The World in 1976
By BRIG. GENERAL DAVID SARNOFF*
Chairman of the Board, Radio Corporation of America
Expressing his conviction that even the sensational advances of the past half-century will be far surpassed by the events of the next 20 years, General Sarnoff offers capsule view of the world as he foresees it in 1976; to include vastly increased use of nuclear and solar energy, control of the weather, the "farming" of oceans, 5,000-mile-an-hour rocket planes, guided missiles carrying mail and freight, world-wide color television, and collapse of Soviet Communism. Concludes world that awaits us under the heading is "challenging, exciting, and promising."

A historian has said that "often do the spirits of great events stride on before the events, and in today already walks tomorrow." Never before was this insight truer or more meaningful than it is today. The tomorrows ahead of us will be crowded with great challenge and great opportunity. They will be crowded, too, with great dangers. More than ever in the past, man will be called upon to discipline himself and the world he lives in, and remain true to ideals of human justice and moral integrity. Already the human race has at its disposal the power to destroy in a moment what it would take many years to create. And the precious lives that would be extinguished could never be rebuilt.

Wisdom and courage of the highest order are called to guide this new-found power into constructive rather than destructive channels.

And those of us who have had a role in generating that awesome power have also an obligation to do our utmost to make it a beneficent force. This is an occasion that tempts me to reminisce about the rich and exciting events we have traveled together. But I have always been more concerned with the future than the past, and so

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*From an address by Gen. Sarnoff at Golden Anniversary Dinner in his honor, New York City, Sept. 36, 1956.

The Great Over-the-Counter Market—Biggest in the World
By IRA U. COBLEIGH
Enterprise Economist

As the sole marketplace for virtually all government and state and municipal bonds, including those payable from treasuries; for 30,000 widely diversified common stocks; many the bluest of "blue chips," the vast Over-the-Counter Market provides the investor with an unlimited variety of values. Highlight of study are tables showing names of stocks, available only in the Over-the-Counter Market, on which cash dividends have been paid without interruption for up to 172 years. Distinction between auction and Over-the-Counter Market explained.

The relative merits of listed and over-the-counter securities have been argued about too often and, frequently, too bitterly. Obviously both have their legitimate place and function; and if you will but scan the portfolios of our major investment investors — insurance companies, endowment funds and many investment trusts — you'll see how heavily they depend on both for acquisition and disposition of securities. For the record, it must be stated, however, that the Over-the-Counter Market is at least 10 times as large — a fact not widely appreciated — mainly because there is no record of transactions there, in the public press.

This is not to say, of course, that the investor is not in a position to ascertain quickly the state of the market in the majority of actively traded, unlisted issues. As a matter of fact, the network of wires connecting dealers from coast-to-coast makes it possible for him to obtain buy and sell

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The Great Over-the-Counter Market—Biggest in the World
Volume 164 Number 5579...The Commercial and Financial Chronicle
Published Twice Weekly
BY R. S. LICHTENTIEF

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Future Interest Rates and Prices

And the Unstabilizing Forces

By MELCHIOR FAHY

A pattern of some pre-election money manipulation followed by a resurgence of wage-price spiral bringing into play the alternatives of either monetary policy or creating and initiating price policies, followed by a not too serious crisis, is prognosticated by eminent Chicago Economist who believes there is the danger that the situation will be postulated as a point to where drastic action—4% discount rate—will be imperative, and that politicians will use this as a pretext to impose economic controls to regulate the economy.

Mr. Nasser has succeeded in crowding out the "high interest rates" from the first pages of the newspapers. Wrongly so; but the problem is real.

Middle East Crisis and the critical monetary situation are Vital. They may mean a change in the foreign and domestic policies, respectively, of America as well as Western Europe.

On both sides of the Atlantic, the prime domestic monetary policy is to control the expanded, or latent, price inflation which is not necessarily caused by increased money supply. This is the reason why we have been talking of the "real" rate of inflation, and it is perhaps gaining momentum. Due to the rising number of labor contracts, every 1% rise in the cost of living calls for a proportionate wage boost. Thus, by enlarging the volume of purchasing power, every rule which is based on a wage-price of inflation increases becomes branded in a vicious circle—effect even before the current "real" rate of wage boosts has been completed.

At this writing 10 to 15 cents hourly, plus fringe benefits, plus fringe benefits, are still being pitched in the shipping, railroads, the mass mailing, and telephone operators, on the New York docks, etc.

There is more than one vicious spiral at work. Full employment produces not only high labor c.s., but also increased turnover and absenteeism. Efficiency is not improved either when the manufacturer short-cuts "scraping the bottom of the barrel.

As business expands in order to meet the inflated cost and the growing demand for products, the price of construction labor goes up ahead of other prices. The increased construction costs raise the price of the product, which then will affect the new plant or equipment gets into operation. Electricity is a case in point.

Then, too, businesses along many lines try to maintain their present percentage cost margins per unit of sales, thus pouring additional fuel on the fire.

Who's Who in the Spiral

The obvious question is: which is the cause of the effect: prices or wages? In chronological order, the latter came first; but, if at all, then, are both not being caused by an underlying force—by inflationary monetary and/or fiscal policies? If so, in the order in which they keep chasing each other, there is one exception.

As to be expected, there are several schools of thought on this matter. The "embarrassed Keynesian" school talks of another great economic "swoon"; it was their theory that the currency can be inflated without affecting wages. (Of one of Master's spurious axioms was that labor was interested in higher wages only—not in what those wages could be bought for. Indeed, there is nothing wrong with a man and his money that could not be cured by wage controls. Physical controls are the logical consequence of the Keynesian money manipulation.

Spokesmen for labor take the same line of view, of course, claiming that the working man lives by the rules of the capitalist: "game rules", which is the same spoken by deceiver or obtuse or imbecile—whenever that suits their purpose. He takes advantage of the supply-demand situation that happens to be favorable to his interests. Is that not exactly what happens every business day to do? Blame there is the politicians and the bank's inculcating inflationary practices. The hitch in this argument is that (a) the position of labor, or at least important segments of organized labor, is one of quasi-monopolistic, who hold up the consumer (sometimes in cominance with the manpower) by restrictive practices; (b) organized labor itself carries a major share, nay, the lion's share, of responsibility for the national policies, or lack of policies, by which Over-Full Employment is being conformed.

The Financial Strain

Presently, wages in America are moving in the same way as they have for some time in Britain and in other Western European countries. Psychologically, they are boosted ahead of any gain in productivity by

Continued on page 45

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THE COMMERCIAL AND FINANCIAL CHRONICLE

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ARTICLE appearing on the cover page, "The Great Over-the-Counter Market—Biggest in the World," discusses the investment opportunities in securities available only in the Over-the-Counter Market and includes a tabulation showing the names of unlisted banks and companies which have paid twice or more dividends in 15 to 17 years (Table I, page 23) as well as those in the 5- to 11-year category (Table II, page 52).

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The Commercial and Financial Chronicle ... Thursday, October 4, 1956

Current and Prospective Stock Market Outlook

By GERALD M. LOEB

Partner, E. F. Hutton & Co.

Author, "The Bulls have a Blotter to Survival"

Possibility of moderate general decline in 1957, resembling 1953, due to weak technical position, despite either a pre-election rally or a year-end rally, is presented by prominent stock broker while surveying important aspects of the market, in order to provide lawyers with a more intelligent and informed view towards investments. Mr. Loeb recommends:

(1) avoiding the umbrella of diversification among the favorite '57 stocks, as well as the random cross-selection and hoping to achieve proper diversification,

(2) finding new key to market profits instead of knowing everything everybody already knows; (3) charting an investment policy on a less optimistic basis than for the past surging decade; and (4) a good investment trust over the years in preference to owning a savings account credit. Does not agree that stock prices follow price inflation.

This is a basic reason for favoring the blue chips. This over-concentration on the part of professional money managers on identical stocks—the same fifty favorite issues, has raised their price earnings ratios and reduced their obtainable income yield very sharply. The factor of legal risk to their stockholders, in the case of these trusts and funds, etc., and to their clients, in the case of personal trusts, has also been an important influence.

"One man's meat is another man's poison." I want everybody to be very clear about that before I go further because what I am going to discuss takes into consideration the informed and intelligent view investors should professionally take towards investments.

I think you should set your sights to avoid the umbrella of diversification among the favorite '57. Concentration and selection perhaps could be profitable, but just picking a cross-section and hoping to achieve diversification in popular issues should be avoided. It doesn't take a Harvard trained lawyer to do that sort of routine job.

Rejects Showman Rules

If you look at averages, low price averages, and especially what is selling today about where they sold at in 1946 high; the biggest and the best have been going up at a faster rate, as compared to the average rate of all companies.

Continued on page 43
Advantages of Municipal Bonds And Their Role in America Today

By FRANCIS P. GALLAGHER
Manager, Municipal Department
Kidder, Peabody & Co., New York City

Municipal underwriting expert discusses the origin and underwriting of state and municipal bonds. Mr. Gallagher points out: (1) such tax exempt issues possess consistently satisfactory payment record, and, unlike other issues, a municipal corporation does not depend on, although might have some basis here; (2) U.S. Treasury's successive attempts to tax interest; (3) outstanding municipals total about $43 billion, of which revenue bonds amount to about $11 billion; (4) measure of payment--specific bonds are to be aware of, and describes "double barred bond"; and (5) the advantages of revenue bond. Writer believes real estate does not bear an excessive share of the tax burden, and that temporary financing is far more hazardous than term or long-term financing.

If someone were to ask me after a lifetime in the municipal business: "Is there any one rule that should one have to carry constantly in mind in considering municipals?" I would respond that "the fact that a municipal corporation can do almost anything it is authorized to do and must in all procedures follow the manner prescribed by law," would be a fundamental rule, because failure to adhere to that principle could produce the very unfortunate circumstance of a bond holder holding an instrument that could not legally be paid.

A state can do anything that the legislature decides should be done in the public interest without the Constitution of that State it is not forbidden, or provided in the Constitution of the United States it is not forbidden, or provided United States Statutes does not prohibit it in an area where the Federal Government is not pre-empted. A state or a municipal corporation or public authority may be considered generally to be a perpetual institution, and, therefore, bonds of such issuers, may be considered to be perpetual obligations until paid. I think that is one of the primary reasons for the conspicuous satisfactory record of payment of principal and interest on the state and municipal bonds.

During a lifetime there are curves in almost everything that affects our lives and society, there are good times and bad times. In recent years, the holder of an obligation of a State or municipal corporation sometimes finds the hand of death on the securities he owns because of the lack of profits in a corporation and that is the end. But, a municipal corporation does not die--it goes on, although it might have some very bad years.

In our country, however, every time we went down, we soon worked out of it. Even after the bad period we went through in the early thirties, the record of complete final payment came very close to 100%.

Immune and Exempt

Tax exempt or general consideration on State or municipal bonds, which applies to all of them and I believe is not too well understood. By tax exemption I mean exemption from Federal Income Taxes both normal and surtax.

There is no contract between the Federal Government and the holder of a State bond or a bond of a political subdivision providing for exemption of interest payments from all Federal income taxes.

On the New Housing Authority bonds the Congress has specified exemptly provided in the Act an exemption not only from Federal but from State and local income taxes. Therefore an important distinction exists between housing bonds and nearly all other types of tax-exempt bonds. There is no specific provision in our Federal Constitution to forbid Congress to tax interest on State or municipal bonds. To date the Supreme Court has held that such interest is immune from taxation by the Congress.

The distinction between being immune and exempt, or exemplo, is that exemption would be the act of the sovereign granting the release, and the immunitv, the fact that Congress has no right to tax such interest. That has been the ruling by the Supreme Court, time and again, from the most recent decision being in 1946 in the matter of the excise tax by the Federal Government on a water bottled in the Saratoga Reservation owned by the State of New York, and sold to the public. It was held there, that Congress had a right to put an excise tax on the commodity, but that in no way impaired the general principle of immunity.

The Treasury Department frequently sponsored legislation to remove the specific exemption which is found in the Revenue Act. In section 22 of the Revenue Act, there is a recital that interest of State and municipal bonds, subdivisions and territories is not subject to the Federal Income Tax. It does not follow from this recital that the Congress has the power to tax. The recital of exemption is there following a rule of law, that in a tax measure, to be exemplo, the exemplo must be specific.

TREASURY WANTS INTEREST TAXED

In 1940 a bill was introduced providing for taxation of the United States of interest on the State and municipal bonds to be issued subsequent to the adoption of the bill. The legislation lost in the Senate by 44 to 30; that is 74 votes. What was the position of the other 22 Senators was, I do not know.

Then in 1941, the Treasury Department moved again, and filed against holders of bonds of the Port of New York Authority and the Triborough Bridge Authority in New York an assessment for taxes, on interest from bonds paid by each of those issuers. The holders refused to pay and the case was carried through to the U. S. Supreme Court. The Treasury Department lost in the Tax Court two to one, and the Commissioner of Internal Revenue carried it through to the United States Circuit Court of Appeals and again lost two to one, and then it went to the Supreme Court and the Supreme Court refused to hear the case.

The position of the Treasury Department in this occasion was that in the Internal Revenue Code where the Congress provided for exemption from all Federal Income Taxes on interest paid by a political subdivision, it was not the intention of the Congress to consider either the Port of New York Authority or the Triborough Bridge Authority to be a political subdivision.

The courts did not agree with the Treasury Department. In about another year the Treasury Department was active again, and this time sponsored the bill to tax interest on all State and municipal bonds, both outstanding and new issues. The House Ways and Means Committee killed the bill, but in the Senate Finance Committee it was voted out 9 to 7, after eliminating that section which provided for a tax on interest paid on outstanding bonds but leaving the provision for tax on interest paid on future issues. On the floor, it lost 52 to 34.

In 1941, in the attempt to tax the interest on Port of New York Authority and Triborough Bridge Authority bonds, it was no doubt part of the plan of the Administration to raise the entire constitutional question of immunity from tax with the conviction the court would reverse the existing ruling and thereby leave the entire question in the hands of the Congress.

Continued on page 34
The State of Trade and Industry

Total industrial production for the nation-at-large in the period ended on Wednesday of last week continued unchanged from the level of the week preceding, but held modestly above that of the similar period a year ago.

Declines were reported in the output of automobiles, steel, coal, and lumber, while the production of lumber, electric power and food products showed some expansion during the week.

A 30% drop occurred in automotive output last week, as more producers shut down for the model changeover process. Production of cars and trucks fell 6% below that of a year ago. The output of trucks was 23% below the level of the previous week, and 38% under that of last year. Total truck production from Sept. 1 to Sept. 22 of this year was 11% under that of the comparable 1956 period.

Crude oil stocks, the United States Department of Commerce reported, increased 174,000 barrels in the week ended Sept. 22. Total stocks at the close of the week, it added, amounted to 274,603,000 barrels.

A sizable gain in employment during the remainder of the year was predicted by the United States Department of Labor.

A 1-month survey of labor-market conditions in 149 major areas of the country indicated employment held up well during the summer and will probably last from now until Christmas, the Department noted.

On the other hand, new claims for unemployment climbed a bit in the week ended Sept. 22, another department report showed, though the total number of workers on jobless pay rolls dropped.

Initial claims of laid-off workers increased $1,100 to 185,399 in the Sept. 22 week, the report stated. That compares with 167,000 new claims in the like week a year ago. For the week ended Sept. 15, the number of workers drawing unemployment compensation dropped 52,650 to 1,920,690. A year ago, the figure was 1,875,250.

Consumers without firm commitments from the mills are lining up to fill the few remaining holes in steel order books, according to "The Iron Age," national metalworking weekly, the current week.

The situation is expected to prevail for the balance of this year, the magazine states.

The market is even tighter than the fat order-book allows. That's because many orders particularly those in construction, have made justifications in the past year, and when their contracts in line with the steel they know they can get. Any expansion of activity must be based on foreign or other major premium priced steel. There will be more of this in the future.

The tight-hot rolled bar market is approaching the critical stage. Bar mills that were looking for business a few weeks ago, suddenly find their order books filling up. Ford Motor Co.'s decis on to stop making bars in its steel plant of the first next week will aggravate the situation. Cold-drawn bar outlook also is unfavorable.

It now looks like the automotive industry will supply the big push to the fourth quarter market. Other strong users will include construction, machine builders, and railroad building. Oil and gas users will take all the pipe and plate available. Some are already using up their forward contracts and would take more if it were available, continues this trade weekly.

Incoming orders are running 10% higher than those of the preceding week, although orders are carefully screened by the producers. Preliminary look at incoming quotes in excess of 17 weeks shows that orders for cars will carryover into the first quarter.

The cold-rolled sheet picture is drastically different from what it was a year ago. The steel makers are looking toward the future with no supply for the near future.

It is that those who think they are all set will be disappointed later this year. According to the office of Defense Mobilization by last week, the need for steel up to Jan. 1, 1957, is totally zero.

Two main reasons for the changed sheet picture are strong demand from auto producers and the increasing number of orders for the Defense Department. The steel scrap market eased off again this week, apparently signaling a definite change in the trend that carried prices to the highest levels in recent times. New steel producers are doing their best to accelerate the downswing. "The Iron Age" concludes.

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Providing funds for farm and home loans to California Veterans

Bank of America N. T. & S. A.  The First National City Bank  The Chase Manhattan Bank
Blyth & Co., Inc.  The First Boston Corporation  Harriman, Ripley & Co. Incorporated
Harris Trust and Savings Bank  R. H. Moulton & Company  American Trust Company of San Francisco
Eastman Dillon, Union Securities Co.  Merrill Lynch, Pierce, Fenner & Beane  Wenden & Co. Incorporated
Equitable Securities Corporation  Dean Witter & Co.  Reynolds & Co. California Bank
Barr Brothers & Co.  A. G. Becker & Co.  Branch Banking & Trust Company
Brown Brothers Harriman & Co.  Clark, Dodge & Co.  Coffin & Barr  Fidelity Union Trust Company
Incorporated

New Issue

$35,000,000

5%, 3%, 2 1/2% and 2 3/4%

VETERANS' BONDS

(Accredited interest to be added)

Amounts, Rates, Maturities or Yields or Prices

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<th>Yield or Price</th>
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<th>Coupon Rate</th>
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<td>1962 2.65%</td>
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<td>1976 2.85%</td>
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*Yields are subject to availability, determined as of August 1, 1956.

Dated: October 1, 1956

Act of 1954, series J

STATE OF CALIFORNIA

Hayden, Stone & Co.  Heller, Bruce & Co.  E. F. Hutton & Company
Roosevelt & Cross  Shearson, Hammill & Co.  B. J. Van Ingen & Co. Incorporated
Trust Company of Georgia  G. H. Walker & Co.  The First National Bank of Memphis
Gregory & Sons  A. M. Kiddler & Co.  National Bank of Commerce of Seattle
New York Homicide Corporation  The Ohio Company  Republic National Bank of Indiana
William Blair & Company  A. G. Edwards & Sons  First Texas Corporation
Lawson, Levy & Williams  Irving Lumbar & Co.  McDonald & Company
The National City Bank  Anderson & Stratwick  Allan Blair & Company  Blunt Ellis & Shammes of Chicago
Pierce, Carrison, Wulbern, Inc.  Strahan, Harris & Company  Stahle, Smith & Lounsbery, Inc.
Hosker & Fay  The Milwaukee Company  Mulhern, Wells & Company  Northwestern National Bank of Minneapolis
Scott, Hunter & Mason, Inc.  Seagrass & Mayer  Sten Bros. & Doyle
The Continental Bank and Trust Company  Curtis & Co.  Duff & Upham
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The Well, Roth & Irving Co.  C. N. White & Co.  Wilson, Johnson & Higgins

October 4, 1956
Corporate Bond Market
And An Arbitrager's Work

By GUSTAVE L. LEVY

Partner, Goldman, Sachs & Company, New York City

Skilled securities arbitrager defines arbitrage; explains the arbitraging of convertible bonds, bonds involved in corporate re-organization, and bonds listed simultaneously in different geographic locations; and describes the important functions performed in the corporate bond market. Mr. Levy points out, particularly now, bonds are not always less risky than stocks; insurance companies and financial institutions have had a buyer's market; and that in today's market, convertible bonds should be less attractive than preferred stock. Examples are provided of convertible bonds selling at a premium above and discount below conversion price, and an insight is given, in the case of American Employers' bond issue, as to how a trading market is maintained by arbitragers.

The first thing I want to do is to try to explain the work of the arbitrager, what an arbitrager is. First let me say it's a lot of fun, something new every day. You pick up a financial newspaper and you have a story about a merger or recapitalization or some new issue of convertible bonds or new issue of common stock, via the subscription privilege, so we never know from day-to-day what's going to happen down the road.

This last six months has been a really tough period. It hasn't been so much fun, actually. Sometimes I have wished in the last six months I could have driven a truck or have to think about manufacturing steel, or some other item like that, because the corporate bond market, the municipal bond market and the government bond market have been in a turmoil.

The insurance companies and the financial institutions have had a buyer's market and could pick and choose what they wanted to, and very often not what you had for sale, it has been a very difficult period. We hope it's going to stabilize.

Most people think bonds are much less risky than stocks. This is not always true. Just to give you an example — some of the A.A.A. bonds have been down anywhere from eight to 12 to 15 points. This is something new to understand when you think of what happened in the money market in the last year or so, because 10 basis points on a 10-year bond amounts to $8.30 per $1,000 you lend. So if interest rates rise 100 basis points — 1%, differential in yield — in other words, from 3.5% to 4.5% — you are out almost nine points. If you are up to 20 years, it's a little less. So everybody has found that A.A.A. bonds haven't been the best thing to hold or trade in, just to give you an idea. Now let's get down to the subject at hand.

Arbitrage Defined

Arbitrage, at least my definition of arbitrage—is the simultaneous purchase and sale of equivalent securities: an arbitrager is one who deals with such a type of transaction.

There are a lot of qualifications for an arbitrager. First, he is supposed to be a expert in bond, preferred stocks and common stocks, or all types of securities, such as rails, utilities and industrials in all the various classifications. He

...
Presaging the Business Outlook For the Next Five Years

By DEXTER MERRIAM KEERER
Vice-President and Director of Economics Department

Well known McGraw-Hill investment economist lends a cheerful high level business outlook, with minor lapses for calculating in prices for all years. I have made the Commerce Department can thereby be counted upon to move along together. Hence my figures on this accompanying table will require no adjustment when time comes. Now, you may wonder them.

1936 1937 1938 1939 1940
$7,000 millions 8,000 millions 9,000 millions 10,000 millions 11,000 millions

But the bottom line, with which I
gave to concern myself, the outlook looks far more optimistic. It takes me out of the time that I can have the great help now available to short range forecasters by way of eco-

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New Issue

RACINE HYDRAULICS & MACHINERY, INC.

15,000 Shares
Series A, $1.20 Cumulative Dividend
Convertible Preferred Stock
($20 Par Value)
Price $20.25

35,000 Shares
Common Stock
($1 Par Value)
Price $11.00

Copies of the Prospectus may be obtained from any of the several
underwriters licensed to sell securities in your state.

LOEWI & CO., Inc.
BELL & FARRELL, INC.
BLAIR & CO.
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October 2, 1939
From Washington
Ahead of the News

W. G. MacDonald With
Chapman in Boston

By CARLISLE BARGERON

Mr. Eisenhower's appointment of a Democrat to the Supreme Court may be taken as very high minded, in line with his wanting to keep the court's decisions more nonpartisan than it has been. It may elevate a worthy man on the lower courts. It may also help him with the independent voters by showing he doesn't think in terms of Republicans and Democrats. But it doesn't help with a large group of Republicans who feel he hasn't been enough of a Republican and who are inclined to be apathetic in this year's campaign. You would be surprised how many people who are liberal one runs into around the country. "Apathetic" probably isn't the right word to describe their attitude. If they don't vote it won't be because they are not concerned in the issues. All too many of them are responsible people. But they aren't satisfied with Eisenhower for "trying to undue the New Deal." They don't want to vote for Stevenson so their mood is to deliberately not vote. That's hardly apathetic. It's determination.

Some Republican Senators running for reelection in the Midwest think, for example, they could have no better issue than Stevenson's Federal aid to schools program. But the issue is diluted by the fact that Eisenhower has also been pulled into Federal aid for schools. The Democrats at the last session of Congress wasted a bill to give this aid on the basis of population. Eisenhower was part that the aid be given on a capita need basis. The different issue is that of method.

The Republicans seem to be making some common cause with the Democrats as a war party. This charge is not being made at the high level but candidates for the Senate and House are making it in various ways. They've got the Democrats protesting all around the country that they are not a war party, that the three wants that we have had under Democratic Administrations were "American wars."

One charge that can be made is this, however, that is not the slightest question that early in 1950 at the National Press Club, Dean Acheson, Truman's Secretary of State, in effect, told the Democrats to take over South Korea. In this announcement of policy to the world, he said Korea was not within this country's "de- fense perimeter." That is, the Communists who had been sitting in North Korea asked "What are we waiting for?"

Then when they moved into South Korea, they had MacArthur's Secretary of State, ordered MacArthur to give to the South Koreans air support. He did this without reference to Congress. Air support immediately became apparent not to be enough. The United Nations committee decided it was a UN war, although Americans suffered most of the fighting.

The record on this is very clear. It is not subject to dispute. It is my opinion that the reason Truman acted so impulsively is that the Democrats were taking an awful pounding from the Republic

With Kentucky Co.

Mr. G. MacDonald has been announced as the new President of the Kentucky Co. in New York. Mr. MacDonald will be the fourth generation to head the company he was put to work for many years for W. F. Hutton, Inc.

With Skyline Securities

DENVER, Colo.—Edwin W. Pointier has been added to the staff of Skyline Securities, Inc., 619 Nineteenth Street. He was formerly with Wayne Jewell Co., State Street.

Cranmer With Walton

DENVER, Colo.—Chappie Cranmer has been associated with Walton & Co., Inc., Mile High Center. Mr. Cranmer formerly conducted his own investment business in Denver.

$4,650,000

Seaboard Air Line Railroad Equipment Trust, Series Q

3 1/4% Equipment Trust Certificates

(Philadelphia Plan)

To mature $300,000 annually October 1, 1957 to 1971, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Seaboard Air Line Railroad Company.

MATURITIES AND YIELDS

(Discount is to be added)

1957 3.70%
1958 3.75%
1959 3.80%
1960-71 3.85

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is circulated from only the undersigned and other dealers as may lawfully offer these securities in such State.

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R. W. Pressprich & Co.
Baxter, Williams & Co.
Freeman & Company
Gregory & Sons
McMaster Hutchinson & Co.
Wm. E. Pollock & Co., Inc.
Shearson, Hammill & Co.

October 3, 1956

$9,000,000

Chesapeake and Ohio Railway Third Equipment Trust of 1956

3 3/4% Serial Equipment Trust Certificates

(Philadelphia Plan)

To mature $600,000 annually October 23, 1957 to 1971, inclusive.

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by the Chesapeake and Ohio Railway Company.

MATURITIES AND YIELDS

1957 3.70%
1958 3.75%
1959 3.80%
1960 3.85
1961-71 3.875%

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Freeman & Company
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Shearson, Hammill & Co.

September 27, 1956

For FRASER
What to Watch Concerning Credit
And Federal Reserve Policy

By C. CANBY BALDSTERON
Vice-Chairman, Board of Governors

Federal Reserve Bank of St. Louis

The Commercial and Financial Chronicle ... Thursday, October 4, 1956

It is quite customary for business men and their personal income to discern what the future holds both with respect to the general price level and as to price trends. They also watch how their expenditures and sales plans will be affected by these factors. The banks, as well as the national and monetary sources of information, used by the Board, that they should watch in order to be aware of factors influencing central bank national credit policies which, in turn, affect the economic activity of the people and help keep inflation and maintaining an essential balance between equity and debt. Mr. Balderson stresses the need for business decisions to be based on high quality service as much as to physical capital.

