

Blackstone Valley Gas & Electric Co. ______ Preferred
(Bids 11 a.m. EDT) $2,500,000

Holiday Oil & Gas Corp. ______ Common
(Whitehall Securities Corp.) $1,500,000

United Cuban Oil, Inc. ______ Common
(S. D. Fuller & Co.) $2,500,000

October 16 (Tuesday)

Carolina Power & Light Co. ______ Common
(Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.) 500,000 shares

New York, New Haven & Hartford RR. ______ Equip. Trust Ctfs.
(Bids to be invited) $2,766,750

Public Service Co. of Indiana, Inc. ______ Bonds
(Bids to be invited) $30,000,000

October 17 (Wednesday)

Bucyrus-Erie Co. ______ Common
(Offering to stockholders—underwritten by The First Boston Corp.) 311,040 shares

October 22 (Monday)

ACF-Wrigley Stores, Inc. ______ Debentures
(Allen & Co.) $4,000,000

Centers Corp. ______ Debentures & Common
(Blair & Co. Incorporated) $8,000,000

TEMCO Aircraft Corp. ______ Debentures
(A. C. Allyn & Co. Inc. and Keith Reed & Co.) $5,000,000

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

Standard Register Co. ______ Common
(Merrill Lynch, Pierce, Fenner & Beane) $6,500,000

November 1 (Thursday)

Mobile Gas Service Corp. ______ Common
(Offering to stockholders—no underwriting) 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

December 4 (Tuesday)

Michigan Bell Telephone Co. ______ Debentures
(Bids to be invited) $30,000,000

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 1996, and 166,000 shares of common stock (par $1), of which the debentures and 16,000 shares of stock have been offered publicly and the remaining 150,000 shares of stock are being 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 as of Sept. 19; rights to expire on Sept. 29. **Price**—Of debentures, 100% of principal amount; and of stock to stockholders, $5.50 per share; and to public, $6.25 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. Statement effective Sept. 19.

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 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., 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 at 120 East 41st St., New York, N. Y.

★ Consolidated Edison Co. of N. Y., Inc. (10/23)
Sept. 21 filed $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.

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.

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.

● Devall Land & Marine Construction Co., Inc.
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, Texas. Statement effective.

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.

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.

● Douglas Oil Co. of Carolina
Sept. 17 filed $3,500,000 of debentures due 1968, with

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warrants to purchase 350,000 shares of $1 par value common stock. **Price**—100% of principal amount. **Proceeds** — Approximately $1,200,000 to retire outstanding 5% secured notes; $1,000,000 for repayment of short-term bank loans; $850,000 for construction of a unifying unit and a topping unit; and $350,000 for operating capital. **Underwriter** — Shearson, Hammill & Co., New York. Statement withdrawn Sept. 26.

● 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. Subscriptions will be received by the company Oct. 1 through Oct. 26. **Price**—$60 per share. **Proceeds**—For expansion, etc. **Underwriter**—None.

★ Dunes, Inc.
Sept. 12 (letter of notification) proposing an issuance of new securities. **Proceeds**—For construction of buildings and for purchase of land. **Office**—410 Times Building, Portland, Ore. **Underwriter**—Leslie W. McHendry, Milwaukie, Ore., and W. W. McGeorge, Portland, Ore.

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.
June 4 (regulation "D") 500,000 shares of common stock (par $1). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—Foster-Mann, Inc., New York.

● Economy Auto Stores, Inc. (10/2)
Sept. 13 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds** — For additional capital. **Office**—1130 Bankhead Ave., N. W., Atlanta, Ga. **Underwriters**—Courts & Co.; Clement A. Evans & Co., Inc.; Johnson, Lane, Space & Co., Inc.; J. W. Tindall & Co.; and Wyatt, Neal & Waggoner, all of Atlanta, Ga.

★ Eternalite, Inc., New Orleans, La.
Sept. 24 filed 200,000 shares of class A common stock (par 50 cents). **Price**—$4.50 per share. **Proceeds**—To repay loan; for maintenance of and increase of inventory; for development of branch offices; and for research, laboratory tests, and testing equipment. **Underwriter**—Vickers Brothers, New York.

Fansteel Metallurgical Corp. (10/10)
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.

Food Mart, Inc., El Paso, Texas (10/9)
Sept. 18 filed 90,337 shares of common stock (par $2) to be offered for subscription by common stockholders of record Oct. 9, 1956 at the rate of one new share for each eight shares held; rights to expire on Oct. 23, 1956. **Price**—To be supplied by amendment. **Proceeds**—For expansion, equipment and working capital. **Underwriter**—Shearson, Hammill & Co., New York.

Four Wheel Drive Auto Co. (10/2)
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 expansion program and working capital. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

● Gardner-Denver Co., Quincy, Ill. (10/9)
Sept. 18 filed $10,000,000 of convertible subordinated debentures due Oct. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans ($4,500,000 at June 30, 1956) and for working capital. **Business**—Rock drills and air tools, air compressors, pumps and portable pneumatic tools. **Underwriters**—Hornblower & Weeks, New York, and A. G. Becker & 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 captal. **Underwriter** — None named. Offering to be made through selected dealers.

● General Guaranty Insurance Co.
Aug. 24 (letter of notification) 42,850 shares of common stock (par $2.50) to be offered to stockholders on the basis of two shares for each seven shares held 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; Beil & Hough, Inc., St. Petersburg, Fla.; First Florida Investors, Inc. and Leedy, Wheeler & Alleman, Inc., both of Orlando, Fla.; and Security Associates, Inc., Winter Park, Fla.

● General Telephone Co. of Indiana, Inc.
Sept. 6 filed 95,000 shares of $2.50 preferred stock (no par) being offered in exchange for outstanding 5% cumulative preferred 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.

★ Georgia-Pacific Corp., Portland, Ore.
Sept. 25 filed a maximum of 500,000 shares of common stock (par $1), the number of shares to be dependent on market conditions at time of offering and will be determined with a view to providing the company with net proceeds of approximately $15,000,000. **Proceeds**—For acquisition of all assets of Hammond Lumber Co.; for construction of a new mill; and for general corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

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 $7,000 debenture. **Price**—$10,000 per unit. **Proceeds**—For purchase of property, remodeling of present main building, for new construction and working capital. **Business**—Operates year-round resort hotel. **Underwriter**—None.

● Gold Seal Dairy Products Corp. (10/1-10)
Sept. 20 filed 200,000 shares of class A stock (par 10 cents) of which 15,000 shares will be reserved for sale to employees at $4.55 per share. **Price**—$5 per share to public. **Proceeds**—For expansion and to repay outstanding obligations. **Office**—Remsen, N. Y. **Underwriter**—All States Securities Dealers, Inc., New York.

● Great Basin Uranium Corp.
Aug. 27 (letter of notification) 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds** — For mining expenses. **Office**—c/o Madison B. Graves (President), 826 South Third Street, Las Vegas, Nev. **Underwriter**—None.

Growers Container Corp., Salinas, Calif.
May 28 filed 600,000 shares of common stock (par $1) to be offered primarily to individuals and firms who are engaged in or closely allied to the growing and shipping industry. **Price**—$3 per share. **Proceeds**—For working capital, capital expenditures and other corporate purposes. **Underwriter**—None.

Gunkelman (R. F.) & Sons, Fargo, N. D.
May 25 (letter of notification) 1,800 shares of 5% cumulative preferred stock (par $100). **Price**—$98 per share. **Proceeds** — For expenses incident to commercial grain business. **Underwriter**—W. R. Olson Co., Fargo, N. D.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

★ Hawaiian Electric Co., Ltd., Honolulu
Sept. 21 filed 77,000 shares of common stock (par $20) to be offered for subscription by common stockholders at rate of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion program. **Underwriter**—None.

Holden Mining Co., Winterhaven, Calif.
April 13 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address** — P. O. Box 308, Winterhaven, Calif. **Underwriter**—Arthur B. Hogan, Inc., Hollywood, Calif.

★ Holiday Oil & Gas Corp. (10/11-15)
Sept. 21 filed 500,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay bank loans; to drill some 36 proven locations on now producing leases; and for working capital. **Office**—Arkansas City, Kan. **Underwriter** — Whitehall Securities Corp., New York.

● Hydrometals, Inc., Chicago, Ill.
Aug. 10 filed 78,275 shares of capital stock (par $2.50) and rights to subscribe to an additional 391,375 shares (exercisable over a five-year period at $13 per share). Of the total, 77,500 shares, plus rights to purchase an additional 387,500 shares, are to be offered in exchange for the license rights and assets of Hayden Projects, Inc., and the remaining 775 shares, plus rights to buy an additional 3,875 shares, are to be issued to Cady, Roberts & Co., New York City, as a fee for its services with such transaction. Statement effective Sept. 19.

Illinois Bell Telephone Co.
Aug. 10 filed 580,531 shares of capital stock being offered for subscription by stockholders of record Aug. 31, 1956, on the basis of one new share for each eight shares held; rights to expire on Sept. 28, 1956. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent, American Telephone & Telegraph Co., which owns 4,612,578 shares (99.32%) of Illinois company's stock. **Underwriter**—None.

● Inter-Mountain Telephone Co.
Sept. 6 filed 285,000 shares of common stock (par $10) being offered for subscription by common stockholders of record Sept 15 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. **Office**—Bristol, Tenn. **Underwriter**—Courts & Co., Atlanta, Ga., will underwrite 156,672 shares.

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.

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.

Johns-Manville Corp. (10/1)
Sept. 12 filed a maximum of 650,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record Sept. 28, 1956 at the rate of one new share for each 10 shares held; rights to expire on Oct. 17. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion and improvements, working capital and other corporate purposes. **Underwriter**—Morgan Stanley & Co., New York.

Kerr Income Fund, Inc., Los Angeles, Calif.
July 30 filed 100,000 shares of capital stock (par $1), of which 9,300 shares will be initially sold at $10.98 per share. Additional shares will be offered at a price equal to the net asset value of the Fund, plus a sales load of 8½% of such price. **Proceeds**—For investment. **Investment Manager** — California Fund Investment Co., of which John Kerr is also President.

Kinney Loan & Finance Co.
Sept. 11 (letter of notification) $150,000 of 6% sinking fund capital debentures, series A, due Sept. 1, 1971. **Price**—At par in denominations of $1,000 each. **Proceeds**—For working capital. **Office** — 911 Tenth St., Greeley, Colo. **Underwriter**—Wachob-Bender Corp., of Omaha and Lincoln, Neb.

● Knox Corp., Thomson, Ga. (10/9)
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.

● Kusan, Inc., Nashville, Tenn. (10/3-4)
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.

Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York. **Offering**—Postponed.

Lithium Developments, Inc., Cleveland, Ohio
June 21 filed 600,000 shares of common stock (par 10 cents), of which 600,000 shares are to be sold for account of the company and 90,000 shares for selling stockholders. **Price**—$1 per share, by amendment. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—George A. Searight, New York City.

Long Island Lighting Co. (10/1)
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. 28, 1956, at rate of one preferred share for each 38 shares of common stock held); rights to expire on Oct. 15. **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.

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.

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; rights to expire Oct. 29. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—None.

Marsh Steel Corp., No. Kansas City, Mo.
Sept. 13 filed $300,000 of 5½% series debentures due 1957 to 1962 to be offered in exchange for outstanding 5% series A debentures, with a cash adjustment for interest accrued on the outstanding debentures. **Price**—100% of principal amount. **Underwriter**—The First Trust Co., of Lincoln, Neb.

