OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

It has, of course, long been the custom for politicians in an election year, particularly the outs trying to get in, to promise the earth and everything that is on it. The fact that quite often these campaign promises are forgotten by the politicians and the people after the election is over clearly suggests that both take many of them with a grain of salt. We should prefer to think that few votes are influenced in this way, but, of course, we have no way of knowing about that. In any event, it would appear hardly more than fair not to hold tactics of this sort, too much against the candidates who make use of them, at least so far as they remain within reasonable bounds.

It has, however, appeared to us during the past week or two that the politicians were outudoing themselves this year. This is particularly true of the Democratic candidate for the Presidency, although certainly not confined to him or to his party. Vice-President Nixon's outpouring the other day about a four day week and a good deal to go along with it is an excellent example. If the Vice-President was doing nothing more than indulging in a little pipe dreaming about the dim and distant future, we suppose that such talk could be regarded as unexceptional, but uttered in the course of a heated campaign, it is hardly to be expected that those who heard him or those who read what he said would not suppose, or perhaps hope, that he really meant to imply that the Republican party had something or other up its sleeve which would bring such a dream into the realm of reality within a foreseeable period of time. The fact is that the entire

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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 over the horizon 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 welfare 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 rebuild. And the precious lives that would be extinguished could never be rebuilt.


David Sarnoff

Wisdom and courage of the highest order are called for 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 years 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. 30, 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 tolls; 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 insitutional 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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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 59.

The Security I Like Best

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

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

EDMOND L. BROWN
Vice-President, Garrett & Company
Dallas, Texas

Elgen Corporation (Electronic Oil Well Logging for the Oil Industry)

It is the dream of every person in the investment business to find a company with the following attributes: (1) In an industry with a service or commodity that has large volume cash revenues available that increases each year. (Five corporations in the electronic oil well logging industry do about 98% of the business.) It is estimated, all phases of the electronic logging of oil wells industry did approximately $75,000,000 gross last year. At the present time Elgen Corporation performs only part of these services. That part of the gross which Elgen can perform is estimated at $45,000,000. Elgen now has plans to add the additional services in the near future which will provide Elgen customers with the variety of electronic services offered by competitors. Elgen will do approximately $2,250,000 gross business in 1956, up 63% over 1955. Before beginning field operations, Elgen spent one year in tooling up and development. In 2½ years of field operation, Elgen has achieved third place in volume of sales, and is now crowding the giants of the industry. The top company in the industry is estimated to have logged 83% of the wells drilled last year with a princely income after taxes.

Edmond L. Brown

(2) A company with a small capitalization of 500,000 shares authorized, and 423,979 shares outstanding with big profit potential. (The cash flow of Elgen is such it is believed the corporation can expand and pay taxes out of earnings. The financial picture is strong, with the asset and liabilities ratio 2.76 to 1. Earnings for year ending February, 1956, after taxes, were $255,357, up 77% over previous year. Elgen has no debt and no preferred stock outstanding.)

(3) With aggressive personnel and sound management. (The school of electrical oil well logging knowledge has been closely dominated by a privately owned company which is the top company in the industry. Practically all of the executive personnel of Elgen are graduates of this school with many, many years of service in this exclusive "know how" circle. They are young and aggressive. Further, the Board of Directors are men with long, successful careers in the oil business. The sound planning of Elgen and immediate acceptance by the oil industry of Elgen's performance in this highly technical field, indicates a bright future for the company.)

Industry and Growth Potential

The average investor who is not familiar with the drilling of oil wells may be a little "in the dark" as to what services Elgen performs for the oil industry, and what the potential is. This year approximately 58,000 oil wells will be drilled in the USA, aggregating 235,720,000 feet of hole. In 1950, 43,279 wells were drilled aggregating 159,288,000 feet of hole. To keep abreast of our constantly dwindling oil reserves, more and more wells have been drilled each year, deeper and deeper. The deeper the well, the more the log cost. Each well, whether it be dry or productive, usually must have one or more of the following electronic services:

Basic electric log which indicates the exact depth of the various formations which may contain oil or water and also indicates the porosity of the formation.

Permalog—Permalog is an electric log with much more detail than the basic log and is usually confined to only areas which indicate oil.

Hole caliper service which shows a picture of the size of the hole through certain formations which is not required but good practice in every well before successful cementing of the pipe is performed.

Geophone Service—Gamma Ray Logging—these are also other services which Elgen can perform with the same overhead and personnel.

As to the cost, the average electrical logging bill runs from $300 to $5,000 a well, depending on what the operator requires. In one deep well in the Gulf Coast area, a major oil company spent about $50,000 for all phases of electrical logging services. This was only 5% of the cost of the completed well.

For the arm-chair mathematician, it will be easy to figure the future earnings of this company, say for the next five years. The acceptance of this company by the industry indicates that its growth depends on how fast Elgen can build mobile electronic units. Elgen now has 19 mobile units in operation. With the completion of Elgen's new quarter-million dollar manufacturing plant and laboratory in mid-1956, it appears the company can put a new mobile electronic unit in the field each three weeks. Based on the average of the mobile units in the field last year, each unit generated a gross average business of about $123,000 and brought a net revenue to Elgen, after taxes, of about $19,000. These mobile electronic units cost about $60,000, and about $20,000 cash capital is needed to revolve the business generated by each truck. This is better than owning a flowing oil well.

Elgen is now servicing only 12% of the oil territory in the USA and is performing from 40% to 55% of the gross electronic logging in these areas. With ample cash flow to build units, with young aggressive management, constant research in the improving of their present services and discovery of new logging techniques, especially in the field of nuclear radiation, Elgen may well crowd the two giants in the industry some years from now with resultant profits to the Elgen stockholders.

The stock is traded in the Over-the-Counter market.

WILLIAM R. STARNES
Asst. Vice-President, R. S. Dickson & Co., Inc., Charlotte, N. C.

Duke Power Co.

Although Duke Power Company is relatively little known to the investing public, we know of no utility with a more exciting story. For one thing, it ranks among the nation's ten largest operating electric utilities and boasts a record of expansion and growth which far exceeds that of the electric utility field as a whole. Between 1945 and 1955 the net income of the industry increased by 131%, while Duke's net more than tripled. In fact, Duke's growth of earnings compares very favorably with the better known "growth utilities" most of which are selling on considerably higher price-earnings ratios.

Perhaps the most interesting chapter of the Duke story is concerned with the territory it serves—the prosperous and populous Piedmont section of North and South Carolina. This 24,000 square mile section of the Carolinas contains over 3,000,000 persons and is thus the most thickly populated area of comparable size anywhere in the South. While the Piedmont section is heavily peopled it is pleasantly uncongested. Duke's future, therefore, is not heavily dependent on any one large metropolitan area but rather is bound together by a number of energetically growing and comfortably sized communities such as Greensboro, Winston-Salem, and Charlotte in North Carolina, and Greenville, Spartanburg, and Anderson in South Carolina. Altogether, Duke serves 214 Carolina communities at retail and 34 municipalities on a wholesale basis.

While Duke's record of past growth has been remarkable (between 1945 and 1955 its residential customers grew at a rate nearly double the national average), its growth potential is even more inspiring. As an index of Duke's future we might cite a recent survey made by Southern Bell Telephone Company which estimated that the population of Charlotte and its suburbs, the principal city served by Duke, would increase by 43% between now and 1966. In addition to unusually promising population growth, the Piedmont's industrial activity shows striking signs of new expansion and diversification.