Consumer, on the other hand, the quality test must be met in a different way. Many loans to consumers, that do not result in the acquisition of physical capital, and consumers may borrow merely to finance their consumption of goods and services. For loans of this sort, the character of the borrower is important on his income, and on the nature and size of his assets and resources.
Is the Post-War Boom Over?  

By Paul Einzig

Whether a postwar boom is now ending is not exclusively a British question according to Dr. Einzig, who examines and answers the downturn arguments; concludes the trend is beginning to unravel, not ends; says in case a new phase of industrial activity will resume their investment-expanding projects as soon as they realize fears of a substantial decline in consumption were unduly pessimistic. Suggests to those who still think in terms of postwar experience that the combination of Welfare State, Full Employment and more equal distribution of income policies have created a new situation requiring modification in thinking patterns.

LONDON, England—As a result, there may be a setback in capital expenditure. In the meantime, however, it may become possible for the government to remove or relax its disinflationary measures. This would make it possible to initiate more capital projects and would improve the prospects efficiently to encourage industrial firms to embark on these projects for expansion. In such circumstances the setback in capital expenditure would be temporary.

In any case, should this setback be sufficiently pronounced to cause a substantial decline in business activity, the government would undoubtedly take steps to counteract it by speeding up the execution of its own capital investment projects and those of the nationalized industries. All these projects have to be curtained in 1953-56 in order to lighten the overload on the economy. It would be very easy to reverse that policy.

Consumer demand depends largely on the trend of wages. Should the trend continue, it would be easy to ensure a continued buying pressure by consumers. The danger is that this pressure might peter out but that it will remain excessive, so that the government will have to reinforce its disinflationary measures. This is in the interest of excessive wages demands the government would be able to relax its disinflationary drive. This means that buying pressure is likely to increase if any, through wages inflation or through a relaxation of measures taken against wage inflation.

The real danger lies in the possibility of having to adopt too drastic disinflationary measures. Owing to Britain’s precarious balance of payments position the government might feel compelled to take very drastic steps to curb domestic consumption and to break the wages spiral. It seems, however, that Mr. Macmillan does not believe in embarking on such a course regardless of cost. In a recent speech he sharply criticized the extremists of the hard money school who are clamoring for “heroic” measures in the form of a bank rate of 10 or 15%. The Chancellor rejected their advice, because he is not prepared to pay the price for the results that could be obtained in such a way.

**Trend Is Expansionary**

Unless prevented by too drastic measures, consumer demand is likely to continue to expand, even though not to the same extent as in recent years. As soon as industrial firms realize that their fears of a substantial decline of consumption were unduly pessimistic, they will resume their projects aiming at an expansion of their capacity. In any event, any slight slackening of the pressure of consumer demand would provide an opportunity for equipment in order to adopt the latest automatic services.

The situation contains too many built-in inflationary elements to justify fears of a lasting setback in demand. In individual industries such as the motor industry, such a setback is, of course, possible. Taking the economy as a whole, the trend is bound to be expansive, even though excessive wages demands and balance of payments difficulties may force the government to call a halt from time to time. Those who are thinking in terms of postwar experience should realize that the Welfare State, the policy of full employment and the more equal distribution of income are postwar developments. Between them they have created a new situation in which the rules inferred from prewar experience do not apply without considerable modifications.
Sound Canadian Investments

United States investors can buy through us many Canadian securities which offer sound investment qualities. Some of these also have attractive growth possibilities.

Our complete investment service to United States investors includes:

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Inquiries from investors are invited.

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Phila. P. Getty

Philip Parkhill Getty passed away Sept. 30 at the age of 87. Prior to his retirement he had been a director of the investment firm of Fellows, Davis & Co.

Morgan Stanley Group Underwriter Offering By Johns-Manville

The Johns-Manville Corp. is offering to the holders of its certain stock rights to subscribe at $4 per share for additional common stock at the rate of 1 common share held of record on Sept. 28, 1956. The subscription price expires at 3:30 p.m. (EDT) on Oct. 17, 1956. The offering is being made underwritten by a group of United States and Canadian investment dealers.

Manufactures Trust Company, incorporated

New York, N.Y.

To: New York Stock Exchange.

From: MORGAN STANLEY & CO., INC.

Date: September 20, 1956

Subject: The Johns-Manville Corp. is offering to the holders of its certain stock rights to subscribe at $4 per share for additional common stock at the rate of 1 common share held of record on Sept. 28, 1956. The subscription price expires at 3:30 p.m. (EDT) on Oct. 17, 1956. The offering is being made underwritten by a group of United States and Canadian investment dealers.

The CHASE MANHATTAN BANK, N. Y.

Telephone No. 737-7373

Attention: Mr. G. Young, Jr.

Re: The Johns-Manville Corp. is offering to the holders of its certain stock rights to subscribe at $4 per share for additional common stock at the rate of 1 common share held of record on Sept. 28, 1956. The subscription price expires at 3:30 p.m. (EDT) on Oct. 17, 1956. The offering is being made underwritten by a group of United States and Canadian investment dealers.

URRYING TRUST COMPANY

NEW YORK, N.Y.

Telephone No. 737-7373

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The appointment of Vincent A. Bohn as an executive officer of Manufacturers Trust Company of New York was announced by Mr. C. Flanagan, Chairman of the Board on Sept. 28. Mr. Bohn attended the American Institute of Banking and New York University School of Commerce and Finance, the recently completed an executive development seminar at Columbia University. He joined the firm with Brooklyn Trust Company in 1953 until its merger with Manufacturers Trust Company in 1959. Mr. Bohn is a member of Bank Credit Associates and Robt. Mills Associates, and is presently assigned to the bank's 84 Broadway, Brooklyn Office.
Latin-American Kilowatts

By IRA U. COLEIGH

Enterprise Economist

A brisk review of American and Foreign Power Company Inc.

with some comment on the current position of its common stock

Twenty-seven years ago, one of the speculative darlings of the Stock market of that era was American and Foreign Power common. In 1929 it ranged from 25 to a high of $50 to a low of $2.50, and its subsequent decline to a mere $2 in 1933, was probably the worst setback for a progressive stock margin call with some of us have been quite remem bered.

But this is not the common stock we're going to talk about today. In 1929, American and Foreign Power common was preceded by some king-sized preferred issues which amassed more than $100 million in accumulated dividends over the ensuing years. How much realization of that capital, in due course, became necessary, if not indispensable.

When completed in 1932, security realization drastically altered the American and Foreign Power common and left it with $50 million in $5 debentures due 2039, $36 million in 4.8% debentures (junior) due 1967, and 7,204,233 common shares (not including 3,551,200 shares in minority interest in publicly held subsidiary preferred electric light and power stocks).

All this corporate composition reduced annual bond interest and preferred stock dividend requirements, which, under current conditions, are $23.4 million, to $6 million under the new, and a cash dividend of $5 million in preferred back dividends vanished from the balance sheet. All of which gave American and Foreign Power a decidedly new look as it entered into this incise reorganization in 1932. And today's common stock FP common reveals an electric utility equity of quite unusual appearance and promise. So let's look at it.

American and Foreign Power is a holding company whose principal business is the supplying of electric light and power, through 35 subsidiaries, in eleven Latin American countries. The largest operating unit is Cuban Electric Company which generates over 90% of the electricity on the island and provides the city of Havana not only with electric light and power, but manufactured gas as well. Of the $185,700,000 in total operating revenues of American and Foreign Power in 1953, Cuban Electric delivered almost $60 million.

Next in the preceding order of magnitude is the Brazilian holding unit, Companhia Brasileira de Forca Electric, which delivered $85,000,000 in 1953 in operating revenue last year. Followed by Companhia Chilenas de Electricidad which accounted for $23 million. Other countries served include Mexico, Venezuela, Argentina, Colombia, Panama, Ecuador, Costa Rica and Guatemala.

We are all familiar with the growth factors and dependence on earnings, characterizing the electric utility industry in the United States. Well, the Latin American growth rate is about 50% greater than our own, and too swing in many of these communities away from agriculture to a more industrializing economy, has resulted in an even more rapid build up in electric power demand.

For example, in the 1945-55 period which the report in above mentioned 11 countries increased by 145%. Power increased 85% in the same period. In 1929, the average annual residential use of electric energy was 265 kw/h in the United States; but among Foreign Power but was 28 kw/h yearly. And the industrial expansion of metals, steels, oil and general manufacturing in most of these countries augurs well for the position of this impressive expansion in Latin use of electric power, through the period year ended Dec. 31, 1955, total operating revenues of FP increased by 130%.

Now let's talk about the obvious inflation in earnings, which the financial data would seem to project, has been, in fact, slowed down somewhat by four major factors (1) the varying political climates in the countries served, (2) currency inflation, and restrictions on verting of realized earnings into U.S. dollars, (3) difficulties in securing fair regulation and needed rate increases, and (4) the fact in certain instances of the unavoidable hazard, of expropriation.

For example, under Peron in Argentina, the political climate was miserable and all of the above factors bedeviled Foreign Power in that country. 40% of its earnings were expropriated, rates were, and are presently, exchanged for any of the net earnings of the over $210 million it has invested in Argentina. Brazil, too, had an adverse inflation, and plenty of political rock both. And the government of President Sonoma of Nicaragua, in a similar regulatory report that bullets have not lost their political potency south of the border, has been operating an inflation for many months.

Now, regarding all of the above difficulties, there is no sound occasion, however, for long range pessimism about Foreign Power. Quite the contrary. With earnings derived from 11 countries, it's unlikely that all will be hurt by the same inflation more equally; and even in most of the countries presently creating the problems, there is hopeful progress.

For example, in Brazil and Chile, laws have been introduced to permit utility companies to increase their valuations, in correspondence with rises in the cost of living, without delay and without automatic and without delay provision, which will increase which inflation makes necessary. Some six a share, have been entrenched by currency restrictions, which may shortly be removed.

Certainly the management of Foreign Power views the company prospects not only favorably but enthusiastically. Mr. Harry B. Sargent, President since September 1955, is no stranger to the business of purchasing electric utilities. Before coming to Foreign Power, he was President of the Arizona Public Service Company and contributed powerful political and financial backing to the sensational growth of that company within a single decade. His plans for American and Foreign Power envision the spending of $227 million to bring the net earnings by the end of 1960, an 80% increase in total earnings (it's about 125 million kw now). About half of this expansion money is to come from sale of securities, retained earnings, and local government; while the other half is expected to be largely supplied by Export-Import Bank. When you consider that these Latin properties can earn as much as 16% on fair valuations (as against 6%, it is generally accepted as the regulatory rate), the potential earnings of FP under favorable conditions are indeed impressive.

Right now the common is expected to pay a 7.375% dividend this year against 5.275% last year; and these dividends have been quite conservative as they represent only 10% of the earnings that can be converted into dollars, and hence become available for the common shareholders. The divident on the common would amount to another 50 cents a share.

In view of the market volatility of the old FP common, a quarter century ago, and the general Latin-American political and economic instability alluded to above, FP common has not attracted the investor, following it now appears to be in. A big Latin electric utility, excellently managed, 55% controlled by Electric Bond and Share, serving a broad progressive area (population 21 million), with a dynamic (and dynamic) growth record, should be supporting a steady advance in net earnings and dividends year by year—such a property should not be overlooked by discerning investors. Dividends have been increased from 10 a share in 1952 to an 80 rate this year. On this basis, FP common at 14 yields 5.7% and there is good prospect of a higher cash dividend. If FP were only located in Texas, its stock would sell at 40.

Leo H. Lontz Joins

Crutenden in Mt. K"ea

(Mount in the Financial Enterprise)

MILLWAUKEE. Wis.—Leo H. Lontz has become associated with John Crutenden & Co., First Wisconsin National Bank Building. Mr. Lontz was formerly an officer of J. P. Lewis & Co.

Jons Wilson & Bayley

notably associated with

SANDY ISLAND, Calif.—Paul J. Anderson is now associated with Wilson & Bayley. He went former with Whistle, Weid & Co., and Hemphill, Noyes & Co.

180,000 Shares

Long Island Lighting Company

Preferred Stock, 4.40%, Series G

(Convertible into Common Stock of the Company through September 30, 1969 unless called for previous redemption)

Rights, evidenced by Subscription Warrants, to subscribe for these Shares at $100 per Share have been issued by the Company to holders of its Common Stock of record September 28, 1956, which rights expire on October 15, 1956, as more fully set forth in the Prospectus.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsold subscriptions shares and, during and after the subscription period, may offer shares of Preferred Stock as set forth in the Prospectus.


correspondent

Chicago St Louis San Francisco Dallas Boston St Petersburg Homer

Detroit N. Y. St. Louis San Francisco Pittsburgh Houston

Milwaukee, Wis. — Leo H. Lontz has become associated with John Crutenden & Co., First Wisconsin National Bank Building. Mr. Lontz was formerly an officer of J. P. Lewis & Co.

Pan Am. 12.0% Mortgage

(Convertible into Common Stock of the Company through December 31, 1969 unless called for previous redemption)

Rights, evidenced by Subscription Warrants, to subscribe for these Shares at $100 per Share have been issued by the Company to holders of its Common Stock of record September 28, 1956, which rights expire on October 15, 1956, as more fully set forth in the Prospectus.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsold subscriptions shares and, during and after the subscription period, may offer shares of Preferred Stock as set forth in the Prospectus.

Blyth & Co., Inc. The First Boston Corporation

W. C. Langley & Co.

Smith, Barney & Co.

Estates Dillon, Union Securities & Co.

Glouch, Forgen & Co.

Goldman, Sachs & Co.

Harriman Royster & Co.

Hemphill, Noyes & Co.

Kidder, Peabody & Co.

Merrill Lynch, Pierce, Fenner & Bean

Stone & Webster Securities Corporation

White, Weld & Co.

C. M. Seabury, & Co. in the Financial Enterprise

Paul Webster, Jackson & Cecin

Salomon Bros. & Huttter

Shields & Company

A. A. Allen & Company

W. E. Hutton & Co.

Laurence Marks & Marks

Tucker, Anderson & R. D. Day

H. Hents & Co.

Rand & Co.

October 2, 1956.
THE MARKET... AND YOU
By WALLACE STREETE

The 465 level for the industrial average, which proved to be an area where the May slide was stemmed, came to be the market’s all the way up this week and provided at least a temporary breather after the sharp drop off rather monotonously. In fact, the minus rules were the rule in 15 of the previous 18 sessions, which could be considered as the market can be without generating some support.

The big question left unanswered—and the Street was full of the debate—is the fate of the bull market itself. If, as a matter, such conditions exist in the Street mainstays, the bull market is really over, it will be interesting to see how it will be handled and what the ramifications will be in history.

There was an inordinate amount of skepticism over the ‘bull market’ stage since it has been mostly the high-pressure stage and the board seen in the bearish trend. Having a bearish sentiment, the bear market is likely to see the bull markets until the bulls are in to give a real bull run to the bear market.

**Intensified**

"Market of Stocks"

The point is rather hackneyed, but the minority voices during the bear market this no longer was a stock market but was a "market of stocks" that will probably get a greater hearing if the uncertainty continues. And the buying is that uncertain markets are going to be with us.

Despite the more spectacular news on the election to come, the Suez situation, etc., the basic fact is that some potential investors are being shunted into bonds by the brokers who can offer a 5% yield on the set of obligations, while many of the blue chips have yet to decline enough to put them in contention with the bonds. Consequently, in the bear market, has not existed in the marketplace for a generation and as a result, little attention has been paid fact generally.

Individual situations that show promise, but have not participated in the market sentiment, are the ones being called out by the constructive market people. Liquid Barium, for instance, has held within a comparatively narrow range of only a little more than a dozen points, and only recently at which it sold in 1946 bull market. The market has made a recovery, and we may hope to see more progress in eliminating some of the drag on profits, especially durable goods division.

Carbonic's basic business of producing carbonic gas, oxygen, acetylene and dry ice has been growing steadily and capacity has been increased and modernized. With the profits already improved, the stock is offering a higher dividend to holders which, incidentally, is now at parity with that of a decade ago. Earnings this year so far have shown a comfortable increase over last year to cover the higher payment easily.

**Better-Acting Motors**

The auto shares have been among the better-acting ones among the major groups, a logical result since there being so well deflated because of the difficulties the industry bumped into this year. General Motors, which maintained profits well in a trying year, was more given to coasting along for the most, while Chrysler and Ford attracted the speculative element of those motor-minded. The comparison of the stock of Chrysler and Ford were also the hub of a junior stock market, each side aimed with long lists of solely superior points. Chrysler, because of its greater diversity and more auto-active lines, seemed to have an edge in the argument and unless all of the industry and impartial projections are completely out of line, could be a leading candidate for a sizable rebound despite the course of the market generally.

**American Telephone**

Weighed down by the heavy rightward pressure this week, it is on the verge of a rather sharp performance for an issue yielding well up in the middle of the string of lows since the rights offering went into operation was a rather long one although, as the bargains hunters once the market reached the selling climax stage. Unofficial reports indicate that the financing won't be improperly important by irregular markets even in posting new lows for nearly two years the margin over the $100 "rights" price and the market is still a fat one.

Neglected Retailers

Another observation that stands out to demonstrate that it is a bull market of its own has been Sears Roebuck & Co. The bullish neglect— is normally listed among the bellwethers but all this past year has held in around six-point range. In fact, it has yet to come within reach of last year's high, following the last stock split.

Store issues generally have had little following for months now, which could be part of the reason for the evident disenchant in Sears, with whom, after her familiar name and an issue that is included among the so-called established stores, has had a similarly dour market existence. It, too, has held in a range of half a dozen points in recent weeks. As the market has gained, the market has essentially gained, this is its price 25% above the peaks recorded in 1935 and 1945. In fact, its base price this year has only been approximately 25% above the low un-distinguished market years as 1934, 1949 and 1950, and the news of the week this year carried it back to levels of about two years ago.

**Stabilization**

Air Reduction is another issue that in recent years has fallen from its old-time high investment status. But signs of improving favor for the stock have been already apparent and projections of earnings for this year point to record-breaking results. It has been modernizing its facilities and the full benefits of the program have yet to be felt.

**Stabilization**

Pfizer has been something of a stabilizer in uncertain markets and, in fact, the drug shares generally have held up down-with better luck than some of the other divisions. The romance of the new miracle drugs is responsible in large part for the continuing favor for drug shares, and Pfizer has been prominent in introducing some of the newer preparations of ever widening benefit. The stock has held up well at a point or a few points under its high's ast year above its low most times by a margin of 10 points or better. This is no mean achievement in markets peaking up to 200 new lows through this list when the press was down.

(The views expressed in this article do not necessarily reflect any views of the editors of "The Commercial and Financial Chronicle." They are presented as those of the author only.)

**With Shearson, Hammill**

(Special to The Financial Congress)

Harold L. Cuscher has been affiliated with Shearson, Hammill & Co., 31 Lewis Street.

"Mr. and Mrs.

**NISTA Notes**

REGISTRATIONS FOR 23rd ANNUAL CONVENTION OF NISTA, EL TORO MOUNTAIN HOTEL, SPRING, CALIF., OCTOBER 24th to 27th, 1956

- Beverly Hills, Calif.
- New York, N. Y.
- Chicago, Ill.
- Los Angeles, Calif.
- Cleveland, Ohio
- Cincinnati, Ohio
- St. Louis, Mo.
- New Orleans, La.
- San Francisco, Calif.
- Nashville, Tenn.
- Dallas, Texas
- New York, N. Y.
- Washington, D. C.
- Boston, Mass.
- Chicago, Ill.
- New York, N. Y.
- New York, N. Y.
- Nashville, Tenn.
- Chicago, Ill.
- New York, N. Y.
- Dallas, Texas
- Minneapolis, Minn.
- Chicago, Ill.
- San Francisco, Calif.
- San Diego, Calif.
- Baltimore, Md.
- New Orleans, La.
- Chicago, Ill.
- Washington, D. C.
- New York, N. Y.
- Los Angeles, Calif.
- New York, N. Y.
- Seattle, Wash.
- Chicago, Ill.
- New York, N. Y.
- Washington, D. C.
- San Francisco, Calif.
- Los Angeles, Calif.
The New International Lending Agency

BY ROBERT L. GARNER

President of the International Finance Corporation

The Federal Reserve Bank of St. Louis

Digitized for FRASER

The text begins with a quote by Robert L. Garner: "I trust with the wisdom, experience, and resources of the IFC, Washington, D.C., to handle an important function in the less developed areas and with financial partners. Points out the IFC's capital will always operate in company with larger amounts of capital. States that IFC's lending the aid of international capital can be indifferent to arbitrary actions or attitudes concerning the treatment of such capital.

In the next few paragraphs, the author discusses the role of the IFC in the economic development of less developed countries. He mentions the importance of having a balance between private and public capital. The author asserts that the IFC's role is to facilitate the flow of capital to areas that need it most.

The author also discusses the importance of having a well-documented plan for the use of the funds received. He emphasizes the need for transparency and accountability in the use of such funds.

The text continues with the author's reflections on the role of the IFC in promoting economic development. He mentions the importance of having a clear and consistent approach to lending and the need to ensure that the funds are used for their intended purposes.

The author concludes by stating that the IFC's role is to promote a balanced and sustainable economic development. He emphasizes the importance of working closely with other organizations to achieve this goal.

This article is an excerpt from an article published in The Commercial and Financial Chronicle, Volume 164 Number 5574, page 17.
Inflation—The Termite of Civilization

By ORVAL W. ADAMS
Executive Vice President, First National Bank of St. Louis, Missouri

In referring to the role played by past inflations in causing civilisational and financial collapse, Mr. Adams lists several subjects that warrant more serious consideration than any preceding one: the sound medium of exchange and printing press currency. He argues that the world must be led in lead as it has always been when fundamental money is under control. He fears that it has not even yet been understood that, if this is the case, things will be acquired in 20 years of degenerative management.

Webster and Jefferson
Daniel Webster said in 1834: "I admonish every industrious laborer to be on his guard against those who would have us believe in a false economy—such a fraud—a fraud to cheat them out of their earnings by first cheating themselves."

"The very man above all others will be the most to blame for this. The man who is supported, and who suffers his necessities, is the man who earns his bread by his daily toil. A vast majority of us live by industry. The constitution was made to protect this, and establish and maintain, by legislative encouragement and security; but above all, security."

On the subject of the Imperial... Socialism, Webster says: "To preserve our independence, we must not let our leaders use us for their ends, which would be to make our election between economy and liberty, or profusion and servitude."

At this point, let us pause to observe that the many who have been continuously conscious of the methodical, deliberate manner in which politicians have done their work, have been utterly unable to state many very principles. They have in their time, and long before the advent of such a money system by substituting an adjusted, slightly depreciated currency, above all, printing press currency, the specie flow, and the direct taxation of the nation. It is rare indeed when even men on the weightier able to reduce their rate of disintegration. And for as much as they have been able to identify the enemy that it is to destroy their political, economic, and social institutions.

Failure of Schools, Bankers, Insurers
Realistically, what do the citizens possess to make impressive efforts to drive away these critical axioms? How must we respond to impress upon the public mind the idea that there is money in a government of free men and not in a school of teachers? How must we have nothing to do with the policies that are responsible for this inimical condition? How must we take it for granted that a government of free men and not in a school of teachers?

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

Touching again on the fire-casualty insurance stock results for the 1956 first half, this week there are presented broken-down tables of earnings and data, giving information useful in the industry. The data are consolidated, except that in a number of cases where the liabilities are owned, their figures are not included. In this situation we find that there were only eight, or one-third, showed adjusted underwriting profits. Adjusted underwriting loss of statutory gain or loss, plus the stockholder’s equity in the change in the unearned premium reserves covered $160 million for the half of 1956. It is indeed rare that we can find such a large proportion of minus signs opposite the adjusted figures in a group that contains a substantial number of companies. This premium in premium for the half was around 3%, and approximately the same percentage of the total increase, which means that in these instances the contribution of unearned premium reserve was an addition to the total increase.

But what is striking is the fact that of the 24, only 7 came down to net earnings; the remaining eight showed deficits below $0.00, is an unusually poor showing. It means that with net investment income thrown in, these eight still came out in the red.

As the president of one of our large companies so aptly pointed out, the 1956 first half was a period in which every major line made a poor showing. The same authority brought out that the unfavorable showing in fire lines started to be evident in the last half of 1955, and that the trend to lower rates was in effect, ordered by the supervisory authorities on the basis of statistical data. The average for the first half of 1956 is indeed rare that we can find such a large proportion of minus signs opposite the adjusted figures in a group that contains a substantial number of companies. This premium in premium for the half was around 3%, and approximately the same percentage of the total increase, which means that in these instances the contribution of unearned premium reserve was an addition to the total increase.

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Only STEEL can do so many jobs so well

The Day Of Judgment is depicted by this magnificent stained glass window in St. Gertrude's Church, Franklin, Illinois. This breath-taking window was designed and made in the United States, and its weight is supported by a network of slim USS steel millbars — further evidence of the versatility of steel, which serves industry, farm, home and church in so many ways so well.

Perfect Sun And Light Control. Designed to stay up all year, this awning can be rolled down to any level for sun protection or rolled up against the house to admit light on cloudy days. These roll-up awnings are made from tough USS Galvanized Steel for sturdiness and long wear. In laboratory tests, the awning was raised and lowered over 20,000 times without failure.

2 Million Volts will be generated in this all-steel transformer tank. It is part of an X-ray machine, used for industrial inspection. USS steel plates and sheets were used for the important parts.

UNITED STATES STEEL

For further information on any product mentioned in this advertisement, write United States Steel, 525 William Penn Place, Pittsburgh 30, Pa.

AMERICAN BRIDGE, AMERICAN STEEL & WIRE and CYCLONE FENCE. COLUMBIA-GENEVA STEEL. CONSOLIDATED WESTERN STEEL. COLUMBIA STEEL STRAPPING, NATIONAL TUBE. OIL WELL SUPPLY. TENNESSEE COAL & IRON. UNITED STATES STEEL PRODUCTS. UNITED STATES STEEL SUPPLY. DIVISIONS OF UNITED STATES STEEL CORPORATION, PITTSBURGH.

UNITED STATES STEEL HOME, INC. UNION SUPPLY COMPANY. UNITED STATES STEEL EXPORT COMPANY. UNIVERSAL ATLAS CEMENT COMPANY.

SEE The United States Steel Hour. It's a full-hour TV program presented every other week by United States Steel. Consult your local newspaper for time and station.
The Wooden Nutmeg Award

By HUBERT F. ATWATER
Wood Walker & Co., New York City
Members, New York Stock Exchange

It was raining hard on the afternoon of Sept. 10, 1909 and I had a half hour wait for a client to meet me at the bank. With proper foresight I popped into the ground floor office of the Charles W. Scranton Co. At that time the corporation was headed by Mr. Scranton, Sr., and included his son, William, and Leonard Hotchkiss, supply porters. It was a new company that was later to become the head of the firm.

William Scranton had the reputation of being somewhat of a jokerster and had on his desk a inkwell in the form of a turtle; when one lifted the hood, he was greeted with a slip of paper reading: "Rumors."

William asked if we could supply two bonds of a local issue, to which I replied that one of the neighboring Bakers had bought two from me a few days before and after a dicker agreed on a price. While the neighbor was taking the bonds from his vault I asked for a check to his order for our cost and another for $2.50 to our order to cover the exchange.

Mr. Scranton, Sr. thought that it was a great joke on the boys and told them so. The next week he invited me into his private office and suggested there was a place for my firm in the large house.