Marsh Steel Corp., No. Kansas City, Mo. (10/3)
Sept. 13 filed $700,000 of 5½% convertible sinking fund debentures due 1966 and 135,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For equipment, to finance inventory and accounts receivable, for advances to subsidiaries, and for working capital. **Underwriters** — The First Trust Co. of Lincoln, Neb.; Cruttenden & Co., Chicago, Ill.; Boettcher & Co., Denver, Colo.; and Barret, Fitch, North & Co. and Burke & MacDonald, Inc., both of Kansas City, Mo.

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.**
Aug. 23 filed 85,266 shares of common stock (par $5) being offered for subscription by common stockholders of record Sept. 26 on the basis of one new share for each three shares held (with an oversubscription privilege); rights to expire on Oct. 10. **Price**—At a price of $17.50 per share. **Proceeds**—For construction of plant and working capital. **Business**—Hydrides of calcium, lithium, potassium and sodium, etc. **Underwriter**—White, Weld & Co., New York, for 44,362 shares; with Ventures, Ltd. and its subsidiaries to subscribe for the remaining 40,904 shares.

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.

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.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

National By-Products, Inc.
June 19 (letter of notification) 2,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay Federal estate taxes. **Office**—800 Bankers Trust Bldg., Des Moines, Iowa. **Underwriter**—T. C. Henderson & Co., Inc., Des Moines, Iowa.

★ **National Life of America, Mitchell, S. Dak.**
Sept. 21 filed 86,784.7 shares of common stock (par $5) to be offered for subscription by each of the company's 23,279 policyholders on and as of July 31, 1956 at the rate of 1½ shares of such stock and the balance of the shares to be exchangeable for Founders certificates and coupons issued by National Life as a part or feature of certain life insurance policies. **Price**—$7.50 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15, 1955 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 Sugar Refining Co.
Aug. 24 filed 94,803 shares of capital stock (no par) being 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**—$30 per share. **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.

● **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 Phoenix, and Marcus T. Baumann, Vice-President and Treasurer, of Tucson, Ariz. Statement effective Sept. 14.

● **North Carolina Telephone Co.**
July 24 filed 828,572 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of two shares for each share held as of Aug. 6; rights to expire on Oct. 5. **Price** — $1.25 per share. **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.

North Pittsburgh Telephone Co.
Sept. 12 (letter of notification) 6,000 shares of common stock to be offered to holders of common stock of record of Sept. 15, 1956 on the basis of one new share for each four shares held. **Price**—At par ($25 per share). **Proceeds**—To reduce demand note. **Address**—Gibsonia, Allegheny County, Pa. **Underwriter**—None.

★ **Oakite Products, Inc.**
Sept. 14 (letter of notification) not to exceed 7,400 shares of common stock (par $5) to be offered to employees. **Price** — $16.15 per share on cash basis; and $14.45 per share on instalment basis. **Proceeds**—For working capital. **Office**—19 Rector St., New York. **Underwriter**—None.

★ **Ohio Power Co. (10/30)**
Sept. 20 filed $28,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program and to repay bank loans. **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)**
Sept. 20 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **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.

★ **Oxford Loan Co.**
Sept. 17 (letter of notification) $250,000 of 6% renewable debentures payable (upon demand) Sept. 10, 1961. **Price**—At face amount (in denominations of $100 and $500 each). **Proceeds** — For working capital. **Office** — 2233 North Broad St., Philadelphia, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

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 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.

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.

★ **Pine Street Fund, Inc., New York**
Sept. 19 filed (by amendment) 135,000 additional shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

★ **Pioneer Telephone Association, Inc., Ulysses, Kan.**
Sept. 11 (letter of notification) 39,752 principal amount of equity certificates to be sold to members and subscribers. **Price**—At par (minimum amount to be $45). **Proceeds**—Together with other funds, to be used for the purchase and acquisition of the telephone exchange and system of Satanta Telephone Co. **Underwriter**—None.

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.

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.

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.

Racine Hydraulics & Machinery, Inc. (10/1-5)
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.

★ **Ralston Purina Co., St. Louis, Mo.**
Sept. 24 filed 15,000 shares of common stock (par $25) to be offered for sale under the company's Stock Purchase Plan for eligible employees of the company and its subsidiaries.

★ **Reed Rolled Thread Die Co.**
Sept. 21 (letter of notification) $250,000 of 6% debentures due Nov. 1, 1972 through Nov. 1, 1977. **Price**—At par (in denominations of $10 each). **Proceeds** — For working capital. **Office** — 791 Main St., Holden, Mass. **Underwriter**—None.

● **Republic Cement Corp. (10/8-12)**
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.
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.

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.

Seaboard Finance Co. (10/10)
Sept. 18 filed $15,000,000 of sinking fund notes due Oct. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter**—The First Boston Corp., New York.

Security Loan & Finance Co.
July 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For expansion program. **Office**—323 So. State St., Salt Lake

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City, Utah. **Underwriter**—Whitney & Co., also of Salt Lake City.

Southern Bell Tel. & Tel. Co. (10/8)
Sept. 18 filed $60,000,000 of 27-year debentures due Oct. 1, 1983. **Proceeds** — For repayment of advances to its parent, American Telephone & Telegraph Co. **Underwriter**—To be determined by competitive bidding. **Probable** bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively expected to be received up to 11:30 a.m. (EDT) on Oct. 8.

★ Southern General Insurance Co., Atlanta, Ga.
Sept. 24 filed 95,714 shares of common stock (par $5), of which 50,000 shares are to be offered publicly; 20,714 shares are to be offered in exchange for 10,357 shares of $10 par common stock of Progressive Fire Insurance Co.; and 25,000 shares are to be offered to certain other persons. **Price**—To public, $14.50 per share; and to certain persons, $13 per share. **Proceeds**—To pay bank loan. **Underwriter** — The Robinson-Humphrey Co., Inc., Atlanta, Ga.

★ Southern New England Telephone Co. (10/10)
Sept. 19 filed 679,012 shares of capital stock (par $25) to be offered for subscription by stockholders of record Oct. 1, 1956 at the rate of one new share for each eight shares held; right to expire on Nov. 2. **Price**—$30 per share. **Proceeds**—To pay advances from American Telephone & Telegraph Co. (approximately $15,800,000) and for property additions and improvements. **Underwriter** —None. (See also next paragraph).

★ Southern New England Telephone Co. (10/10)
Sept. 19 filed 1,173,696 rights to purchase 146,712 shares of new capital stock (par $25) to be issued to American Telephone & Telegraph Co., which owns 21.61% of the outstanding stock of Southern New England Telephone Co. **Proceeds**—To American Telephone & Telegraph Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; White, Weld & Co.; Putnam & Co.; Chas. W. Scranton & Co., and Cooley & Co. (jointly); The First Boston Corp.; Salomon Bros. & Hutzler. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 10. (See also preceding paragraph.)

● Southern Union Gas Co., Dallas, Texas (10/10)
Sept. 14 filed 171,187 shares of common stock (par $1) to be offered for subscription by common stockholders of record Sept. 26 on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire on Oct. 30. **Price**—$18 per share. **Proceeds**—For additions and improvements to property. **Underwriter**—None.

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 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.

Southwide Corp., Anniston, Ala.
Sept. 12 filed 450,635 shares of common stock (par $1), of which 211,681 shares are to be offered publicly 238,954 shares are to be offered in exchange for the class A stock of Capital Fire & Casualty Co. and common stock of Allied Investment Corp. **Price**—$2 per share. **Proceeds**—For purchase of stock of Capital and Allied firms and for purchase of U. S. Government bonds. **Underwriter**—None, but a selling commission will be allowed to dealers for sales effected by them. Elvin C. McCary, of Anniston, Ala., is President.

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.

● Storer Broadcasting Co. (10/2-4)
Sept. 14 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To George B. Storer, President of company. **Office**—Miami Beach, Fla. **Underwriter**—Reynolds & Co., New York.

Suburban Gas Service, Inc.
Sept. 10 (letter of notification) 15,780 shares of common stock (par $1). **Price**—$19 per share. **Proceeds**—To selling stockholders. **Office**—60 East Foothill Blvd., Upland, Calif. **Underwriters**—Kidder, Peabody & Co., Inc., New York, N. Y.; Wagenseller & Durst, Inc., Los Angeles 14, Calif. and William R. Staats & Co., Los Angeles 14, Calif.

★ Supervised Shares, Inc., Des Moines, Iowa
Sept. 24 filed 300,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ Swears & Wells Ltd. (England)
Sept. 14 Chemical Corn Exchange Bank, New York filed American depositary receipts for 83,333 "B" ordinary registered shares and for 83,333 "C" ordinary registered shares of this English corporation.

★ Texas Calgary Co., Abilene, Texas
Sept. 25 filed 3,700,000 shares of capital stock (par 25 cents). **Price**—At market from time to time on the American Stock Exchange or the Toronto Stock Exchange or by private sale. **Proceeds**—To A. P. Scott, the selling stockholder. **Underwriter**—None.

★ Texas Eastern Transmission Corp. (10/10)
Sept. 20 filed 150,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For gas expansion and reconversion program. **Underwriter**—Dillon, Read & Co., Inc., New York.

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); rights to expire on Oct. 17. **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.

United Aircraft Corp.
Aug. 28 filed 318,098 shares of convertible preference stock 4% series, being 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**—At par ($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. (10/11)
Aug. 29 filed 2,798,625 shares of common stock (par 10 cents), of which 2,000,000 shares are to be offered publicly, 573,625 shares will be issued in exchange for stock of Compania de Formento Petrolero Ted Jones, S. A., 200,000 shares sold to S. D. Fuller & Co., and 25,000 shares sold to Hallgarten & Co. **Price**—$1.25 per share. **Proceeds** — For development and exploration costs. **Office**—Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

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.

★ Vendo Co., Kansas City, Mo.
Sept. 20 filed 32,778 shares of common stock (par $2.50) to be offered to holders of Vendorlator Manufacturing Co. common stock purchase warrants in lieu of their right to buy Vendorlator common stock. Warrants are exercisable until Sept. 30, 1960. **Price**—$7.33 per share. **Proceeds**—To redeem Vendorlator debentures. **Underwriter**—None.

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.

● Walt Disney Productions, Burbank, Calif. (10/3)
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.

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.

★ Wilks Precision Instrument Co., Inc.
Sept. 5 (letter of notification) 100,000 shares of class A common stock (par 20 cents) and warrants to buy 50,000 shares of class B common stock (par 10 cents). **Price**—Of class A stock, $2 per share; and of class B stock, $1 per share. **Proceeds**—For payment on present indebtedness; purchase of additional equipment and inventory and for working capital. **Office**—4821 Bethesda Ave., Bethesda, Md. **Underwriter**—None.

Wilson & Co., Inc.
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. **Offering**—Indefinitely postponed.

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.

● Ziegler Coal & Coke Co.
Sept. 7 (letter of notification) 12,500 shares of common stock (par $10). **Price**—$18 per share. **Proceeds** — For working capital. **Office**—231 So. La Salle St., Chicago, Ill. **Underwriter**—Tucker, Anthony & Co., New York, N. Y. To be placed privately.

Prospective Offerings

★ ACF-Wrigley Stores, Inc. (10/22-26)
Sept. 20 it was reported company plans early registration of $4,000,000 15½ year convertible debentures. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Allen & Co., New York.

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.

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.

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, Bear, Stearns & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids** — Expected to be received on Oct. 23. **Registration**—Planned for Oct. 1.

● Central Wisconsin Motor Transport Co.
Sept. 10 company filed a request with the ICC for authority to issue 34,600 shares of 6% cumulative convertible preferred stock (par $10) and 67,500 shares of common stock (par $1). **Price**—For preferred, par and accrued dividends; and for common, $6 per share. **Proceeds** — To selling stockholders. **Office** — Wisconsin Rapids, Wis. **Underwriter**—Loewi & Co., Milwaukee, Wis.