Some measure of the importance of the region's industry to the national economy is indicated by the fact that 40% of the nation's textile spindles are turned with electricity from Duke's 4,000-mile transmission system. Too, the Piedmont produces a third of the nation's tobacco products and ten Piedmont counties produce more furniture than does the entire State of Michigan. Under the influence of its strategic market location (midway between the Metropolitan East and the Deep South), an attractively mild climate, and a plentiful supply of capable labor, the Piedmont is enjoying a steady influx of new and diversified industry which is being further buoyed by increasing exploitation of the Carolina's mineral resources. An example of the latter is the erection near Bessemer City, North Carolina, of a multi-million dollar lithium refining plant by Lithium Corp. of America to exploit that company's extensive North Carolina lithium reserves.

For the discerning investor one of Duke's major assets is its highly conservative financial structure which should enable Duke to finance its huge 10-year capital expansion program (estimated at $30,000,000 annually to 1964) to

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This Week's Forum Participants and Their Selections

Future Interest Rates and Prices And the Unstabilizing Forces

By MELCHIOR PALYI

A pattern of some pre-election money relaxation followed by resumption of wage-price spiral bringing into play the alternatives of either monetary inflation or credit-tightening and interest-rising policies, followed by a not too serious crash, is prognosticated by eminent Chicago Economist who believes there is the danger that the situation will be permitted to deteriorate to the point where drastic action—4% discount rate—will be imperative, and that politicians will use this as a pretext to impose economic controls to regiment the economy. Dr. Palyi sees no early break in the boom, supported by worldwide commodity inflation; and ascribes domestic price inflation on both sides of the Atlantic to: full employment, fiscal, monetary, labor policies, aided by inflationary practices of bankers, politicians and businessmen.

Mr. Nasser has succeeded in crowding out the "high" interest rates from the first pages of the newspapers. Wrongly so; both problems—the Middle East crisis and the critical monetary situation — are vital. They may mean turning points in the foreign and domestic policies, respectively, of America as well as of Western Europe.

Dr. Melchior Palyi

On both sides of the Atlantic, the prime domestic problem is: now to control the suppressed, or latent, price inflation when it cannot be suppressed any longer. It has, indeed, broken into the open; in the U. S., since steel wages have been raised, it is patently gaining momentum. Due to the escalator-clause in a number of labor contracts, every 1% rise in the cost of living calls for a proportionate wage boost. Thus, by enlarging the volume of mass purchasing power, every wage of price increases becomes embedded in a vicious circle—even before the current "round" of wage boosts has been completed.

At this writing 10 to 15 cents hourly wage boosts, plus fringe benefits, are still pending in the shipyards, the railroads, the meat packing and telephone industries, on the New York docks, etc.

There is more than one vicious spiral at work. Full employment produces not only high labor costs, but also increased turnover and absenteeism. Efficiency is not improved either when the manpower shortage compels "scraping the bottom of the labor barrel."

As business expands in order to meet the inflated costs and the growing consumer demand, the price of construction labor goes up ahead of other wages. The increased construction costs raise the price of the product when the new plant or equipment goes into operation. Electricity is a case in point.

Then, too, businesses along many lines try to maintain their percentage profit 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 or the effect, prices or wages? In chronological order, the latter have the lead, as a rule. But then, are not both being raised by an underlying force—by inflationary fiscal and monetary policies? If so, the order in which they keep chasing each other is irrelevant.

As to be expected, there are several schools of thought on this matter. The embarrassed Keynesians blame labor for their own fiasco; it was their theory that the currency can be inflated without affecting wages. (One of the Master's spurious axioms was that labor is interested in nominal wages only — not in what those wages buy.) Accordingly, there is nothing wrong with Managed Money that could not be cured by wage controls. Physical controls are the logical consequence of Keynesian money manipulation.

Spokesmen for labor take the opposite view, of course, claiming that the working man lives by the rules of the capitalistic "game" (rules, which the same spokesmen decry as obsolete or inhuman 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 every business tries to do? If blame there is, the politicians and the bankers should be blamed for inflationary practices. The hitch in this argument is that (a) the position of labor, or at least of important segments of organized labor, is one of quasi-monopolists who hold up the consumer (sometimes in connivance with the entrepreneurs) by restrictive practices; and (b) organized labor itself carries a major snare, nay, the lion's share, of responsibility for the national policies, or lack of policies, by which Over-Full Employment is being fostered.

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. Payrolls are boosted ahead of any gain in productivity by

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Articles and News Page

"THE GREAT OVER-THE-COUNTER MARKET —BIGGEST IN THE WORLD"

ARTICLE starting on the cover page, "The Great Over-the-Counter Market—Biggest in the World," discusses the investment opportunities inherent 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 consecutive cash dividends for 10 to 172 years (Table I, page 23) as well as those in the 5- to 10-year category (Table II, page 52).

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Which Way Peru?

By A. WILFRED MAY

Mr. May reports optimistic views of government leaders, substantiated by country's constructive elements. Also cites contrasting minus-factors in fiscal and wage-price areas, aggravated by pervading political pressures.

(Mr. May was recently in Chile—Editor.)

"With our fast-growing national income and rising exports, and their further expansibility, to absorb possible deficits, my country has nothing to worry about." This statement reflecting a conviction of optimistically-minded Peruvians, was voiced to me in a special interview with the dynamic, intelligent and personable Finance Minister, Juan Pardo.

A. Wilfred May

Moreover, Sen. Pardo insists that as economic chief of the new regime, he will balance the budget — and realistically — under an honest accounting with full inclusion of all expenses.

In line with the so stylish modern technique, it has been customary to run two budgets: a so-called Operating Budget, which last year carried a deficit of over 400 million soles;* and an Investment Budget, for taking care of public works and subsidized building, with the amortization and interest charges thereon included in the Operating Budget.

Sen. Pardo is fully confident of now balancing both budget divisions.

Difficulties arising from further wage demands he discounts on the theory that the extent of increases given last spring, which averaged some 20%, will ensure a lengthy respite in this inflation-promoting area. And it is pointed out that prices have advanced with considerable moderation; the cost-of-living index by 5% during the past year, with wholesale prices having become stabilized in recent months.

The Finance Minister further called attention to the fact any deficits, such as might conceivably still occur in the investment division, are generally Budget financed by government securities sold to commercial banks or bonds issued against foreign loans — in lieu of the printing press.

*The exchange rate of the *Sole* is approximately 19 to the dollar.

Optimism Expanded in Interview With the President

Likewise confident is President Prado, 68-year-old scion of a wealthy banking family, recently returned from a sojourn in Paris to re-assume the Presidency. To my query regarding the possibility of forestalling inflation, he assured me: "The initial measures of my government and the plans for the budget of 1957 with economies of over 200 million soles* in spite of the increases in administrative expenses incurred before we assumed office, will enable my regime to prevent all forms of inflation. I would remind you of my similar successful efforts in this direction during my first regime from 1939-1945 despite the inevitable repercussions from the concurrent World War. And we recognize that abstention from artificial stimuli, in a wholly free economy, is indispensable to the realization of the true possibilities of the nation."

Pressed as to how inflation can be prevented in the face of further wage increases, the President countered: "The judicious adjustment of salaries is not the cause of inflation, when it responds to a real supply-and-demand situation."

The country's currency convertibility, consistent with high export earnings (with recent trade deficits attributable to large imports of productive capital goods) and maintenance of cotton and sugar prices, is another demonstrated plus factor. A 47% rise in exports over a 5-year period, with a 27% year-to-year rise in the latest fiscal period, raises Peru second only to Venezuela in this sector. Likewise the constant political stability, there having been a total of only eight Presidents serving during the 140 years of independence.