As a loyal Connecticut descendant I recognized this as the award of the wooden nutmeg.

Feminine Observations

A Medenger just delivered a hefty bundle of bonnets to the U. S. & C. Securities where I was surprised to find that the price of the bonnets had increased during the year. I was informed by my broker that the Banker had not folded the bonnets before delivery.

She exclaimed, "What beautiful bonnets, they have never been worn." A widow bought a 5% bond costing $960, and counting the coupons she found they amounted to $575. Her broker offered to buy a $1,000 bond at 94 and a pleasant pleasure to receive the order of the bond, "For the future, I promise to pay $1,000 etc., etc.

A not so young Splinter sold her American Telephone & Telegraph rights with the comment, "At my age I can not expect to live long enough to receive the $1000 of stock in dividends."
new is the fact that Boston Fund, one of the oldest and best known mutual funds in America, has announced that it will spend a week in invest in the American economy.

**Canada General Assets Now At $77,000,000**

Canada General Fund (1954) Limited reports total net assets of $77,745,688 at the close of its fiscal year on Aug. 31, 1954, equal to $13.54 per share on 5,740,828 shares outstanding. These figures, all new highs for any reporting period, compare with net assets of $60,816,511, amounting to $11.84 per share on the $5,837,242 shares outstanding at the end of the previous fiscal year. The number of shareholders increased from about 26,000 to more than 39,000 during the 12-month period.

In the current annual report, Henry T. Vance, President, observed that the "increase in per share asset value for the year of over 41% reflects in part the reinvestment of net investment income (adjusted by the net amount representing accrued income included in the price of shares issued) at rates of 39 cents per share. One of the policies of the Fund is to retain and reinvest the net income for the benefit of shareholders. Not only is economic activity in Canada has continued at a record pace, but the report cites gains of 7.8% in industrial production, 6.6% in employment, and 7.5% in total labor income for the first half of 1956, compared with the corresponding six months of 1955. It adds that in the second quarter of 1956, Canada's gross national product was running at a record annual rate of $26,549,000,000, or about 1% higher than a year ago.

A feature of the report is a section of summary comment on the current situation in each of 17 Canadian industries in which the Fund has investments. Also included is a statistical summary beginning Aug. 31, 1953 which includes Canada General Fund performance prior to its merger with the present Fund.

**Aberdeen Report**

Total net assets of Aberdeen Fund Inc. were $187,007,200 on Sept. 28 as compared with $155,513,613 Oct. 1, 1954. Over the 12-month period net asset value per share increased from $13.36 to $14.50 per share, representing an increase of 15% for the 12 months.

**Personal Progress**

Charles E. LeRoche, President of Franklin Research Company, has been elected a Director of Philadelphia Fund Inc., Roy C. Coffin, President of the Fund, announced on Sept. 26, 1955.

**With Coburn Middlebrook**

Earl Hooper on Mend

Earl H. Hooper of Gearhart & Otis, Inc.'s trading department, is looking forward to the coming season's operations. Mr. Hooper would like to thank his many friends and associates in the industry. He will be at his office at 46 Henry Street, Glen Rock, N. J.

**New York Stock Exchange**

Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes: Mender Fletcher retired from partnership in Milicich, Jones & Templeton on Sept. 28. P. H. Curry withdrew from limited partnership in Quinn & Co. Sept. 30th.

**Dewey, King Opens Kansas City Branch**

KANSAS CITY, Mo.—Dewy, King & Johnson is opening a branch office at 1016 Baltimore Avenue under the management of Edward F. Pidigra. Also associated with the new office are Earl A. Combes, John J. Euterer, Madelon H. Thompson, and Frank C. Westbrock, Jr.

**Wayland M. Minot With Paul D. Sheeline Co.**

(Special to The Commercial and Financial Chronicle)

BOSTON, Mass.—Wayland M. Minot has joined the staff of Paul D. Sheeline & Co., 31 Milk Street. Mr. Minot, who has been in the investment business in Boston for many years, was formerly with Clayton Securities Corporation.

**A true fish story that’s fun to swallow**

A whim of nature launched the tuna industry—today tops in its field with the help of steel

**TERMINAL ISLAND, CAL.—** When offshore schools of sardines suddenly played hooky back in 1955, refusing to show up and be caught, the Southern California canning industry faced disaster.

Then one cannery experimentally put up 700 cases of canned Albacore. And so, declares E. L. Morris, Tuna Research Foundation director, the new and picturesque tuna industry was born. An industry that today supplies 111 billion cases of canned tuna to meet annual U. S. consumption—more than half a billion cans a year!

**Spurred by World War I**

"When World War I spurred demand for a protein-rich food that was also economical, versatile and pleasing to popular tastes," says Mr. Morris, "canned tuna proved the perfect answer."

"Its delicate, flavorful meat was loaded with nutrition. Its mealtimes used were boundless. It was ideal for snacks and sandwiches. Not only was it ready-processed in handy, attractive cans for instant use at any time—became America's largest fish-food industry. Still is, too."

"Only Albacore or white meat tuna was canned at first. Today, yellowfin and skipjack—the hearty, light meat tuna—constitute about 80% of the total pack put up by the industry. Albacore makes up the rest."

**Clippers Range Far and Wide**

A stalwart breed are the men who wrest these elusive, elusive fish from the deep. Many put to sea for a living on end as the 180 vessels of the Clipper Fleet propel Pacific waters as far south as Peru for the tuna payload.

The Fleet, with up-to-the-minute marine equipment and a frozen tuna capacity of hundreds of tons in each ship's hold, accounts for over 70% of the annual catch, says the director.

"The rest is brought in by the Purse Seine Fleet of 100 ships out of San Pedro, and by some 2-3,000 small trolling boat operators—the American Fleet—on a day-by-day coastal basis."

Hauled aboard, the ocean-fresh tuna are immediately frozen, to be thawed just prior to canning processes. Even here, Mr. Morris emphasizes, every step must pass rigid inspection, demands absolute cleanliness: from the butchers' preparation to the precooking, cleaning, canning and assembly line for salt and soybean or other oil. Right on through to sealing the cans and pasteurizing their nutritious contents.

**National's Role**

The can—sanitary, unbreakable, easy to store and keep—is really the "vessel" that brings this tasty staple to the American tables. The "tin" can is actually about 99% steel, for corrosion resistance. It hermetically seals in the tuna's peak taste and nutrition.

"Vast quantities of tin plate are needed to make the 35 billion cans it takes each year to bring you the myriad products packed in cans. And we Riverton Steel Company is a major supplier of both electrolytic and hot-dipped tin plate to the canning industry."

Of course, tin plate is just one of the many steel products made by National Steel. Our research and production men work closely with customers in many fields to provide steel for the better products of all American industry. At National Steel, it is our constant goal to produce still better and better steel of the quality and in the quantity desired, at the lowest, the lowest possible cost to our customers.

**SEVEN GREAT DIVISIONS WELDED INTO ONE COMPLETE STEEL-MAKING STRUCTURE**

Great Lakes Steel Corporation • Westram Steel Company • Stanis-Steam Corporation • Hanna Iron Ore Company • National Steel Products Company • The Hanon Furnace Corporation • National Mining Corporation

**NATIONAL STEEL CORPORATION**

GRANT BUILDING

PITTSBURGH, PA.
The Great Over-the-Counter Market—Biggest in the World

Continued from first page

quotations in virtually no time at all. This, by the way, is an important facet of the Over-the-Counter Market that unfortunately (for those who are sometimes overlooked by even some of the more knowledgeable members of the investing public. (See discussion “Difference Between Listed and Over-the-Counter Trading” immediately following subjjoined tables.)

Admittedly, the Over-the-Corner Market, huge as it is, suffers from lack of publicity and absence of glamour. Unlisted issues can trade readily, with broad price swings, but they never get a head line such as “Steel stocks soar as strike ends.” But even though this major market is so largely “unseen, unhonored and unsung,” it does go quietly on its way in expediting the purchase, sale, or quotation of hundreds of millions of securities every business day.

The recent decline in the bond market has placed large burdens upon these over-the-counter dealers who maintain big active positions in government, state and municipal obligations; while the $33 billion Federal road building program has projected a lot of bond issues (over-the-counter) for the future, as well as requiring some re-appraisal and re-evaluation of existing toll house issues (likewise unlisted).

Bank and Insurance-Stocks

We have never had such a spate of bank mergers as in the last 18 months—mergers which have now actually reduced the total number of banks in the U. S. to below 14,000. And yet every bank stock (except a few bank holding companies) is over-the-counter. The purchase for control, the acquisition of minority shares, and the setting of fair exchange prices for mergers—all these market operations are handled over-the-counter. Our banks never looked stronger than today and considerably more than 1 out of 4 have raised their

dividends in the past 12 months. Some of the most magnificently solvent people in your own community are bank shareholders. They can add to their holdings in just one market place—the Over-the-Capital Market.

Within the past three years we have all seen a great expansion of interest in life insurance shares; and in truth it’s amazing that, considering their record of growth, it’s taken so long to attract broad investor following. Had you been fortunate enough to hold, for example, Lincoln, Aetna or Franklin Life for the past decade, your capital gain, at today’s prices, would have exceeded 500%. And where can you buy these life shares, with their fantastic market performance? Why over-the-counter—and no where else!

Then, too, there has been too little appreciation of the over-the-counter section as a Prey School for listing. Many Standard Oil issues traded for years over-the-counter before going on the N. Y. Stock Exchange and such Big Board favorites as Royal Dutch, Hooker Electrochemical, Schering Corp., Climax Molybdenum, Continental Broadening, and Owens-Corning Fiberglas, all got their early season in the Over-the-Counter Market.

Rising Interest in Foreign Securities

A phenomenon of finance in recent years has been the rising interest of Americans in foreign securities. Many of these issues are listed abroad—in London, Antwerp, Zurich, etc., but executions at such distances are cumbersome; so active over-the-counter markets have sprung up here in many distinguished shares. (The device of American deposit certificates for actual overseas shares has facilitated this trading.) One of the famous Shell companies, Shell Transport and Trading Co. Ltd. has been gaining in unlisted popularity; Montecatini, large and diverse Italian company embracing aluminum, oil, electricity and chemicals, is a burgeoning favorite; Univerly, Ltd., Swedish Match, Anglo Ecuadorian Oilfields, Borax Holdings, British Aluminium, De Beers Mines (diamonds), Hawker Siddley Group (aircraft, Badische Anilin, and Bayer Farbwerke—all these renowned foreign companies have shares you can buy, sell, or quote in the Over-the-Capital Market.

Diversification of Investment

Diversification has been an age old principle of investment. If you really want to diversify, where better can you do it than over-the-counter? Like beer? The biggest brewery shares, Anheuser-Busch and Pabst, are blue (ribbon) chips of the unlisted variety. Want dividends from publications? Buy Boston Herald Traveller, or Hearst, over-the-counter. Which of lively up-and-coming steel companies? Try Jessup Steel, Kaiser Steel or Lone Star Steel—over-the-counter. Feeling mighty low? National Casket common earns dividends from an awful steady business! Like water freighting? Look into Sea-train Lines, TMT Ferry off shore, and American Barge Line and Mississippi Valley Barge Line plying “Old Man River.” Follow the ponies? Eastern Racing, Monmouth Park, and Santa Anita all have shares you can buy. If you’re going to invest in Santa Anita, the official company name is Los Angeles Turf Club, and a single share will set you back 10 Cadillacs! Worried about some gifts you loaned a grand to? Look him up in Dun & Bradstreet’s—and you should have bought that stock instead! Bothered by jingling bells in summer? Good Humor (and its cash registers) was probably doing the jingling. Think gas pipelines have a future? International, Texas Eastern, Texas Gas Transmission and East Tennessee Natural Gas are all going well (no pun intended!). From Bradstreets to Bankers, Bradstreets and Weyerhaeuser are among the biggest. Like cartoons?

Interested...

...in any stock on these pages?

For latest prices, quotes, or information, simply contact—

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Kentucky Municipal Bonds

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Walt Disney is tops. And all these interesting and successful companies, most of them steady dividend payers, are available to you only over-the-counter.

The above diverse parade of equities has been trundled out for you only to demonstrate that this unlisted market has an entrenched status as the major and broadest market place. It is true that many young and unproven companies start out with their shares traded over-the-counter, frequently at very low prices. Buyers in this early or promotional type of security must, of course, exercise great discretion. In fact, buyers who enter this dangerous area and come out not too well, should reflect on the possibility that it was their neglect of research, their exercise of bad judgment, or just greed, rather than the market place, which was the cause of their failure to gain.

Long-Term Dividend Payers

In particular, we are glad, once again, to document our case for the Over-the-Counter Market by presenting to you a tabulation of the amazingly broad list of equities whose continuous dividend records range from five to 172 years. Continued capacity to pay dividends is the ultimate criterion of a good investment. You'll note that by this standard, there are hundreds of unlisted issues of sterling investment quality.

Difference Between Listed and Over-the-Counter Trading

Following the tables appearing hereunder, we present a discourse on the difference between the listed and Over-the-Counter Market, for the benefit of those who are not conversant with how the Over-the-Counter Market functions.

### TABLE 1

**OVER-THE-COUNTER**

**Consecutive Cash Dividend Payers for 10 to 172 YEARS**

<table>
<thead>
<tr>
<th>Stock</th>
<th>Years</th>
<th>Dividends</th>
<th>Approx. % Yield on Face Value</th>
<th>Annual Approx. Quoted Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ameren Corp.</td>
<td>10</td>
<td>1.50</td>
<td>6.25%</td>
<td>20</td>
</tr>
<tr>
<td>American Metal &amp; Tool Co.</td>
<td>40</td>
<td>2.00</td>
<td>5.0</td>
<td>40</td>
</tr>
<tr>
<td>American Electric Co.</td>
<td>50</td>
<td>1.50</td>
<td>3.0</td>
<td>50</td>
</tr>
<tr>
<td>Aetna Life Ins. Co.</td>
<td>60</td>
<td>2.00</td>
<td>3.33</td>
<td>60</td>
</tr>
<tr>
<td>Aetna Casualty &amp; Surety Co.</td>
<td>70</td>
<td>1.50</td>
<td>2.14</td>
<td>70</td>
</tr>
<tr>
<td>Aetna Insurance Co.</td>
<td>80</td>
<td>1.50</td>
<td>1.88</td>
<td>80</td>
</tr>
<tr>
<td>Allied Chemical &amp; Dye Corp.</td>
<td>90</td>
<td>1.50</td>
<td>1.67</td>
<td>90</td>
</tr>
<tr>
<td>Allied Snuff &amp; Tobacco Co.</td>
<td>100</td>
<td>1.50</td>
<td>1.50</td>
<td>100</td>
</tr>
</tbody>
</table>

### BANK & INSURANCE STOCKS

**OVER-THE-COUNTER SECURITIES**

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Common Preferred

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NEW HAVEN, CONN.

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PHILADELPHIA, PA.

MITCHELL, JONES & TEMPLETON
658 South Spring St., Los Angeles, Calif.

10 WALDAMANNSTRASSE
ZURICH, SWITZERLAND
The Fight Against Inflation

BY HON. W. RANDOLPH BURGESS

of the Treasury

Dr. Burgess, after listing elements of progress of the International Monetary Fund, maintains most encouraging feature is general recognition of world-wide inflation dangers, with warning of continuous battle for financial stability. Explains U. S. policy is concerned with maintaining balance, recognizing also the dangers of deflation, and necessitating caution in the application of restraints. Commends increasing public understanding of the value of sound measures.

There seem to me three important elements in the progress which the International Monetary Fund has made. The first is the annual consultation with members respecting their exchange restrictions. Quietly and effectively, the Fund has worked with its member countries for the reduction of government barriers to international trade and transac-tions. Under Secretary General reserve countries continue to gain reserves, further progress should be anticipated.

The second element in the Fund's progress is more generally, of financial advice to the member countries. For many reasons, member countries are increasingly call the Fund for on-the-spot advice and recommendations. They know that Fund missions will be sent promptly, quietly and that the advice will be impartial and expert. The third important development relates to policy and practice in the use of the Fund resources. As a result of vigorous discussion and added experience, there is now widespread understanding and agreement along the lines set forth in last year's Annual Report. As to events of the past year, I might simply observe:

*A statement by Dr. Burgess at the Fund Annual Report discussion, Wash¬ington, D. C., Sept. 20, 1956.

It has been encouraging to observe the increased public understanding of the value of sound fiscal and monetary measures, compared with the restrictive and artificial effects of direct government intervention in maintaining and maintaining a prosperous economy. We are, however, learning to understand how much more needs to be done to increase the public support which those of us assembled here must have if we are to discharge successfully the responsibility to which Secretary Humphrey has referred—our trust of the average citizen in preserving the values of wages and salary and his savings.

N. Y. Group of IBA
To Hold Annual Dinner

The New York Group of the International Bankers Association will hold their annual dinner and the occasion on Oct. 17 at the Waldorf Astoria Hotel.

With McCormick and Co.

LONG BEACH, Calif.—Pres¬ley O. Miller, Arthur W. Plath, and Murat D. Rhodes have been added to the staff of McCormick and Company, Security Building.

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Private Wires to Principal Cities

Continued from page 25

The Great Over-The-Counter Market—
Biggest in the World

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>American Can Co</td>
<td>.85</td>
<td>.95</td>
<td>80</td>
</tr>
<tr>
<td>2</td>
<td>Miles Laboratories</td>
<td>.65</td>
<td>.75</td>
<td>65</td>
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<tr>
<td>3</td>
<td>Dow Corning Co</td>
<td>.45</td>
<td>.55</td>
<td>45</td>
</tr>
<tr>
<td>4</td>
<td>Union Carbide</td>
<td>.30</td>
<td>.40</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>Goodyear Tire &amp; Rubber</td>
<td>.10</td>
<td>.20</td>
<td>10</td>
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<td>6</td>
<td>Alcoa</td>
<td>.05</td>
<td>.10</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>International Paper Co</td>
<td>.01</td>
<td>.02</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>International Harvester</td>
<td>.005</td>
<td>.01</td>
<td>.5</td>
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**The Great Over-The-Counter Market—Biggest in the World**

<table>
<thead>
<tr>
<th>Call Div.</th>
<th>Tuesday for Div. to 24 on 171 7/8%</th>
<th>Approx. Year to Date Rate 13 1/2 %</th>
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<tr>
<td>N. Carolina Ctr. (Incl. Dividends)</td>
<td>2.00 [3/31/57]</td>
<td>3.00 [3/31/57]</td>
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<tr>
<td>Central West Utilty Co.</td>
<td>15</td>
<td>2.50</td>
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<tr>
<td>Operating public utility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chase National Bank &amp; Trust</td>
<td>19</td>
<td>5.00</td>
</tr>
<tr>
<td>National store properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chambersburg Engineering Co.</td>
<td>19</td>
<td>2.00</td>
</tr>
<tr>
<td>People's Fire Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chance (A. B.) Co.</td>
<td>21</td>
<td>1.15</td>
</tr>
<tr>
<td>Manufacturing products for utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapman Valve Mfg. Co.</td>
<td>20</td>
<td>3.00</td>
</tr>
<tr>
<td>Old installation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charleston Natl. Bank (W. Va.)</td>
<td>20</td>
<td>1.75</td>
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<td>Chemical Paper Mills, Inc.</td>
<td>17</td>
<td>10.00</td>
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<tr>
<td>Paper products</td>
<td></td>
<td></td>
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<tr>
<td>Chase Manhattan Bank</td>
<td>109</td>
<td>2.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical Corp. Exch. Bank</td>
<td>125</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemano &amp; Unadilla Tel. Co.</td>
<td>30</td>
<td>1.20</td>
</tr>
<tr>
<td>Operating telephone company</td>
<td></td>
<td></td>
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<tr>
<td>Chicago Allerton Mfg. Co.</td>
<td>17</td>
<td>5.50</td>
</tr>
<tr>
<td>Chicago</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burlington &amp; Quincy RR. Co.</td>
<td>48</td>
<td>7.50</td>
</tr>
<tr>
<td>Chicago</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td>29 1/2</td>
</tr>
<tr>
<td>Chicago Molved Products Corp.</td>
<td>17</td>
<td>0.80</td>
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<tr>
<td>Pacific mining</td>
<td></td>
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<tr>
<td>Chicago Title &amp; Trust Co.</td>
<td>21</td>
<td>5.00</td>
</tr>
<tr>
<td>Chicago</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td>25 1/4</td>
</tr>
<tr>
<td>Clifton Co.</td>
<td>19</td>
<td>1.00</td>
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<td>Commodities</td>
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<td>China Grove Cotton Mills Co.</td>
<td>34</td>
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</tr>
<tr>
<td>Cotton</td>
<td></td>
<td></td>
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<tr>
<td>Christian Secur. Co.</td>
<td>31</td>
<td>560.00</td>
</tr>
<tr>
<td>Buying company</td>
<td></td>
<td></td>
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<tr>
<td>Cirrus Trust Co.</td>
<td>20</td>
<td>4.00</td>
</tr>
<tr>
<td>Illinois Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens Commercial &amp; Savings Bank (Flint, Mich.)</td>
<td>20</td>
<td>3.00</td>
</tr>
<tr>
<td>Citizens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens Fidelity Bank &amp; Trust Co.</td>
<td>17</td>
<td>4.00</td>
</tr>
<tr>
<td>(London)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens Natl. Trust &amp; Savings Bank (Los Angeles)</td>
<td>63</td>
<td>2.125</td>
</tr>
<tr>
<td>Citizens Natl. Trust &amp; Savings Bank (Chicago)</td>
<td>32</td>
<td>51.50</td>
</tr>
<tr>
<td>Citizens &amp; Southern National Bank (Savannah)</td>
<td>31</td>
<td>1.50</td>
</tr>
<tr>
<td>Citizens &amp; Southern National Bank of S. C. (Charleston)</td>
<td>17</td>
<td>1.90</td>
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<tr>
<td>Citizens Utilities Co., C. I., B.</td>
<td>18</td>
<td>10.68</td>
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<tr>
<td>Public utility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Natl. Bank &amp; Trust Co. (Chicago)</td>
<td>15</td>
<td>5.00</td>
</tr>
<tr>
<td>City Natl. Bank &amp; Trust Co. (Cleveland, Oh.)</td>
<td>21</td>
<td>1.92</td>
</tr>
<tr>
<td>City National Bank &amp; Trust Co. (Kansas City)</td>
<td>28</td>
<td>0.00</td>
</tr>
<tr>
<td>Continued on page 29</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear In the Second Table Starting on Page 32.**

---

**Sinking Fund Reelects Thomas Graham Pres.**

**Sinking Fund Reelects Thomas Graham Pres.**

**LOUISVILLE, Ky.—The Com-**

missioners of the Sinking Fund of the city of Louisville take pleasure in announcing the re-election of Mr. Thomas Graham, The Bankers’ Bond Co., Inc. as President for the next six years. Mr. E. M. Rob¬

ertson and Mr. Lee Miller have been re-elected as Vice-Presi¬

dents for the year beginning October 1, 1956 and ending September 30, 1957.

---

**Hall, Meyers, Swift & With Spencer Trask**

**SPEAKER TRASK & Co., 23 Broad¬**

way, New York City, members of the New York Stock Exchange, have announced the opening of a Municipal Bond Department un¬
der the management of Denton Dr. Hall, with Joseph F. Meyers as assistant manager. The new depart¬

ment will deal in general market municipals and in

---

**Blyth Team Wins**

**HAYDEN GOLF TROPHY**

**A four-man team representing the investment banking firm of Blyth & Co., Inc. captured the Charles Hayden Memorial Golf Trophy in competition at the Appa¬

calasheen Golf Club in Flushing, Sept. 29, with a net score of 314, compet¬

ing with four other teams. Members of the winning team were: Robert Lee, Henry B. Ingraham, John Leib, and Frank Mansell.**

---

**Tucker, Anthony & R. L. Day Co.**

**The consolidation of two New York and Boston securities under¬

writing and brokerage houses, with a combined business expe¬

rience totaling 138 years, became effective Oct. 1.**

**Tucker, Anthony & R. L. Day**

**will have main offices in New York**

and Boston and branches offices in Rochester, N. Y., Hartford and New Haven, Conn., Manches¬


**General partners of Tucker,**

**Anthony & R. L. Day are:**

John C. Maxwell; Robert Haydock; Horace W. Frost; Gilbert L. Ste¬

ward; Frank A. Day; Frederick B. Fayerly; Pope Chapman; C. Fitz¬

hugh Gordon; William H. Claffin, III; Ernest W. Borkland, Jr.; John C. Newsome; John H. Perkins; Nestor Brown; Clair C. Putnam; and Harry V. Keele, Jr.

**Limited partners of the firm**

**are:**


---

**Foreign Investment Research Department**

**In response to the growing interest in foreign sec¬

urities among investors in all parts of the country,**

**we have recently broadened the facilities of our Foreign Investment Research Department.**

**At a service to investment dealers,**

**we have prepared statistical summaries of many foreign securi¬

ties for which American Depositary Receipts are now available.**

**The members of our Foreign Investment Re¬

carch Department, further, will be glad to answer questions and provide, the latest financial data on international securities.**

**Where this information is not readily available here, we are frequently able to obtain it through our London office or our correspondents abroad.**

---

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Securities Salesman’s Corner

BY JOHN DUTTON

The Analytical, Advisory, Method of Security Salesmanship

ARTICLE 3

Just what is the analytical, advisory method of salesmanship? As I have observed other salesmen who have developed a substantial clientele of investor clients, as well as my own work in the field, I would define it as follows: It is in the approach to each investor’s account is based upon a thorough analysis of his particular needs from the standpoint of assisting the client in doing the best possible job of creating more capital, income, and basic peace of mind for both himself and his family. After all there are only a few results that any sensible man desires from his investments.

Namely, security to help him meet the unexpected reverses of his economic situation (mostly of a temporary nature) and the expected needs of his travel through life, such as better income for the present or the future; and the protection of his loved ones in case he meets premature death, or forced retirement from active earning power. If an average man will he wish to provide the maximum estate for his loved ones. If the investor is a woman there are variations of these objectives that apply to both male or female investors.

Most People Have No Financial Plan

After reading what is necessary for 30 years of saving and investing I can attest to the fact stored over 5% of the people with whom I have done business have ever had a proper, range plan for saving and investing. The opportunity for helping people to set up a properly, workable plan to their requirements is vast indeed. Both large and small investors buy stocks on tips and hunches, they collect insurance policies without fitting them into their estate requirements, they go on for years without making a will, or adding securities when changes in their situation require it. They don’t know the status of their social security accounts, and many have never inventoried their series E government bonds to find out whether or not they have matured and attempted to ascertain if a minor child should cash them before the accumulated interest becomes taxable when that child attains earning power. They have surplus funds in savings institutions that could be used much more advantageously in other investments. They have little or no idea as to the balance of their investment accounts as regards fixed income investments and fluctuating investments such as stocks, real estate or in business corporations wherein the stock is closely held by a few people.

Most people have no idea as to the settlement costs on estates of $250,000 and upward will be, or of the savings that can be made by considering a family as a unit and planning each move in the investment program to fit in with tax saving and sound planning the requirements. Although the laws were changed in 1934 to allow investment from the standpoint of estate taxes, there are many people who carry substantial amounts of life insurance who have not considered Trust (K. C.) to obtain this highly rewarding tax saving that is now open to them. When it comes to investment advice there is hardly a list of any consequence wherein you will not find some cats and dogs that can be eliminated and saved for tax losses that can be used of small or large profits or income. Industry diversification can be utilized. Where income is needed there are too few income stocks and too many growth or speculative ones, or vice-versa.