★ Chicago & North Western Ry. (10/4)
Bids will be received by the company up to noon (CDT) on Oct. 4 at Room 1400, 400 West Madison Street, Chicago 6, Ill., for the purchase from it of $3,360,000 equipment trust certificates to mature in 15 equal annual installments from Nov. 1, 1957 to 1971, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ Commonwealth Edison Co. (10/17)
Sept. 25 it was announced registration with the SEC is expected on Sept. 27 of 400,000 shares of non-convertible preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriters** — The First Boston Corp. and Glore, Forgan & Co., both of New York.

★ Cosden Petroleum Corp.
Sept. 20 it was announced company has agreed to purchase Col-Tex Refining Co. from Anderson-Prichard Oil Co. and Standard Oil Co. of Texas, a subsidiary of Standard Oil Co. of California, for 550,000 shares of Cosden common stock. The purchase is subject to SEC registration of the stock which will require about 60 days. As part of the contract, Anderson-Prichard and Standard of Texas have agreed to sell the Cosden common stock to the public. **Underwriter**—Not yet named. Glore, Forgan & Co., New York, previously underwrote Anderson-Prichard financing.

Delaware Power & Light Co.
Aug. 13 it was reported company plans to raise about $8,000,000 through the sale of preferred stock. **Proceeds** —For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; W. C. Langley & Co. and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp(jointly). **Offering**—Not expected until early in 1957.

● First National Bank of Atlanta, Ga.
Sept. 26, the bank offered to its stockholders of record Sept. 25 the right to subscribe for 200,000 additional shares of capital stock (par $10) on a 2-for-7 basis; rights to expire on Oct. 15. **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Robinson-Humphrey Co., Inc., Atlanta, Ga.; Merrill Lynch, Pierce, Fenner & Beane, New York; and Courts & Co., Atlanta, Ga.

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, Union Securities & Co., New York.

★ General Aniline & Film Corp.
Sept. 21 it was announced that the Attorney General of the United States, following reclassification of the shares of this corporation to be voted upon Oct. 4, plans to sell certain of the vested 2,983,576 shares of new class B stock which will then be held.

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 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.

★ Hawaii (Territory of) (10/9)
Bids will be received on Oct. 9 for the purchase from the Territory of Hawaii of $12,500,000 highway revenue bonds, series A, due semi-annually from March 1, 1958 to Sept. 1, 1986, inclusive.

★ Hawaiian Electric Co., Ltd.
Sept. 14 it was announced company plans to offer to its common stockholders 77,000 additional shares of common stock (par $20). **Proceeds** — For construction program. **Underwriter**—None. **Offering**—Expected in near future.

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.

Jersey Central Power & Light Co.
Sept. 12, it was announced company plans to issue and sell $8,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; The First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly).

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. **Bidders**—May include Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly).

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.

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. Company presently plans to issue and sell $22,000,000 of bonds in the next 16 months.

● Michigan Bell Telephone Co. (12/4)
Sept. 24 the directors authorized the company to issue and sell $30,000,000 35-year debentures, due Dec. 1, 1991. **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 on Dec. 4.

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** — None.

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 Newark & Essex Banking Co. of Newark (N. J.) (10/4)
Sept. 17 it was announced Bank plans to offer to its stockholders of record Oct. 5, 1956, the right to subscribe to 55,000 additional shares of capital stock (par $25) on the basis of one new share for each six shares held; rights to expire on Oct. 24. Stockholders will vote Oct. 3 on approving proposed increase in capitalization. **Price** —To be named later. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, 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, 1956, 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). **Offering**—Expected in first half of 1957.

● New England Power Co.
Jan. 3 it was announced company now plans to issue and sell $10,000,000 of first mortgage bonds early in 1957. **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).

New Jersey Power & Light Co.
Sept. 12 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

★ New York, New Haven & Hartford RR. (10/16)
Bids are expected to be received by the company on Oct. 16 for the purchase from it of not to exceed $2,766,750 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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

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1956 construction program (costing about $40,000,000) through issuance of debentures and treasury funds in latter part of year. Underwriter—Probably Blyth & Co., Inc.

Offshore Gathering Corp., Houston, Texas
Nov. 18, 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.**

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.

Pennsylvania Electric Co.
Sept. 12 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.

★ Phillips Petroleum Co.
Sept. 25 it was indicated that the company next year will give consideration to refunding its $75,000,000 of short-term bank loans. After review, the company will decide the most appropriate type of long-term borrowing, whether it be insurance loans, long-term bank borrowing, convertible debentures or straight debentures. **Underwriter**—The First Boston Corp., New York.

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**—Not expected to be received on or about Oct. 16 as previously reported. Offering postponed.

Public Service Electric & Gas Co. (11/14)
Sept. 18 the directors proposed the issuance and sale of $50,000,000 first and refunding mortgage bonds due Nov. 1, 1986. **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.

Public Service Electric & Gas Co.
Sept. 18 it was announced company plans to issue and sell 1,000,000 additional shares of common stock (no par) early in December. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Morgan Stanley & Co., Drexel & Co., and Glore, Forgan & Co.

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp

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.

★ Schick, Inc.
Sept. 25 it was announced that an undetermined number of shares of common stock is expected to be offered publicly late in October. The offering is subject to the approval of stockholders on Oct. 4 of a proposed two-for-one stock split. **Proceeds**—To Mrs. Florence Schick Gifford, wife of Kenneth C. Gifford, Chairman and President of the company. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Hayden, Stone & Co., both of New York.

Seaboard Air Line RR. (10/2)
Bids will be received by the company up to noon (EDT) on Oct. 2, at the office of Willkie Owen Farr Gallagher & Walton, 15 Broad St., New York 5, N. Y., for the purchase from it of $4,650,000 equipment trust certificates, series Q, to be dated Oct. 1, 1956 and to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Seiberling Rubber Co.
Sept. 10 it was reported that the company plans long-term debt financing and/or issuance of additional common stock. **Proceeds**—To redeem preferred stocks and for expansion program, etc. **Underwriter** — Probably Blair & Co. Incorporated, 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.

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. (10/10)
Bids will be received by the company up to noon (EDT) on Oct. 10 at Room 2117, 165 Broadway, New York 6, N. Y., for the purchase from it of $9,600,000 equipment trust certificates, series VV, to mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

★ Standard Register Co., Dayton, Ohio (10/30)
Sept. 19 it was announced company plans to raise about $6,500,000 through the sale of its stock. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

★ TEMCO Aircraft Corp. (10/22-26)
Sept. 20 it was reported company plans early registration of $5,000,000 15-year convertible sinking fund subordinated debentures. **Underwriters**—A. C. Allyn & Co., Inc., Chicago, Ill., and Keith Reed & Co., Dallas, Texas.

Underwood Corp.
Sept. 10 it was announced the directors are considering an issue of $5,000,000 subordinated convertible debentures due 1971. **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.

★ Union Bank & Trust Co., Los Angeles, Calif. (10/8)
Sept. 14 it was announced stockholders of record Oct. 5 are to be offered the right to subscribe on or before Oct. 26, 1956 for 114,000 additional shares of capital stock (par $10) on the basis of one new share for each five shares held. **Price**—$35 per share. **Proceeds**—To increase caiptal and surplus. **Underwriters**—Blyth & Co., Inc. and Stern, Frank, Meyer & Fox, both of Los Angeles, Calif.

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.

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.

★ Watson Brothers Transportation Co.
Sept. 19, it was reported public offering of an issue of 619,776 shares of class A common stock (par $1) was planned late in October. **Price**—Expected to be around $7.50 per share. **Underwriters**—Cruttenden & Co., Chicago, Ill., The First Trust Co. of Lincoln, Neb.; and Wachob Bender Corp., Omaha, Neb.

Clement R. Ford

Clement R. Ford passed away Sept. 25 at the age of 74. Prior to his retirement in 1937 he was a partner in Tucker, Anthony & Co.

Now With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Donald F. Smith is now with Walston & Co., Inc., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Forms Investors Service

FT. LEE, N. J.—Sylvester Huffman is engaging in a securities business from offices at 230 Main Street under the firm name of Investors Service.

Join Reynolds Co.

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C. — William H. Rawls and Jennings V. Womble have joined the staff of Reynolds & Co., 120 South Salisbury Street. Mr. Rawls has recently been with Bache & Co. Prior thereto he was with Kirchofer & Arnold, Inc.

Two With Pasadena Corp.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Alan D. Brassington and Edward J. Goldstein have become connected with Pasadena Corporation, 618 East Colorado Street.

With Gottron, Russell

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Harry J. Cross has become connected with Gottron, Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

With Powell, Johnson

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Carl F. Rutter has become connected with Powell, Johnson & Powell, Inc., Security Building.

Joins Livingstone, Williams

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Gilbert G. Dubray has become associated with Livingston, Williams & Co. Inc., Hanna Building. He was formerly with Saunders, Stiver & Co.

Two With Beckman

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Oliver H. Brouillard and Henry H. Schmidt are now connected with Beckman & Company, 321 North California Street. Mr. Brouillard was previously with Hannaford & Talbot.

Joins Fin. Investors

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—John D. Fanelli is now connected with Financial Investors Incorporated, 1716 Broadway.

Continued from page 16

News About Banks and Bankers

with common capital stock of $57,000, was absorbed by the **Boardwalk National Bank of Atlantic City, N. J.**

* * *

As a result of the sale of new stock to the amount of $62,500, the capital of the **First National Bank of Grove City, Pa.,** has been increased from $187,500 to $250,000, effective Sept. 5.

* * *

As a result of the new offering of common stock by the **Indiana National Bank of Indianapolis, Ind.,** the bank's capital was announced as of Sept. 18, as $12,500,000 compared with $10,000,000 previously. Details of the issuance of the additional stock, 125,000 shares, (par $20 per share), were given in our issue of Aug. 30, page 886. The new stock was offered to shareholders of record Aug. 24, at $65 per share, the rights expiring Sept. 13. The 2,072 shares not taken by holders it is stated were being bought by an underwriting syndicate headed by Blyth & Co., Inc. Sales of the new issue it is stated lifts the bank's total outstanding stock to 625,000 shares.

* * *

A charter for the new National Bank in Chicago, Ill., under the title of the **Mid-America National Bank of Chicago,** was issued by the Comptroller of the Currency at Washington on Sept. 4. Formed with a capital of $500,000 and surplus of $750,000, the officers of the new bank, under the Primary Organization are Edward Damstra, President and Robert B. Grant, Cashier.

* * *

Establishment of a new branch by the **Michigan Bank of Detroit, Mich.,** is announced by John C. Hay, President. The branch will be located at 15008-12 East Jefferson, Grosse Pointe Park, the site now occupied by Koinis Drive-In. Construction plans call for work to begin on Oct. 10 and the new branch will probably be completed shortly after the first of the year, Mr. May said. Complete facilities will be available at the new branch with parking privileges, drive-in banking and safe deposit boxes. The new branch will be the sixth Detroit office to be operated by the Michigan Bank in addition to the main office which is located in the Guardian Building.

* * *

The merger of the **Oakland County State Bank of Milford, Mich.,** with common stock of $300,000, into the **Community National Bank of Pontiac, Mich.,** with common stock of $1,500,000, was effected at the close of business Aug. 31 under the charter and title of the **Community National Bank of Pontiac.** The latter at the effective date of the merger had a capital stock of $2,150,000, in 215,000 shares of common stock, par $10 each, surplus of $2,150,000 and undivided profits, including capital reserves of not less than $669,538.

* * *

A $400,000 capital is reported by the **First National Bank at Ponca City, Okla.,** as of Aug. 27, the amount having been increased on that date from $200.000 by a stock dividend of $200,000.