Capital Flowing From Abroad

In this favorable climate, private foreign has been flowing in a stream that is constantly broadening. From Italy, the Banco Commerciale is handling funds devoted to the construction of power plants. Swiss money has been constant. German, and to some extent French, capital is also increasing fast on considerably longer term than from the United States; Krupp's making a big effort, especially so in new steel-making. Indicative of the atmosphere of typically high return on capital is the average interest rate of 14% or so paid on good risks, largely because of credit restriction and currency devaluation.

The Liabilities Side

Against these plus-es, the country's balance sheet assuredly includes a fair share of liabilities. A large trade deficit, of $71 million, in 1954 resulted in a 25% devaluation of the currency. Foreign exchange reserves have remained at a consistently low level, at about the total of one month's imports; necessitating the maintenance of sizable stand-by credits. Sizable deficits in the trade balance have continued—$20 million and $26 million respectively in the first half-years of 1955 and 1956.

The budget situation, on the basis of the past, should be worrisome. While the budgets, as reported, show a balance as required by law, Treasury borrowings, in sizable amounts, are unreported as such. Thus calculated, there have been actual deficits even in the operating budget during each of the past three years. (In the fiscal year 1956 there was a deficit of 479 million soles* against receipts of 3.9 billions in this ordinary budget.)

In addition to its financing through the commercial banks—there is no capital market—the government to some extent borrows directly from the Central Bank with constant renewals; such debt now totaling 421 million soles.

Credit expansion has been increasing, with violations, under penalties, begun in 1955, in the maintenance of bank reserve requirements; with a current deficit in reserves of 141 million soles.

Having a heavy impact on the budget and price stabilization are the sharp wage increases effected in recent months. Exemplifying the wage-price spiral, in order to cover wage rises, which incidentally have raised estimated budget expenses by 450 million soles, the government has recently decreed a 50% ad valorem duty on textiles and wearing apparel. Despite the very large Pre-Election wage boosts last spring, considerably in excess of prior cost-of-living rises, there seems to be small warrant for confidence in continuing satisfaction of the workers. This is substantiated by recent strike outbreaks; as by the bank employes

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Current and Prospective Stock Market Outlook

By GERALD M. LOEB*

Partner, E. F. Hutton & Co.

Author, "The Battle for Investment 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 50 "blue-chips," as well as selecting at random a cross-selection and hoping to achieve proper diversification; (2) finding new key to market profits instead of knowing what 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.

There are about 1,100 different companies whose shares are traded on the New York Stock Exchange. All together, something like 3,500 different companies are publicly held and dealt in on the American Stock Exchange, the regional exchanges and the over-the-counter markets. Out of this grand total of something like 4,600 choices, we have 50 stocks widely publicized as "The Favorite Fifty." These are the listed issues most popular with professional management as revealed by the reports of the investment trusts and mutual funds. Without a doubt they are also the most popular stocks with institutional investors in general and with personal advisors, such as investment counsellors, trust departments of banks and lawyers who act in a financial advisory capacity.

G. M. Loeb

Favoring the "Favorite Fifty"

There is a reason for this. Fundamentally, since about 1946 the biggest and the best have been getting bigger and better at a faster rate, as compared to the average rate of all companies. This is a basic reason for favoring the blue chips. This over-concentration on the part of professional management on identical stocks—the same fifty favorite issues, has raised their price earnings ratios and reduced their obtainable income yields very sharply. The factor of legal risk to their stockholders, in the case of the trusts and funds, etc., and to their clients, in the case of personal relationships, 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 lawyers should professionally take towards investment.

I think you should set your sights to avoid the umbrella of diversification among the favorite fifty. 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 a routine job.

Rejects Shopworn Rules

If you look at averages, low priced common stocks are selling today about where they sold at the peak in 1946. High priced blue chips are selling far above their 1946 highs. This, however, is looking into the past. The successful rules of the past ten years have become too shopworn and

*From an address by Mr. Loeb before the Bull and Bear Club of the Harvard Law School, Cambridge, September 28, 1956.

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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 conspicuously satisfactory payment record, and, unlike other issuers, a municipal corporation does not die, but goes on, although it might have some bad years; (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) the different kinds of payment arrangement and clauses to be aware of, and describes "double barreled 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 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 one should have and carry constantly in mind in considering municipals?" I would say that "the fact that a municipal corporation can do only what it is authorized to do, and must in all proceedings follow the manner prescribed by law," would be a fundamental rule, because failure to attend that principle could produce the very unfortunate circumstance of a bond holder holding an instrument that could not legally be paid.

Frank P. Gallagher

A state can do anything that the legislature decides should be done in the public interest, provided in 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 supreme. A state or a municipal corporation or public authority may be considered generally to be a perpetual institution, and most bonds of such issuers, may be considered to be perpetual obligations until paid. I think that is one of the primary reasons for the conspicuously satisfactory record of payment of principal and interest on the state and municipal bonds.

During any lifetime there are curves in almost everything that affects our lives or society, there are good times and bad times. In bad times, the holder of an obligation of other than 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 exemptions is one 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 specifically provided in the Act an exemption not only from existing but from future Federal 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, you will notice, is that exemption would be the act of the sovereign granting the release, and the immunity, the fact that Congress has no right to tax such interest. That has been the ruling by the Supreme Court, time after time—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 on bonds of State and political subdivisions and territories are not subject to the Federal Income tax. It does not follow from that recital that the Congress has the power to tax. The recital of exemption is in there following a rule of law, that in a tax measure, to be exempt, the exemption must be specific.

Treasury Wants Interest Taxed

In 1940 a bill was introduced providing for taxation by the United States of interest on the State and municipal bonds to be issued subsequent to the adoption of the bill. The motion lost in the Senate by 44 to 30; that is 74 votes. What 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 on 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," that 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 taxation of 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 with the conviction the court would reverse the existing ruling and thereby place the entire question in the hands of the Con-

Continued on page 34

*An address by Mr. Gallagher before the Sixth Annual Forum on Finance, American Stock Exchange.

The State of Trade and Industry

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

Total industrial production for the nation-at-large in the period ended on Wednesday of last week continued unchanged from the level of the week preceding, but held moderately above that of the similar period in 1955.

Declines were reported in the output of automobiles and coal, 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 60% below that of a year ago. The output of trucks was 23% below the level of the previous week, and 36% under that of last year. Total truck production from Jan. 1 to Sept. 22 of this year was 11% under that of the comparable 1955 period.

Crude oil stocks, the United States Department of Interior reports, 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 bi-monthly survey of labor market conditions in 149 major areas of the country indicated employment held up well during the summer and will get better 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 idle workers on jobless pay rolls dropped.

Initial claims of laid-off workers increased 3,100 to 185,300 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 52,600 to 1,020,900. A year ago, the total was 887,200.

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

The market is even tighter than the fat order books show. That's because many users, particularly those in construction, have made adjustments in their schedules in line with the steel they know they can get. Any expansion of activity must be based on foreign or other premium priced steel. There will be more of this in the future.

The tightening 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 decision to quit making bars in its steel plant the first of next year 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, freight cars, heavy plant equipment, shipbuilders and road builders. Oil and gas people will take all the pipe and plate available. Some already are using foreign plate and conversion plate and they would take more if it were offered, continues this trade weekly.