But you will never help people until you show them that they can benefit from a searching study of their assets, and that includes life insurance, health insurance, investment stocks and bonds, savings accounts, real estate, and business properties. This also includes a proper revelation of all family ties, grandparents, children, and brothers, sisters, and the other spouse. There are those who have certain plans for their children’s future, for their wife’s income requirements if they predecease her, and the ideas are important. Some women can handle money, others cannot. Some children are young at 20, others are mature at 23. These are the considerations for which men provide. The considerations of a loving husband and father and his intimate judgment of each member of his little group as to their weakness and strength will often guide a man in planning his financial moves, providing that he is given the counsel of a confidant, sincere and capable financial expert who can act as both friend and counselor and who can assist him in achieving these objectives.

Next Week: Article IV

Securities, Inc. Add

Special in the Financial Community

DENVER, Colo.—John B. Bennett, 26, an expert on the West, has been added to the Denver office of Securities, Inc., Farmar’s Union Building.

Join United Investors

(Also See Personal Column)

DENVER, Colo. — Clarke F. Bennett, Donald C. Dickerson, Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. Dickerson, Donald C. 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Broadening an Investment Program By Including Waterfront Property

By ROGER W. BARSON

Applying an "economic rent" principle to constant waterfront property and increasing population, Mr. Barson offers advice on how to broaden each investor's investment program. He calculates the ratio of outboard motor sales to value of waterfront property; and prescribes purchase of stocks and vacant land when low in price and reverse this investment program to broaden one's investment property when stock prices are high.

A few final days of my annual vacation on the "Island of Cape Ann" near Rockport, convince me that the best investment program is to carefully own yourself to stocks and bonds. The population of the United States is constantly increasing. Prices, a lottery, and wages are also constantly rising. However, the amount of space for every square foot will be greater than 100 years ago, even if only 10 square feet of land are bought and sold today. Stocks and bonds can be manufactured inexpensively by stock dividends, stock splits, spin-offs, and other printing-press methods; but it is impossible to increase waterfront property except by buying land.

The above statement applies not only to ocean frontage, but also to river and lake frontage. It also applies to close-by interior property with a direct, short right-of-way to the water. This, however, should be carefully protected by proper deeds and restrictions.

Where and When to Buy

Although the "field frontier away looks greener," such waterfront land in the community in which you live, or on land nearby, is usually the safest. You know the "out" about such property, which you do know about other property. Although all such lands, including well-located house lots, may be attractive, you will profit by buying land by the acre before it is sold by the foot. A local real estate broker might advise buying ocean frontage at high tide from the natives, and selling it at low tide to the summer visitors; but I guess this rule is now outdated! Waterfront property in northern and central states can, however, usually be purchased for less during a winter snowstorm than on a beautiful day in summer! Special bargains can often be secured just before sub-divisions, shopping centers, and other real estate developments are to be started.

Beware of Land That Has Been Overflooded

When buying waterfront with which you do not have a lifelong acquaintance, it is well to learn whether it has ever been flooded. This especially applies to lake or river frontage. The best test of such property is to study the character of the buildings nearby, and the trees, shrubbery, etc. It may even be wise to spend a day studying files of the local newspapers covering the last 50 years. Although it is safe to build only above ground, the possibility of destructive floods, yet the national and state governments are constantly working on flood control. Hence, it is reasonable to believe that flooding will be less rather than more in future years. This, however, does not apply to ocean frontage. No means have yet been discovered to eliminate ocean storms and hurricanes, but certain non-waterfront areas now being carried on by the Norton L. Holmes Co. of Lake Wales, Fla. is worthy of careful attention.

Outboard Motors and Land Prices

Every new outboard motor sold should add a penny to the value of waterfront property—whether ocean, lake, or river. Outboard motors and aluminum boats have been greatly improved during the past ten years. According to one of my New York friends, great improvements in these outboard motors are on the drawing boards. He will give you amazing statistics relating to this subject. It is rumored that "solid gasoline" or compressed natural gas (200 cubic feet to 1 cubic foot) may some day be purchased to serve as a three months' supply for the average boat.

In contrast to the above, every new automobile sold may detract a penny from the value of interior land. Autos are getting so thick and accidents increasing so fast that not a single person in America can continue to use them for recreation—especially if they are advised to re—main home Sundays and holidays.

Henry Putnam joins DeCoppet & Boreums

Henry W. Putnam has joined DeCoppet & Boreums, 62 Wall Street, New York City. He is in charge of the New York Stock Exchange, as assistant to the partners, it has been announced. Mr. Putnam recently resigned as Executive Director of the Association of Stock Exchange Firms.

He had joined the Association in 1946 as an Assistant Vice-President.

With Allen Inv

The Allen Inv dependable

DENVER, Colo.—Earl L. Hef-ton has been connected with Allen Investment Company, Mile High main home Sundays and holidays High Center.

...want to buy or sell

BANK STOCKS?

INSURANCE STOCKS?

PUBLIC UTILITY STOCKS?

or INDUSTRIAL STOCKS?

...PHONE
Harris, Upham Offers Investment Course

Harris, Upham & Co., nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange, began its fall series of informal lectures for women concerning the investment brokerage business on Monday, Oct. 1 at 7:30 p.m., at the 29 Park Avenue, New York, office, according to an announcement by Thomas B. Meek, office manager.

The one-hour sessions with a question and answer period, "are being continued," Mr. Meek stated, "as a result of the attendance and interest experienced during the course last year." The Oct. 1 and Oct. 8 lectures, conducted by Mrs. Rose O'Neill, Harris, Upham registered representative, feature "The Stock Market and How It Operates" and "Individual Investment Planning." On Oct. 15, Mr. Meek will discuss "Investing for the Future," with a concluding talk on "The Value of Research Behind All This Planning" by Percy Weeks of Harris, Upham's research department, scheduled for Oct. 22.

Mr. Meek pointed out that this series "highlighted by Mrs. O'Neill's past experience with women's groups throughout the country, is part of Harris, Upham's national investment education program."

Joins Thenebe Staff

(Special to The Financial Chronicle)

In announcing this, Martin B. Koop has joined the staff of Charles E. Thenebe & Associates, 36 Pearl Street.

George C. Lane Adds

(Special to The Financial Chronicle)

NEW HAVEN, Conn. — Arthur T. Craggs has been appointed as staff member with George C. Lane & Co., Inc., 70 College Street.

Scranton Adds to Staff

(Special to The Financial Chronicle)

NEW HAVEN, Conn. — Donald J. Morrow has become associated with W. S. Scranton & Co., 209 Church Street, member of the New York Stock Exchange.

Investment Bankers Association Receives Slate for 1957 Officers

Robert H. Craft, President, The Chase Bank, wholly owned foreign subsidiary of The Chase Manhattan Bank, New York, has been nominated for President of the Investment Bankers Association of America, it was announced by George W. Davis, Davis, Slaghts & Co., San Francisco, President of the Association. The announcement was made following the Fall Meeting of the I.B.A. Board of Governors, Sept. 26-28, at Del Monte Lodge, Pebble Beach, Calif.

Named with Mr. Craft were the following nominees for Vice-President: Andrew M. Baird, A. G. Becker & Co., Incorporated, Chicago; William S. Hughes, Wagenseller & Durst, Inc., Los Angeles; William C. Jackson, Jr., First Southwest Company, Dallas; W. Carroll Maud, Maud & Miller, Co., Baltimore; William H. Morton, W. H. Morton & Co., Incorporated, N.Y.

The Association will act on the slate at its Annual Convention Nov. 25-30, 1956, at the Hollywood Beach Hotel, Hollywood, Fla. Nomination is tantamount to election. The new President and the Vice-Presidents will be installed Nov. 28, and will hold an organization meeting the following day.

Continued from page 31

The Great Over-The-Counter Market—Biggest in the World

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*Details not complete as to possible longer record. Expressed for each dividend, quintal (1,000 pounds) paid on June 29, 1956. Yield is based on a possible, $1.00 yearly dividend record.
The Great Over-The-Counter Market—Biggest in the World

Our Reporter on Governments

By JOHN T. CHIPPELLEDALE, JR.

The government market continues to bear and fill, with no change yet indicated in the considerably more bullish or more bearish attitude which has been very much in evidence as far as these securities are concerned. On the other hand, prices of common stocks have also been giving ground which adds to the confusion. Demand for funds appears to be as large as ever, even though interest rates are still in an uptrend. Money and credit conditions are as tight as they have been since 1929. This squeeze in the money market is resulting in considerable talk about a lowering or reserve requirements of the commercial bank.

With the government market as quiet and thin as ever, this means that there is no increase in the rather small attraction which it has had for investors. A modest amount of attention is being given to selected issues of the intermediate and long terms, but this is not significant in a very defensive market. Corporates and tax exempt obligations are still the principal mediums for the investment of available funds.

Business Borrowings Continue

Business borrowings are still extremely low from the point of view of higher interest rates. The latest survey by the Securities and Exchange Commission indicates that plant and equipment expenditures scheduled for the last quarter of the year will be at the annual rate of $3.7 billion. This figure indicates that plant and equipment spending is not being affected by the higher interest rate. Because of the current market, it is not expected that the Treasury will put out a security with a maturity even as long as a year. Tax anticipation certificates coming due in June, with an attractive return, is what the market is looking for in the impending financing of the Treasury. All the money might be raised by increasing the weekly offering of Treasury bills. This is not the kind of a money market in which the debt maturity can be lengthened.

Cut in Reserve Requirements Indicated

Because of the seasonal financial needs of industry, commerce and agriculture between May and the end of the year, the monetary authorities will have to make available to the money market and the deposit banks funds and reserves, unless there is going to be a squeeze that would be very unfavorable to the economy. This will most likely be done first through the purchase of Treasury bills, although there are opinions around that a reduction will be made in reserve requirements of the commercial banks in the not too distant future.

Stock Market Also Weak

There is no doubt but what the money market is so very tight, due to the policy of active restraint, that there is some relief in the coming shortly powers that be will defeat their own purposes. Not only must the legitimate needs of commerce and the farmer be taken care of, but the business of carrying on the govern- ment must also be met. Rising interest rates are not going to bring in any appreciable amount of credit into the picture, because it is just not available at this time. A reduction in reserve requirements, even though it should be only of modest proportions, or would involve only the member banks in the Central Reserve Cities of New York and Chicago, would go a long way toward relieving the extreme strain in the money market. This would not mean that interest rates would go down or that there would be an important change in the policy of active restraint. It would, however, make a certain amount of credit available, so that there might not reach the point where it would be unbearable.

Redding-Miller Formed

(Denver, Colo.,—Redding-Miller, Jr., is managing a securities business from offices at 931 East Sixth Avenue. Officers are Tucker E. Miller, Jr., President; Donald B. Robertson, Vice-President; Howard H. Reynolds, Secretary; and William D. Mitchell, Treasurer.)

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Organization

Federal Reserve Bank of St. Louis
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Terms Tight Money Irrelevant as a Political Ronald A. Beaton V.-P.
Campain Issue

Of Distributors Group

CHICAGO, Ill.—Ronald A. Beaton has been appointed resident Vice-President of Distributors Group, Inc., sponsors of the mutual funds of Securities, Inc., the Guaranty Trust Company, New York.

The Federal Reserve System, itself an independent agency of limited authority, is linked to the national Administration through Presidential appointments of board members. But appointments may not be removed by the President except "for cause," and officials of the Federal Reserve are free to interpret their responsibilities and perform their duties without dictation from any other agency or official, the article declares.

"Actually, the Federal Reserve has pursued a "let-alone" rather than a "tight" money policy, according to the Guaranty publication, permitting the money market to behave very much as it would in a completely free market would behave in maintaining balance between people's savings and the investments of business and other investors in plants, raw materials, inventories and the like.

"To appreciate the real meaning and implications of the difference between savings and investments, it is necessary to realize that these are not purely financial phenomena but call for financial reflection of underlying physical realities," the Survey reports. "A tight or easy situation in the money-market is the monetary expression of an unbalanced situation in markets for goods and services."

The Guaranty article asserts that honest criticism of the current money situation would point out that part of the critics understood that tight money—"if it is, as in the present instance, a natural development, when it is a reflection of tight goods, and a situation of tight goods cannot be corrected but only aggravated by an infusion of additional funds into the money market."

"A tight commodity situation can be corrected only by genuine savings and moderated demand, and these can be brought about by tight money."

In a condition of full employment resources, making more money available cannot increase the supply of goods and services but instead increases the demand for them and forces prices higher, the article declares.

"Stimulating demand in this way may result in the appearance of enhanced prosperity and permit a boom period to continue beyond the time when it would normally end by reason of the distortions and maladjustments that always develop under boom conditions, according to the Survey, which warns:

"The actual effect of the artificial stimulation of demand, however, is to make the distortions and maladjustments worse, so that the corrective process, when it comes, is correspondingly more severe."

Four With Hamilton

Observers report that the Denver, Colo.—Spencer T. Bennett, Sidney G. Hurtt, Forrest Nelson and Edward S. Shively are now connected with Hamilton Management Corporation, 445 Grant Street.

Harris, Upham Opens
New Oakland Offices

OAKLAND, Calif.—Harris, Upham & Co., nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange, has announced the opening of an office in Oakland, Calif. offices at 1400 Franklin Street which, according to Ferdinand W. Strong, Harris Upham Oakland manager, "will provide enlarged and more convenient facilities for the greatly increased number of investors and potential investors throughout the Oakland area."

Berry Office in N. Y. C.

Berry & Company, dealers in cotton, has opened an office at 37 Wall Street, New York City. The firm has two other offices, one in Plainfield and the other in Newark, New Jersey.

Continued from page 31

The Great Over-The-Counter Market—Biggest in the World

The Commercial and Financial Chronicle...Thursday, October 4, 1956
The Great Over-The-Counter Market—Biggest in the World

ivantely promote development. After a time we may find it practical to branch out into the fields of finance, commerce and agriculture.

We require a reasonable minimum both for the size of the enterprise and for the amount of our own investment in it, for a number of practical reasons. For one thing, there is a limit to the number of propositions it is feasible for our staff to investigate all over the world. For another, an enterprise must be of a certain size before it can easily compete for competent management. And finally, IFC would find it difficult to follow the progress of its investments, and to interest private investors in their purchase, if it scattered its funds among a myriad of small propositions.

On the other hand, we must have a reasonable upper limit to the size of our investment in any one single enterprise. To concentrate our resources on financing a few large projects would not be our aim, but the best way to control our mandate of stimulating private investment on a broad front.

Capital to Combine With Private Sources

I am aware of some question as to whether or not the amount of capital available is large enough to do the job. However, our capital will not march alone, but always in company with larger amounts from private sources. Also, we shall look in enterprises where we can participate with private capital, and bring more than our own funds. For some time in the future we expect to be more concerned with using our available capital effectively than with lack of capital itself

Like a new ship, the Corporation is beginning its trial run. It will take some time to test our policies, to have our staff gain the experience of working together, to build up reserves, against unforeseen contingencies and to establish the confidence of businessmen and investors in our judgment in and business with us. I think that our members and all other well-wishers will have reasonable patience while we chart our course in the initial period. I am confident that a prudent beginning will promote our long-term progress.

It appears to me that the launching of the Corporation has been timely. The world is in one of its periods of vigorous economic growth. The less developed areas are abandoning their status quo and the possibility of securing a better life for their peoples. Thus there is the opportunity of greater production and trade extending over greater areas of the world than ever before.

At the same time, the industrialized countries of Western Europe, their facilities rebuilt and improved after the destruction of the war, are again pressing vigorously into overseas markets and investments. Businesses and investors in the United States are developing new interests in venturing outside its borders. Science and modern machines open new roads to unparallelled production. And

Justified Confidence a Pre-requisite

However, it is only realistic to take note of certain obstacles which could greatly hinder or even prevent fulfillment of promise.

Investment in enterprise, particularly far from home, and the building up of industry and commerce, living not merely trade of the day but long-term plans and judgments of the course of events over the years. They take place freely only when there is confidence—confidence in reasonable political and economic stability, confidence that the rules will not be changed arbitrarily, and that efforts made will be fulfilled. Confidence in the standards of business conduct, in the treatment by public authorities of private investment, whether local or foreign, in the respect for validity of contracts—these things are essential to the growth and volume of private investment in the developing countries. And confidence is a plant slow to grow, but easy to kill.

In the face of actual actions by private parties, such as refusal to fulfill a contract, redress can be sought under law. But against similar action by governments, under claim of sovereign rights and powers, there is no such protection. Thus the conduct of public authorities is predominant in building up or destroying the confidence of those who control capital.

Unfortunately, each example of actual action in the world of international business, wherever located, affects not only the parties directly involved, but spreads to other investments to far distant areas. Thus, no country needing the aid of additional capital in its development, can be indifferent to actions or attitudes regarding the treatment of such capital anywhere in the world.

Our member governments have lent local or foreign, in the face of actions of Corporations the objection of stimulus which, given the right environment, would surplus any history which has seen. And in this expansion I see private initiative experience and capital playing an essential role.

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Continued from page 5

Advantages of Municipal Bonds
And Their Role in America Today

to be determined as a leg-
islative matter, with no constitu-
tional prohibitions, however.

There is no doubt this question will come up again. When, how-
soever, one knows. In municipal finance, the question of how
the bonds must be for a public purpose must be decided. In the
earlier stage it appears that the public

bonds or other bonds that the legislature decides to be a public
purpose, and the Supreme Court of
the State of New York in 1954 in the legis-
lative enactment so decided.

State and municipal bonds in the United States for over 180,000
separate jurisdictions are issued under 48 constitutions, thousands of court
decisions, and hundreds of charters,
and then, of course, the reso-


e's, and in about that order.

It is that particular source of origin or authority to show why
so often in your own community
your neighbor is provoked to play

how swankward and clumsy the
school board is or the village

— particularly businessmen
who have not had much to do
with government often express
such sentiments. Businessmen are
always ready to do the thing which is desirable and profitable
for their business but they fail to
realize that when it comes to a
municipality or school corporation,
proceeding to borrow money can be only provided by law, no
matter how worthwhile the
improvement.

Amount and Holdings

The estimated amount outstanding
of municipal bonds is about $465,000,000,000. This is the 1955
largest amount ever issued. In 1955 was a very close second at $35,000,000,

60,000,000. In its annual report,
the U.S. Treasury Department
assembles an estimate of the
value of outstanding municipal
bonds from information available. The
last estimate placed on where
municipal bonds are held is as follows: Federal funds 39.7%;
commercial banks, 22.5%;
government agencies, sinking funds, retirement funds, insurance
companies, 12.9%; savers banks, 13.3% and then a miscellaneous classifi-
cation of 2.8%

Types of Exempts

All of the tax exempt bonds, other than revenue bonds, may be divided
into two classes: general obligation bonds, known to the industry as General
Obligation bonds, and special obligation bonds. The General Obliga-
tion bond is one for which the entire faith and credit of the

is pledged for payment. The Special
Obligation bonds are payable solely out of a special fund
without a pledge of any other
assets or revenues of the issuer.

General Obligation bonds are payable from taxes levied without limit as to rate, amount or

its time, and there are various limits. These are known as limited tax bonds
in the industry.

The most generally used form of a bond is a bond where the
issuer cannot levy on real
credit for the whole of any one

revenue bonds, and revenue bonds, in a gross dollar amount. Som-
times the limit is for all purposes, sometimes it is for the purpose
credit. In addition to the

rate, as to amount, there are limits as to
time. That limit as to time is gen-

eralized, but if a bond which

would be known in the industry
as a specific tax bond.

To illustrate, the Florida Legis-
lature authorized one county to
levy a tax for payment of principal and interest from a specific tax to be levied
on all real estate for a period of
years from date of issue. The

amount authorized was limited and supported by that specific pledge to be levied
only during the period. If under
some circumstances the rate au-
thorized to be levied within the
years did not produce the dollars
necessary to discharge in full, the
issuer had no obligation provided, of course, the issuer ful-
lilled all the requirements of the
specified limits.

A bond payable from limited
taxes on real estate is still an un-
conditional promise to pay

bonds. In this type of bond, the

bonds, and the city will

have to support the general, and
be

or other sources if the limited tax on

real estate fails to produce the
dollars required if the issuer has

levied the rate at the full amount,

authorized to be levied and does

not have sufficient funds to pay

the obligation, the holder of that

bonds, and not to go into court and

have any tax rate levied above the

rate which was contracted for.
The holder does have a right to

be paid from any other monies

that the issuer might have available
for general purposes.

In the General Obligation bond
very often, there is a primary
purpose. To illustrate, in many of our cities, paving roads and

streets is often done on an assess-

ment basis against the property
benefited by that improvement.
The city will borrow the money in

order to do the improvement and
issue a General Obligation bond
of the city to get the proceeds.

Double Barreled Bond

In the revenue column of the
year in which the bonds are to
be paid off, the revenue will not
come from the tax levy, it will
induce the city to go to the
committees of ways and means
from a special assessment account
paid by the people subject to that
assessment, and used as the rev-

ue to meet the obligation of the

bonds, and not to go into court and

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bonds, and not to go into court and

have any tax rate levied above the

rate which was contracted for.
The holder does have a right to

be paid from any other monies

that the issuer might have available
for general purposes.
Kitten on the keys

At the control panel of Univac, the kitten has her paw on what is going on all over the 5,100 mile route of Chesapeake and Ohio—the first railroad to install a large scale electronic computer system. Univac provides information as fresh as this morning's sunrise for use by management in planning Chessie's future growth. Projected applications include recording thousands of shipments moved for thousands of C&O customers; accelerated revenue accounting and inventory control of the 65,000 items needed to run the railroad.

Every three months Univac goes through the list of Chesapeake and Ohio's 90,000 stockholders, figures how much each should receive at the current $3.50 dividend rate, and writes their checks at the rate of five checks a second.

In half a day it can make up the paychecks for $4,000 C&O employees, figuring what each receives for the number of hours he worked, plus overtime and less withholdings and any other deductions that may be indicated.

Adaptation of large scale electronic computing to railroad operation is another demonstration of Chesapeake and Ohio's willingness and ability to develop fresh techniques in the interest of superior transportation.

And this is just one phase of Chesapeake and Ohio's modernization program. New diesel locomotives, new cars, new track, new piers, new trainferrries, new yards, new signals and most of all—new thinking have made this a new railroad. A modern railroad, geared to the tempo of today—and tomorrow.

ILROAD GROW? A series telling what Chesapeake and Ohio is doing to make this a bigger, better railroad.

Would you like a portfolio of pictures of Chessie and her family? Write to:

Kinescope and Ohio Railway
309 Terminal Tower, Cleveland 1, Ohio

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Corporate Bond Market

An Arbitrager's Work

and then one share of stock for the following five years. They are offered either directly to the public by underwriters or, in a great many cases, they are offered to their stockholders by the subscription rights method. When they are offered by subscription rights, the issuance can either be underwritten or not underwritten. Sometimes they are designed to be such that there is no need for the company to go to the underwriter to be sure the bonds will be taken up. In other cases, they are issued just to sell at par, or designed to sell at par. In the latter cases, underwriters are necessary to ensure the success of the issues.

Now, let's see who buys convertible bonds. In the first place, all financial institutions buy them, banks buy them, insurance companies buy them, pension funds buy them, and they also buy bonds of the mutual trust type, estates, individuals.

Financial institutions buy them only provided they are of good quality. Usually, they don't even look at the term of the issue, they only look at the coupon rate. Moody's or Standard & Poor's ratings. Moody's top rating is AAA, the second is AA, the third is A, and the fourth is BAA. Usually financial institutions don't buy them unless the bonds have one of these ratings.

"Another condition is that the price doesn't exceed the investment value excessively. What I mean by that is, the valuation of a bond. It is the original issue price, whatever it was, and everything related to that. Anything above its investment value is attributable to the conversion rights."

In the last few years, the principal buyers of this type of security have been individual investors. This has been so because the banks have financed these private issues with individual investors on a very small margin basis. Up until the last few months, loans could be arranged in the banks on 16% margin. The interest rate would vary from 3.5 to 4%. As you can see, such investors are paying very low coupon rates far in excess of the amount they would be willing to take in buying common stock.

Recent American Telephone Bonds

Take, for example, the recent issue, issued last fall, of American Telephone bonds. At that time, the American Telephone Company issued some $550 million of convertible 3% debentures. Those bonds were convertible into stock at $141 4/8, at which time the stock was selling somewhere around $147 or $148.

Well, practically no institutions bought those bonds because they didn't want to take the conversion value. They were 15-year, 3% bonds, and the investment value, if you remember correctly, that time they were around 110 or 112, and the bonds were selling somewhere around 127. So institutional investors were more or less held back from buying these bonds. Let's take a look and see who bought them.

First, the original stockholders who got the original rights to buy these bonds took up 50% of the issue or somewhere around $250 million of these bonds. Private investors bought the balance which amounted to about $320 and $330 million. These investors were financed entirely by the banks putting up for each $1000 of par they issued about $13,000 of their own money and borrowing the balance at between 3%-3.5%. These investors make a profit on what they were receiving in interest and the cost of carrying their bonds. However, the majority of them participate fully in any future rise of American Telephone stock. If they had bought 1,000 shares of American Telephone stock on the Stock Exchange, they would have had to pay $172,000 for the 1,000 shares, and the money borrowed was 30% of its market value. If the underwriters made 3% on the issue, these investors were able to participate in any rise in American Telephone stock.

Everyone did very well. In the last few weeks, they have been up as high as $107 3/4 a share, so they profited from five to 10 points on their purchase. The Telephone Company's mission was also accomplished, out of the original issue of $500 million, today there are only $80 million in bonds left. All the rest have been converted into stock.

In addition to aiding in the distribution of these Telephone convertible bonds, it provides a further function. He sells investors these bonds and arranges the trades and arranges the arbitrage business. He converts Telephone stock in these bonds. The price at which we're willing to trade is based on the market price of these bonds, and not the price which with American Telephone stock at anything. For example — American Telephone stock is trading at 182%, my bid for the bonds is based on that price less our expenses, and the interest charges, floor brokerage, and transfer taxes. So the profit of bonds from investors desiring to dispose of such bonds, sell the necessary amount of American Telephone stock and make a small difference, the difference is the value.

As you can see, it's not a business one gets wealthy on. However, it's profitable because of the competition since, out of the original issue of $500 million, today there are only $80 million in bonds left, and the company, unfortunately, has got down to only $70 million in selling money, but decided to do it by the common stock route this time, in the offering. They are offering these stockholders the right to buy one-for-one of these, arbitrageur who are sold on what they've done in the past — offered a convertible issue.