* * *

P. D. Houston, Honorary Chairman of the Board of the **First American National Bank of Nashville, Tenn.** and a director of the **Massachusetts Mutual Life Insurance Co.,** died at his home in Nashville, Sept. 15. Mr. Houston was elected a director of the Massachusetts Mutual in 1932. He had served on the boards of a number of banks and leading national corporations and in 1940-41 was President of the **American Bankers Association.**

* * *

Conversion of the **First State Bank of Andrews, Texas,** to the National Bank System is announced, the converted bank bearing the title of the **First National Bank of Andrews.** Under its National Charter the bank has a capital of $200,000 and surplus of $305,440. Jackson E. Parker continues as President of the institution, while Evans Holland is Cashier.

* * *

An increase of $100,000 in the capital of the **First National Bank in Garland, Texas,** became effective Sept. 11, the capital thereby having been enlarged from $300,000 to $400,000. Of the increase $75,000 was brought about by the sale of that amount of new stock, while $25,000 represented a stock dividend.

* * *

With a capital and surplus of $200,000 each, a charter was issued as of Aug. 23 for the **First National Bank in Alamogordo, N. M.** Under the primary organization M. R. Prestridge is President of the bank, and Wayne Stewart is Cashier.

* * *

The Office of the Comptroller of the Currency announces in its Sept. 17 Bulletin that a merger certificate was issued Aug. 15, approving and making effective as of Sept. 7 the merger of the **Salinas National Bank of Salinas, Calif.** with common stock of $400,000, into the **Crocker-Anglo National Bank of San Francisco,** with common stock of $39,333,000. The merger was effected under the charter and title of the Crocker-Anglo National Bank with capital stock of $40,333,000 in 4,033,300 shares of common stock, par $10 each; surplus of $42,667,000 and undivided profits of not less than $19,209,000.

* * *

The Board of Directors of the **Citizens National Trust & Savings Bank of Los Angeles,** on Sept. 18, elected F. Miles Flint to the post of Vice-President and Senior Trust Officer. Mr. Flint, who started with the bank in 1932, has held a number of responsible civic and organization posts. He is a past President of the Insurance Trust Council of Los Angeles, Past President of the Brown Alumni Association, a Trustee of Foundations Inc., etc. He was named Assistant Secretary at Citizens National in 1939, Assistant Trust Officer in 1943, Trust Officer in 1950, and Vice-President and Trust Officer in January of this year. He has headed the estate planning division of the bank's trust department for many years. Prior to his association with Citizens National he was a member of a Cleveland investment trust organization.

* * *

Ralph K. Davies, San Francisco shipping and oil company executive, has been elected to the board of directors of **The Bank of California, of San Francisco.** He is Chairman of the Board of American President Lines, Ltd. and Natomas Company and President of American Independent Oil Co. and Independent Tankships, Inc. Since 1937 he has been a Consulting Professor of Marketing of the Stanford University Graduate School of Business. The bank's board also declared Dividend No. 415 of 60 cents a share payable Oct. 15, 1956 to shareholders of record at the close of business Oct. 9, 1956.

* * *

William Q. Walden has been advanced from Assistant Manager to Manager of the **Martinez Office of the Bank of California of San Francisco, Cal.** The appointment, made at the monthly meeting of the bank's board of directors, will become effective Sept. 30, upon the retirement of William D. Dockstader. Mr. Walden was named Assistant Manager at the bank's Martinez Office in October, 1954. He is a member of the Tax Committee of the State Chamber of Commerce, Martinez Chamber of Commerce, etc. Mr. Dockstader, a veteran of 40 years service with the **Bank of Martinez,** was Assistant Cashier when that bank merged with The Bank of California in August, 1954. After the merger, he became Assistant Manager of the Martinez Office, and was elevated to Vice-President and Manager upon the retirement of L. W. Beede in January, 1955. A native of New York State, Mr. Dockstader moved to California following his school years. Since locating in Martinez, he has been affiliated with a number of local organizations.

* * *

The Commercial Bank of Utah, of Spanish Fork, Utah, a State member of the Federal Reserve System, was absorbed as of Aug. 27 by the **First Security Bank of Utah, National Association of Ogden, Utah.** The former head office and branches of The Commercial Bank of Utah will be operated as branches by the continuing bank.

* * *

The Canadian Bank of Commerce, head office **Toronto,** announces the election of M. Wallace McCutcheon, C.B.E., Q.C., of Toronto to its board of directors. Mr. McCutcheon is Vice-President and Managing-Director of Argus Corporation Ltd.; Chairman of the Board of St. Lawrence Corp. Ltd.; and of the National Life Assurance Co. of Canada; a director of Canadian Breweries Ltd.; Massey-Harris-Ferguson Ltd. and other companies.

An agreement, it is stated, was announced in Montreal on Sept. 19, for the purchase by the **Royal Trust Co. of Canada,** of all of the 5,000 outstanding shares of $100 par stock of **Barclays Trust Co. of Canada,** and for subsequent integration of the latter's operations and facilities with those of Royal Trust. The foregoing advices appeared in the Canadian "Gazette" of Sept. 20, from which we also quote the following—

"The stock was held jointly by **Barclays Bank Ltd. of London, Eng.,** and **Barclays Bank D.C.O.** (Dominion, Colonial and Overseas). Price paid for the shares was not disclosed but is conjectured to have been at least $500,000, the par value, and in cash.

"Barclays Trust of Canada has operated a general trust company business since 1931 from its main office in Montreal and a branch office in Toronto. These offices will continue to operate under the Barclays name pending completion of legal steps to integrate them as branches with the Royal Trust, which is expected around the end of the year.

"C. D. Paxton, Manager of Barclays Trust Co. of Canada, will join the Royal Trust as an Assistant General Manager, and other officers and personnel of Barclays Trust will associate themselves with the Royal Trust.

"The acquisition of Barclays Trust by the Royal Trust is understood to have developed from the merger early this year of **Barclays Bank (Canada)** with the **Imperial Bank of Canada,** the further operation of Barclays Trust being regarded by officials of the parent bank in England as neither necessary nor desirable."

In our issue of February 6, 1956, page 741 it was indicated that the amalgamation between the **Imperial Bank of Canada** and **Barclays Bank (Canada)** had become effective on Feb. 1. Plans for the merger of the two banks were noted in our issue of Nov. 3, 1955, page 1882.

* * *

N. W. Chisholm, General Manager of the **National Bank of India Ltd. (London),** has been appointed a Director of the bank, it was announced on Sept 6.

* * *

At a meeting of the Court of Directors of **The Chartered Bank of India, Australia & China,** Head Office, Bishopsgate, London, E. C. 2, held Sept. 5 an interim dividend was declared for the current year at the rate of 7½% actual, subject to the deduction of income tax at eight shillings and sixpence in the pound, payable on and after Sept. 28.

Two With Calif. Inv.

SAN DIEGO, Calif.—Charles R. Bixler and Donald O. Snell have joined the staff of California Investors, Bank of America Building.

Four With Franklin

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Jack D. Cardwell, Otto W. Graf, Peter L. Heine and Harry V. Hopkins have become affiliated with Samuel B. Franklin & Co., Crocker Building.

With Merrill Lynch

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—Micah J. Smith is now affiliated with Merrill Lynch, Pierce, Fenner & Beane, Addison Building.

Two With King Merritt

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — Robert Revell and Georgia D. Robinson have joined the staff of King Merritt & Company, Inc.

Thomson. McKinnon Adds

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—Turner M. Avery has become connected with Thomson & McKinnon, Liberty Life Building.

Two With Merrill Lynch

(Special to The Financial Chronicle)

RALEIGH, N. C. — Marsden B. de Rosset, Jr. and Hubert D. Sumner are now affiliated with Merrill Lynch, Pierce, Fenner & Beane, 324 South Salisbury Street.

Virginia Electric & Power Bonds Offered

Kuhn, Loeb & Co. and American Securities Corp. yesterday (Sept. 26) offered $20,000,000 Virginia Electric & Power Co. first and refunding mortgage bonds, series M, 4⅛% due Oct. 1, 1986, at 102% and accrued interest, to yield about 4.01%. The underwriters won award of the issue at competitive sale on Sept. 25 on a bid of 101.548%.

Net proceeds from the sale of the bonds will be used by the company to provide for construction expenditures or to reimburse its treasury for expenditures already made in connection with the construction program. Construction expenditures for 1956 are estimated at $50,000,000, with $20,500,000 expended through June 30.

The series M bonds will be redeemable at regular redemption prices ranging from 106% to par.

Virginia Electric & Power Co., with its principal office in Richmond, is an electric utility operating in most of Virginia and in parts of North Carolina and West Virginia. It also distributes natural gas in Newport News and Norfolk.

Population of the territory served by the company is estimated at 2,600,000, about two-thirds of whom reside in communities of 1,000 or more. For the 12 months ended June 30, 1956, electric business provided 93% of operating revenues and gas business 7%.

Fo the 12 months ended June 30, 1956, the company showed total operating revenues of $112,736,000 and net income of $20,152,000. For the year 1955, operating revenues amounted to $106,154,000 and net income was $19,052,000.

McDaniel Lewis Adds

(Special to The Financial Chronicle)

GREENSBORO, N. C.—Edwin I. Langrall is with McDaniel Lewis & Co., Jefferson Building.

Two With Eastern Securs.

(Special to The Financial Chronicle)

JACKSONVILLE, N. C.—Larry Lance and William T. Malpass, Jr. have been added to the staff of Eastern Securities Corporation, 331 Marine Boulevard.

Chief Vault Custodian 45 Years With Brown Brothers Harriman & Co.

Herman C. Cordts, chief vault custodian for Brown Brothers Harriman & Co., bankers, investment advisors and securities brokers (Sept. 25) celebrated his 45th anniversary with the 138-year-old firm, which maintains banking offices in New York, Boston and Philadelphia, and investment advisory and brokerage offices in Chicago.

Mr. Cordts, center, is congratulated by Knight Woolley, a partner, as other partners look on (left to right): John C. West, Elbridge T. Gerry, John B. Madden, Mr. Cordts, Thomas McCance, Mr. Woolley, and Robert A. Lovett.

Mr. Cordts, who joined Brown Brothers on Sept. 25, 1911, has been chief vault custodian for the last 15 years, responsible for the safekeeping of several billion dollars in securities, cash and other valuables, including the bank's own assets and those held under custody accounts for individual, corporate and other clients of the firm.

Mr. Cordts plans to retire at the end of this year, and move to Florida, where one of his two sons is student director at the University of Florida, Gainesville.

Mutual Funds

By ROBERT R. RICH

John Munro Talks About "Which Industries"

John A. Munro of National Securities & Research Corp., discussed the problem of selection of industries for the portfolios of mutual funds. Such selection, he stated, must be determined by the objectives of the fund — whether liberal income or long term growth with lesser income— and the fundamental characteristics of the industries to be selected, whether they are cyclical or are to be chosen because of their long term growth potential. It is obvious that good timing requires purchase of cyclical issues around the bottom of the short term cycle. A case in point is offered by the usually two year cyclical pattern of certain textiles stocks.

For funds which require liberal income, Mr. Munro recommended such industries as the railroads, non-ferrous metals, building, auto parts and steel. While all these groups have definitely cyclical characteristics, the non-ferrous metals, building and steel group now are showing in addition strong long term growth trends.

In examining these groups, the speaker, at the eighth annual mutual fund conference, gave a short sketch of their history since the end of the war which is characterized by a remarkable growth in revenues, sales, earnings and dividends.

The railroads have benefited by the introduction of more efficient and cost-saving equipment such as diesels, centralized traffic control and automatic yards. Capitalizations have been reduced in spite of "plowing back" some $10.75 billion into plant and equipment in the last 10 years.