Incoming orders are running 10 to 20% ahead of shipments even though mills are carefully screening inquiries. Backlogs are running in excess of 17 weeks at capacity, assuring carryovers into the first quarter.

The cold-rolled sheet picture is drastically different from what it was a month ago — with no space left for those who are not solid on promises. Further, the probability is that those who think they are all set will be disappointed later this year. Automotive orders have put stainless strip in this same category, declares this trade authority.

Two main reasons for the changed sheet picture are strong demand from auto producers and the increasing drain on raw steel supply due to the continuing upsurge in the heavy product market.

The steel scrap market eased off again this week, apparently signaling a definite reversal of the trend that carried prices to all-time highs. Steel mills are doing their best to accelerate the downturn, "The Iron Age" concludes.

In the automotive industry production of 1956 model cars will surpass 6,286,000 units, making it the third highest model run in history, according to "Ward's Automotive Reports." The above figure is based on preliminary reports by the car makers.

The 1956 model count is exceeded only by totals compiled by all-time record model 1955 of 7,130,425 units and 1950 model of 6,484,128 units.

Pontiac was the last company in the industry to officially close its 1956 books when it concluded the model run on Tuesday of the current week. However, General Motors Buick-Oldsmobile-Pontiac plant at Southgate, Calif., will turn out cars for a few extra days. Oldsmobile officially ended its 1956 series production Thursday, Sept. 27.

With six of 17 auto makers idled the past week by changeover operations, "Ward's" estimated production at 37,849 cars and 13,085 trucks. The preceding week's output was 35,652 cars and 14,170 trucks.

The automotive publication said that Chevrolet, Cadillac, Mercury, De Soto, Chrysler and Packard were deep in plant reconversion projects all week long. Chevrolet, De Soto and Chrysler inaugurated 1957 model production on Monday last and the others, including Buick, Oldsmobile and Pontiac, will follow at various periods in October.

Stepping up programming of new cars the past week were Ford Division, Lincoln, Studebaker and American Motors. Plymouth and Dodge also began such activity a week ago, according to "Ward's."

Steel Production This Week Estimated at 101.4% of Capacity

The planned growth of the steel industry may be speeded up by the government's decision to consider re-opening of steel expansion goals, "Steel" magazine noted on Monday of this week.

The national metalworking weekly said fast tax amortization requests for an estimated $1,300,000,000 worth of expansion had been filed with the Office of Defense Mobilization by last week. Two weeks previously, the total was $858,800,000.

Fast tax amortization would permit steelmakers to depreciate new facilities in five years, not the 20 or so normally allowed. This way, tax payments are reduced during the early part of a facility's life. The system was designed to permit fast capacity expansion needed in wartime.

The publication said that reopening of the goals now will probably depend on a capital decision that there are capacity shortages in steel products needed for defense mobilization.

It said steelmen believe this is already true of some product classes. Plates, structurals and some tubing items are most frequently mentioned. One industry spokesman believes that our ingot capacity should be about 6,000,000 tons higher to prevent shortages.

The Suez crisis may affect the government's decision, according to the magazine. If the United States is forced to move oil around the southern tip of Africa, there will be a pinch on tankers and pipeline capacity. Tightness in plate, structurals and pipe would be confirmed.

Steel production is at capacity now, just to supply current needs. Users are not hoarding steel. Operating under a new philosophy, they are interested in buying only enough steel to keep their inventories at working levels.

"Steel's" quarterly survey of major industrial components shows that the trend to lower stocks which started during the second quarter and picked up speed in the third, will continue through the fourth. Stocks of components are steady in the 30-to-60-day category.

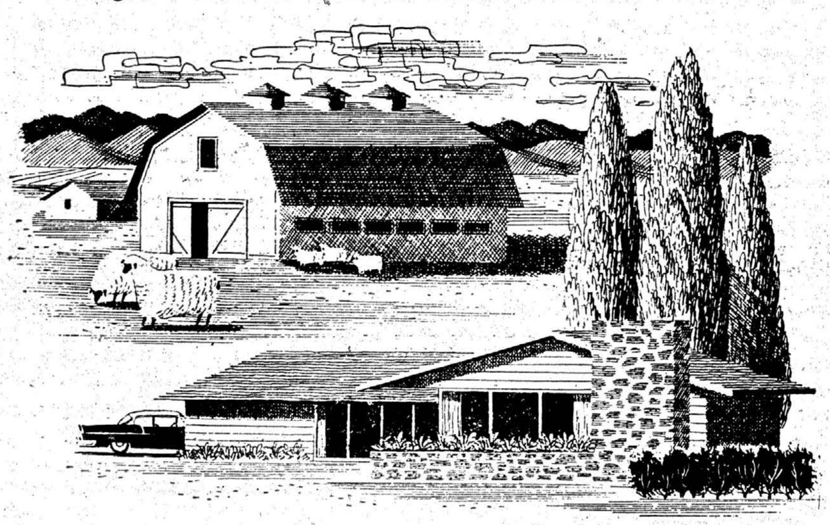
The metalworking authority said that a preview of the fourth quarter steel market shows that demand for most forms will be strong. Supplies of some will be inadequate and production will hug capacity marks.

The product which is expected to tighten the most noticeably is cold-rolled carbon steel sheets, which are used by the auto industry. Plates and structural shapes are almost impossible to get. Hot-rolled carbon sheets and oil country tubular goods are close runners-up, this trade weekly notes.

Any insufficiency in the supply of steel will not stem from lack of production. Demand will keep output of steel ingots at capacity

Continued on page 52

Providing funds for farm and home loans to California Veterans



New Issue

$35,000,000

STATE OF CALIFORNIA

5%, 3%, 2½% and 2¾% VETERANS' BONDS

Act of 1954, series J

Amounts, Rates, Maturities and Yields or Prices

(Accrued interest to be added)

Amount	Coupon Rate	Due	Yield or Price	Amount	Coupon Rate	Due	Yield or Price†
$1,400,000	5%	1958	2.15%	$1,900,000	2½%	1968	2.65%
1,400,000	5	1959	2.30%	1,900,000	2¾	1969	2.70%
1,400,000	5	1960	2.40%	1,900,000	2¾	1970	2.70%
1,400,000	5	1961	2.45%	1,900,000	2¾	1971	100
1,400,000	3	1962	2.45%	1,900,000	2¾	1972	100
1,600,000	2½	1963	100	2,100,000	2¾	1973*	100
1,600,000	2½	1964	100	2,100,000	2¾	1974*	2.80%
1,600,000	2½	1965	2.55%	2,100,000	2¾	1975*	2.80%
1,600,000	2½	1966	2.60%	2,100,000	2¾	1976*	2.85%
1,600,000	2½	1967	2.65%	2,100,000	2¾	1977*	2.85%

**Bonds maturing 1973-77, subject to call at par, plus accrued interest, on and after August 1, 1972, as described below.*

†Yield to maturity.

Dated: October 1, 1956 **Due: August 1, 1958-77, incl.**

Principal and semi-annual interest (February 1 and August 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. First coupon payable February 1, 1957. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

Bonds maturing on and after August 1, 1973 are subject to redemption at the option of the State, as a whole or in part, on August 1, 1972 (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two weeks not less than 30 days nor more than 90 days prior to said date of redemption, in each of the Cities of San Francisco, Sacramento and Los Angeles, California. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not less than all the bonds maturing in any one year.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements as legal investments for savings banks and trust funds in New York, California and certain other states and for savings banks in Massachusetts and Connecticut and will be eligible as security for deposits of public moneys in California.