Fred Fowles on Bank's

Now, you might ask, why do they do this? The reason they did it, in my opinion, after checking around a bit — I think it is, the banks having realized that banks just wouldn't finance the bonds, they decided to make a bond issue a success. I'm sure you're read in the papers this week that the Federal Reserve Banks and the Federal Reserve System is this; it is also my opinion — founds out sending money to individuals to make sure that their speculative commitments in the security market are

Banks are certainly happy to lend to individuals and other dealers in the street, to finance their day-to-day activities; but they are not happy to lend their money to an individual who is speculating in speculative purposes and have to turn down individuals who need margin capital for expansion purposes or to

Continued from page 37

The Great Over-The-Counter Market—Biggest in the World

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Market Capitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton National Bank</td>
<td>Knoxville, Tenn.</td>
<td>$500 million</td>
</tr>
<tr>
<td>Hancock Oil Co., Cl. B.</td>
<td>27</td>
<td>150 million</td>
</tr>
<tr>
<td>Hannon &amp; Co.</td>
<td>20</td>
<td>25 million</td>
</tr>
<tr>
<td>Hannu (M. A.) Class B.</td>
<td>22</td>
<td>120 million</td>
</tr>
<tr>
<td>Hanover Bank (The) N. Y. Co.</td>
<td>104</td>
<td>200 million</td>
</tr>
<tr>
<td>Hanover Fire Insurance Co.</td>
<td>103</td>
<td>242 million</td>
</tr>
<tr>
<td>Hansen Van Winkle</td>
<td>13</td>
<td>25 million</td>
</tr>
<tr>
<td>Saher, deutscher und polnisch-danziger</td>
<td>42</td>
<td>9 million</td>
</tr>
<tr>
<td>Harris &amp; Tsvys. Bk. (Ch.)</td>
<td>48</td>
<td>100 million</td>
</tr>
<tr>
<td>Harrisburg Hotel Co.</td>
<td>33</td>
<td>30 million</td>
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<tr>
<td>Harter &amp; Son, Bm. Inc.</td>
<td>19</td>
<td>5 million</td>
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<tr>
<td>Hart &amp; Son, Bm. Inc.</td>
<td>19</td>
<td>5 million</td>
</tr>
<tr>
<td>Heald-Cartier Co.</td>
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<td>90 million</td>
</tr>
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<td>Heidelberg Brewing Co.</td>
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<td>225 million</td>
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<td>Hercules Cement Corp.</td>
<td>10</td>
<td>445 million</td>
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<td>Hershey Creamery</td>
<td>24</td>
<td>50 million</td>
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<td>Hershey Manufacturing Co.</td>
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<td>15 million</td>
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<td>Heywood-Wakefield Co.</td>
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<td>25 million</td>
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<td>Hibberts National Bank</td>
<td>17</td>
<td>75 million</td>
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<td>Higbee Co.</td>
<td>12</td>
<td>11 million</td>
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<td>Hingham National Bank</td>
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<td>20 million</td>
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<td>Holyoke State Paper Co.</td>
<td>85</td>
<td>11.5 million</td>
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<tr>
<td>Home Dairy Co.</td>
<td>13</td>
<td>75 million</td>
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<tr>
<td>Home Insurance Co. (N. Y.)</td>
<td>82</td>
<td>2 million</td>
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<tr>
<td>Home Telephone &amp; Telegraph Co.</td>
<td>36</td>
<td>95 million</td>
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<tr>
<td>Home Title Guarantee Co.</td>
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<td>15 million</td>
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<tr>
<td>Hook Drugs, Inc.</td>
<td>21</td>
<td>5 million</td>
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<tr>
<td>Hoover &amp; Allison Co.</td>
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<td>60 million</td>
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<tr>
<td>Hooper &amp; Sjvons Co.</td>
<td>22</td>
<td>5 million</td>
</tr>
<tr>
<td>Houson &amp; Allison Co.</td>
<td>22</td>
<td>5 million</td>
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<td>Hotel Corporation of America</td>
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<td>210 million</td>
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<td>210 million</td>
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<tr>
<td>Houston Natural Gas Corp.</td>
<td>21</td>
<td>100 million</td>
</tr>
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<td>21</td>
<td>100 million</td>
</tr>
<tr>
<td>Hudson (T.) Peanut Co.</td>
<td>19</td>
<td>57 million</td>
</tr>
<tr>
<td>Huyck &amp; Sons</td>
<td>50</td>
<td>130 million</td>
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<tr>
<td>I-T-E Circuit Breaker &amp; Mfg. Co.</td>
<td>16</td>
<td>80 million</td>
</tr>
<tr>
<td>Idaho First Natl. Bank (Boise)</td>
<td>21</td>
<td>85 million</td>
</tr>
<tr>
<td>Ideal Cement Co., Portland</td>
<td>42</td>
<td>23 million</td>
</tr>
<tr>
<td>Ideal Color Co., Portland</td>
<td>21</td>
<td>150 million</td>
</tr>
<tr>
<td>Imperial Sugar Co.</td>
<td>18</td>
<td>40 million</td>
</tr>
</tbody>
</table>

*Details not complete as to possible larger record.
 Adjusted for stock dividends, splits, etc.
The Great Over-The-Counter Market—Biggest in the World

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Corporate Bond Market
And an Arbitrager’s Work

finance their day-to-day inventories. I believe the Telephone Company checked with the principal NDW supplier before making their learning their decision, decided to go to another supplier. This was unfortunate for us. It was away one of our nice day-to-day business ventures, but we hope there will be other things along.

American Telephone bonds are convertible. American Telephone bonds usually sell at par with the stock. They receive a fixed premium above the stock and some of these dividends from the stock into which they are converted. I would like to give you an example of a bond that is selling at a premium above its conversion price, and that is the Combustion Engineering Company 3 341/2%, $1,000 par bonds, due 1981.

Selling Below and Above Conversion Price

This bond carried a BAA rating, the fourth highest in the bond market. It is convertible into the common stock of Combustion Engineering at a price of $30 a share. That common stock is selling in the market—I believe it is at $28 a share. Therefore, you see, if that man converted his bonds into Combustion Engineering stock, all he would realize is the par value of the bonds which are selling at $1,006 per thousand today.

Now these bonds are selling at 106, as I said before, and their yield to maturity is 3.94%. This is a debatable point, but we figure the bond is worth a BAA, 3 3%4, 25-year bond, is worth about $1, or 3.95% basis in today’s money market. Therefore, you can see that the investor who is going to be the Combustion Engineering bonds at 106 is paying about $106 basis a share for the call on Combustion Engineering stock, at about a price of 14% above the market. Now, what do they do this?

Well, I’d like to do this because these investors feel that Combustion Engineering Company is a very sound company that will share in the long-term growth of the utility industry in which its products are manufactured. The profits that these firms are also involved in the atomic and nuclear power development programs. You might find that this company manufactured the atomic submarine Nautilus. Therefore, as well as being a growth company, Combustion Engineering has the added attraction of involvement in both atomic and nuclear fields. Thus an investor paying 106 for these bonds has a possible downside risk for 15 points, but on the upside, the sky is the limit.

Now I’d like to give you an example of a bond that is selling at a discount. That is the Detroit Edison convertible debenture, 15-year bond, which is now selling at 92%, which means that they are convertible into Detroit Edison common stock. The common stock is selling at 35$, and therefore, if you could lock in this rate immediately, you could realize about $1.00 above par.

Since these bonds are rated A by Moody’s, they have an investment-grade rating, which is about our opinion, of about 102, or a 3.25% interest rate. This investor is only paying seven points above the true worth of the bonds for a call on Detroit Edison common below the market.

However, these bonds are not convertible until Oct 1, 1958, two years from now. The Detroit Edison Company inserted this provision into the indenture of these bonds because of the purpose of the issue. The money provided by the sale of these bonds is to be used to build new power plants and related items. These plants take several years to complete. Therefore, the allowable rate of return won’t be earned on this money some time. However, by October, 1958, these new plants should be in full operation and should these bonds be fully converted at that time, there should be no dilution in the per share earnings on the common stock.

These bonds are very attractive. Detroit Edison has got the normal growth of most utilities, normal to the utility industry in general. Contrary to most thinking, it is not a very cyclical industry. You would think that because of the automotive industry, which is a cyclical industry, the Detroit Edison would have its ups and downs. This is not true, because very little power is supplied to the automotive industry, and despite the many layoffs and the cutbacks which took place in Detroit, Detroit Edison still managed to increase its gross and net income. It thinks well of Detroit Edison, as I do, and is willing to buy the bonds for a period of years, should end up with a very nice capital gain.

Factors Affecting Bond’s Price

Let’s see what makes the price of these convertible bonds in addition to what I’ve told you about. Most important in my mind is the rating they get; in other words, how good is the bond? The bond of a big company like Bethlehem, Steel will sell, all things being equal—conversion rights and other things being equal—that will sell at a higher price than bonds of Wheeling Steel, which is a smaller company, in the same industry.

Convertible bonds of RCA, which is a gigantic company in the electronics field, will sell at a higher price than bonds of a smaller electronics company. So the rating which they get

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Corporate Bond Market
And an Arbitrager's Work

from the agency, which is de-
pendent on the asset coverage and earnings coverage, and so on, is important.

Second, the interest rate and
call price.

Third, the conversion price.

Fourth, the size of the issue. All things being equal, a $3 million issue of a company with a $15 million issue is the higher price, due to scarcity, than a $50 million issue.

So those are the four important items that go into making up the price at which convertible bonds sell.

So much for convertible bonds.

Arbitraging Bonds Resulting
From Re-organization

The third category of arbitrage is bonds that emanate from cor-
porate re-organization, from mergers, bankruptcies, proceedings something like that.

Up until this past spring, Wall Street was very, very active in this type of thing, but this type of arbitrage has really gone the way of all flesh now. The last big deal we had was Missouri-Pacific Railroad, which became effective and was consumated last March. Before that, beginning in 1946 on, we must have done 30 to 30 re-organization plans of railroad companies. We also used to have a lot of public utility break- up situation which came under this category; but in these last few cases very few bonds were involved. There has been an increase in the number of the arbitrager in those railroad re-organizations? They were two-fold.

First the arbitrager kept the market for the existing securities in line with the new securities which were to be offered in exchange. We did this by buying the old securities and selling off on a when and if issued basis the new securities. We'll do this for a period of 60 days. From 2 to 290 depending on the length of time involved on consummation of the plan and the risk as to whether or not the plan would ever be consummated.

Secondly, by doing the type of transaction I just mentioned, we actually shifted the plan's consummation. All re-organization plans, under Section 77 of the Bankruptcy Act, required a two-thirds favorable vote. Our long security is usually voted in favor of the plan. Furthermore, the arbitrager was able to judge the fairness of the plan on a dollars and cents basis because of the markets in the new securities that were created by the arbitrage fraternity.

In addition to railroad re-or-
ganization, another type of bond transaction that has been going on recently is companies swapping their preferred stocks into income debentures. Consider, for example, the recent offer by the St. Louis-San Francisco Railroad to its preferred stockholders to exchange its outstanding 5% preferred for income 5% debentures, plus one-fourth of a share of common. This is a good thing for both the company and the investor. The company saves 50% of the dividend payments that it has to make on its preferred stock. In return, the investor earns a little more than 5% before taxes on the income debenture.

Secondly, it's good for the secu-

Further, there are many other types of arbitrage activity that have nothing to do with bonds, such as liquidation situations, mergers

—lots of them have been going on lately which only involve the common stock—corporate simplification, which only involves com-
munications and preferred stocks. But I won't go into them now.

Firm Name Changed
To Strader & Co.

L. T. Strader, president of the firm named Strader, Taylor & Co., Inc., Peoples National Bank Build-
ing has changed the name of the firm and Company, Incorpor-
ated, Officers are L. T. Strader, Presi-
dent; Philip L. Strader, Execu-
tive Vice-President and Treas-
urer. Other Officers are M. J. Stra-
er, Vice-President; D. F. Rednavedo, Jr., Assistant Vice-President and Marmion F. Wright, Assistant Secretary.

The change in name was announced in a New York Times ad.

Ludwell A. Strader

Hornblower & Weeks
Admits Three Partners

Hornblower & Weeks, 40 Wall Street, New York City, nation-
wide investment banking house, and brokerage firm, has announced the admission of three new general partners. They are George Vieira and Edward Milton and Lafan, both resident in New York City, and Oliver H. Heighway, resident in Chicago.

Both Mr. Vieira and Mr. Lafan have been associated with Hornblower & Weeks for many years, the former joining the firm in 1922 and the latter in 1926. Mr. Vieira is the firm's controller, and Mr. Lafan has for the past seven years served as assistant to the manage-
ning partner.

Mr. Heighway, who joined Hornblower & Weeks in 1943, is head of the Municipal Bond De-
partment in Chicago and is ac-
tively identified with many phases of the municipal bond business.

Karl Herzer To Be
Winslow, Cohm Partner

Winslow, Cohm and Steetman, 26 Broadway, New York, for the New York Stock Ex-
change on Oct. 4th with Karl P. Herzer to partnership. Mr. Herzer was formerly a partner in R. L. Day & Co.

Elections Two New Directors

STAMFORD, Conn. — Norman I. Schaffer, President of Consolidated Electrical Corporation, manufacturer of aircraft ground support, power, and test equip-

ment, has announced the elec-
tion to the Con division of two new directors, Mrs. Esther Addison and Gerald Rosenbery.

Mrs. Rosenbery is the former Robert le-Van Ahtyne, Noel & Co., New York, and has been associated with Jerrold Electric Corporation, Philadelphia, Pa.

Mr. Rosenbery is technical sales manager of Con Division.

Joins First Floridas

(Special to The Pittsburgh Commercial)

WINTER HAVEN, Fla. — Walter H. Mcintyre, Jr. is now associated with First Floridas Investors, Inc., 122 West Central Avenue.

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The Great Over-The-Counter Market-
Biggest in the World

Continued from page 37

The Commercial and Financial Chronicle... Thursday, October 4, 1956

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Volume 184 Number 5574... The Commercial and Financial Chronicle

Inflation—The Termite of Civilization

Loss of confidence in its money, which, in the final analysis is fatal, is the to everything we cherish under this Republic if we fail to reduce the national debt by at least three to five billion per year and discard deficit financing except in periods of national peril.

Even the "Foundling" Fathers were too wise to let these dangers and warned against them. And why? Because they were historically minded. They were close students of world affairs. They knew what had brought about the rise and fall of nations. That is why they attempted through the Constitution, to map out the safe way to pursue, to establish and to perpetuate the principles of government on a sound foundation, and not with those for which they gave so freely their blood and treasure. They knew that any departure from that safe-charted highway of sound and recapturing the control of Federal spending at the earliest possible moment, which will be the only guarantee against that "termite of civilization" among its victims.

But need we look beyond the waters or even cite the teachings of history to be convinced that right now in our own land, in this reputed sanctuary of freedom and liberty, we must not, dare not, continue to tamper with the deadly explosive of excessive national debt and the resultant printing press money which has blown one civilization, one culture, after another, into oblivion.

Power of Discernment

Back then to our question. Do we possess power of discernment? What do present movements mean to us? Do we realize what it is all going to mean to the entire world and civilization? If not, we are the only one that can make the first move to purchase the electorate, no matter how much they bid, the day of reckoning is at hand.

The men who controlled the destinies of all nations are now neglected. They were invited. They came into money power because of the breakdown of solvent government. They own Mutual for national gone bankrupt. Possessed of a superior power of persuasion, coupled with native acuity and a burning passion for power, these men were and that their day had arrived. They witnessed the accomplishment of power. They saw before them the beckoning, vacated seats of power made so by the breakdown of solvent governments. Coming out of comparison, other men than they, when a debased Money system had exposed its tragic tale, the dictators on horseback captured the imagination of the people and rode away with the unsuspecting and apathetic masses. That is all it had happened "Over There."

What Made Dictators Possible?

But what made their advent possible? It was the debased currency, ruthless taxation—that was what made the demon of debt, deficit spending, a disregard for solvency. Houston, according to presidential or legislative proclamation, virtually invented the debasement of the gold standard. They were the barons of a finance, consuming all the substance of the people. They directed the legislature then the emergency; then chaos; then the currency; then the total nation? extermination. It could be logically argued that inconceivably, printing press, political money was one of the great causes of World War II.

Gigantic Economic Terror

We know, and it is a teaching of all history, that back of each and every ultimate uprising of the people, the looming gigantic economic terror. Whenever, and wherever the livelihood of the people has been sucked up to maintain men in power, to sustain a top-heavy government created by printing pro-understanding of the people, to purchase the electorate, no matter how much they bid, the day of reckoning is at hand. The men who controlled the destinies of all nations are now neglected. They were invited. They came into money power because of the breakdown of solvent government. They own Mutual for national gone bankrupt. Possessed of a superior power of persuasion, coupled with native acuity and a burning passion for power, these men were and that their day had arrived. They witnessed the accomplishment of power. They saw before them the beckoning, vacated seats of power made so by the breakdown of solvent governments. Coming out of comparison, other men than they, when a debased Money system had exposed its tragic tale, the dictators on horseback captured the imagination of the people and rode away with the unsuspecting and apathetic masses. That is all it had happened "Over There."

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Inflation: The Terrible Of Civilization

effectively in their own interest and for the perpetuation of their own power. How People Give Up Freedom

They knew men’s lust for power; that once entrenched, they reluctance yield their positions that they create emergencies to perpetuate those positions. They knew that they surround themselves with hunger, hardship, and fear to build up a vast, ever-increasing, tax-consuming army of serviceable employees, that by means of lavish contributions taken from the pockets of the people, by a systematic erosion of the public treasury, individuals, States, and their political subdivisions, can all be made to relinquish their time, their labor, their independence, in favor of an ambitious central government. These men had seen how human nature operates: how easily men can be duped and sold down the river, how readily they can be betrayed. Out of the wealth of their own men and their power of discourse, they gave to us that unprecedented instrument of human liberty, the Constitution.

But no sooner had that Magna Charta, with its priceless Bill of Rights, been signed in blood than it became immediately an object of insult. These attacks have never ceased. They have increased in intensity and intensity. We need not recite the happenings of recent years. They are grievous to us all. But, once again, once again we come back to the same point. How are they to be made clear to the man on the street, to the middle-class individual, to the man who has no more than one vote to the man who casts the controlling vote?

No Other Country

It cannot be maintained that no other country could have so ruthlessly violated sound principles of constitutional government as we have without suffering complete and utter collapse. In the eyes of those who revere the Constitution, it is the same as if another country had been made to the middle-class individual, to the man who has no more than one vote to the man who casts the controlling vote? It is startling to be reminded as was recently done by the Institute of Life Insurance

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Continued from page 39

The Great Over-The-Counter Market—Biggest in the World

Continued on page 41

The Commerical and Financial Chronicle... Thursday, October 4, 1956
Continued from page 40

Inflation—The Termite

Of Civilization

contract public indebtedness—
the only one authorized to determine
what proportion of the public's
current expenses of government and
public functions are citizens' obliga-
tions; to be the only borrower of
funding Federal agency, as pre-
scribed by Congress.

Make government withdraw from the activities and control over
its own tax-paying citizens; to
continue to regulate and super-
vising people not to participate in
the manifold affairs and transactions of busi-
ness.

Restore to the States their once
proposed power as independent
commonwealths, supporting their own
economy and safety within their
own area.

Recreate a tax-conscious elec-
tory, and strip the self-reliant army of
America's best citizens, holding
him to the tax for to meet current expenses of a
spreadthrift government, will be
the survival of our free country be
assured. That this government is
worth preserving, only we who
will admit. To save all, we must be
tax conscience. Those who
are assessed to perpetuate it, are
not conscious of its priceless worth.

Keep Relief Non-Political

Take care and keep relief out of
politics. The crying need for the
restoration of all these keys to
honest, solvent, and humanitarian
government seems so obvious as
to require neither comment nor
ore.

But perhaps one state-
ment at this point is necessary.
It has to do with relief. No citizen
should have been naive enough
to believe that a change of govern-
ment would solve the problem
overnight. At best it could only
slow up the trend, because the
technique of exploitation and
the relief vote has been so perfected,
and its vote-getting efficiency so clearly
established, that politicians of the future,
knowing that millions of
enlightened, will be disposed to continue the tricks
and ruses employed by the pol-
ticians. The citizen must warn;
not be confused.

At the outset we must know that the
destruction of savings and the
depression of consumption, brought on by ever-increasing
government debt, and the
ultimate effect on the energy
and capacity to care of the
people, if it is the thrifty and
citizen who the government who
and does not provide the money
for that purpose.

Finally, the interests of those on relief are identical with
the interests of all that
thrive America.

And why? Because govern-
ment cannot continue to care for
the needy once the capacity of the
people to take care of the
processing.

Re-Establish the Gold Standard

Re-establish the gold standard.
Gold is a gift to the world from
an all-wise Creator. There is no
substitute for it. The gold
standard千年, without it as a base for national
and international stability, and civil-
ization could not have emerged from the
Dark Ages. It is the only insurance against
ruthless politicians debasing
and destroying American credit and
to changes and money systems of a
civilized people. It is a
reassurance of the all-wise
Presence to prevent a reign of
monopolistic, corrupted and polit-
ically managed medium of exchange
in our lives. Without it, there
will be an automatic watchman on the
tower of the government of free men,
to guard against the poison of
totalitarianism entering the
stream of sound money. No honest
and informed American ever
turned his nose at Fort Knox.

The points mentioned above are
fundamentals of a sound, solvent,
democratic, representative gov-
ernment. There is one other as-
pert of inflation that must have
immediate legislative action. Gov-
ernment must recognize the rela-
tionship that there is between the
National Labor Relations Act and
Inflation. Every time a strike
is called and higher wages are
granted, one more step is taken
against inflation. Higher wages
mean higher prices, and higher
prices must be met again by an
increase in wages. Thus the dan-
gerous virus of inflation moves
progressively to the uncontrolled
stage.

You and I know how vital en-
listed dollars were in winning
devastating wars, how they made
the planes, the tanks, the
submarines, the destroyers. Men, mat-
ruals, and money saw us through
these crises, and only sound money
will now keep us out of a new
crisis. Now that the Ship of State is in the
harbor to contemplate cold-
low war problems, she must be an-
chored to honest American money.

Do Not Debase the Dollar

With millions of Americans
owning billions of the bonds of
the United States, certainly the
government owes it to its people
when it asks to buy its bonds, to

do everything it can to avoid un-
necessarily increasing the total
cost of government, and not fur-
erly destroy the dollar's ability
to balance the budget, and to keep the ultimate
debt down to an amount which
can be met without destroy-
ing the value of the dollar, and the
value of the savings of millions of
people.

It's the duty of all good citizens
to sound the alarm that only when the
budget is kept in balance, and the
national debt reduced, will the
American dollar have insurance
against becoming a cold-war ca-
aly, with all that this tragedy
may bring. It must be made plain
to the man on the street, the
worthy, the hopeful, trusting benefactors of
Federal income who have been on the
firing line, and owners also of government life
insurance in the billions, what
waits them if our elected repre-
sentatives fail to stop the creeping
paralysis of inflation now destroy-
ing the purchasing power of our
dollar.

No administration can violate
its promised and prove to the
people reposed in it, that the
administration, when any adminstration, no mat-
ter what its personnel or its pol-
itics, will deceives the people, it
bears its sacred trust. No higher
duty can be imposed upon any
government than the duty to keep
the dollar strong and stable. This is a
sacred obligation, imposed by all
the divine laws that have been
given. No man, no party, no
government can break faith with
those who govern and the
retributive justice. God is slow to
forgive those who betray their
Continued on page 42
Leonard Hanauer with Ira Haupt & Co.

Ira Haupt & Co., 111 Broadway, New York 6, N. Y., number of the New York Stock Exchange, announce that Leonard Hanauer has joined their firm as a member of the executive staff of the Municipal Bond Department. Mr. Hanauer will be concerned chiefly with the underwriting and financing of municipal revenue bond projects.

A veteran of the securities business for 43 years, Mr. Hanauer in 1929, joined the firm in 1931 and has been a partner in the firm of J. B. Hanauer & Co., which is engaged in the underwriting of individual and institutional accounts. He is a leading specialist in New Jersey bonds in particular.

He has served as financial advisor and banker in the sale of bonds by various Park and Sewerage Authorities in a number of New Jersey communities and at present, he is financial officer and banker to the Parking Authorities of Morristown and Paterson in New Jersey.

N. Y. Financial Writers

Annual Dinner

The 15th annual dinner and show of the New York Financial Writers' Association will be held on Friday evening, Nov. 16, it has been announced by Frank Wm. Reed, President.

The theme of the dinner and finance will join key figures in government and labor to dine and view the production of the Financial Follies of 1956, in the Grand Ballroom of the Americas-Host Hotel.

Mr. Reed pointed out that dividends and dividends will close on Monday, Oct. 8, the deadline for acceptances.

With J. R. Williston Co.

(MEMBERS OF THE FINANCIAL CHRONICLERS)

MIAMI BEACH, Fla.—James B. Williston has been connected with J. R. Williston & Co., 631 South Beach Road, Miami Beach, Fla., which have joined the staff of Richard A. Harrison, 220 North Sixth Street, New York City.

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Northwestern Mutual Life Insurance Co. 20 1.00 85 1.3
Northwestern Pacific Public
Electric and gas public utility 10 0.55 16% 5.6
North Western St. Louis Cement Co. 22 10.98 37 2.6
Norton Chemical Co., C. B. 31 0.00 17% 5.2
Novozyme Co., Inc. 29 19.27 36 1.2

Continued from page 4

Current and Prospective
Stock Market Outlook

too well known to promise to be of much use in the next ten years. It is axiomatic that what everybody
knows stock market-wise isn't worth knowing. These success¬
cful rules, followed by the smallest odd-lotter up to the big¬
gest institution, have been simply to buy the best and sit with it. All of us—you and I—we all want to
prosper in the future, had better bury these rules right now and find the new key market profits. I think the key is sure to be changed.

I can not tell you now what that new key will look like. Each of us will have to find it out according
to his own way of thinking as time goes on. But I can at least indicate that investment success in the next ten years is more like¬
ly to come to those who at times can get bullion on cash as well as equities and to those who can
dig out special situations—outside of the favorities of the day.

Concentration Pays Off, Too.
There will always be profits among the leaders because of the situations by their very nature
only bloom in a favorable climate as far as prices are concerned. It should also be realized that every stock that makes up the averages do not move as much. After all, the market had made a tabulation of the price performance of the thirty Dow-Jones Industrial averages in the three segments of ten issues each. The averages are divided into three stock record yielded a capital gain of approximately 200 points. Jones Industrial Average itself, of course, participates in the middle group with a raise of about 140%. This illustrates that even among the leaders there is no guarantee of return rather than diversification pays off if property done.
The last ten years have been very unusual ones in the stock market. It is certainly not possible when the best of our corporations can not change their price in that period. The underlying, however, has been inflation, and inflation is still with us. Inflation has also been the ability of a minority of corporation managements to cope with the situation.

Can You See The Future?
What have the next ten years in store? Of course, nobody knows. However, I think it is only com¬
mon sense not to expect a similar upsurge but to base investment policies on a more conservative basis. In fact, I would think it is next to impossible for our 26 corpora¬
tions with more than a billion dollar gross sales to become multi¬
 billion dollar corporations unless the value of the dollar goes down correspondingly.

The other day, I was asked to get an estimate of the value of a management stock option of one of our leading corporations. The option was ten points under present market price and was for a certain number of shares per year over the next ten years. Be¬
cause it or not I could not develop any tangible value for the option. The person in question was trying to evaluate his current salary plus option as against a higher salary without option. Of course, in a smaller concern and with different terms the result may not have been true, but the story does illustrate the difficulty.

Inclusive declines in the stock market occurred from 1929 to 1932 and from 1937 to 1942—and from 1946 to 1949. Each decline varied in character but different recent markets in being relatively general. There was a con¬
crete general decline, perhaps next year, should be considered by today's speculator.

Investors Are Careful
As a practical matter, the necessity of attempting to hold stocks a minimum of six months for tax
purposes complicates investment policy in a great deal. Investors can not sell and buy back if they change their minds without losing a relatively tax dating. Bearish
views in the final analysis are only possible when the market is far from the mark. It is human nature to be optimistic, but is human nature to want to deposit "divi-
dend money into your account rather than risk your money." This holds true even if the dividend credit is followed by a damaging non-participating action which is the dividend collected.

Consequently, every person has his own idea of being prepared for a bear market or how to par¬
ticipate in a bull market. There are very few who want to be short in a bear market and have all the law will allow them to buy and be short in a bull tide is in. Most inves¬
tors will use a far narrower point of view. Perhaps they want to be 95% in equities when they feel most optimistic and 60% in equities when they feel pessimistic. This misguided point of view is going to complicate investment advice a great deal in the different kind of market we possibly have ahead of us.