Among non-ferrous metals, aluminium production in the United States has registered outstanding growth from 793,000 tons in 1945 to 1.6 million tons in 1955. Consumption was larger reflecting imports. Copper refineries turned out 1.1 million tons in 1945 and about 1.5 million tons in 1955. Lead, zinc and nickel have shown large increases in production. Developments in the nuclear energy field have sharply increased demand for such metals as uranium, lithium, thorium, columbium and zirconium and have benefited the companies engaged in the mining and processing of these metals.

The building and construction industry in its broadest sense with estimated expenditures of $44.5 billion for 1956 offers other investment selections in a variety of fields such as the producers of cement, gypsum, roofing, siding, to mention only a few.

Leading auto part manufacturers in recent years have greatly diversified their activities and a selected number in this group provides liberal income with long term growth possibilities.

The demand for steel is still growing at such a rate as to necessiate steady expansion of production facilities which gives this industry definite secular growth characteristics in contrast to its former strictly cyclical aspects.

In the second part of his talk, Mr. Munro discussed those industries which have demonstrated outstanding growth trends with the earnings and dividends advancing steadily. However, stocks in these industries at any given time sell on a higher times earnings basis and afford lower yields than the groups discussed before. Among the characteristically growth industries the speaker discussed in more detail the following: chemicals, drugs and antibiotics, electrical equipment and electronics, public utilities and the oils. In practically all of these groups the new field of nuclear energy in its broadest ramifications contributes largely to their growth potential.

Mr. Munro concluded his discussion with the following summary: "Portfolio management has to be alert to the broad economic trends in the selection of the industries. The needs for income and the desire for capital appreciation through growth are essential. Today it is important to also have technically trained men besides security analysts in order to correctly study industries which are involved in scientific research for their progress. The essence of successful portfolio management is to always base selection on a long term and not on a short term investment."

New Fund Plans Remain Popular

Plans for regular purchase of mutual fund shares remained popular in August when investors opened 15,009 new accumulation accounts, according to Edward B. Burr, Executive Director of the National Association of Investment Companies. This compares with 14,080 new plans opened in July, and 10,362 in August a year earlier.

Reporting today on the Association's 126 open-end member companies, Mr. Burr announced that on Aug. 31, net assets amounted to $8,882,838,000, down form $9,077,896,000 at the end of July. On Aug. 31, 1955, net assets totaled $7,286,002,000.

Investor purchases of new shares in the amount of $109,627,000 in August, compared with $123,829,000 in July and $91,240,000 in August, 1955. Share redemptions amounted to $39,544,000 in August, as against $36,629,000 the month before and $31,894,000 in August last year.

Cash, U. S. Government securities and short term obligations held by the 126 mutual funds totaled $476,177,000 at the end of August, compared with $426,732,000 held at the end of July.

Wellington Fund Awards Prizes To Three Mutual Fund Salesmen

A Florida investment dealer, who was at one time a farm manager, is the winner of the "Oscar" and first prize in Wellington Fund's 1956 national contest for the story about the "Most Interesting Sale of Mutual Funds." His sales story was selected by a panel of unbiased judges as the most interesting story among the hundreds of contest entries from securities salesmen and saleswomen located in every state.

The first-prize winner is Edward L. Raymond, Resident Manager of King Merritt & Co., Inc., Palmetto, Fla., who was presented with the Wellington Fund "Oscar" and $500 in cash at the Eighth National Mutual Fund Sales Convention, held at the Palmer House, Chicago, Sept. 20 through Sept. 22, 1956.

Mr. Raymond became interested in farming back in the '20's, took courses in the subject at college, and in 1945 became Manager of a 3,000 acre Vincent Astor farm-estate in New York State.

In 1948 a friend of Mr. Raymond's, who had a similar position that evaporated with the liquidation of the estate he had been managing, decided to drop farming and become a mutual funds salesman.

"His explanation (for this rather startling change of profession) struck me as a bolt out of the blue; because for several years I had been buying stocks with unhappy results—especially in 1946," Mr. Raymond stated. "Right there I got the mutual fund religion," he added.

After taking a course for investment salesmen given by a New York securities firm, Mr. Raymond moved to Florida in early 1950; and soon he became one of the outstanding mutual fund salesmen on Florida's west coast.

Mr. Raymond's prize winning story described how he had helped a family effect certain tax savings through the liquidation of holdings in inactive and defunct companies. As a result of his patient and tedious service he was able to effect a substantial mutual funds sale. In awarding first prize to this story the judges stated that Mr. Raymond's story was "selected on the basis of the salesman's overall appraisal of the problem involved, his understanding of the available avenues open to the client, and the actual service and quality of the planning that went into the sale. In short, it appeared to the judges that this was an excellent example of a program tailored to the requirements of the customer."

J. Richard Brand, second prize winner in the Wellington Fund contest, started in the investment business as a sales representative of Waddell & Reed, Inc. after graduation from The Wharton School of Finance, University of Pennsylvania. In 1954 he joined the Washington, D. C., firm of Marsh Planning and Investment Co. as Vice-President and Sales Manager; and recently he became affiliated with the New York Stock Exchange firm of Sade Kristeller & Co., in Washington, D. C.

Second prize was awarded to Mr. Brand's story about a million dollar sale of mutual funds to a large pension trust. The story relates how Mr. Brand and his associates had worked for more than a year to convince the trustees of the benefits and conveniences of investing part of the pension trust's funds in mutual funds. The judges stated that this story was "selected as the best entry relating to an institutional sale. It began with the premise that the management of money is a highly specialized profession, and then demonstrated the importance of background knowledge and the value of preparation in going after institutional or corporate business."

Third prize winner was W. Ralph Mooney of Rambo, Close & Kerner, Inc., Philadelphia investment firm. Educated in the public schools of West Virginia, Mr. Mooney also graduated from The Wharton School of Finance, University of Pennsylvania. He entered the securities business in 1924 with the firm of Halsey, Stuart & Co. Inc., and he has been in the business ever since. His 32 years of experience as a secu-

Scudder Fund Buys Phillips Co. Assets

Scudder, Stevens & Clark Fund, Inc. has purchased substantially all of the assets of Phillips Investment Company amounting to $14,504,552, according to a joint announcement by James N. White, President of the fund, and Mrs. Mildred Phillips Gray, President and principal stockholder of the investment company. The purchase was effected by the transfer of 379,044 shares of the fund to the sellers, and is a tax-free reorganization under the provisions of the Internal Revenue Code.

Phillips Investment Company was formed in 1922 by the late Frank Phillips, principal founder of the Phillips Petroleum Company, as a family holding company. It has for a number of years retained Scudder, Stevens & Clark, also investment advisor to the fund, as its investment counsel. Its assets, in addition to substantial holdings of Phillips Petroleum common stock, included U. S. Goverment and other bonds, preferred stocks, and a broad list of common stocks held or selected upon the advice of that firm.

Mrs. Gray was the principal stockholder as trustee of a number of trusts established by Mr. Phillips, and other stockholders were Mrs. John G. Phillips, widowed daughter-in-law of Mr. Phillips, Mrs. Henry D. Irwin of Bartlesville, Okla., and Robert Beattie Phillips of Tulsa, Okla., his grandchildren.

Scudder, Stevens & Clark Fund, Inc., organized in Boston in 1928 as an open-end mutual fund of the so-called balanced type will have assets following the merger of $71,346,713.

rities salesman has earned for him a respected reputation among clients in the four-state Pennsylvania, Delaware, New Jersey, Maryland area.

Ralph Mooney's story embodied considerable human interest; inasmuch as it involved a long-range financial program for a 40-year-old man completely disabled as a result of an industrial accident. Mr. Mooney described how he had invested his client's accident settlement money in a long-range mutual fund investment program. According to the judges, Mr. Mooney's story was "selected as a good example of salesmanship — showing how the use of imagination combined with a real desire to serve, will produce sales."

The presentations of the prize winning "Oscar" award and other awards were made by Milton Fox-Martin, Wellington's manager of Dealer Relations. This being the first national sales story contest conducted in the mutual funds industry, it was one of the features of the Eighth National Mutual Fund Sales Convention. According to Mr. Fox-Martin, a number of the most interesting sales stories will be printed in booklet form and made available to investment dealers throughout the country.

M.I.T. Growth Assets Now $110 Million

Massachusetts Investors Growth Stock Fund reported for the three months ended Aug. 31, 1956 total net assets of $110,279,579 compared with net assets of $77,140,507 a year ago. Stockholders as of Aug. 31 had increased to 29,526, a gain of 54% over the 19,141 stockholders last year.

Net assets were equal to $11.26 per share, which together with a capital gain payment in December is equivalent to $11.84 compared with $9.71 per share at this time last year. Shares outstanding on Aug. 31 totaled 9,790,784, compared with 7,944,675 shares outstanding a year ago. These figures have been adjusted to reflect the three-for-one stock split of October 1955.

In the report, the directors noted the remarkable postwar growth in demand for products and services which represent "better living," enriched use of leisure time and greater family security. The report said, 18% of the trust's portfolio consists of companies in this category called "Expansion of Markets or Services." These aggressively managed companies appear to offer attractive long-term growth potential, the directors said.

Rubber Stock Growth Due to Three Factors

There are three factors responsible for the fabulous growth of rubber company stock prices in the eyes of experienced investors —factors which have pushed the market price index of five leading rubber stocks up nearly 1,200% above its average level for the period 1935-1939—according to the September issue of "Perspective," published by Calvin Bullock, Ltd. Only the paper and aluminum industries have shown greater increases.

The three factors cited were: (1) diversification of products today which has brought greater stability of demand; (2) improved margins and return on investment —especially against general manufacturing results—since rubber companies can charge more adequately for products and can better control cost and raw materials; and (3) growth possibilities have been increased through development of products and methods.

"Perspective" said its stock growth figure was taken from Standard & Poor's index. In contrast, the magazine noted, Standard & Poor's list of 420 industrial stocks has advanced only 325% during the same period.

There are only two other fields which have shown greater increases than the rubber industry, according to the Calvin Bullock bulletin. They are paper, up 1,700%; and aluminum, up 1,600%.

Prior to World War II, the article explained, the rubber industry was plagued with these problems: poor profit margins; selling prices were peculiarly sensitive to minor reductions in demand; capital structures were often overburdened with debt; and management had a "law-of-the-jungle" attitude toward competition.

In explaining the rubber industry's moves toward diversification, "Perspective" noted that the trend has been to markets where profit margins are broader than in the tire field and where competition is less intense because of greater specialization and less interchangeability of products.

Hand in hand with product additions, according to the article, have gone changes in technological methods and raw materials used by the rubber industry. The most fundamental, said "Perspective," has been the switch from natural to synthetic materials both for tire cord and rubber.

Today synthetic rubber, "Perspective" noted, provides approximately 60% of the tonnage used. Chief reasons are its lower price and better quality. Moreover, said the Calvin Bullock story, major rubber fabricators have become producers of their own most important raw material.

In 1955, the article explained, the government sold its synthetic rubber facilities—developed during World War II—to private industry for $285,000,000. They consisted of 26 plants with an annual capacity of 940,000 long tons. The rubber industry purchased half of the facilities.

Synthetic rubber, according to "Perspective," is good or better than natural rubber for about 80% of uses. Moreover, said the report, the demand for synthetic rubber will continue, noting that the United States may, because of the demand abroad, be called upon to supply foreign countries with the synthetic product.

Personal Progress

Earl P. Stevenson, Chairman of the Board of Arthur D. Little & Co., Cambridge, Mass., internationally known management engineering consultant firm, has been appointed to the advisory board of Shareholders' Trust of Boston.