These bonds, issued under the Veterans' Bond Act of 1954 (Article 5E, Chapter 6, Division 4, Military and Veterans Code) for Veterans purposes, in the opinion of counsel are general obligations of the State of California payable in accordance with the Veterans' Bond Act of 1954 out of the General Fund of the State. The full faith and credit of the State of California are pledged for the punctual payment of both principal and interest. The bonds are authorized for the purpose of assisting California war veterans to acquire farms and homes, the cost of which must be repaid to the State on an amortized purchase basis.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by the Honorable Edmund G. Brown, Attorney General of the State of California, and by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

Bank of America N. T. & S. A.	The First National City Bank *of New York*	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 *San Francisco*	
Glore, Forgan & Co.	C. J. Devine & Co.	Goldman, Sachs & Co.	
Eastman Dillon, Union Securities & Co.	Merrill Lynch, Pierce, Fenner & Beane	Weeden & Co. *Incorporated*	
The First National Bank *of Portland, Oregon*	Seattle-First National Bank	Security-First National Bank *of Los Angeles*	
Equitable Securities Corporation	Dean Witter & Co.	Reynolds & Co.	California Bank *Los Angeles*
Bache & Co.	J. Barth & Co.	William R. Staats & Co.	Andrews & Wells, Inc.
Barr Brothers & Co.	A. G. Becker & Co.	Branch Banking & Trust Company	
Brown Brothers Harriman & Co.	Clark, Dodge & Co.	Coffin & Burr *Incorporated*	Fidelity Union Trust Company *Newark*

Hayden, Stone & Co.	Heller, Bruce & Co.	E. F. Hutton & Company	
Roosevelt & Cross *Incorporated*	Shearson, Hammill & Co.	B. J. Van Ingen & Co. Inc.	
Bacon, Whipple & Co.	Ira Haupt & Co.	Wm. E. Pollock & Co., Inc.	F. S. Smithers & Co.
Trust Company of Georgia	G. H. Walker & Co.	The First National Bank *of Memphis*	
Gregory & Sons	A. M. Kidder & Co.	National Bank of Commerce *of Seattle*	
New York Hanseatic Corporation	The Ohio Company	Republic National Bank *of Dallas*	
Van Alstyne, Noel & Co.	Wachovia Bank and Trust Company	Wood, Struthers & Co.	
William Blair & Company	A. G. Edwards & Sons	First of Texas Corporation	
Schaffer, Necker & Co.	Shuman, Agnew & Co.	Stern, Lauer & Co.	Stone & Youngberg
Taylor and Company	Robert Winthrop & Co.	H. E. Work & Co.	Julien Collins & Company
Cruttenden & Co.	Interstate Securities Corporation	Kenower, MacArthur & Co.	
Lawson, Levy & Williams	Irving Lundborg & Co.	McDonald & Company	
The National City Bank *of Cleveland*	Anderson & Strudwick	Allan Blair & Company	Blunt Ellis & Simmons
Field, Richards & Co.	Hayden, Miller & Co.	Kalman & Company, Inc.	Lyons & Shafto *Incorporated*
Pierce, Carrison, Wulbern, Inc.	Stranahan, Harris & Company	Stubbs, Smith & Lombardo, Inc.	
Talmage & Co.	R. D. White & Company	Fred D. Blake & Co.	Brush, Slocumb & Co. Inc.
Davis, Skaggs & Co.	Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.	Ginther, Johnston & Co.	
Hooker & Fay	The Milwaukee Company	Mullaney, Wells & Company	Northwestern National Bank *of Minneapolis*
The Peoples National Bank *Charlottesville, Va.*	Rockland-Atlas National Bank *of Boston*	H. V. Sattley & Co., Inc.	
Scott, Horner & Mason, Inc.	Seasongood & Mayer	Stein Bros. & Boyce	
Stern, Frank, Meyer & Fox	Sutro Bros. & Co.	Thornton, Mohr & Farish	J. C. Wheat & Co.
Arthur L. Wright & Co., Inc.	Bosworth, Sullivan & Company, Inc.		
The Continental Bank and Trust Company *Salt Lake City, Utah*	Courts & Co.	Doll & Isphording	
Dwinnell, Harkness & Hill *Incorporated*	Clement A. Evans & Company *Incorporated*	Ferris & Company	
The First of Arizona Company	Foster & Marshall	J. B. Hanauer & Co.	Wagenseller & Durst, Inc.
The Weil, Roth & Irving Co.	C. N. White & Co.	Wilson, Johnson & Higgins	

October 4, 1956

Dealer-Broker Investment Recommendations & Literature

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

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

Burnham View—Monthly investment letter—Burnham and Company, 15 Broad Street, New York 5, N. Y.

Capital Gains and Losses—1956—Explanation and worksheets—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Chessie & Her Family—Portfolio of pictures—Chesapeake & Ohio Railway, 3809 Terminal Tower, Cleveland 1, Ohio.

Delaware Valley, U. S. A.—Copy of "Philadelphia Inquirer" 1956 Delaware Valley illustrated supplement on request—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Earth Satellite—Companies part of development of project—in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are a list of shares to benefit from shorter work week and three sample portfolios.

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

Life, Fire & Casualty Insurance Stocks—Annual review—Walter C. Gorey Co., Russ Building, San Francisco 4, Calif.

Life Insurance Stocks—Circular—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill. Also available is a circular on **Chicago Bank Stocks.**

Oil Stocks—Analysis in current "Investment Letter"—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also in the same letter is a discussion of **Steel** stocks, **Universal Cyclops**, and **Rail Stocks.**

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

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

Profits in Canadian Securities—Douglas P. Thomas—American Research Council, Larchmont, N. Y.

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available in an analysis of **Pubco Petroleum Corporation.**

S. E. C. and Foreign Capital—Booklet—de Pontet & Co., Inc., 40 Wall Street, New York 5, N. Y.

* * *

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

Air Springs, Inc.—Information—D'Avigdor Company, 63 Wall Street, New York 5, N. Y. Also available is information on **Saaty Fuel Injector Corp.**

American Brake Shoe Co.—Memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

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

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

Bell & Howell Co.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Butler's, Inc.—Bulletin—R. S. Dickson & Co., Wilder Building, Charlotte, N. C.

Eastern Stainless Steel—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

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

Firth Carpet Company—Analysis—Granbery, Marache & Co., 67 Wall Street, New York 5, N. Y.

Fischer & Porter Company—Report—Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

Ford—Detailed brochure on "Future at Ford"—Lehman Brothers, 1 William Street, New York 5, N. Y.

Grand Union Company—Analysis—Abraham & Co., 120 Broadway, New York 5, N. Y.

Hoyle Mining Co., Ltd.—Analysis—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

Illinois Central Railroad—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Imperial Chemical Industries, Ltd.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Lanolin Plus, Inc.—Analysis—McDonald, Holman & Co., Inc., 70 Pine Street, New York 5, N. Y.

Litton Industries, Inc.—Memorandum—Burnham & Company, 15 Broad Street, New York 4, N. Y.

J. Ray McDermott & Co., Inc.—Report—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available are reports on **Jefferson Electric Co., Koehring Company** and **American Express Company.**

Metallurgical Resources, Inc.—Report—G. K. Shields & Co., 15 William Street, New York 5, N. Y.

New England Gas & Electric Association—Annual report—New England Gas & Electric Association, 727 Massachusetts Avenue, Cambridge 39, Mass.