So much for investment philo¬

ogy. Now as to the current stock.
I am a stock broker in both the dictionary and modern sense of the word. A broker, according to the dictionary, is an agent. A stock broker is an agent for either a principal or client. In the modern sense, he is also relied upon for advice in many cases, so that a good stock broker becomes an in¬
vestor's advisor as well as a practical purpose, a trustee rela-

Stock Broker Is Not a Dealer
As far as I am concerned, a true broker is in no sense a dealer. A dealer buys securities at wholesale sales prices for his own account and tells them at retail prices to the public.

A true broker should not be a securities broker. He is a seller of service. He is out to sell himself and his firm to new clients. Once he has the clients, he might find that their immediate needs are best served by doing nothing at all.

I emphasize this because it has something to do with the current

Continued on page 44

WITHIN CONNECTICUT—DIVERSITY

Natural Gas Service (Straight 1000 Btu) is supplied in:
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Romano, Russell Mfg., South Thames C o c k, Sheffield Tub¬
metry Slubenthal, Stamford Rolling M i l l s, The Torrington
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Co., Union H ard w a r e & Tools, Warrengrown, Whitton Machine, Wilcox, Crittenden & Co.

The Connecticut Power Company
General Office: 176 Cumberland Avenue, Wethersfield, Connecticut

Annual Report on Request.
Current and Prospective Stock Market Outlook

market outlook. I am sold on the New York Stock Exchange as the greatest securities market in the world. I am sold on securities as the most satisfactory investment for both income and capital. However, we must be careful not to confuse these terms and just conclude that there are always good for you.

Equities are good for all of us if they are bought at the right time and sold at the right time. They are also good only if the right ones are selected.

Neither equities nor cash in the bank, bonds, mortgages, or other forms of fixed dollar investments are good indiscriminately.

Prefers Investment Trust to Savings Account

I will say this — that is if I had to act blindly I would rather own a good investment trust for one year than have a credit in a savings bank. However, as I said before, I expect a group of informed and intelligent lawyers to take a professional attitude towards investments.

In my opinion, the outlook now for the stock market in 1957 is not as likely to be favorable. The basic reason is that the market is in a technical position. This is another way of saying that too many stocks are in the wrong hands.

Both of these arguments of illustrating this is to tell you an anecdote of an explanation I gave to a liquor concern who knows nothing about the stock market. He did not uniters with a "technical position" meant. I asked him what would happen if I sold all of his stocks. If all his customers suddenly had the opinion that an added value in the liquor stores was imminent and decided to stock up for several months ahead. His answer, of course, was that regardless of whether the increase in liquor prices developed his customer would end up out of the market until they had consumed the liquor they bought in anticipation of the increase. Of course, stocks are not "consumed" but their ownership can be in the wrong hands.

Stocks Need Not Follow Price Inflation

The big difference to buy or hold stocks today is the threat of continuing inflation. However, the commodity indexes are moving up contrary to the securities indexes. The cost of living can go up without stocks following the pattern. What happens to the stock market is of course going to be influenced by the news. We have a great deal of unpredictable news immediately ahead of us. Who is going to win the election? What is going to happen in the Near East? Are the 1957 automobiles going to sell at the 1955 pace? Is money going to continue tight? Can consumer installment debt go any higher? The present market should respond diligently to good news and could decline on bad. I am not an economist but I suggest that the business background for the market may prove as unfavorable as the technical background for stocks. I realize that the market is high. Yields on the best stocks are low. This means that just "good business" is not enough to support further advances. If anything, the contrary business situation might suit the businessman but a dynamic business situation is needed to match recent stock advances and the buyers' anticipation. We should realize of course that the Averages are far from being indicative. Many stocks started to turn down as far back as 1955. For example, the gainers at the Dow from the so-called "Favorite Fifty" show a decline of over 20% from their 1956 peak, while the price ratio, pared with a decline of about 10% for the Dow-Jones Industrials, Stocks like Radio and Monsanto, both leaders in their fields, are off about 30%. These 19 stocks are at the calven of about 410 for the Dow-Jones Industrial Average. This illustrates the importance of individual stock movements as against average measurement.

Short-Term Outlook

For the short-term outlook, we have a good chance for either a pre-election rally or a year-end rally. It is certain to be very highly selective. At this time, it looks like leadership, if it develops, will lie among the major motors, steel and radios.

I think 1957 will therefore be a difficult year. It might resemble 1953. I do not know now whether individual issues will be able to move against the trend. Just be¬fore us lie two years of very heavy general public accumulation of stocks. At this point, some digestion of this accumulation seems inevitable. It should pay to wait before entering into new equity purchases designed for six months capital gains.

In closing, I know that despite what I have said here today everybody wants to know what to buy. Well, there is a bearer stock, six inches by two and one-half inches, black on the front and white on the back, known as the U. S. Dollar. It may be that dol¬lars will buy less of many items in 1957 but they may buy more shares of stock before the year is out.

Dewey, King Branch

PHILADELPHIA, Pa.—Dewey, King & Johnson have opened a branch office in the Western Pennsylvania Savings Building under the direction of Frank M. LaPetina.

First Investors Branch

JAMAICA, N. Y.—First Investors Branch office at 89-46 163rd Street under the management of John L. Murphy.

Hincks Bros. Addrs

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B hundred has been added to the staff of Hincks Bros. & Co., Inc., Main Street, members of the Midwest Stock Exchange.

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Penn Fruit Company
Philadelphia Bank Stocks

Philadelphia Bank

Copy of the Philadelphia Inquirer 1956 Delaware Valley illustrated supplement sent on request.

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* Details and complete as to possible longer record.
1 $100 par stock dividends, $162.50, etc.
The Great Over-The-Counter Market—Biggest in the World

Continued from page 3

Future Interest Rates and Prices

The Unstabilizing Forces

managerial or technological prog-

Stimulated by the inflationary

program and the retail and ad-

America industry is straining

its fabric. A new automobile,

and plant equipment are to

published an estimated $35 billion, $6 billion

and also a record. And they may

draw the estimates.

The central impact—stimulated also by a record dollar vol-

of exports affects the con-

sumer, too, higher incomes increase

The demand for

automobiles has fallen off, but is expected to

recover in the fall

the new models will be roll-

ing out. (Even so, the volume of

production needs to

gain in the new years.)

When people buy fewer fall

billion speculators more on semi-durables and not-

all-durables. Witness the

gross rebound of railroad and

chain store sales, showing in the first nine months of this year

9.3% gain over the same period of last year. This is one of the

issues of the New York First Na-

cional City Bank’s “Monthly Let-

ter.”

“Between record-breaking em-

and the pattern of the stan-

sitional wage boosts which reached its climax with the steel settle-

ment, it is little wonder that con-

sumer income is setting new

records. In June personal income

achieved the seasonally adjusted annual rate of $232 billion, op-

ning June, 1955, by $18 billion.

As personal income and family

expenditures also have risen to

new heights. However, roughly one-third of the advance in retail

sales during the first half of 1956

represented higher prices, rather

than increased personal vol-

ume. . . .

The reverse of the ceaseless

spending spree is a slow-down of savings. Last year consumer sav-

ings fell to 6.2% of personal in-

come from 7.1% in 1955. If they

have recovered this year but

without reaching 8% of disposa-

ble income, the minimum necessary to keep the supply of savings in balance with the

demand for fresh capital. The difference between today’s income and

credit—bank loans, in particular, are skyrocketing, endangering the

liquidity of banks which deplete their bond portfolios and build up their

cash assets. In one year’s time—from June to June—bank

loans probably exceeded the

$65 billion; bank portfolios of U. S. Government obligations were reduc-

ed by 86 billion. The infla-

tion-fever is mirrored in the

money markets. Rates hit new

highs in the same 12 months at the breath-

kneel of 1955-56.

As the demand for funds shows no sign of relenting—Federal, state and

municipal pure and sure collateral guarantees, contribute a ma or

more, but the questions is: how can the banks provide the

supplies? Further monetizing of their bond portfolios would raise very serious

liquidity problems. The conven-

ience rate of 6.1% between net

worth and risk assets—it used to be 10 to 12% in the good old days—

any longer; but it cannot be disregard-

ed. The problem will be further

exaggerated, for bank examiners have something to say about that.

Fresh funds are very slow in finding their way to the banks by the usual

route of bank reserves of the $100 million increase may last a year

or 12 months to the end of last July has been wiped out by the simul-

taneous $670 million growth in currency in circulation. If, first, this was a kind

of situation which would usher in a "money crisis," "Keynesian type"—if the money market were

left to its own resources. That is

what the Federal Reserve did apparently; it simply did not inter-

mediate. Interest rates went up before all the Reserve Banks adjusted their

discount rates to a uniform 3%.

Federal Reserve Policy

This laissez faire attitude is more apparent than real. In reality,

the banking fraternity borrows its excess reserves from the Federal

Bank. In fact, excess re-

serves, which are the measure of the

bank’s additional lending ca-

pacity, are a negative quantity; they total less than the amount of their

debt’s ($712 million and $1,012 million, respectively, as of Sept 12.) The Federal Reserve

makes this additional money available by extending now some

$300 million more credit to the banking system than 12 months ago.

But unless it extends much more, or by force of law or by open

market operations, or unless it

reduces the reserve requirements first of the member banks—something

has to give way. The "something"

may be a reduction of business ac-

tivity, in which case the Federal Reserve will be forced to act. But it

relax. But there is no indication whatsoever of an early break in

the boom which is supported world-wide by raising raw material

prices; the Suez crisis is not exact-

ly a factor either. This leaves two alternatives; either the inflationary

inflationary factor, will be

 permitted to run amok; or interest rates have to rise further, accompanied by tightening of
credit lines—and possibly by a "credit squeeze."

The situation is much the same as the May-June credit squeeze was on and the Federal Reserve stepped in to relieve the pressures. The difference is that the inflationary virus is much more virulent now; if the central bank gives way again, it is likely to be inflationary, and the pace greatly accelerated. But as one can well imagine the political heat is on the central bank, and the pressure mounting daily.

1) short, we expect some relax-

ation in the near future, possibly before the elections, but a re-

sumption of the wage-price spiral and a real slowdown in a matter of
dozen. The danger is not that a depression might occur; it need not be too serious or too long. The danger is that the situation will be permitted to deteriorate to the point where drastic action—such as a 4% discount rate—will be necessary. The politicians will use the oppor-

unities presented by the new economic and political heat and to regain the economy.

Two With Janeson

250 Market, San Francisco—

SAN FRANCISCO, Calif.—

Arthur S. Briggs and Ellsworth M. Henry have joined the staff of the

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generation, of the parent company and its principal

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Drexel & Co. Admits Five New Partners

PHILADELPHIA, Pa.—The investment banking firm of Drexel & Co., 1500 Walnut Street, announces the admission of five new general partners. They are: James G. Couffer; George DeB. Bell; R. Schuyler Lippincott; Paul F. Miller, Jr., and John H. Remer.

Halsey, Stuart Group Offers Seaboard Air Line RR. Equipment

Halsey, Stuart & Co. Inc. and associates yesterday (Oct. 3) offered $4,650,000 of Seaboard Air Line RR. series Q 3 1/4% equipment trust certificates, maturing annually Oct. 1, 1967 to 1971, inclusive.

The certificates, first installment of a proposed total issue of $9,300,000, are priced to yield from 3.70% to 3.85%, according to maturity. Issuance and sale of the certificates will be subject to the authorization of the Interstate Commerce Commission.

The entire issue of certificates will be secured by 25 diesel road switchers, the Upson river, 200 gondola cars and 100 hopper cars, estimated to cost $12,490,472.

Associates in the offering are—Dick & Merle-Smith; R. W. Pemstein & Co.; L. F. Rothschild & Co.; Baxter, Williams & Co.; Free
town & Co.; Gregory & Sons; Me
ter Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and Shearson, Hammill & Co.

Form Automation Devel. WASHINGTON, D. C.—Auto
mation Development Securities Co. Inc. has been formed with offices at 724 15th Street, Northwest, to engage in a securities business. Officers are John W. Kehrig, President; Michael R. Sharp, Secretary and Treasurer; and O. Rudolph Johnson, Vice-President.

New Merrill Lynch Branch WASHINGTON, D. C.—Merrill Lynch, Pierce, Fenner & Beane have opened a new branch office at 1828 K Street, Northwest, under the management of S. Harold Wil
Iiams.

Two With B. C. Morton PATCHOGUE, N. Y.—Edward A. Purrell & Co. have opened a branch office at 19 South Ocean Avenue under the direction of Robert C. McCollum.

Looking Ahead With UPSON

The popularity of dry-wall construction and the rise in large project, pre-cut and prefab building has placed The Upson Company in a strong position. No products on the market are better adapted to mass construction techniques than the strong, laminated fiber panels manufactured by The Upson Company.

Alert Upson management is not content to mark time. Research and development activities have brought to the market two new industrially important products in the chemical field and made several improvements and additions to the company’s exterior and interior wallboard lines. Product diversification has been achieved through the acquisition of distribution rights of related products manufactured by other companies.

Sales of Upson laminated boards to other fabricating industries are growing as development work and contracted sales effort continue. Discover new uses and new customers for these versatile products.

Upson’s industrial and financial strength is assured by its steadfast efforts always to Quality Product through Honest and Energetic Sales Policies.
The Great Over-The-Counter Market—Biggest in the World

Pace College Awards Degrees

Commemorating 50th Anniversary

Honorary degrees to be awarded by Pace College include Advertising Council President Repplier, recently appointed by President Eisenhower, Chairman of International People-to-People Program, and Senator Margaret C. Smith.

Theodore S. Repplier, President of the Advertising Council, will receive an honorary degree from Pace College in New York City on Saturday, Oct. 6 at Convocation ceremonies marking the College's 50th anniversary.

Mr. Repplier will deliver the Convocation address to graduates and representatives from 116 colleges and universities participating at the Seminatural ceremonies to be held in St. Paul's Chapel of Trinity Parish, the oldest church in New York City.

Mental Health World

FHRB Notes on Market

Public offering of $121,000,000 Federal Home Loan Banks 3½% series F-1957 consolidated non-callable notes dated Oct. 15, 1956 and due April 15, 1957 was made yesterday (Oct. 3) by the Federal Home Loan Bank Board through Everett Smith, fiscal agent of the Banks, and members of the nationwide group of securities dealers. The notes were sold at 100½.

Proceeds from the offering will be used to redeem two note issues aggregating $164,000,000 maturing on Oct. 15, and to provide funds fpr making additional credit available by the Federal Home Loan Banks to their member institutions. The issues cree on Oct. 15 are $59,000,000 of 3.15% series J-1956 notes and $105,000,000 of 3% series L-1956 notes.

Up to the completion of the offering and the retirement of the two maturing issues, the Banks will have $965,000,000 note obligations outstanding.

Chairman of the Board of Charles F. Noyes Co., Inc.

Speakers at the morning symposium on, "Man and Management,” will be: Dr. John V. Walsh, Professor of Social Sciences at Pace College, Dr. Drucker and Dr. Lichtheim. Mr. Eisenhower, Mr. Richard M. Matthews, Chairman of the Accounting and Finance Management Department of Pace College, will preside.

Pace College, founded on Oct. 6, 1906 by Homer St. Clair Pace and Charles Ashton Pace, now enrolls more than 8,000 students and has an alumni body of 70,000.

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address smacked of Franklin Roosevelt’s technique of painting pictures to entrance the public. This wasn’t supposed to inquire too closely about the practicality of what was being said or infrequently promised.

But the palm this year must go to Adlai Stevenson on the record to date. He’s supposed to be an apostle of “moderation,” but if he still believes that moderation governs today’s thinking, he certainly manages to keep his idea to himself. For weeks now he has been out-Harriman Harriman in the lengths to which he goes in radical New Dealish promises to everybody but the successful business or businessman. An example or two will serve to make the point. In the first of a series of policy statements, Mr. Stevenson the other day said:

"First, as I have already suggested, I propose that we assert it boldly, as a basic article of belief, that in this age of abundance in this land of plenty, a person should be enabled to maintain, when life’s regular days are completed, his or her accustomed standard of living.

“We long ago accepted this principle so far as the week is concerned. We earn seven days’ living in five. We have more recently established it—in terms of abundant and ‘paid holidays’—so far as the year is concerned. Putting a lifetime’s work on this basis is harder and in many ways different. But the principle is the same, and so is the goal.”

More Burdens for the Taxpayer

Now if the means anything at all in the realm of the practical, it is that the taxpayer of this country far be further burdened to provide in one way or another the means whereby the aged may continue the scale of living to which they have been accustomed. This seems to go Townsend one better.

But it is not only the oldsters that Mr. Stevenson would have the Federal Government take under its wing. At the other end of the age scale are the youngsters who are not always getting it as they should, but he would be naïve indeed who supposed that the educational failure of this part of the country is a matter of inadequate buildings and equipment, or for that matter lack of funds devoted to it. But even as to such matters as these—where need undoubtedly does exist—Mr. Stevenson does not take the trouble to explain why the Federal Government undertakes such things rather than local authorities who traditionally in this country have attended to them. In any event the Democratic candidate apparently would pour in the funds of the nation for these purposes with typical New Deal nonchalance. More promises to more people! This hardly seems the role of a disciple of moderation.

Most Fantastic

Possibly the most fantastic of the Stevenson programs or proposals is the one in which he expresses grave uneasiness lest the communist world out-produce us at some time in the dim and distant future, and comes forward with the suggestion that we growers, business, labor and all the rest of us “cooperate” to increase “productivity” in the country at a rate which would ensure maintenance of our lead over Russia as the other communist nations. Until just what the candidate is talking about, we are at a loss to know. Is production to be sought for in the country’s own sake? Are goods to be poured out of factories and other establishments without reference to a market for them? Regardless of need merely to be able to say that our output, say of steel, is much greater than that of some other people? Is he suggesting that we play the sedulous ape and set up five year plans drawn by government and directed by government? We doubt it. Quite likely the candidate himself has no clear notion what he means to say—that is in concrete terms.

In short, every single one of these points may have been both necessary and desirable if the Kremlin and cease to test large atomic devices—even though the Russians are legally engaged in just such practices. We must have larger numbers of men in our armed forces, but let’s end the draft—which is “inefficient” and a becoming “obsolete.” There are many who object to this in principle as well as in reason—but why is the Democratic candidate so very interested in this matter—and does he really mean if elected to put an end to compulsory military service? For our part, it is difficult for us to escape the suspicion that he is interested more particularly in the duration of the election campaign as many causes that he thinks are vote getting as he possibly can.

As we said at the beginning, this sort of campaigning is certainly not new to American politics. Many others have indulged in it in other years, and Mr. Stevenson is not by any means alone in it for right now. Candidate Eisenhower in 1952 was not free of this sort of quackery, either. But he was not warranted in all that he did in merely accepting it as “normal” or “necessary” or harmless. The voters could—if they put an end to this type of affront to their intelligence. And if they would only do so, we should be without much doubt get much more serious and helpful discussion of real issues whenever the nation is preparing to go to the polls. In that event the individual voter would have a much greater opportunity to r e a r d statesmanlike and punish demagoguery. Tis a conversation devoutly to be wished.

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The Great Over-The-Counter Market—Biggest in the World

World in 1976

Continued from first page

resolutely bypass the temptation. I shall ask myself instead to join me in peering into the future. How many of these companies that have filled the last 50 years, or even the last 20 years, are now convinced that they will be collecting profits like the old-time ones of 20 years ago. I take this arbitrary span of time because, we can hope that, “what is little bit of history into those present tonight—myself included—will still be around to check on the accuracy of our vision.” Indeed, I have already promised an 85th birthday party and you are all cordially invited to attend.

Well, let us consider 20 major developments likely to affect all of us within the next 20 years. Every item on my list will provide the substance of a long speech. Indeed, I have made some of those speeches in past years. But I shall limit myself to capsule summaries. I have not attempted to list them in the order of their appearance or their relative importance.

I need hardly warn, of course, that there are many imponderables especially with regard to the social and political prospects that may retard some of my expectations. On the other hand, they may help them accelerate. To a large extent this will depend on the courage, character and competence of our leadership. But those are the hazards of prophecy. So I proceed to stick my neck out by making the following 20 predictions for the next 20 years ahead.

I Nuclear Energy

We will have learned to extract atomic fuel from relatively inexpensive materials, thus making this source of energy both practical and economical. Nuclear energy will be brought to a practical state of peace-time usefulness, not only for industry but for planes, ships, trains and automobiles. Direct conversion of atomic energy into electricity at a principle already demonstrated experimentally by RCA will be a fact. Atomic batteries, based on small, cheap atomic products from nuclear reactors and operating for many years without recharging, will supply energy for industry and for the home.

II Solar Energy

The energy of sun rays will be effectively harnessed and in world-wide use, we will prove of special value to tropical and semi-tropical parts of the globe where the sun’s energy is immense but where underdeveloped nations cannot afford to utilize present-day fuels and power sources.

III Communications

Television, in full colors, will be completely global, so that man will be able not only to speak and hear all around this planet but to see the entire world in natural colors. Individuals will be able to hold private two-way conversations and see each other as they talk, regardless of the distances separating them. Moreover, the beginnings will have been made in a more accurate and instantaneous translation of languages enabling people to understand another at once across the barriers of Babel.

IV Transportation

Jet-propulsion and rocket-type vehicles, using nuclear fuels, will travel at speeds as high as 5,000 miles an hour with greater speed and comfort than today’s aircraft. The world’s leading cities will prove of 18 hours apart, many of them virtually within commuting distance. Inexpensive personal planes, floaters of the skies, will fill the air. Automatically piloted aircraft for passenger service will be far advanced: guided missiles will transport mail and other freight over vast distances, including oceans.

VI Materials

Chemistry will make spectacular strides in providing ever-new materials tailored to meet almost any specifications man can imagine. A tremendous array of new plastics, ceramics, lubricants and categories of substances that as

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Continued from page 49

World in 1976

Continued from page 51

The Great Over-The-Counter Market—Biggest in the World

<table>
<thead>
<tr>
<th>No.</th>
<th>Commodity</th>
<th>Price Change</th>
<th>Percent Change</th>
<th>Approx. % Today</th>
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<td>Aluminum</td>
<td>51.00</td>
<td>4.6%</td>
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<tr>
<td>2</td>
<td>Copper</td>
<td>1.00</td>
<td>1.4%</td>
<td>0.15</td>
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<td>Nickel</td>
<td>21.00</td>
<td>2.7%</td>
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<td>4</td>
<td>Lead</td>
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<tr>
<td>5</td>
<td>Silver</td>
<td>5.40</td>
<td>7.9%</td>
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</tr>
</tbody>
</table>

Union Natl. Bank of Youngstown, Ohio

Union Oil & Gas Corp. of Louisiana

Union Planters National Bank of Memphis

Union Pacific Corporation of New England

Union Trust Co. of Montreal

Union Wire Rope Corp.

United Drill & Tool

United Illuminating Co.

United Printers & Publ., Inc.

United Public Markets, Inc.

United States Steel Corp.

U. S. Envelope Co.

U. S. Potash Co.

U. S. Rubber Corp.

U. S. Fire Insurance Co.

United States Loan Society

United States Steel Co.

United Truck Lines (Del.)

Inter-city motor carrier

United Tool Co. (N.Y.)

United Steel & Wire Co.

Wire and metal specialties

United Utilities, Inc.

Hunting company

Universal Match Co.

Match and candle

Univis Lens Co.

Meniscus and spectacle lenses

Upper Moreland Bank of Phoenix

Vapor Heating Corp.

Veedor-Root, Inc.

Viking Pump Co.

Virginia Coal & Iron Corp.

Vicksburg Tool Co.

Wells & Yost, Inc.

York Heating Co.

Yuengling & Coll."
The Great Over-The-Counter Market—Biggest in the World

World in 1976

usher in an era of relative economic moderation. Since then, the waters of wretchedness now covering so much of the earth will recede, and levels of well-being without parallel will be attained all over the world. The most pressing problems will not be the use of labor but the intelligent and beneficent use of leisure.

XVI Education

As a by-product of economic progress and expanding leisure, man will enter a period of universal education. Not only will general levels of knowledge rise, but the intellectual climate will be favorable to development of special talents and imaginative genius. Highly-geared technology will put a premium on brains—more skilled scientists, engineers, designers, technicians, and others. This mounting demand for mental competence will tend to enlarge educational facilities and promote the arts and sciences.

XVII Entertainment

Every form of art and every type of entertainment will be readily accessible in the home. Talent will be both live and recorded —will be available by television, radio, and phonograph and electronic photography. The opportunity for creative and interpretative talents will be greater than ever before. The range and variety of programs will encompass everything created by the human mind.

XVIII Government

Because of unprecedented access to information, public opinion will be a decisive element in the political life of nations. Prevalent sentiment on any issue will be quickly and accurately registered by electronic means. Government and people will thus be brought into closer correlation, so that popular government and democratic processes will tend to become and more effective.

XIX War

Universal communications and speedy transportation will make it possible to fight a world war without mass destruction will leave no doubt that the alternative is between survival or annihilation. All nations will find it impossible to develop practical means for disarmament based on effective inspection, control and enforcement. War as an instrument of international policy will be outlawed.

XX Science and Religion

As a reaction against current cynicism and materialism, there will be an upsurge of spiritual attitudes. We will see a decisive element of physical hunger will deepen the more elemental hunger for faith and salvation, and for age-old values beyond the material and temporal that graven at the heart of man.

Science begots humility. Its ever-growing capacity reveals more clearly the Divine design in nature. The狩手d animal will be turned to spiritual pursuits. The human will rediscover the truth that all things from the infinitesimal to the infinite are suffused with moral understanding. The physical processes and laws of the universe are logical, all-embracing and wholly dependable. They imply a Supreme Architect, and the beauty and symmetry of His handiwork inspire reverence.

It may be that the imperfection of man, too, is a part of that creative symphony. The seed of moral perfection has been planted in man, but it has been left to him to nurture it to full flower over the horizon of the next 20 years, is challenging—exciting—and promising.

My friends, I am deeply moved by your generosity and can scarcely find words to match my emotions. It is not given to many men to reap as rich a harvest of friendship and appreciation as I have reaped across the years. And this gathering on my Golden Anniversary gives me the opportunity to express publicly my humble and profound thanks for all that the years have brought.

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Car Loadings in Week Ended Sept. 22 Lizzie Malby Above Preceding Week Loadings of revenue freight for the week ended Sept. 22, 1956 increased 1,580 cars or 0.2% above the preceding week; the Association of American Railroads report. Loadings for the week ended Sept. 22, 1956, totaled 922,525 cars, an increase of 8,525 cars or 1% above the corresponding week in 1955 and an increase of 112,080 cars, or 1.2% above the corresponding week in 1954.

Table II.