Railroad Securities

By GERALD D. McKEEVER

Missouri Pacific Class A Stock

The 1,917,558 shares of the class A stock represents the major part of the equity in the $812 million capitalization of the reorganized Missouri Pacific. All but a small part of it replaced the 718,000 shares of the bankrupt's 5% preferred stock at the rate of 2.645 shares of class A for each $100 par share of the preferred plus arrears of $164.50 per share. The balance of some 3½% of the class A was applied to the settlement of a minor part of the claim of the International-Great Northern adjustment 6s, the junior bond of a controlled line of the former system. We will omit other details here since the treatment of the various securities of the Missouri Pacific and its former subsidiaries and the reorganization that actually became effective this year is covered in the last instalment of the series of three articles which appeared in this column of the "Chronicle" of Feb. 9-23, inclusive.

Having been used to settle claims of issues that represented priorities, it was necessary to accord at least a nominal priority to the new class A stock. And nominal it is indeed, for the equity of this issue consists of but 40,657 shares of class B common. The priority of the class A lies in its preference over class B as to both assets and dividends, the class A being entitled to dividends of $5 per share in any calendar year before anything may be paid on class B, and it is also entitled to a preference of $100 per share in liquidation before anything may be distributed to class B out of the road's assets. However, both classes have the same per share voting power, with one vote per share for each class, but this places almost 99% of the voting power in the class A stock.

Thus for all practical purposes, Missouri Pacific class A is to be regarded as the road's common stock. Since the annual revenues of the system, now consolidated in the reorganized Missouri Pacific, have averaged over $160 per share of class A over the past six years it is one of the most highly leveraged stocks in the rail field. This is a good thing while all circumstances are favorable. An increase in revenues means a manifold increase in earnings, all other factors remaining the same, but which is seldom the case. By the same token, a reduction in revenues results in an exaggerated decline in earnings. Variation in expenses works in the opposite direction, a reduction in expenses producing a greater gain in earnings, and vice versa. Thus Missouri Pacific class A can be inherently capable of wide moves, one way or the other. In view of this, its comparative price stability in the weak rail market of the past several weeks is quite noteworthy.

This has not been because of any outstanding performance of the road on the side of revenues gains this year. The Missouri Pacific, in company with most roads in the southwestern district, haunted by reduced wheat movement due to drought and other causes, has shown considerably less than average revenue gain in the first seven months of this year, the gain for the MOP having been 3.7%. What it has achieved, on the other hand, has been to keep a firm hand on expenses mainly through a sharp reduction in the maintenance rate.

During the years of the bankruptcy and including 1955 this road had set aside an excessive proportion of its revenues for maintenance in addition to having laid out over $342 million for additions and betterments as capital expenditures in the 1946-55 decade. Students of the situation had begun to wonder when this "gold plating" would come to an end, and signs of this began to appear with the beginning of the current year. For the first seven months of this year maintenance was charged at the rate of 32.8% of gross revenues as compared with 35.1% for the corresponding period of 1955, and the same for the full year 1955.

On the basis of estimated revenues of $310 million for this year a saving of 2.3% of revenue, if carried through for the balance of this year, would mean a pre-tax saving of some $7 million. Some such projection was possibly the basis for the very temporary upsurge of MOP class A to the high of 47¼ last spring, since, in the light of last year's earnings of $7.93 per class A share, a fantastic figure could be conjured up for a stock selling for 40 or less as it was at that time.

Unfortunately, however, the unpleasant reality of taxes can not be overlooked, and this $7 million pre-tax saving becomes less than $3.4 million after allowing for the 52% Federal tax, or around $1.75 per share. Actually, the increase in Federal tax for the first seven months of this year was $2.4 million as against a $4.1 million reduction in maintenance from what it would have been if the 35.1% rate of the first seven months of last year had applied. The indicated net saving of about $1.7 million would be equivalent to about 90 cents per class A share but; again unfortunately, the increase in other expenses cut into this. Net earnings for the first seven months this year amounted to $5.13 per class A share as against $4.42 for the corresponding 1955 period, a gain of only 71 cents.

This partially offsetting rise in other expenses is ascribed to the apparently greater lag in the case of the Missouri Pacific in the benefits of the freight rate increase of March 7, which was officially placed for this road at about $10 million annually, but only $6 million for 1956. This has resulted in a small increase in the transportation ratio to 36.6% for the first seven months of this year as against 35.9% for the similar 1955 period despite 100% dieselized operations this year. The Missouri Pacific became fully dieselized in the second quarter of last year.

Projecting the 71-cent per share gain for MOP class A for the first seven months over the full year 1956 suggests a gain of over $1 per share over the 1955 result of $7.93 per class A share and thus leads to the reasonable estimate of $9 per share for class A for the full year 1956. This, as all previously mentioned earnings figures, is before providing for the capital fund and sinking funds set up by the reorganization. After allowing for these funds, the balance of net available for dividends would be about $3.50 per share on the basis of this estimated net. This has raised some expectation of an increase in the class A dividend to at least $3 per share in 1957 since the current year's disbursement was $2 per share out of available net of $2.75 per share.

As to the longer term outlook, it would appear that more is to be expected from further improvement in efficiency than from outstanding revenue gains. While the 6,700-mile Missouri Pacific serves a growing territory, its own traffic and revenues have been barely in line with the trend of the district average in recent years and a little under both in 1955. On the other hand, the Missouri Pacific has shown an outstanding gain in operating efficiency as measured by the 53% gain in gross ton-mileage per freight train hour in the past decade, or from 45,389 in 1946 to 69,716 in 1955. This gain is well above the average, and this over-all efficiency measure could show further improvement this year which will be the first full year of complete dieselization.

Joins Fewel & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gerald G. McNutt has become affiliated with Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. He was formerly with Bailey & Company.

Form Salt Lake Secs.

SALT LAKE CITY, Utah—Salt Lake Securities, Inc. has been formed with offices in the Judge Building to engage in a securities business. Officers are Virginia Cromer, President; Sherman F. Reynolds, Vice-President, and Ruth L. Reynolds, Secretary-Treasurer. All were formerly with R. Reynolds & Co.

With Freehling, Meyerhoff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Thomas Zimniewicz is now with Freehling, Meyerhoff & Co., 120 South La Salle Street, member of the New York and Midwest Stock Exchanges. He was formerly with Leason & Co., Inc.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — John A. Rush has joined the staff of Reynolds & Co., 39 South La Salle Street. He was formerly with Shillinglaw, Bolger & Co.

Arthur Krensky Adds

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich.—Ralph J. Zinn has become affiliated with Arthur M. Krensky & Co., Inc., McKay Tower.

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. 30	§100.2	*100.6	97.0	97.0
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 30	§2,466,000	*2,477,000	2,389,000	2,341,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 14	7,048,500	7,036,650	7,122,100	6,684,150
Crude runs to stills—daily average (bbls.)	Sept. 14	¶8,078,000	8,187,000	7,899,000	7,471,000
Gasoline output (bbls.)	Sept. 14	27,524,000	28,353,000	27,372,000	25,954,000
Kerosene output (bbls.)	Sept. 14	2,232,000	2,293,000	2,268,000	2,097,000
Distillate fuel oil output (bbls.)	Sept. 14	12,663,000	13,080,000	12,687,000	11,503,000
Residual fuel oil output (bbls.)	Sept. 14	7,750,000	7,820,000	7,896,000	7,342,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 14	175,767,000	175,955,000	176,202,000	152,165,000
Kerosene (bbls.) at	Sept. 14	33,712,000	32,698,000	30,717,000	35,726,000
Distillate fuel oil (bbls.) at	Sept. 14	146,105,000	142,731,000	128,934,000	141,229,000
Residual fuel oil (bbls.) at	Sept. 14	46,276,000	47,198,000	44,996,000	46,700,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 15	820,666	679,611	769,624	817,234
Revenue freight received from connections (no. of cars)	Sept. 15	657,711	603,882	623,615	659,177
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 20	$380,704,000	$372,488,000	$321,458,000	$432,958,000
Private construction	Sept. 20	238,466,000	232,973,000	151,690,000	285,305,000
Public construction	Sept. 20	142,238,000	139,515,000	169,768,000	147,653,000
State and municipal	Sept. 20	109,943,000	112,817,000	149,376,000	127,830,000
Federal	Sept. 20	32,295,000	26,698,000	20,392,000	19,823,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 15	10,650,000	8,730,000	9,880,000	9,915,000
Pennsylvania anthracite (tons)	Sept. 15	655,000	491,000	576,000	595,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 15	130	112	111	125
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 22	11,482,000	11,339,000	11,340,000	10,756,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 20	262	203	215	171
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 18	5.622c	5.622c	5.622c	5.174c
Pig iron (per gross ton)	Sept. 18	$63.04	$63.04	$63.04	$59.09
Scrap steel (per gross ton)	Sept. 18	$58.83	$58.83	$57.50	$44.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 19	39.600c	39.575c	39.675c	43.650c
Export refinery at	Sept. 19	37.125c	37.900c	37.300c	43.425c
Straits tin (New York) at	Sept. 19	105.625c	104.250c	98.875c	96.750c
Lead (New York) at	Sept. 19	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Sept. 19	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Sept. 19	13.500c	13.500c	13.500c	13.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 25	91.76	91.94	91.44	94.85
Average corporate	Sept. 25	99.52	99.84	101.64	107.44
Aaa	Sept. 25	102.00	103.13	104.66	110.70
Aa	Sept. 25	101.47	101.97	103.64	109.06
A	Sept. 25	100.00	100.00	101.64	107.44
Baa	Sept. 25	94.26	94.86	96.85	102.80
Railroad Group	Sept. 25	98.25	98.73	100.00	106.04
Public Utilities Group	Sept. 25	99.68	100.00	102.13	107.80
Industrials Group	Sept. 25	100.81	100.98	102.63	108.70
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 25	3.16	3.14	3.18	2.88
Average corporate	Sept. 25	3.78	3.76	3.65	3.31
Aaa	Sept. 25	3.58	3.56	3.47	3.13
Aa	Sept. 25	3.66	3.63	3.53	3.22
A	Sept. 25	3.75	3.75	3.65	3.31
Baa	Sept. 25	4.12	4.08	3.95	3.58
Railroad Group	Sept. 25	3.86	3.83	3.75	3.39
Public Utilities Group	Sept. 25	3.77	3.75	3.62	3.29
Industrials Group	Sept. 25	3.70	3.69	3.59	3.24
MOODY'S COMMODITY INDEX	Sept. 25	425.3	427.0	424.1	411.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 15	264,153	266,557	224,619	246,613
Production (tons)	Sept. 15	280,651	202,337	273,756	290,350
Percentage of activity	Sept. 15	97	71	95	104
Unfilled orders (tons) at end of period	Sept. 15	459,463	480,810	468,690	635,802
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 21	108.75	108.65	108.93	106.94
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	Sept. 1	1,059,985	1,106,685	1,378,479	975,702
Dollar value	Sept. 1	$57,827,403	$61,196,163	$75,842,238	$53,550,016
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 1	765,287	788,504	1,131,208	802,475
Customers' short sales	Sept. 1	8,175	12,136	7,685	4,916
Customers' other sales	Sept. 1	757,112	776,368	1,123,523	797,559
Dollar value	Sept. 1	$36,411,756	$40,015,653	$58,225,321	$39,503,986
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 1	193,110	200,370	282,010	218,400
Short sales	Sept. 1				
Other sales	Sept. 1	193,110	200,370	282,010	218,400
Round-lot purchases by dealers—					
Number of shares	Sept. 1	456,190	493,170	551,640	391,870
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	Sept. 1	364,600	447,090	531,900	504,440
Other sales	Sept. 1	8,051,730	8,769,830	11,529,300	8,953,150
Total sales	Sept. 1	8,416,330	9,216,920	12,061,200	9,457,590
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 1	1,083,120	1,201,780	1,592,310	1,203,870
Short sales	Sept. 1	178,430	197,020	298,920	213,010
Other sales	Sept. 1	940,480	1,028,180	1,297,710	963,280
Total sales	Sept. 1	1,118,910	1,225,200	1,596,630	1,176,290
Other transactions initiated on the floor—					
Total purchases	Sept. 1	173,120	221,870	314,930	247,650
Short sales	Sept. 1	20,000	38,500	16,800	12,300
Other sales	Sept. 1	161,990	208,410	291,720	213,630
Total sales	Sept. 1	181,990	246,910	308,520	225,930
Other transactions initiated off the floor—					
Total purchases	Sept. 1	333,661	402,618	668,890	422,060
Short sales	Sept. 1	67,960	84,650	98,300	134,700
Other sales	Sept. 1	456,847	510,675	681,081	594,527
Total sales	Sept. 1	524,807	595,325	779,381	729,227
Total round-lot transactions for account of members—					
Total purchases	Sept. 1	1,589,901	1,826,268	2,576,130	1,873,580
Short sales	Sept. 1	266,390	320,170	414,020	360,010
Other sales	Sept. 1	1,559,317	1,747,265	2,270,511	1,771,437
Total sales	Sept. 1	1,825,707	2,067,435	2,684,531	2,131,447
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 18	115.1	115.1	114.6	111.4
Farm products	Sept. 18	90.0	*90.2	88.9	89.4
Processed foods	Sept. 18	104.0	*104.0	103.0	101.8
Meats	Sept. 18	87.9	88.5	84.3	84.6
All commodities other than farm and foods	Sept. 18	122.6	122.6	122.3	117.9