Phillips Petroleum Company—Remarks by officers before New York Society of Security Analysts—Phillips Petroleum Company, Phillips Building, Bartlesville, Okla.

Raytheon Manufacturing—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are bulletins on **Zenith Radio, W. R. Grace Co., Koppers Co., and Railroad Stocks,** and memoranda on **Safeway Stores and Stauffer Chemical.**

Sharon Steel Corporation—Bulletin—Arthur Schmidt & Associates, Inc., 342 Madison Avenue, New York 17, N. Y.

Southwestern Public Service—Memorandum—Auchincloss, Parker & Redpath, 729 15th Street, Northwest, Washington 5, D. C. Also available is a memorandum on **Spencer Chemical.**

Speer Carbon Company—Analysis—Doolittle & Co., Liberty Bank Building, Buffalo 2, N. Y.

Stauffer Chemical Company—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 4, Calif.

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

Uarco, Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Vapor Heating Corporation—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 5, N. Y.

Webb & Knapp, Inc.—Analysis—Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y.

Westinghouse Air Brake—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **H. J. Heinz** and **American Maracaibo.**

Woodley Petroleum Co.—Analysis—Bacon, Whipple & Co., 1 Wall Street, New York 5, N. Y.

Continued from page 4

Which Way Peru?

in July and white collar workers generally in late June.

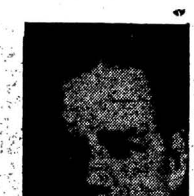
Pre-Election Extravagance

And likewise indicating trouble from the pre-Election motive has been the embarkation on an accelerated vast and seemingly unjustified building and public works program by the late Odria Government prior to its exit from office. These included the extravagant building of colossal hospitals. Also there was such pre-Election expansion of social services, including the extension of free medical service to the bureaucracy.

In the face of the political pressures, it surely seems highly doubtful whether the inflationary stimuli, from both the wage and subsidy sectors, can be nullified. This conclusion is substantiated by the new administration's lack of a working majority. Among the opposition parties, *Aprismo*, the strong major party agitating for decisive leftism, particularly harbors the continuing potential temptation to appease inflationary pressures.

Pervasion of such political pressures is, of course, not at all confined to this country, or even to Latin America!

O'Kane Named Gov. Of N. Y. Sec. Dealers



John J. O'Kane, Jr.

At a meeting of the Board of Governors of the New York Security Dealers Association, John J. O'Kane, Jr., John J. O'Kane, Jr. & Co., was elected a member of the Board.

Amos Sudler Co. Corporate Changes

DENVER, Colo.—Amos C. Sudler & Co., First National Bank Building, has announced the fol-

Amos C. Sudler Phillip J. Clark

lowing official changes: Amos C. Sudler will continue as President; Phillip J. Clark, formerly Secretary, becomes Executive Vice-President; John Alff and Lloyd W. Hammer have acquired an interest in the firm; Mr. Alff will be Vice-President and Treasurer, and Mr. Hammer Vice-President and Secretary. Paul Hardey, previously Treasurer, has sold his interest in the firm but will continue with the organization as sales representative.

John Bair NY Mgr. For Carolina Secs.

John W. Bair has been appointed Manager of the New York office of Carolina Securities Corporation, 40 Wall Street. The firm's main office is in Raleigh, North Carolina.

Mr. Bair was formerly Manager of the Trading Department of the New York office of H. M. Byllesby and Company, Incorporated. In the past he was an officer of Blair, Rollins & Co., Incorporated, and prior thereto for many years with Eastman, Dillon & Co.

COMING EVENTS

In Investment Field

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

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

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

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

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

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 attractive to investors. 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 Telephone Company's 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 the morning paper and you read about a merger or reorganization or recapitalization or new issue of convertible bonds or new issue of common stock, via the subscription right route; so we never know from day-to-day what's going to happen.

Gustave L. Levy

This last six months has been really a tough period. It hasn't been so much fun, actually. Sometimes I have wished in the last six months I could drive a truck or have to think about manufacturing steel, or one simple item like that, because the corporate bond market, the municipal bond market and the government bond market have been in sort of 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; so it has been a very difficult period. We hope it's going to stabilize soon.

Most people think bonds are much less risky than stocks. This is not always true. Just to give you an example — some of the AAA bonds have been down anywhere from eight to 12 to 15 points. This is quite easy 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 bond. So if interest rates rise 100 basis points, or 1% differential in yield —in other words, from 3.5% to 4.5%—you are out almost nine points. If you go up to 20 years, it's a little less. So everybody has found that AAA bonds haven't been the best thing to hold or trade in the last year or so anyhow. 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: and 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 commons, or all types of securities, such as rails, utilities and industrials in all the various classifications. He has got to be an expert in steel, cement, and what have you—paper stocks, every darn thing else. In addition, he has got to have some knowledge of corporation and re-organization law, he has got to be thoroughly conversant with the rules of the New York Stock Exchange and the American Stock Exchange, the Securities and Exchange Commission, the National Association of Securities Dealers, all of whom, you know, perform police functions for our industry. Most of the time, this is unnecessary, but these agencies certainly do a good job.

An arbitrager is also supposed to be an expert on the money market.

I have been doing this kind of work since I came up from New Orleans, when I was a kid 17 or 18 years old. After 29 years, I still find out there is an awful lot to learn.

Categories of Arbitrage

Now let's see what the categories of arbitrage are:

First, there is the geographical category:

Second, convertible bonds, and subscription rights;

Third, corporate bonds, which are either involved in or emanate from corporate re-organization, simplification or merger.

First, as to the geographical, the simplest form, the securities are dually listed—for example, securities that are listed on the Mid-West Stock Exchange and the New York Stock Exchange. Arbitrage functions between the dealer on the Midwest Stock Exchange and the dealer on the New York Stock Exchange, to keep the prices in line.

Another example is foreign arbitrage. There has been a big business recently in repatriation of foreign bonds. Additionally, a large number of convertible bonds of Canadian corporations have been issued. Large amounts of these securities have been bought in the U. S. A. by the same type of investors who buy our own convertibles.

The second category, and to my mind the most interesting, is convertible bonds. You all know that in recent years the American Telephone Company issued something over $3 billion of convertible bonds in this market. They did this to finance the huge demand for telephones. As a matter of fact, they still have a list of about a million telephones waiting to be installed, and they have really done a tremendous financial job in the last five years.

It has been a fantastic financial job and the method used was the best, both from the stockholders' point of view and the money market's point of view, and everybody was happy.

Other utility companies who have issued convertible bonds are the Columbia Gas & Electric, General Telephone Company, which is the largest independent telephone company in the world, Southern California Edison and Detroit Edison. Some of the large industrial companies that issued convertibles in the last few years are Hertz Corporation, Hilton Hotels, Eastern Stainless Steel Corporation, Combustion Engineering Corporation, Scott Paper, and Radio Corporation of America; Wheeling Steel, Bethlehem Steel, and many, many others have issued this kind of security.

These convertible bonds have a great many advantages for the investor. One of them is that when they are bought right they combine the safety of a bond with the appreciation potential of a common stock; secondly, in weak and uncertain markets, they have the safety factor of being a security with a so-called investment value, and therefore this kind of a bond has got a floor, a bottom, beyond which it cannot fall, but it has got no ceiling, In my opinion, convertibles are a fine security. They're like the "heads I win, tails you lose," kind of thing, and that is primarily what their attraction is for investors.