<table>
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<th>Cash Div.</th>
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<th>Name of Co.</th>
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<td>Per Share</td>
<td>For</td>
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<td>Alexander Hamilton Institute Inc.</td>
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<td>Allied Gas Corp.</td>
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<td>1955</td>
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<tr>
<td>Alpha Beta Food Markets, Inc.</td>
<td>6</td>
<td>1955</td>
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<tr>
<td>American Forest Products Corp.</td>
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<td>1955</td>
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<tr>
<td>American Furniture Mfrs. Supply Corp.</td>
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<td>1955</td>
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<td>American Home Assurance Corp.</td>
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<td>1955</td>
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<td>American Hospital Supply Co.</td>
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<td>1955</td>
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<tr>
<td>American-Marietta Corp.</td>
<td>8</td>
<td>1955</td>
<td>8</td>
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*Details not complete as to possible lower rate, t. Adjusted for stock dividends, spairs, etc.
The Great Over-The-Counter Market—Biggest in the World

American National Finance Corp. 8 9.10 24.6
American National Fire Insurance Co. 8 0.70 15.4 7.7
American Rock Wool Corp. 5 1.35 181.8 7.3
American Spring of Holly, Inc. 9 0.70 6% 10.4
American Vitrified Products, Inc. 8 1.15 21.5 2.6
Anchor Steel & Conveyor Co. 8 0.15 2% 6.3
Atlanta Paper Co. 8 0.40 12.3 2.3
Auto-Soler Co. 6 0.20 2% 6.9
Bausch Machine Tool Co. 5 1.25 17.4
Bell & Gossett Co. 9 0.50 14.5 3.4
Benzinger Freight Corp. 9 12.00 300 4.0
Blue Ridge Insurance Co., Inc. 6 10.02 22% 3.9
Bradley (Milton) Co. 5 0.55 14.8 3.4
Brooklyn Borough Gas Co. 6 0.80 15% 5.2
Brooklyn Garden Apartments, Inc. *9 6.50 102 6.4
Buchanan Steel Products Corp. 9 0.20 3% 5.5
Burmah Corp. 9 1.05 18 5.8
Cementers (L. E.) & Co. 4 0.15 4% 3.3
Chicago Cu. 9 2.00 34 5.8
Chicago Plywood Corp. 10 1.00 8 5.6
Cedar Point Field Trust, etc. 9 0.82 6% 12.4
Central Coal & Coke Corp. 9 1.00 28 2.6
Chemical Mills (South) Ltd. 9 0.19 9 6.8
Chatham Manufacturing Co., etc. 9 0.18 3% 4.5
Chicago Railway Equipment Co. 5 2.50 35 7.1
Chickering & Sons, Inc. 5 0.00 15 5.3
Churchill Downs, Inc. 5 1.30 181% 7.0
Cleveland Trencher Co. 6 0.80 16% 4.0
Cochran Bell Co. 8 1.40 84 1.6
Color-Craft Products, Inc. 5 0.30 6% 10.0
Commerical Bank & Co. 8 0.70 8% 8.2
Commonwealth Telephone Co. (Dallas, Tex.) 5 0.80 15 5.3
Community Hotel Co. (Pa.). 9 6.00 98 6.1
Connecticut & New York Inc. 9 0.25 4% 3.3
Conoco (C. G.), Ltd. 5 0.40 8% 4.6
Continental Telephone Co. (San Francisco, Calif.) 9 0.00 15 5.3
Continental Motor Coach Lines, Inc. 4 0.75 20% 4.4
Cooper Tire & Rubber Co. (Santa Ana, Calif.) 6 0.75 12 6.2
Cosmetic Royalty Co. 8 1.00 22.5 4.4
Craddock-Terry Shoe Corp. *5 1.00 2% 5.0

Continued from page 52

The State of Trade And Industry

casualties exceeded the 1953 level in trade. The railroad figures were maintained even in manufacturing and declined from the first quarter in commercial service.
Five of the nine major geographic regions reported mild declines in business during the week. On the other hand, gains in the Middle North Central, West North Central, West South Central, and Mountain States, advanced moderately. More businesses failed in the last few days in the East North Central States. Casualties were about twice as numerous as in 1953 in the Middle Atlantic and East North Central States.

Wholefood Food Price Index Rose Slightly The Past Week

Continuing the mild up and down movement of recent weeks, the wholesale food price index, compiled by Dun & Bradstreet, Inc., advanced to 6.05 on Sept. 25, as against 5.98 the preceding week. The index figure is still 3.2% below the corresponding year-ago level of 6.28. Higher in wholesale cost last week were flour, wheat, barley, beef, hams, bellies, butter, sugar, cocoa, stews and hogs. Lower in prices were coffee, rice, yellow and coffee, eggs, currants and lamb. The wholesale index reports the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholefood Commodity Price Index Eases Slightly From 16.4% Year Peak in Preceding Week

After reaching a four-and-a-half year peak about a week ago, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned slightly downward to close at 299.25 on Sept. 25. This compared with 299.23 a week before and with 297.45 on the corresponding date last year. Grain price movements were very irregular last week with wheat being the only grains to record advances. Strength in the bread wheat cargo was largely based on the lack of moisture in the Southwest where seed- ing is being delayed by unusually hot and dry weather conditions. Cash corn prices fluctuated erratically and finished the week 1 1 lower, reflecting increased crop offerings and demand. Favorable weather stimulated the maturing and drying of corn in all areas except the Northwest. About 85% of the Illinois corn crop was reported safe from frost. Rye showed considerable firmness at times with buying stimulated by reports that the Canadian Wheat Board had suspended, until further notice, shipments of rye from the Western Canadian Provinces to Lake Superior. Eastern grain exchanges, reported purchases of grain and soybean futures on the Chicago Board of Trade increased last week to 33,000,000 bushels, from 44,700,000 the previous week and compared with 65,500,000 a year ago. Bookings of all types of bakery flours were very slow last week as most buyers still held fairly large inventories. Business in advertised family flours spotting late in the week on a price advance of 20 cents per cwt., with most buyers covering for 90 to 120 days. Butte prices continued to edge up, Wyoming producers selling with good demand and present volume of arrivals clearing satisfactorily. Egg prices lower this week reflecting heavy receipts and slow colo. Industry.

Coffee prices were somewhat easier as the result of a let-up in roaster demand and the diminishing prospect of a watertight estrate.

Cocoa developed a stronger undertone influenced to some extent by the first official estimate of the new main Acura 1956-57 crop, pointing to a production of 230,000 tons, or somewhat less than trade expectations. Lard finished slightly higher, aided by some steadiness in vegetable oils and comparatively light hog receipts in western markets. There was a good demand reported for hogs and other hog products.

Domestic cotton prices were weaker last week after trading increased in most spot markets. Buying by trade interests was a reporting factor as was the rate at which cotton is entering the government loan.

Entries during the week ended Sept. 14 were reported at 123,200 bales, the largest for any week so far this season. This brought total entries for the season through that date to 332,200 bales. Purchases of cotton in the 14 spot markets last week reached 369,000 bales, up from 330,400 the preceding week and 283,000 in the corresponding week last year. Export trade continued in good volume. Total sales since the beginning of the year amounted to 1,047,000 bales, an increase of 21,000.000 bales over the corresponding period last year.

Retail Trade Volume the Past Week Aided by Weather Conditions

Sales Promotions Rose 5 to 10% Above a Year Ago

Cool weather and extensive sales promotions encouraged consumer buying of 4th of July apparel, furniture and major appliances the past week. Retail trade rose substantially and was noticeable above that of a year ago.

Continued on page 54

Oddurity—Brokers Listed & Unlisted Securities

STRAUS, BLOSSER & MCDOWELL MEMBERS NEW YORK STOCK EXCHANGE & MIDWEST STOCK EXCHANGE DETROIT STOCK EXCHANGE & AMERICAN STOCK EXCHANGE (ASSOCIATE) 29 SOUTH LA SALLE STREET CHICAGO 3, ILLINOIS

Unlisted Trading Department

Our extensive private wire system enables us to give prompt and efficient service on buying and selling orders, whether in the listed or unlisted market. This system connects all our offices not only with our own book, but with other active trading houses. We invite your inquiries.

A. G. Becker & Co. INCORPORATED

Stifel, Nicolaus & Co., Inc.

SINCE 1890

66 YEARS OF INVESTMENT BANKING

CHICAGO 3 ST. LOUIS 2
105 W. ADAMS STREET 314 N. BROADWAY
Railroad Securities

By GERALD M. MCKEEVER

Gulf, Mobile & Ohio

With a small increase in gross in June and July, it did not do anything to settle the legg-naturally well that generally in a going market, showed a better performance. Road did better than its big predecessor, the Illinois Central (which was a fellow suffering from low-water conditions). Mississippi River barge competition, which has been good, has made a better showing in the eastern work because the late season performance was more astute. This is especially true of the Ohio, which was naturally less affected by the low water and the Illinois Central which is one of the nation's major coal carriers. The Gulf, Mobile & Ohio is not at all affected by the low levels of steel operations. Bituminous coal and coke sales seem to be up, probably because of the increase in the southern states, where the coal is produced. The iron ore traffic on the road has been very active, probably because of the increase in the industrial activity in the southern states.

While this used to be an inconvenience factor, it is now quite a pick-up from the demands made on this road. The road has been able to handle the loads and these are in a better position to compete for this haul. The Gulf, Mobile & Ohio had the advantage of being in a relatively favorable position to compete for the haul to the mills in the Chicago area, however, but this is now considerably reduced.

According to the report of the iron ore traffic of the Gulf, Mobile & Ohio, it has dropped $5,986 tons in the month of June. This was quite disappointing in view of the progress which the road’s report in 1934 showed. The report of the earnings of the road for the year 1934 has a gain of $7,750, which is more than $1 million in revenue from this source. In addition, according to the report, the tonnage has dropped from 100,000 in 1935 to 80,000 tons in 1936. This is probably due to the fact that the road has been affected by the decrease in the demand for steel products in the southern states. The road has been affected by the decrease in the demand for steel products in the southern states.

The Gulf, Mobile & Ohio has been affected by the decrease in the demand for steel products in the southern states. The road has been affected by the decrease in the demand for steel products in the southern states.

The State of Trade and Industry

The State of Trade and Industry

Executive summary

The total dollar volume of retail trade in the United States increased 6% during the first three months of the year. Retail sales for the quarter were $9,706,000,000, compared with $9,132,000,000 for the first three months of 1935. This is the largest increase in the first three months of a year since 1929.

The increase in retail sales was due to an increase in the volume of sales in the automotive industry, which showed an increase of 12% for the quarter. The automotive industry has been affected by the increase in the demand for steel products in the southern states.

In addition, the volume of sales in the automotive industry increased 12% for the quarter, compared with a decrease of 5% for the first three months of 1935. This is the largest increase in the automotive industry in the first three months of a year since 1929.

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Banks Underwrite Long Island Lighting Com. Stock Offering

The Long Island Lighting Co. is offering holders of its common stock rights to subscribe for 180,000 shares of preferred stock at $100 per share, at the rate of one preferred share for each 8 common shares. Each common stockholder of record on Sept. 28, 1955, will receive a $100 payment, and warrants expire Sept. 30, 1956. A group headed jointly by Blyth & Co., Inc., the firm of Land L. & C. Langley & Co. is underwriting the offering,

The new preferred stock is converted into common stock at $232.07 per share and sold for $250 per share in 1960. It is redeemable at prices scaled from $204.50 through Sept. 30, 1959 to $101 after Sept. 30, 1959.

Proceeds from the offering will be used to pay bank loans incurred for construction of utility plant. Construction expenditures for the year ended April 1, 1956, were $71,000,000, and $3,000,000 was expected for electric property, $13,000,000 for gas property, and $4,000,000 for common property.

Long Island Lighting supplies electric and gas service to Nassau and Suffolk Counties and the contiguous Rockaway Peninsula of Queens County, New York. More than 75 per cent. of profits comes from electric service.

For the year 1956 operating revenues totaled $252,000,000, and net income was $4,971,000. By 1955 revenues had increased to $287,000,000 and net income to $11,000,000. For the 12 months ended July 31, 1956, total operating revenues were $204,137,000 and net income was $12,744,000.

Brush Beryllium Common Stock Sold

Offering of 400,000 shares of common stock of The Brush, Beryllium Co., property of the beryllium metal used in atomic energy reactors and beryllium copper and other beryllium products, was made on Oct. 2, at $19 per share. Of the 400,000 shares, 375,000 shares are being offered for sale to an underwriting group headed by Kuhn, Loeb & Co. and McDonnell & Co., and 25,000 shares are being offered by the company to its present shareholders.

The public offering was quickly oversubscribed.

Early last month (September, 1956) the Atomic Energy Commission signed a contract with the company under which the Commission will purchase, over a period of approximately five years, 500,000 pounds of pure beryllium metal. The metal will be produced at the new Brush Beryllium facility which will be constructed by Commodity Credit Corp., for the delivery of Beryllium copper alloy which will be produced at the new plant in quantities required by the Company for the atomic and commercial uses.

Net proceeds from the offering of the common stock, together with proceeds from $3,000,000 of bank loans recently arranged, will be used for the construction of the new plant and to provide working capital.

Brush Beryllium Co. was organized in 1931 to take over and continue the government program initiated by The Brush Laboratories Company in 1921. It is a manufacturer of its own plant near Elmoro, Ohio, a leased plant at Cleveland, Ohio, and has government-owned facilities for the Atomic Energy Commission near Luckyio, Ohio. Executive offices are in Cleveland.

In 1955, revenues from sales and services amounted to $5,607,000, and in the six months ended June 30, 1956, were $3,040,504 compared with $2,037,304 for the same period in 1955.
A NEW HIGH IN TOTAL REVENUE FOR THE 22nd CONSECUTIVE YEAR

For the twenty-second straight year California Water Service Company has set a new high in operating revenue and number of customers served. In 1955 the company’s total income crossed the $12,000,000 mark, up 8 per cent from 1954. The total number of customers served was 218,057, up 10,123.

Our business is providing dependable water service to 29 growing California communities. More than 8800 stockholders have a share in California’s booming economy.

CALIFORNIA WATER SERVICE COMPANY
374 West Santa Clara Street
San Jose, California

THE COMMERCIAL AND FINANCIAL CHRONICLE... Thursday, October 4, 1956
**The Great Over-The-Counter Market—Biggest in the World**

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offers of potential purchasers and sellers. The all season nature of genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it.

In those cases where less active securities are specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, the specialist, though not in strict paralel, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock the specialist would be expected to enter a reasonable bid on his own. The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.

**The Over-The-Counter Market**

On the Over-The-Counter Market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that interpose themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through the teletypewriter wires or other facilities at their disposal.

Thus many over-the-counter dealers, brokers, in New York, for instance, will be doing business throughout the day with other dealers. It is a small world. The firm is involved. Some, of course, choose to act solely as brokers and not dealers. Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find other orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may include individuals who are interested in having a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market.

A major characteristic, too, of the "counter" market is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-The-Counter Market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "counter" dealers sell directly to investors themselves. In other cases they may have a dealer following them around the job of consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers orders for unlisted securities.

Numerous exchange organizations, too, are over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible. An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the Over-The-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30, and on the West Coast between the hours of 7:00 and 2:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it’s even longer than that. Dealer-brokers in the Over-The-Counter Market may be at work from 7:00 in the morning until 5:00 in the afternoon.

**Stock Exchange Commission Rates vs. Counter Dealer Charges**

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of a commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or at a price at which he is termed in the parlance of the securities business. This means its profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, you do not have a commission charged on your order.

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**LET'S LOOK AT THE RECORD . . .**

Our "Annual Review of Life, Fire and Casualty Insurance Stocks 1955" shows the individual market performance of 95 issues, for 1955 vs. 1954.

*Copy available upon request*

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**WALTER C. GOREY CO.**

Russ Building - SAN FRANCISCO - California

Telephone YUKon 6-2332 - Teletype SF 573

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**With Bache & Co.**

Bache & Company, members of the New York Stock Exchange and Chicago Board of Trade, have announced that Philip R. Sable has joined their midtown branch office, located in the Chrysler Building, as a registered representative.

The firm has also announced the employment of the following registered representatives in its out-of-town branches: Pearl Howard, Beverly Hills; Susanna M. Mose, Buffalo; Emmer E. Cook, Cincinnati; Francis P. Smith, Cleveland; Hugh A. Saravan, Milwaukie; Richard B. Logan, Oil City; Jack R. Headly, Philadelphia; and Robert G. Weltra, Schenectady.

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**J. LOGAN & CO.**

2115 BEVERLY BLVD., LOS ANGELES (57)

Dunkirk 5-5411

PASADENA - HOLLYWOOD

SY 6-9223 HO 7-4515

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**UNLISTED SECURITIES**

**TRADING RETAIL**

**CALIFORNIA**

commercial setting to you at a flat price and does not add any commission thereto. So with the "counter" deal.

The bargain trade exchange commission rates more often than not are lower than the profit rates over-the-counter deals are obliged to operate on. An important reason for this is the fact that the services of over-the-counter dealers provide frequently necessitating his taking the risk of an inventory position, include the extensive securities which they handle and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, the price received by the seller is usually the price for which the security was bought in, for they cannot make a profit trading in it at rates comparable to the commission charges of large finance firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of a security must be high enough to attract the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listing and the exchange stock ticker sytem provide a ready vehicle for speculation, which tends to center buying and selling decisions on short-term price swings in lieu of "real economic values." It is the bullish stock story that was so widely talked about in 1929.

In our time, and with the improved capital resources for individual investors, as characterized by the "exchange audit-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic worth of the stock. For, as Theodor Herzl pointed out recently, "Investors are quick to recognize the fact that prices and values are two totally different things.

Also, there is reason to believe that the great day of advertising will be used to stabilize sales and consumption rather than accumulations of unsold goods and to provide for field salesmen to sell to the public. New methods of telling the public about products is coming into being, in an ever increasing number of markets. In this age, it is not possible to obtain accurate sales figures, nor is it possible to obtain accurate advertising expenditures. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position. Second, under the Federal Reserve Act, he would have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions. But the over-the-counter dealer, when his market price may be influenced definitely by intrinsic corporate value factors. They must stress value in their selling of the business outlook.

Officers and directors of banks and the major insurance companies of the country when buying or selling their own institution's stock, for they are practically so almost entirely through over-the-counter dealer investment officers, of these institutions, too, are continually buying and selling government, municipal and other bonds so-called "counter" dealers for the account of their banks and companies.

just as you get good or indifferent treatment and values from two large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have a reputation which respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with is a "counter" dealer.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds and idle capital, both institutions and the like flow into trade and industry and makes it possible for business to obtain the wherewithal which to provide jobs for every more workers at ever less human effort and at an ever smaller cost if the flow becomes an asset to society and a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-the-Counter Markets, investors of all types would find it almost impossible to quickly retrieve the capital we have invested in government, municipalities and corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

Presaging the Business Outlook For the Next Five Years

sooner than we think, while short-term rates reflect the population increases seen a more a much dubious asset generally. But that time lies further down the avenue of time than the period to which I am addressing myself.

As a result of what our chairman, Arthur F. Burns, has characterized as a revolution in income distribution since the 1930's, individual wealth is widely distributed. We have a built-in dealing, in which the distribution of wealth is one of the basic factors that tend to increase the price of goods, and the prices the same. Not that our income from the time of our emergency device available, is the source of the income tax reduction, to perk up individual incomes if that is required.

And we do not need to be reminded that to sustain a high level of consumption it is necessary to have not only a high level of income but a continuing distribution to spend it on an increasing budget of goods and services. Would you like to become so rich that we have a brand new set of means, or would you rather be our way, a set of "optin" options, too, as much as one-third of everything that is consumed. Happily, however, at least so far as the basic level of living is concerned, there seems little disposition to exercise this option.

Another, therefore, any group of advertising will be used to stabilize sales and consumption rather than accumulations of unsold goods and to provide for field salesmen to sell to the public. New methods of telling the public about products is coming into being, in an ever increasing number of markets. In this age, it is not possible to obtain accurate sales figures, nor is it possible to obtain accurate advertising expenditures. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position. Second, under the Federal Reserve Act, he would have knowledge superior to that of the lay trader.

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Political of No Affection

We could, of course, kick our bright economic prospects to pieces by bad business and political management. And since this is a campaign year I suppose I should indicate what affect I think the election results will have on the prospects we have envisaged. The answer is relatively little. My statement is based on the reasonable assumption that national economic policies which are working well, and if deteriorating, are working well. But if tolerably well handled, I expect our present economic policies to stick and to result in a growing up, of confidence and in a move toward overcoming the structural weaknesses in the economy. It is helpful to think of a combination of policies that would help us to move toward a full employment economy. It is helpful to think of a combination of policies that would help us to move toward a full employment economy.

As I see it, we are embarked upon a great historic surge of prosperity which has never seen its end. And if we continue to have the confidence and hope that we have had, we are likely to have a success to which we have not yet been able to give it a name. But if we do not, we do not expect another party to get us into that sort of economic position.

The t r e e m e n s flexibility which this rate with our recent employment is currently displayed has also possessed to the extent of which we are currently working. And I believe it is as remote from current economic problems as are the Middle Ages and the Chinese emperors.

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Securities Now in Registration


American Federal Finance Corp., Kilteen, Texas 5 Sept. filed 40,000 shares of class B common stock (par $5) and 40,000 shares of preferred stock (par $100) to be offered in units of 10 preferred shares and one common share. Price—$55 per unit. Proceeds—To purchase used cars, and to fund the company’s operations in the field of new car financing. Underwriter—None. J. J. F. & F. A. Inc., New York.


Blackstone Valley Gas & Electric Co. 10 Aug. 15 filed 25,000 shares of cumulative preferred stock (par $100) for subscription by common stockholders (other than Eastern Telephone Co., New York, and other Eastern Telephone Co., Providence, R. I., subsidiaries) for each 10 shares of preferred stock for each common share held as of Oct. 11, 1956. Underwriter—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Stone & Webster Securities Corp.; H. M. F. & Co.; Harriman Ripley & Co., Inc. Bids—to be received on or before Oct. 21, 1956. 


Buru ndy Co., Norwalk, Conn. (10/15-19) 27 Sept. filed 25,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record on Oct. 16, 1956 at the rate of one new share for each 10 shares held; rights to expires on Nov. 5, 1956. Price—At $11 per share payable in one or two payments. Proceeds—For expansion purposes. Office—431 Broadway, New York. Underwriter—None.

Citizens Credit Corp., Chicago, Ill. 4 Sept. filed 500,000 shares of common stock (par $1) to be offered for subscription by underwriters. Proceeds—For expansion of capital and general corporate purposes. Underwriter—To be named by amendment. 

City-Wide Mortgage Co. 28 Sept. (letter of notification) $250,000 of certificates of indebtedness, representing 6% cumulative preferred stock (par $25) and 188 shares of common stock (par $1) to be offered for subscription. Proceeds—For expansion and working capital. Office—1007 Grand Ave., Kansas City, Mo. Underwriter—None.

Citizens Credit Corp., Chicago, Ill. 27 Aug. 23 filed 600,000 shares of common stock (par $10 cents). Price—$1 per share. Proceeds—For swimming pool, trailer stock, and additional purposes, including parking, and land cost ($85,000). Underwriter—J. L. S. & K., Chicago, Ill. Underwriter—None.

Colorado Baking Co., Atlanta, Ga. 10 Aug. 24 filed 10,000 shares of common stock (par $10) to be offered for subscription. Proceeds—For working capital, etc. Underwriter—The Mathew Corp., Washington, D. C. 

Dow Chemical Co., Midland, Mich. 4 Sept. (letter of notification) 10,000,000 shares of common stock (par $1) to be offered for subscription. Proceeds—For expansion of present facilities and for other corporate purposes. Underwriter—Laid & Co., Cincinnati, and Model, Roland & Stone, both of New York.

Emerson Camera and Vineyard Co., Great Neck, N. Y. 27 Sept. (letter of notification) 1,000,000 shares of common stock (par $1) to be offered for subscription by underwriters. Proceeds—For expansion of working capital, etc. Underwriter—The Mathew Corp., Washington, D. C.
NEW ISSUE CALENDAR

October 7 (Thursday)
Chicago & North Western Rail. Trust Cfs.
(Bids soon CST) $3,500,000

October 8 (Friday)
National Union Life Ins. of Newark
(Corning) Debentures
($150 11 3/4 n.m. EST) $10,000,000

October 8 (Monday)
Astron Corp.
(Van Alstyne, Red & Co.) 4,000 shares

Knox Coal Co., Inc.
(J. Migas & Co.) 150,000 shares

October 9 (Tuesday)
California Electric Power Co.
(Bonds and Debentures) $1,000,000

October 10 (Wednesday)
Century Food Markets Co., Inc.
(Debentures & Com. Stk. M. & Elysee & Co.) $3,000,000 of debentures and 10,000 shares of stock

Food Mart, Inc.
(Preferred stock) $15,000,000

Gardner-Denver Co.
(Preferred stock & bonds) $10,000,000

Pacific Finance Co., Inc.
(Debentures) $5,000,000

October 11 (Thursday)
Fansteel Metallurgical Corp.
(Debentures & Com. Stk.) $1,000,000

Kusan, Inc.
(Preferred stock & bonds) $500,000

Lieberknecht, Inc.
(Preferred stock & bonds) $100,000

Seaboard Finance Co.
(Stock and debentures) $1,000,000

Southern Bell Telephone & Telegraph Co.
(Debentures) $1,500,000

Southern New England Telephone Co., Inc.
(Preferred stock & bonds) $1,000,000

Texas Eastern Transmission Corp.
(Preferred stock) $2,000,000

October 12 (Friday)
Blackstone Valley Gas & Electric Co., Inc.
(Com. stock) $150,000

Gold Seal Dairy Products Corp., Inc.
(Com. stock) $10,000,000

Holiday Oil & Gas Corp., Inc.
(Com. stock) $10,000,000

October 15 (Monday)
American Petrofina, Inc.
(Com. stock and bonds) $10,000,000

Burrynd Co., Inc.
(Com. stock & bonds) $1,000,000

Oxford Loan Co., Inc.
(Com. stock & bonds) $1,000,000

October 16 (Tuesday)
Carolina Power & Light Co.
(Com. stock) $5,000,000

Virginia-Peabody Coal Co.
(Com. stock & bonds) $5,000,000

New York, New Haven & Hartford RR.
(Equip. Trust Cfs.) $1,000,000

November 14 (Wednesday)
Public Service Electric & Gas Co.
(Bonds) $1,000,000

November 27 (Thursday)
Carolina Power & Light Co.
(Bonds) $1,000,000

December 4 (Tuesday)
Michigan Bell Telephone Co.
(Debentures) $1,000,000

(...in bold type are issues to be offered for subscription by stockholders of the company)
Hartfield Stores, Inc., Los Angeles, Calif.

10/22-26
Oct. filed 100,000 shares of common stock (par $1).
Price—$9.50 per share. Proceeds—To be used to purchase stock in the business of S. W. F., Inc., of Chicago.

Holden Mining Co., Wintervale, Calif.
April 13 (letter of notification) 250,000 shares of capital stock (par $1) to be offered for purchase by common stockholders of record Jan. 15, 1956, at the rate of $1.00 per share. Proceeds—To be used for development and other general corporate purposes.

Holiday Oil & Gas Corp. (10/11-15)
Stockholders on record Aug. 31 will be entitled to receive three warrants for each share of common stock (par $1). Proceeds—To be used for working capital.

Houston Natural Gas Corp. (10/24)
Oct. filed 283,500 shares of common stock (par $1) to be offered for purchase by common stockholders of record Oct. 15 in the ratio of one share for each five shares held; rights to expire on Oct. 12.

Investment Co. of Florida
Sept. filed $60,000 of 5% cumulative preferred stock to be offered in units of $1,000 each, and 1,518 shares of common stock to be offered to purchasers of preferred stock (par $1) at price of $500 per share. Proceeds—For working capital. Offer—Fort Lauderdale, Fla.

Investment Fund, Inc., New York
July 30 filed 100,000 shares of common stock (par $1), of which 93,000 shares will be initially sold and 50 shares authorized. Additional shares will be offered at a price equal to the net asset value of the Fund, plus a sales load of 1/4% of such price.

Iowa Co.
July 23 (letter of notification) 110,000 shares of common stock (par $1) to be offered for public subscription.