*Revised figure. ¶Includes 992,000 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
AMERICAN RAILWAY CAR INSTITUTE—Month of August:			
Orders for new freight cars	2,575	2,642	13,405
New freight cars delivered	5,364	5,344	3,480
AMERICAN ZINC INSTITUTE, INC.—Month of August:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	89,569	83,080	84,874
Shipments (tons of 2,000 pounds)	88,019	49,531	90,080
Stocks at end of period (tons)	104,325	*102,775	43,084
Unfilled orders at end of period (tons)	54,629	53,559	73,632
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of August:			
Manufacturing number	195	165	158
Wholesale number	98	85	107
Retail number	567	540	430
Construction number	146	141	134
Commercial service number	95	87	59
Total number	1,101	1,018	888
Manufacturers' liabilities	$17,828,000	$9,005,000	$10,102,000
Wholesale liabilities	10,806,000	12,809,000	4,252,000
Retail liabilities	14,772,000	11,945,000	10,024,000
Construction liabilities	7,507,000	7,488,000	9,663,000
Commercial service liabilities	4,127,000	7,442,000	1,987,000
Total liabilities	$55,040,000	$48,689,000	$36,028,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of August	11,339	11,513	10,983
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of Aug. (000's omitted)	$293,000,000	$732,000,000	$263,300,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Aug. 31 (000's omitted)	$548,000	$509,000	$580,000
COTTON AND LINTERS — DEPT. OF COMMERCE — RUNNING BALES:			
Consumed month of August	686,275	549,520	717,115
In consuming establishment as of Aug. 25	797,238	902,890	1,211,562
In public storage as of Aug. 25	12,312,831	12,845,734	9,764,505
Linters—Consumed month of July	154,938	133,970	142,680
Stocks Aug. 25	871,556	999,145	1,337,059
Cotton spindles active as of Aug. 25	18,912,000	19,022,000	19,136,000
COTTON GINNING (DEPT. OF COMMERCE)—As of Sept. 1 (running bales)	1,512,738	------	1,386,589
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—1955 Crop as of Sept. 1: Production 500-lb. gross bales	13,115,000	------	14,542,040
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Aug. 31	21,709,000	21,897,000	22,293,000
Spinning spindles active on Aug. 31	18,912,000	19,022,000	19,136,000
Active spindle hours (000's omitted) Aug. 31	8,849,000	7,128,000	9,293,000
Active spindle hours per spindle in place Aug.	442.5	356.4	464.7
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average=100—Month of August:			
Adjusted for seasonal variations	127	*128	118
Without seasonal adjustment	112	*101	105
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of June (000's omitted)	43,075,287	42,758,421	38,890,790
Revenue from ultimate customers—month of June	$710,990,000	$697,745,000	$646,951,000
Number of ultimate customers at June 30	53,246,057	53,081,466	51,870,231
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of August:			
Weekly Earnings—			
All manufacturing	$79.79	*$78.80	$76.33
Durable goods	85.89	*84.04	82.61
Nondurable goods	71.31	*71.53	67.83
Hours—			
All manufacturing	40.3	*40.0	40.6
Durable goods	40.9	*40.6	41.1
Nondurable goods	39.4	39.3	39.9
Hourly Earnings—			
All manufacturing	$1.98	*$1.97	$1.88
Durable goods	2.10	2.07	2.01
Nondurable goods	1.81	*1.82	1.70
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of July:			
Gas-fired furnace shipments (units)	71,700	73,300	64,600
Gas conversion burner shipments (units)	18,900	15,500	13,200
Gas operated boiler shipments (units)	6,000	7,400	6,800
Domestic gas range shipments (units)	146,400	164,000	146,300
Gas water heater shipments (units)	253,300	247,300	219,300
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Aug.:			
Seasonally adjusted	141	136	140
Unadjusted	141	128	139
INTERSTATE COMMERCE COMMISSION—Index of Railway Employment at middle of August (1947-49 = 100)	79.0	78.4	83.5
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of Aug.	£5,622,000	£13,912,000	£210,544,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of June:			
Net railway operating income	$95,073,194	$102,472,451	$106,780,584
Other income	21,886,519	22,474,067	20,309,136
Total income	116,959,713	124,946,518	127,089,720
Miscellaneous deductions from income	4,674,411	4,426,354	3,921,549
Income available for fixed charges	112,285,302	120,520,164	123,168,171
Income after fixed charges	81,373,510	90,039,694	92,497,756
Other deductions	4,188,281	4,196,087	4,372,520
Net income	77,185,229	85,843,607	88,125,236
Depreciation (way & structure & equipment)	45,907,872	45,644,323	44,445,847
Federal income taxes	35,730,567	38,458,890	46,061,601
Dividend appropriations:			
On common stock	31,236,264	52,186,047	25,356,791
On preferred stock	1,438,023	4,564,299	1,968,948
Ratio of income to fixed charges	3.63	3.95	4.02
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of August 31	$275,644,165	$272,719,052	$278,352,470
General fund balances	6,196,905	4,177,520	5,753,343
Net debt	$269,447,260	$268,541,532	$272,599,127
Computed annual rate	2.607%	2.605%	2.384%

Our Reporter's Report

Dual conditions continue to rule in the corporate capital market but there appears to be some indication that a new base is in process of being formed.

The line is still clearly drawn, however, in favor of current flotations carrying more attractive coupon rates and yields. In short, borrowers are able to get the capital they need even though the cost is substantially higher than a few brief months back.

But such borrowers, some of whom balked to the point of postponing or even withdrawing projected offerings a short time ago, now seem more willing to recognize the situation and accept it. At least a number of firms who reacted thus to the firming in costs, have since come back into the market.

This week brought some indications of momentary ease in the money market. But there was nothing to suggest that such ease was an outgrowth of any softening of Federal Reserve policy of firmness.

Institutional investors continue to lean to the newer offerings pretty much to the exclusion of interest in the seasoned market. Accordingly, banking groups sponsoring current offerings have been doing quite well, whereas traders are not quite as happy at the moment.

Capital Sources

One of the elements making for firmness in money is the increasing disposition on the part of industry to finance expansion with debt securities where such programs can no longer be financed chiefly out of earnings.

This increased call on the new capital market naturally tends, of itself, to adjust the supply and demand position in favor of the lender over the borrower.

P. C. Spencer, President of Sinclair Oil Corp. pointed up that situation in explaining the company's decision to enter the market through the sale of convertible debentures. He noted that retained earnings no longer are sufficient to finance the entire cost of expansion.

Commercial Credit Corp.

Commercial Credit Corp., which several weeks back decided to postpone financing plans, came into the market this week for an even larger sum than it had originally set.

The company had planned to float $50 million of new securities prior to the decision to postpone the deal. When it came back into the market, the total was raised to $75 million of notes due in 20 years but non-callable for the first 10 years.

The issue carried a price of 98.45, for a 4¼% coupon, with the indicated yield at 4.375%.

Week for Equities

Next week shapes up as rather light from a standpoint of new corporate debt securities. But it will be a busy period in equities, due to several large "rights" offerings which are scheduled.

American Telephone & Telegraph's 5.8 million share offering on a 1-for-10 basis naturally tops all others, while Transcontinental Gas Pipe Line Co. has 441,250 shares of new common slated for offering on a 1-for-16 basis.

Wednesday will bring Columbia Gas System's $25 million of debentures up for bids and there are several railway equipment issues scheduled to be sold.

Looking further ahead, Southern New England Telephone has 679,012 shares being offered to present holders in the ratio of 1-for-8.

Continued from page 4

The Current Operations in Sound International Finance

against $439,826,000. During the past fiscal year Ex-Imp's total extensions to South America have likewise doubled the International's which, incidentally, were halved from the previous year. But for Asia, largely because of a $75 million loan to India's Tata Iron and Steel Co., the IBDR has pulled up even at about $160 million.

No conclusions invidious to Ex-Imp are to be inferred from these comparative data; but merely a highlighting of the International Bank's contrasting lending policies with those prescribed as the *raison d'etre* for Ex-Imp.

In the case of Turkey, the Bank has showed how it resists political pressure. For since that country embarked on its inflationary program, credits, since 1953, have been steadfastly refused. Instead, moneys have been secured from ICA.

Constructive Attitude Toward Chile and Peru

In Chile, after a $20 million loan to a paper mill in 1953, the Bank, when asked for further loans up to $140 million, demanded as a prerequisite the submission of a comprehensive plan for economic repair. This was dispatched last year, with a loan request of $25 million for coal and electricity, now under discussion. Meanwhile, $25 million was secured from Ex-Imp a month ago for nitrate operations.

With Peru, requested loan applications were held up pending adoption of remedial economic steps; with her representative at the Istanbul meeting last year waxing most enthusiastic and appreciative over the beneficial effects of the Bank's constructive foresight.

Awaited Italy's Recovery

In the case of Italy, lending was held up completely until late 1951, pending economic recovery which has since set in. As a result, $10 million was extended in 1951 and two loans totaling $80 million were made in 1953. These credits for development purposes, following Marshall aid, were definitely and closely correlated with Italy's strong economic recovery.

In the case of Burma, similarly, credits were delayed pending signs of definite recovery and reform, in May, 1956.

The only definite instance of political influence over the World Bank's credit administration was in the recent famed Suez-tied Aswan Dam project *vis-a-vis* Egypt, but through no responsibility on the part of the Bank. The original loan offer was tied in with contemplated government grants from Great Britain and the United States, called off at the direction of the State Department, under whose aegis they existed.

Yugoslavia's acquisition of $60 million between 1949 and 1953, in possibly harboring some political implications, may have constituted the exception that proves the rule.

Increasing Aggressive Pressure

That the constant pressure for greater laxity in lending policy will be kept up, if not increased, is clearly indicated here this week.

Jordan, through its Undersecretary of National Economy, Hamed Farban, made the charge here in open meeting Tuesday that the creditor nations exert undue influence in the bank's policies, unfairly discriminating against the rightful needs of the underdeveloped countries.

Also highlighting the "complaint department" was Cuba. Its representative, Joaquin Meyer midst Tuesday's discussion of President Black's report, maintained that the Bank is not performing the tasks in public service for which it was created; and charging specifically that it is not performing the purposes stated in the Articles of Agreement adopted at Bretton Woods, and that it is demanding additional compliances never envisaged by the founders. In following the policy—unwarrantedly—of not granting loans to member countries in arrears, the Bank is accused of becoming a mere "high-powered international debt collector."