In markets like today, when things are pretty uncertain, an investor can't be sure of the direction of the stock market. Convertible bonds are a pretty good thing to have, because you can have it both ways. You can have the protection given by this type of senior security, and as long as the security is outstanding and as long as the conversion feature lasts, one has got the potential of taking advantage of any rise that takes place in the common stock into which the security is convertible.

Features of Convertibles

There are certain features of convertibles that I would like to mention: First, these bonds are usually straight debentures or subordinated debentures. They are usually convertible at a fixed price, except in some cases the conversion price is on a rising scale. Some bonds might be convertible at $50 a share, or rather, into two shares of stock for five years; then it rises to one and a half shares for the next five years,

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*The address by Mr. Levy at the Sixth Annual Forum on Finance, American Stock Exchange, New York City.

Presaging the Business Outlook For the Next Five Years

By DEXTER MERRIAM KEEZER
Vice-President and Director of Economics Department
McGraw-Hill Publishing Co., Inc.

Well known McGraw-Hill investment economist tenders a cheerful high level business outlook with minor lapses for the near and intermediate future, affected relatively little by election results, and prescribes increased investment rise in new and better capital equipment, if we are to equal per capita output pace of past decade, to fill the gap between 35% total output increase in coming decade and only 9% more man-hours to do it with. Mr. Keezer anticipates: "slow-burning" inflation; relatively steady consumption and investment expansion; more intensive auto and other consumer durable goods competition; high business investment to continue to be backbone of high, steady level of prosperity in the years immediately ahead; and looks to advertising, regular automatic wage increases, governmental expenditures, consumer spending-willingness, and emergency device of tax reduction, to overcome such unstable forces as inventories, short-run flexible labor force changes, and defense spending.

I have found it increasingly easy to see that business is going to continue to go along at a very high level over the months ahead. In fact, if I were disposed to worry about anything over the short run it would be the danger that we shall have a dizzy, speculative spree with the inevitably painful hangover to follow.

Dexter M. Keezer

But over the longer run, with which I agreed to concern myself, the outlook is necessarily more obscure. It takes me out beyond the time when I can have the great help now made available to short range forecasters by surveys of economic plans and expectations. And it does not take me far enough to permit me to take a smooth and comfortable ride on long, 10 or 20 year projections, on which virtually no one will ever check up.

*An address by Mr. Keezer before the American Statistical Association, Detroit, Sept. 10, 1956.

However, I am prepared to give in exact detail, some crucial dimensions that the American economy will have over the next five years. Then I shall move on to a consideration of some of the developments underlying these precise projections.

GNP In Next Five Years

In giving you the Gross National Product for the next five years, I have not resorted to the dodge of calculating it in constant prices for all years. I have taken account of the exact amount of inflation there will be. Also I have made in advance all of the other revisions the Commerce Department can surely be counted upon to make along the way. Hence my figures (see accompanying table) will require no adjustment when the time comes. Now, if you wish, you may record them.

	1956	1957	1958	1959	1960
GNP billions	$410	$432	$437	$465	$495
Ind'l Pro. 47-49=100	142	147	148	156	162
Unemployment millions	2.7	2.7	3.2	2.9	2.9
Consumer Prices 47-49=100	116.3	118.	119.	120.5	122.5

Having recorded them, all you will need to do is to check them off against the reality as it arrives and marvel.

Now for some less precise, but possibly more dependable discussion.

A high and generally rising level of business investment in new plant and equipment has provided the backbone of our long-sustained period of postwar prosperity. It will continue to provide the backbone of a high and quite steady level of prosperity in the years immediately ahead. Business investment in new producing facilities will be substantially higher in 1957 than it will be this all-time record-breaking year. And, with only a minor lapse here and there, it will keep going up right through the 50's.

I realize that some of you find this hard to believe. You observe that since the end of the war our manufacturing capacity has been more than doubled while our volume of production has been increased by only about one-half. Reflecting on this pair of facts, you fear that by continuing a high level of business investment we are sinking ourselves under an insupportable load of producing capacity.

As worries go, this is not a bad one. But it overlooks controlling developments which promise to keep business investment in new producing facilities rising and at a relatively steady rate. I propose to detail some of these developments.

Not Too Much Investment

One of the less cheering of them is reflected in the fact that almost half of this year's record-breaking investment of about $36 billion in new plant and equipment is required simply to overcome the ravages of wear and tear, old age and obsolescence. Comparably heavy investment for the same purpose will be required right along. The Russians, having no such burden of industrial upkeep, can make a dollar, or a ruble, go much further in increasing industrial capacity than we can. This is one of the key facts in our struggle with the U.S.S.R. for industrial primacy. We can ignore it only at our peril.

We are also confronted by the fact that increasingly heavy investment is required to secure adequate supplies of some of our most basic industrial materials. For example, the American Petroleum Institute has estimated that the investment to produce a barrel of oil in the United States increased 115% between 1944 and 1953. It is still going up and so, too, is the investment per unit required to get such key industrial materials as iron ore, copper and sulphur.

Business investment to combat air and water pollution is running at a high and increasing rate. This year it is estimated that industry will spend about $¾ billion for this purpose. Many more billions must and will be spent by industry to clean up our air and water.

The types of business investment I have mentioned thus far are not adding to capacity, except incidentally. They are required simply to overcome past damage or deterioration.

Investment to Overcome Labor Scarcity

When it comes to producing capacity, the need of acquiring more of it and better producing capacity is strikingly underlined by taking a look at our prospective manpower resources and our prospect of production requirements. To put the matter very succinctly—and skip a lot of intermediate calculations—if we are to have no more than the present level of production per capita a decade hence the nation's total production—to be divided among about 28 million more people—must be increased 17%. But over this same period the prospect is that the man-hours to provide the production will increase by only about 9%. Much of the explanation is found in the fact that our population is growing faster at the extremes, outside of the age limits of the work force.

If during the next decade we are to equal the increase in output per capita we have made during the past decade our nation's total output must be increased by 35%, with only 9% more man-hours to do it. This is simply another way of saying that we must step up our investment in new and better capital equipment, both relatively and absolutely.

Rewards of Greater Investment In Research

On the cheerful side, there is a development which greatly strengthens the promise that we can do it. It is, of course, the tremendous program of research and development being carried out by American industry. Our annual McGraw-Hill survey of Business Plans disclosed that this year American industry is spending about $5.5 billion for research and development (about 40% of it financed by the Federal Government), and has plans to increase its expenditure to $6.3 billion in 1959.

From this tremendous investment in research and development flow two consequences of major importance for capital investment. One is a flood of new products which create their own demand for the equipment with which to produce them. The other is a flood of new and improved processes and equipment. When coupled with competition, they also eventuate in greatly increased demand for capital investment.

I do not profess to know what is the most dramatic aspect of the American economy today, but I suspect it is the tremendous emphasis on research and development, an emphasis which results in an expenditure at least 30 times greater than it was in the 20's. At any rate, it largely transforms the outlook for capital investment—on the side of expansion.

Investment Survey Results

In addition to having an increasing need of capital investment by business, we now have new institutional equipment investment expanding at a relatively steady rate. This equipment has been provided by the sweeping expansion of long-range planning of business investment in the last decade. In our office at McGraw-Hill we have been making surveys of plans for business investment in new producing facilities for the past nine years. When we started not over a handful of the cooperating companies could give us estimates of their expenditures for new producing facilities running beyond the current year. This year about 90% of the companies sharing in our survey—and a far larger number of companies than was covered by the survey nine years ago—could give us estimates of the investment in new plant and equipment running three years ahead.