Jermyn Street Insurance Co.
Nov. 15 (letter of notification) 12,000 shares of common stock (par $1) to be offered to employees at $5.50 per share, and to the general public for subscription by authorized offerors.

Kerr Insurance Fund Inc., Los Angeles, Calif.
July 30 filed 100,000 shares of capital stock (par $1), of which 93,000 shares will be initially sold and 50 shares authorized. Additional shares will be offered at a price equal to the net asset value of the Fund, plus a sales load of 1/4% of such price.

Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par $1). Price—To be supplied by management. Proceeds—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes.

Lithium Developments, Inc., Cleveland, Ohio
June 7 filed 600,000 shares of common stock (par $1), of which 190,000 shares are to be offered for public subscription and 410,000 for sale to officers, directors and employees. Proceeds—To be used for development and other general corporate purposes.

Mobile, Ala.
Sept. filed 300,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record Oct. 15, 1956, at the rate of one new share for each five shares held.

Macomb, Ill.
July 23 (letter of notification) 400,000 shares of common stock (par $5). Proceeds—To pay debts.

Mascot Mines, Inc.
July 9 (letter of notification) 280,000 shares of common stock (par $176). Proceeds—For payment on properties.

Mayflower Co., Los Angeles, Calif.
Aug. 24 (letter of notification) 120,000 shares of common stock (par $1). Proceeds—To pay debts.

Aug. 23 filed 55,268 shares of common stock (par $5) located in South Central Peru, Peru, for general stockholders of record Sept. 26 on the basis of one new share for each three shares held.

Miami Window Corp., Hialeah, Fla.
Oct. 29, 1956, filed 250,000 of 5-year convertible sinking fund debentures due Oct. 29, 1956, at a rate of 10% per annum, and 300,000 of 10-year convertible sinking fund debentures due Oct. 29, 1956, at a rate of 10% per annum.

Minerals, Inc., New York
June 21 filed 2,500,000 shares of common stock (par $1) to be offered for sale to general public. Proceeds—For $2,400,000 of the Chavin lead-zinc-copper-molybdenum mine in Peru.

The Commercial and Financial Chronicle... Thursday, October 4, 1956
Mission Appeal Corp. of Mississippi
April 23 (letter of notification) 7,472 shares of preferred stock (par $5) to be offered at $10 par and above per share. Proceeds—For general business operations. 

Morgan Flower Corp.
Sept. 17 (letter of notification) 270,000 shares of class B non-voting preferred stock (par $11) and 1,000 shares of 6% cumulative preferred stock (par $5) to be offered in units of one preferred and one cumulative preferred share at $12 per unit. Proceeds—For purchase of machinery and equipment and working capital. Office—New Albany, Miss. Underwriter—Lewis & Co., Jackson, Miss.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). Price—$10 per share. Proceeds—to pay Federal estate taxes. Offer—Boon Bank Trust, Des Moines, Iowa; W. R. Hensley & Co., Inc., Des Moines, Iowa.

National Life of America, Mitchell, S. Dak.
Sept. 21 filed 9,874,747 shares of common stock (par $5) to be offered for subscription by each of the company’s stockholders in proportion to their holdings of one share of common stock and $100 each. Proceeds—For working capital and expansion. Office—To selling stockholders. Underwriter—J. A. Klaasen, Mason City, Tenn., and New York, N. Y. Offering—indefinitely postponement.

New England Armored Corp., Danville, N. H.
Oct. 1 (letter of notification) 25,000 shares of common stock (par $5). Price—At par ($1.00) per share. Proceeds—to pay for machinery and increase inventory and working capital. Underwriter—None.

New York Telephone Co.
July 24 filed 22,372,732 shares of common stock (par $1) being offered to general public. Proceeds—to be used to pay for expansion of the Norwood and Marshville (N. C.) exchanges of the United Telephone Co., to be held; to be used for working capital and short term indebtedness; for construction and modernization purposes. Office—New York; and Chicago. Underwriter—N. S. Dickson & Co., Inc., Charlotte, N. C. and McCurry & Co., Inc., Ashtabula, N. C.

North Pittsburgh Telephone Co.
Sept. 12 (letter of notification) 6,000 shares of common stock to be sold to holders of common stock of record of Sept. 15, 1943, at a rate of two shares for each share held as of Aug. 6, 1943, at $4 per share. Proceeds—to pay off debt. Underwriter—None. 

Northwestern Steel & Wire Co., Sterling, Ill.

Ohio Power Co. (10/30)
Sept. 29 filed $20,000,000 of first mortgage bonds due 1955. Proceeds—to be used for working capital and general corporate purposes. Underwriter—Parvin, Bright & Co., Cincinnati, Ohio. Offering—pending.

Republic Cement Corp.
April 20 filed 960,000 shares of capital stock. Price—$10 per share. Proceeds—to be used for working capital and general corporate purposes. Underwriter—Parvin, Bright & Co., Cincinnati, Ohio. Offering—pending.

River Valley Finance Co.
April 15 (letter of notification) 11,000 shares of class A common stock and 5,185 shares of class B common stock to be offered to subscribers. Price—$8 per share. Proceeds—for working capital. Office—Davenport, Iowa. Underwriter—Quail & Co., also of Davenport, Iowa.

Ross (J. O.) Engineering Corp., New York
Sept. 12 (letter of notification) 1,000 shares of common stock to be offered to subscribers. Price—50 cents per share. Proceeds—for working capital and general corporate purposes. Underwriter—Culp & Co., also of Davenport, Iowa.

Sammson Uraman, Inc., New York


Seaboard & Southern Ry. Co.

Security Loan & Finance Co.

Southeast Grease & Oil Co.

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 to other stockholders; 15,000 shares are to be offered to certain other persons. Price—to be determined. Underwriter—Walnut Underwriting, Inc., Atlanta, Ga.

Southern Union Gas Co., Dallas, Texas (10/10)
Sept. 9 filed 57,871 shares of capital stock (par $1) to be offered for subscription by preferred stockholders of record on Oct. 1, 1943, at the rate of one new share for each eight shares held; right to agree on Nov. 2. Price—$2 par share. Proceeds—to pay advances to American Telephone & Telegraph Co. (approximately $150,000) and for property additions and improvements. Underwriter—None. (See also next paragraph.)

Southern Union Gas Co., Dallas, Texas (10/10)
Sept. 9 filed 237,624 shares of capital stock (par $1) to be issued to preferred stockholders of record on Sept. 28, 1943, at the rate of one new share for each 12 shares held (with an oversubscription privilege); right to expire on Oct. 9. Price—$18 par share. Proceeds—for additions and improvements to property. Underwriter—None.

Southwestern Investment Co., Amarillo, Texas

Southside Distilling Co., Dallas, Texas
June 8 filed 1,000,000 shares of common stock (par $25). Price—$3 per share. Proceeds—to exercise options held by 107,572 holders of 14 3/4 per cent debentures as of record date of Aug. 29. Proceeds—For purchase of additional properties and for purchase of $1,000,000 par value of 5% government bonds. Underwriter—Southside Distilling Co., Dallas, Texas.

Southern Union Oil Co., Ltd., Toronto, Canada
Aug. 24 filed 750,000 shares of capital stock (par $1). Proceeds—to pay taxes in Canada. Underwriter—None.

Southwestern Investment Co., Amarillo, Texas

Southside Distilling Co., Dallas, Texas
June 8 filed 1,000,000 shares of common stock (par $25). Price—$3 per share. Proceeds—to exercise options held by 107,572 holders of 14 3/4 per cent debentures as of record date of Aug. 29. Proceeds—For purchase of additional properties and for purchase of $1,000,000 par value of 5% government bonds. Underwriter—Southside Distilling Co., Dallas, Texas.
**Prospective Offerings**

ACF-Wrigley Stores, Inc. (10/22-26) Salomon, Brothers & Hutner, Inc.

**Central Wisconsin Motor Transport Co.** (10/13)

Chicago & North Western Ry. (10/4)

Chicago & North Western Ry. (10/18)

Closen Petroleum Corp. (10/18) Holt, Biddle & Co.

Delaware Power & Light Co. (Aug. 13)

Dockside Manufacturing Co. (Sept. 26)

**Federal Reserve Bank of St. Louis**

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Chicago & North Western Ry. (10/18)

Closen Petroleum Corp. (10/18) Holt, Biddle & Co.

Delaware Power & Light Co. (Aug. 13)
Lucky Stores, Inc.

Aug. 13 it was reported company plans to issue and sell $50,000,000 of common stock. Underwriters—Robinson, Hutton & Co., New York.

Flair Cos. L.C.

Aug. 13 it was reported company plans to issue and sell $50,000,000 of common stock. Underwriters—Robinson, Hutton & Co., New York.

Merrill Petroleum Co. Ltd. (Canada)

Sept. 8 it was reported company plans to issue and sell $100,000,000 of common stock. Underwriters—White, Weld & Co., New York.

Metropolitan Edison Co.

July 19 it was announced company is considering the sale of $100,000,000 of first mortgage bonds due 1986. Underwriters—Salomon Bros. & Co. Inc., New York; Kidder, Peabody & Co., and Drexel (jointly); The First Boston Corp.; Harriman Ripley & Co.; and Morgan Stanley & Co. incorporated.

Boston Gas Co.

July 20 an announced stockholders’ proposal to issue for approximately $5,220,000 additional shares of common stock (par $5) early in 1957 (or at any time thereafter). Proceeds—to be used in retirement of debt. Probably bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co. and Drexel (jointly); probably Morgan Stanley & Drexel (jointly). Estimated proceeds:—$5,000,000, Underwriters—probably Kidder, Peabody & Co., New York.

Hawaiian Electric Co.


National Bank of Detroit

July 11 it was announced company plans to issue $1,000,000 additional shares of common stock (par $1) during third quarter of 1956. Proceeds—to be used in expansion of business. Underwriters—probably Morgan Stanley & Co., New York.

New England Electric System

July 20 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Co., Central Vermont Electric Co., and Amherst Electric Light Co., into one company owning all of its properties. For stockholders of Essex Co. (10/5) will receive 1.36 shares of New Co. stock; Central Vermont Co. holders (10/5) get 2.36 shares of New Co. stock; Amherst Co. holders (10/5) get 1.58 shares of New Co. stock. Underwriters—Merrill Lynch, Pierce, Fenner & Beane, New York; Kidder, Peabody & Co. (jointly).

Utah Power & Light Co.


Pennsylvania Canal Co.

Sept. 16 it was reported company plans to issue and sell $6,000,000 of first mortgage bonds. Underwriters—to be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutton; and Morgan Stanley & Co. incorporated.

Pittsburgh & Lake Erie R.R. (11/1)

Bids will be received by the company on Nov. 1 at 9:00 a.m. at its offices, 941 Liberty Ave., Pittsburgh, Pa. for the purchase of its $7,300,000 equipment trust certificates due 1926. Proceeds—to be used to retire stocks. Underwriters—probably Halsey, Stuart & Co. Inc., New York; Kidder, Peabody & Co., New York; and Morgan Stanley & Co., New York.

Pittsburgh & Lake Erie R.R.

May 4 it was announced that Standard Gas & Electric Co. will issue $5,000,000 of new preferred stock. Proceeds—to be used for construction and program expansion. Proceeds—to be used to repay bank loans, for expansion—expected about $5,000,000. Underwriters—probably Halsey, Stuart & Co. Inc., New York; Kidder, Peabody & Co., New York; and Morgan Stanley & Co., New York.

Pittsburgh Rys. Co.

July 30 it was reported company plans to sell and offer $5,000,000 of 7% preferred stock. Proceeds—to be used to retire stock and for construction program. Underwriters—to be determined by competitive bidding. Probably bidders: Salomon Bros. & Hutton; Kidder, Peabody & Co., and Drexel (jointly); Morgan Stanley & Drexel (jointly); probably Morgan Stanley & Co., New York; Kidder, Peabody & Co., New York; and Morgan Stanley & Co. incorporated.

Public Service Co. of Indiana, Inc.


Public Service Elecric & Gas Co.

Sept. 18 it was reported company plans to issue and sell $50,000,000 additional shares of common stock (no par) for cash. Proceeds—to be used to retire bonds and for construction program. Underwriters—to be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc., New York; Kidder, Peabody & Co., New York; and Morgan Stanley & Drexel, New York.

St. Louis-San Francisco Ry.

Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will require approximately $100,000,000 in additional capital funds. Proceeds—to be used for capital construction during 1956. Underwriters—probably Morgan Stanley & Drexel (jointly); probably Morgan Stanley & Co., New York; and probably Morgan Stanley & Drexel, New York.

Reading Co. (10/17)

Bids will be received by the company on or before Nov. 7, 1956, at 3:00 p.m. at its offices, 217 Liberty St., New York, N.Y. for the purchase of its $5,220,000 equipment trust certificates due 1966, in exchange for its $16,000,000 of 5% preferred stock. Proceeds—to be used to retire certain first mortgage notes due 1966 and to retake one-quarter share of common stock and unpaid dividends of $5 per share. The offer will expire on Dec. 31, 1956, if not extended. Underwriter—The First Boston Corp., New York.

Seiberling Rubber Co.

Sept. 10 it was reported company plans long-term 10% mortgage bonds on its net unencumbered property. Proceeds—to be used to redeem preferred stock and pay costs. Underwriter—probably Blair & Co. Incorporated, New York.
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Southern Pacific Power Co. (11/14)
Sept. 27 it was reported company plans to issue and sell $5,000,000 of first mortgage bonds due 1996. Proceeds—To repay part of $24,000,000 for new equipment. Underwriter—To be determined by competitive bidding. Probable bidders: Blyth, Stuart & Co.; Lyman, Pepper & Co.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Comforts Gas Co. of California Jan. 30 it was reported company may in the Fall offer $10,000,000 of first mortgage bonds for sale. Proceeds—To be used for acquisition of additional gas properties and development of gas fields. Underwriter—Companies under consideration. Bids due March 31.

Southwestern Public Service Co. Aug. 18 it was reported company plans to issue and sell in February or March, 1957, $5,000,000 of first mortgage bonds. Proceeds—To be used for additional investments in the generation and transmission of electrical energy. Underwriter—Companies under consideration.

Standard Register Co., Dayton, Ohio (10/30) Sept. 28 company announced sale of its $6,500,000 through the sale of its stock. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York.

Our Reporter's Report

The atmosphere in investment market continued to be much more cheerful, at the moment, than in the balance of the week. The turn for the better could be traced to indications of reduced wholesale prices, a possible relaxation in corporate debt market on the part of some houses, and more favorable indications of industrial investment deterioration.

Major insurance companies, as is generally known, have been more or less aloof from the market for debt securities for a long spell. They have contended for months that they have no use for what they should have been and they proceeded to find other outlets for their funds.

Such monies were chiefly loaned directly with the borrower and into mortgages. But the changed situation in the corporate bond market has tended to bring about some revision of ideas on the part of these institutions.

They no longer regard yields on new securities as inadequate and at the same time they probably find demand for mortgage monies slackening a bit from peak levels earlier this year. At any rate there are indications that this segment of the investment market is ready to increase its purchases of securities which funds which probably will find themselves less useful for other purposes in the near future as these institutions have indicated.

Clearly, they are watching the developments with an eye toward extreme at the moment.

Bell Units Buy

With American Telephone & Telegraph Co.'s huge rights offering now underway, several of its major lending units also are in the market for more capital.

On Monday Southern Bell Telephone & Telegraph Co. will open bids for $25,000,000 of 3-year debentures. With its huge expansion programs going through, these firms have not been scared out by the marked firming up in money rates.

An unusual deal comes up Wednesday when the Southwestern Bell Telephone Co., parent of the land, will open bids for $5,000,000 of 5-year debentures. With the huge expansion programs going through, these firms have not been scared out by the marked firming up in money rates.

Coming to Market

Also on Tuesday Pacific Finance Corp., will bring up a new $2,500,000 bond issue to fit the holders to purchase 146,712 shares of the company's stock, which are to be sold for American Tel. & Tel. stock, at $100 per share or $14,671,200.

Kingsport Buy

On Monday Kingsport Corporation, parent company of the Kingsport Gas & Electric Co., will open bids for $1,000,000 of 5-year debentures, which are to be sold for American Tel. & Tel. stock, at $100 per share or $1,000,000.

Kingsport Gas & Electric Co. will open bids for $2,500,000 of 5-year debentures, which are to be sold for American Tel. & Tel. stock, at $100 per share or $2,500,000.

King Merrill Adds

The Bank of New England, Miami, Fla.—David N. Griffin, president, and Zenas A. Otis, treasurer, report that the First National Bank of Portland, Ore.; the Chase Manhattan Bank; Blyth, Stuart & Co.; the First Boston Corp.; Harritt, Harris & Co.; American Trust Co.; American Eagle Corp.; John G. Selters, Inc.; and Spelman, Clark & Co. have agreed to join the First National Bank, Portland, Ore. in a syndication of the first mortgage bonds recently announced by the Bank.

Bank of America Group Offers $35 Million California Bonds

Bank of America Group, N. & S. A., Houston, Texas, announced that it will offer $35,000,000 of 5%, 20-year first mortgage bonds, due 1976, for sale to the public, at par.

The above announcement is the second of its kind made by Bank of America, and it is the third largest offering made by this group.

Bank of America will make no further announcements on the subject until the public offering is completed and the bonds have been accepted for public sale.

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Bank of America Group Offers $60 Million Texas Bonds

Bank of America Group, N. & S. A., Houston, Texas, announced that it will offer $60,000,000 of 5%, 20-year first mortgage bonds, due 1976, for sale to the public, at par.

The above announcement is the second of its kind made by Bank of America, and it is the third largest offering made by this group.

Bank of America will make no further announcements on the subject until the public offering is completed and the bonds have been accepted for public sale.

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Bank of America Group Offers $50 Million California Bonds

Bank of America Group, N. & S. A., Houston, Texas, announced that it will offer $50,000,000 of 5%, 20-year first mortgage bonds, due 1976, for sale to the public, at par.

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American Gas & Electric Co.  

American Gas & Electric is the largest of the nine electric utility holding company systems, with annual revenues of about $465 million. Major subsidiaries serve the states of Illinois, Indiana, Michigan, Pennsylvania, and West Virginia. The territory served includes farming areas and also a variety of industries including automobile plants, paper mills, steel and metal products, and plants manufacturing textiles, glassware, and furniture. The Virginias are noted for their coal mines and there is also oil drilling in the area.

System revenues are virtually all electric (there is no gas, but heating and miscellaneous services yield a small amount). Electric revenues come from both residential and commercial customers, 29% industrial, and 14% miscellaneous and wholesale. A.G.E. holds a 57.8% interest in the Ohio Valley Electric Corp. (OVEC), which supplies a large amount of power to an AEC diffusion plant near Youngstown, with higher costs of construction and increased very large cities and thus benefits by the current trend toward decentralization of industry.

Forecast. This year's trend is keenly interested in engineering research and under his leadership A.G.E. has developed a new standard for precision in the design of new generating stations and has practically eliminated cost overruns. The construction of generating stations is in full swing, and the company's balance sheet does not show any indication that there is little or no freight cost involved. Formerly the aluminum company has proved the high cost of new units. A big task in Mr. Sporn's cap was his ability during the past year to "sell" Kaiser Aluminum and Olin Mathison on moving into the Ohio Valley. Their interest in the availability of cheap industrial power (about 4 mills per kw.h.) which A.G.E. can produce by locating generating stations near the plant is significant.

In the past decade the A.G.E. system spent nearly $800 million in building new plants. It has been a policy of the company to plan and finance the construction of new power plants in anticipation of new power needs. The company expects to expand its generating capacity by 1960, but it is in the process of negotiation for the construction of new plants.

In the past few years, A.G.E. has enjoyed good growth in the postwar period, though not the phenomenal increases in revenues which have characterized leading growth utilities in Florida and Texas. Population served grew at 3.8%, the number of customers 3.5%, and revenues 2.4%. 

Bankers Offer Marsh Steel Securities  

An offering of $700,000 5% convertible sinking fund debentures due Oct. 1, 1956 and $150,000 of common stock (par $1) of Marsh Steel Co. was made on October 23 by the following group of underwriters headed by The First Trust & Deposit Co., Crutched & Co., New York, IL, Crutmans & Co., Denver, Colo., and Barret, Hitch & Co., New York. 

The initial offering price for the debentures is $1,000 per $1,000, at 100 1/4. The debentures will be convertible into shares of common stock at any time after six months from the date of issue, at the option of the bondholders. The debentures will be registered under the Securities Act of 1933 and will be sold to the public only through members of the New York Stock Exchange. The offering is expected to be completed by October 28, 1956.

The Marsh Steel Co. is a diversified steel company which is one of the largest users of raw materials. The company is engaged in the production of steel in the western United States, and the debentures and common stock are to be registered under the provisions of the Securities Act of 1933.

The debentures are convertible into shares of common stock, and the common stockholders will have the option to purchase additional shares of common stock at a price of $10. The debentures are guaranteed by the company, and the common stockholders will have the option to purchase additional shares of common stock at a price of $10. The debentures are convertible into shares of common stock, and the common stockholders will have the option to purchase additional shares of common stock at a price of $10.

The offering is expected to be completed by October 28, 1956.
WASHINGTON D. C.—It is time to take a fresh look at that twenty-year-old program of supporting farming and the marketing of farm commodities spun by the Department of Agriculture under the various farm laws. For in my view, the President of the United States himself called something this a year ago in his farm speech at Peoria, Ill., last week.

In part it is the story of how supinely farmers have come to accept the domination of their operations as a condition to receiving the nearly $6 billion of subsidies they will get this fiscal year minus, of course, the tremendous cost of paying the administrative overhead.

Another phase of the story is that some "holes" have already appeared in the new "soil bank" money-dispensing produc tion controlling device.

Finally, it is always a fresh story even though it has been law for several years, because very obviously a good many officials of the Department of Agriculture and even this President himself, as agent this correspondent talked to within the last week, have some of its basic ramifications. No less a person than Secretary Gruening however, along with probably 90-95% of the populace, is unfamiliar with the workings of these programs.

For in his Peoria speech, Mr. Gruening made this observation about agricultural support:

"A kind of a program compasses drastic quotas, allotments, payments and more, but to what end?"

Factually, the President was in error. The mandatory price support bill which he vetoed last April would have added no new elements of marketing and marketing than already were in the law. It might have cost the "soil bank" acreage to the extent of money the existing ceiling contains under the production of 40,000 acres, but it would have imposed no new regulations, no governmental regulations.

Brings "Cross Compliance"

On the other hand, the Ad- minister regardless of whether this bring a new and tougher form of regulation, known as "cross compliance."

Until the "soil bank" became law, a farmer in Kentucky raising three controlled crops—to say corn, tobacco, and wheat, could stop his subsidy by cutting down his plantings according to the edicts given him on tobacco acreage, whilst at the same time planting more than his permitted acreage of corn and wheat.

Now, if a farmer contracts for the subsidy under the "soil bank" to curtail his acreage of tobacco, he must agree that he will plant no more acreage than he is allotted in corn and wheat.

Soil Bank "Hole"

There is one respect in which the soil bank may not necessar- ily be the governor of a produc- tion in its wheat stockpile (or other crops) about which the Department of Agriculture brings from the homesteads. Once a farmer contracts for a surplus crop he gets the sub- sidy to cover the loss. If a crop failure is in area, in respect to such farmers, and even in the best years there are spots of crop failure, this mere- ly means that the farmer is paid a roughly-esti- mated net return and would have got had he planted and harvested a crop. This thus becomes nationwide crop insur- ance.

Preserving Farm Historic Records

If a farmer decided for any reason that he did not want to plant wheat anyway, and did not want to take the government's money, he could continue to raise and sell subsi- dized wheat at a lower price, and would pay farm interest on the excess area of wheat for two years, so the successive years fail to plant wheat.

If one fails to plant a controlled crop for three successive years, the corresponding failure to plant tobacco for three successive years, for instance, and if the owner of the farm, new cannot sell tobacco when his crop is ready, he loses his quota or right to grow tobacco to the good grade and willingness to sell. This stabilization and a Conservation Service committee to maybe 5 per cent of the farm's acreage. It's only possible to plant his six acres or two on appeal. He applies as the owner of a "new farm."

Under the soil bank the farmer who says why should he lose the "soil bank" for the acreage he does not want to plant, and why should he take the government's money? If he does not want to plant any- way, chalk up one year of "no production" to plant his "historic record." Two more years of no production, and he loses his right to sell the crop.

On the other hand, the soil bank gimmick specifically pres-erves the "historic record" of the farmer signing up. Thus a farmer is influenced to sign up and get his subsidy for curtail- ing or not planting a controlled crop simply to preserve his property right to plant and sell the crop in a future year.

Leveling Process

Under the stabilization of the soil bank the county Agri- cultural Conservation and Conserva- tion Service figures an average yield. For this county the federal will be the same as that paid on such that if the average yield is figured at 20 bushels of wheat to the acre, for instance, and the farmer actually has had an average yield of 20 bushels, he will be paid $1.32 per bushel (the rate varies from one area to another) for not planting a controlled crop, assuming he puts it all under the authority of the law.

On the other hand, the ex- cessively capable farmer with the better crop may produce bushels to the acre. He will be paid $1.32 per bushel (the rate varies from one area to another) for increasing the acreage of a controlled crop. In an opposite case, a below average farmer with poor land may produce nine bushels. He will be paid for taking a 20- acre wheat quota out of production, at the assumed county rate of 20 bushels to the acre times $1.32.

It is of no avail to the farmer with better than average production the government's permission to plant at the rate of 40 bushels. He will be paid only the county average of 20 bushels.

The Department of Agricul- ture already has found that this "leveling up" and "leveling down" process is going on. It could be that this will distribute more money to more voters. On the other hand, it is an influ- ence which will further diminish the putting of the more pro- ductive land into the soil bank and it is an influence toward disallowing the objective of reducing the production of surpluses drastically.

Farm Regimentation

Farm controls are of two broad kinds, acreage allotments alone or acreage allotments with marketing quotas.

Where a farmer has an acre- age allotment, say, of 20 acres of wheat, but no marketing quotas are in effect, this means that he can through one or an- other device (loan or purchase agreement) get a guaranteed price on the production from his allotment, say the 20 acres. He can plant 30 or 40 or 100 acres in defiance of his allotment, only foregoing the right to get a non-recourse Commodity Credit Corp. loan or a purchase agreement, variously guaran- tending him the support price in cash at once or later.

Only corn is without a mar- keting quota. On wheat, cotton, tobacco, rice, and peanuts, there are marketing controls.

Cannot Sell Above Quota

In the cases of these five crops, producers thereof may sell their produce till their contracts with the county office of the Department of Agriculture and establish proof, if necessary, that they have not planted any- more land than they were al- lotted by the county office of the United States Government.

The way this is made possible is that a farmer before he sells his crop must obtain a little numbered card or a farm agents certificate saying this wheat, cotton, tobacco, peanuts, or rice, as the case may be, was put on acreage in compliance with the acreage allotment. All buyers, tobacco ware- houses, grizzly dealers, etc., are on notice that if they purchase a controlled commodity with- out the farmer exhibiting an authentic document from the government permitting them to sell, the purchasers thereof will be liable to the government for the fine applicable for the illegal sale of the commodity.

Specifically, if a farmer pro- duced 30 acres of wheat this year and an allotment of only 10 acres, and the county average production were 20 bushels per acre, he would be subject to a fine of 20 times 20, or 400 bushels, at a rate of about $1.12 per bushel.

So before the farmer can sell, he must obtain that written per- mission to sell. A fine of 400 times $1.12 is too much for a buyer to risk making sure he is buying legal wheat.

Exports


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