Cuba further objected to the overriding one per cent "service charge" on loans, which complaint together with raised interest rates realistically conforming to money market conditions, was shared openly by the representatives of Turkey, Saigon, Japan, Pakistan; and opposed by South Africa, who, maintaining the need for combining hard-headed business policy with idealism, offered the thought that the real test may still lie ahead.

* * *

New Finance Corporation to Face Similar Tests

The future operations of the new International Finance Corporation, as well as the Bank, will require that their managers also exercise strong courageous adherence to the sound and narrow course.

The removal of the original provision for the use of government money for the purchase of equities and for performing management functions, overcame the previous firm objections of the U. S. Treasury, and has captured its quite enthusiastic support. The corporation is looked on as a galvanizer of potentially ready foreign investment capital, even encompassing leading investment bankers. The imprimatur and prestige of the world organization is expected to make the securities more salable to their customers.

Fortunately, the Institution's first President, Robert L. Garner, an erstwhile businessman, quite ardently is devoted to the free market. This week Mr. Garner dedicated the organization's policy to demonstrate that private investment can be profitable as well as useful; to investments on terms that compensate fairly—in lieu of social schemes, government enterprises, the financing of exports, or bailing-out operations. He emphasized again and again the importance of production, with private capital and initiative playing the active role. Validity of contracts, with political stability, is to be closely watched. The maintenance of private enterprise he will consider as important as the capital at stake.

In a discussion period following Mr. Garner's statement, the need for private foreign capital, increasing productivity, via know-how, was vigorously endorsed by Australia. This sound course was also backed by the United Kingdom, Germany, and the United States; Assistant Secretary of the Treasury Andrew Overby, the U. S. Governor, specifically backing the flow of capital to private enterprise, and its functioning as a catalyst transferring a revolving fund to private hands for building productive enterprise.

But the potential clamor for expansion of a less sound nature, particularly after the Institution's subsequent enlargement, was also indicated here already this week. Amjed Ali of Pakistan, complaining of the paucity of aid so far, advanced the need for financing non-bankable projects, and spoke for early creation of the wholly fraudulent *Sun-Fed* giveaway scheme. As a matter of fact, it is altogether likely that American support for the IFC serves as a relatively cheap means to head off the Sun-Fed kind of aid.

In any event, a second Eugene Black in the person of Mr. Garner fortunately is meanwhile going to try to hold the fort. The results will have the broadest general implications.

R. W. Simmons Dir.

CHICAGO, Ill.—The election of Richard W. Simmons to the board of directors of Cook Electric Co. has been announced by Walter C. Hasselhorn, President.

Mr. Simmons is a partner in Blunt, Ellis & Simmons, investment securities firm with which he has been associated since 1948. Previously, he was a Vice-President of Lee Higginson Corp., which he joined in 1928.

Mr. Simmons is also a director of Western Tool & Stamping, Inc., Des Moines, Iowa, and David White Instrument Co., Milwaukee, Wis.

Two With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John T. Price and Vernon J. Ruble have become associated with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Price was previously with Walston & Co., Inc.

Joins John M. Flynn

(Special to THE FINANCIAL CHRONICLE)

SANTA BARBARA, Calif.—Edward W. Schroeder is now with John M. Flynn & Co., 3680 San Gabriel Lane.

Putnam Fund Branch

WASHINGTON, D. C.—Putnam Fund Distributors, Inc. has opened a branch office in the Shoreham Building, under the management of James R. Lewis.

Joins Shuman, Agnew

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Douglas C. Horner is now associated with Shuman, Agnew & Co., 155 Sansome Street, members of the New York and San Francisco Stock Exchanges.

Joel Clark Branches

TEXARKANA, Tex. — Joel H. Clark & Associates have opened a branch office in the Johnston Building, Shreveport, Louisiana and in the State National Bank Building, Texarkana, Ark.

FIF Branches

DENVER, Colo. — FIF Management Corporation has opened a branch office at 905 West Arch, Searcy, Arkansas, under the management of D. L. D'Auteuil, and at 314 South Second, Dodge City, Kansas, under the direction of Philip Deines.

DIVIDEND NOTICES

DIVIDEND NOTICES

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—When the youngster cries because it is meal time and you can't stop the car because you've got a place to get to, a lollypop may shut him up. That is what the Eisenhower Administration has given the speculative home-building industry which has become trapped in the groove of doing business heavily under the government-insured and guaranteed mortgage loan.

Now that money rates have risen, the 25- to 30-year, 4½% FHA and VA loans don't have too much glitter. Furthermore, money is short all around. The building industry has been howling that after all the minimum number of housing starts the Administration has agreed to guarantee is 1.1 million units into perpetuity. With the lack of FHA and VA money, the industry may fall short of that sacred goal, if not this year, certainly next.

And in a whisper that could be heard from San Francisco to Washington, the speculative builders have been intimating that if the Administration didn't do something about this, then by gosh maybe the speculative builders had better vote Democratic come Nov. 6.

This sacred goal of not less than 1.1 million housing units was shouldered by the Eisenhower Administration because there were three important pressure groups of considerable voting strength with an interest in housing volume, namely the building materialmen, building labor, and the speculative builders.

Things have changed the political patern. With the incessant rise of construction as a whole to new monthly highs despite a possible moderate slackening in housing construction, a good deal of the gripes that would otherwise come from material suppliers and the labor in the building trades over a relative slackening in housing construction has been avoided. Labor and materials have found other employment. This leaves the speculative builders rather lonesome.

Many Opposed

In this kind of a situation with two exceptions, the President's advisers took the detached view that it was desirable to hold the front against inflation and do nothing to steam up the allegedly lagging volume of housing construction.

One exception is routine. That consists of the housing agencies, who have the same tender regard for their wards (so long as they behave properly) in the housing industry as the Interstate Commerce Commission has for railroads, the Labor Department for the unionists, the Home Loan Bank Board for savings and loan associations, or the bank supervisory agencies for commercial banks.

The other exception was Arthur Burns, Chairman of the President's Council of Economic Advisers. Even the Home Loan Bank Board was reported to be unwilling to move to loosen credit under present circumstances. All the rest of the Administration was opposed to it except Mr. Burns, who is a man who feels badly whenever any segment of the economy is weak in volume even if the overall economy is boiling with work.

So the slight loosening in mortgage credit announced last week represented the victory of Arthur Burns and the housing agencies (except HLBB) against the field. Arthur won the battle.

Specific Terms

One of the "loosening" provisions was to drop from 7% to 5% of the purchase price, the minimum required down payment necessary to get an FHA loan of $9,000 or less on a house. Only 16% of FHA's business is done in such small packages.

At Mr. Burn's prompting, the HLBB authorized Home Loan banks to make maximum advances to member savings and loan associations in amounts equal to 12½% of their share accounts. They already have authority to make advances up to 10%. If all the members utilized the present 10% authority it would permit HLB advances to associations aggregating $3.5 billion. Thus far outstanding advances total only $1.2 billion. The new authority theoretically adds $875 million to mortgage funds which can be advanced to lending associations from the Home Loan Bank System.

The rub, however, is the more HLB's have to pay on the debentures they sell to provide the advances, the higher cost to the associations, and the less profit there is in tapping this kitty. On the 6-month Sept. 15 debentures, the Home Loan banks paid 3.8%.

So a nickle or a dime here and there of mortgage money may go out under this blessing arranged by Mr. Burns.

FNMA Easing

With the Federal National Mortgage Association, which is the name for the U. S. Treasury for the purpose of buying up the mortgages the U. S. Treasury has guaranteed through VA or insured through FHA, the situation is not so un-promising for the speculative builders.

In one of its moderate binges of conservatism, the Eisenhower Administration proposed, and Congress enacted, in 1954, the provision that any lending institution placing or selling its government-sponsored mortgages to the government must subscribe in stock of FNMA an amount equal to 3% of the principal outstanding on the loan when placed. This provision together with the requirement (but with exceptions) that FNMA must raise its own money on its own debentures instead of putting its hand in the Treasury till, was designed to make the housing business less dependent upon the government.

In 1956 the Eisenhower Administration proposed that it be allowed to cut this to 1% but would put it at 2%. Congress agreed. On Aug. 9 the Administration took advantage of the law to drop the stock purchase requirement to 2%. Now it drops to only 1%.

Since lenders are not enamored of making investments in the stock of the Federal National Mortgage Association, they think this stock purchase requirement is in effect a discount on the sale price. With the discount now cut a point or in half, it will be a little more advantageous to sell to the government and possibly thereby get more mortgage money to lend again via FHA and VA.

FNMA makes "standby" commitments for a substantial fee, commitments to buy FHA's and VA's in case the builders cannot get permanent financing elsewhere once the house is ready for sale. The initial commitment was made under the 1956 Housing Act at a price of 92, which would make it a stiff price for the builder to get construction money in case he couldn't get permanent financing on better terms and the lender who made the construction money would only pay him out at 92.

This price was raised 2 points to 94, which may encourage builders to seek and lending institutions to lend, a little more construction money.

The builders had been demanding a release of 2 percentage points of required minimum down payments on all FHA and VA loans, which would have brought back the no-down payment VA loan. In a manner of speaking they got, instead of an orange lollypop, a multi-flavored lollypop.

Motor Vehicle Taxes

Motor Vehicle taxes of all kinds, fuel, licenses, excise, etc., state and Federal, brought in $6,987 million in the year ended June 30, 1956. Of this total, Federal taxes amounted to $3,013 million and state taxes, $3,974 million, the National Highway Users Conference reported.

Tax Write-Offs May Revive In 1957

Some informed observers look for the Administration roadblock against tax acceleration certificates to be lifted after the turn of the new year.

Under these certificates, companies constructing new industrial facilities may charge them off for tax purposes in an agreed period of something like five years, instead of for a normal period of around 20 years. This takes a lot of the long-term risk out of building such facilities.

George Humphrey, the Secretary of the Treasury, is reported to offer the most crucial opposition which is holding down sharply the approval of accelerated tax amortization certificates. The Secretary is understood to feel that as a matter of principle this is bad fiscal policy.

Likewise the Treasury as well as the entire Eisenhower Administration is keenly sensitive to the charge that it is a "business-minded" Administration. This is probably the main reason why nearly $900 million of applications for tax acceleration on increased steel and steel fabricating facilities alone are being held up or approved only in driblets. The Administration is far more sensitive to criticism for favoring the private enterprice system than it is sensitive to criticism for adoption of spending and welfare state programs.

Competent observers anticipate that after the election is out of the way this Administration—assuming it is re-elected—will be forced to give way for some specialized fabricating facilities, whose present capacity is tied up for months and months ahead. On the other hand, past Democratic Administrations have seldom been shy about granting tax acceleration in order to get increased capacity, so if Democrats are installed in power, they would be expected to get to work and approve a lot of pending applications for tax acceleration.

Where both money and manpower remains tight however, it may be doubted that the tax certificates will of themselves accomplish the job of clearing the way for all the projected industrial expansions that have been held up.

[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

STEADY AS A ROCK!

With United Securities

(Special to THE FINANCIAL CHRONICLE)

WASHINGTON, N. C.—B. Fran[k] Bowers has become associate[d] with United Securities Compan[y] of Greensboro. Mr. Bowers in th[e] past was local representative fo[r] McDaniel Lewis & Co.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

WADESBORO, N. C.—Ervin Stack Jr. is now affiliated wi[th] King Merritt & Company, Inc.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, N. C.—Phil[ip] H. Smith is now connected wi[th] King Merritt & Company, Inc.

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