Also this year, nearly a third of the cooperating companies indicated that their peak year of investment would come one or more years hence. In fact, almost 10% of them said they would not hit their peak of investment until 1959. Nothing like this has ever happened before. It constitutes a development of superlative constructive importance for the American economy.

A rather impressive demonstration of this fact was provided a few months ago when the decline in automobile sales touched off an attack of jitters about the business outlook in the chronically nervous purlieus of New York City. As a result, a lot of industrial corporations were asked if they were cutting back their investment plans in the light of the more clouded business outlook. The answer which came back, and in no uncertain terms, was that they were not; that they were working on long-range investment programs which would not be upset by jiggles, even by substantial jiggles, on the business curve.

I realize, of course, that having plans for investment does not, of itself, get the investment made. Getting the necessary funds is a rather crucial part of the process. But when it comes to prospective sources of capital funds, I also find the outlook relatively reassuring.

Depreciation Reserves Now $16 Billion

This year the reserves set aside by American corporations for depreciation reserves will amount to about $16 billion. This will cover half of their investment this year in new producing facilities. And these depreciation reserves will continue to increase in the years immediately ahead. They will reach a total of about $20 billion in 1958.

These reserves could, of course, be eaten up rapidly by price inflation. But if, as I anticipate, we have only a slow-burning price inflation—I would call 1 to 2% a year slow-burning—they will go a long way toward providing the needed investment funds. The added drafts on retained earnings of the new securities markets needed to go the rest of the distance look quite feasible.

Right now we are confronted by the worrisome fact that both corporate profits and the share of them which is retained have declined substantially since the end of last year. If that development were to continue it would put a crimp both in the incentive to increase investment in new producing facilities and the capacity to finance it.

Future Corporate Tax Policy

There is, however, a remedy available for this difficulty if it is required. It is a cut in the tax rate of 52% on all corporate incomes above $25,000. The mounting surplus in the Federal Treasury provides the capacity to make a cut in the corporate income tax. I am assuming that it will be used if necessary, and that the politically beguiling but economically subversive argument that tax relief should go exclusively to individuals will be ignored. If this assumption is correct I think all of the key elements to assure a steadily expanding volume of business investment in new producing facilities are in place.

I have dwelt on this prospect at some length for two reasons. One is that I am able to give you what I think is important news about it, at least for some of you. The other reason is that historically capital investment has been the most unstable element in our economy. It has been the bucking bronco. If we can tame it, as I believe we are doing, we shall have greatly improved the chances of keeping the economy generally on an even keel.

I don't need to be reminded, of course, that capital investment is not carried out in a comfortably isolated compartment of our economy. Over any considerable period of time it must be geared to what consumers are doing by way of purchasing new products turned out by the producing facilities.

Consumer Purchase Trend

On the side of consumption, however, I also find the outlook generally reassuring. We have a rapidly increasing population. In many aspects, including jammed highways and jammed trout streams, this is no joy to me; and the day may come, and perhaps

Continued on page 58

From Washington Ahead of the News

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 on a nonpartisan basis and to 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.

Carlisle Bargeron

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 of this mind 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 are not satisfied with Eisenhower for "trying to outdo the New Deal." They don't want to vote for Stevenson so their mood now is to deliberately not vote. That's hardly apathy. It's determination.

Some Republican Senators running for reelection in the Midwest think, for example, that 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 wanted a bill to give this aid on the basis of population. Eisenhower insisted that the aid be given on a per capita need basis. The only difference is one of method.

The Republicans seem to be making some headway against 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 wars that we have had under Democrat Administrations were "American" wars.

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

Then when they moved into South Korea, Truman, reversing his Secretary of State, ordered MacArthur to give the South Koreans air support. He did this without reference to Congress. Air support immediately became apparent not to be enough. The United Nations therefore made it a UN war, although Americans did 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 Republicans that they were pro-Commy or soft on Communism.

It is a fact that after the action was taken, Acheson's propagandists would appear in the National Press Club, engage in conversation with the newspapermen, something like this:

"You know it's funny about Acheson being dubbed soft on Communism. Why, he's the one who got Truman to go into Korea."

As to whether the Communists should have been called in this instance, so to speak, is not for me to say. But why invite them to take South Korea as Acheson's statement, in effect, did?

No doubt the Republicans have blundered on foreign policy on occasions but none of their blundering has yet led to war.

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The Security I Like Best

the advantage of its common stockholders. A recent examination of 100 electric utility capital structures revealed that only two companies (both with revenues only one-quarter those of Duke) had a greater percentage of their capitalization in common stock and surplus. Approximately 51% of Duke's capitalization consisted of common stock and surplus—the 100 company average was 36%.

While Duke's capital structure is attractively conservative, its operating policies are as progressive as any in its field. For example, it is believed that only two utilities in the country added more steam generating capacity over the last 10 years during which time Duke increased its steam generating capacity to the point that in 1955 over 90% of its electrical energy was steam generated. Next year Duke will place in operation the first section of its huge Allen plant which, when completed, will be the largest in the South Atlantic States and capable of generating 1,000,000 kilowatts.

Despite its excellent potential, Duke common is now available at only 15.1 times its most recent 12 months' earnings ($1.83 per share). At its present price ($28.25) it is priced to yield a comfortable 4.5%, assuming a repetition of the recent practice of paying a year-end extra equivalent to the quarterly rate, or 25¢ per share. This indicated dividend of $1.25 per share is very well covered by earnings. Cash has been paid every year since 1926. Duke common is listed on the American Stock Exchange but is also traded actively in the Over-the-Counter markets. Indicative of the growing market interest in this excellent utility equity is the fact that in 1955 its percentage increase of stockholders more than doubled that of any other electric utility in the country.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Walter E. Love, Sr. is now connected with King Merritt & Co., Inc.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Gaston R. Dasautels has been added to the staff of FIF Management Corporation.

W. G. MacDonald With Chapman in Boston

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William G. MacDonald has become associated with Chapman & Co., Inc., 84 State Street. Mr. MacDonald was formerly with Clayton Securities Corporation. In the past he was for many years trader for W. F. Rutter, Inc.

With Kentucky Co.

LEXINGTON, Ky. — Guy A. Huguelet, Jr. is with The Kentucky Company, 151-153 North Upper Street.

With Skyline Securities

(Special to THE FINANCIAL CHRONICLE)

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

Cranmer With Walston

(Special to THE FINANCIAL CHRONICLE)

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

A. G. Becker Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Kenneth E. Nelson and Hugh P. Hayes have been added to the staff of A. G. Becker & Co., Inc., 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins S. A. Sandeen

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, Ill. — James E. Pence has become associated with S. A. Sandeen & Co., Talcott Building.

What to Watch Concerning Credit And Federal Reserve Policy

By C. CANBY BALDERSTON*
Vice-Chairman, Board of Governors
Federal Reserve System

Federal Reserve official reveals to businessmen the monetary and non-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 business expansion and sales plans. Besides keeping informed and maintaining an essential balance between equity and debt, Mr. Balderston stresses the need for business decisions of high quality so as to achieve economic growth without inflation. Quotes Twentieth Century Fund observation that under private capitalism one comes closest to the Socialist goal of providing abundance for all in a classless society.

It is quite customary for businessmen to attempt to discern what the future holds both with respect to physical changes in business activity and as to price trends. They also wonder how their expansion and sales plans will be affected by the national credit policy. Instead of giving you more prophesies, since you are constantly bombarded with predictions, I will reverse the process and suggest what factors should be watched that are likely to influence central bank policy.


C. Canby Balderston

The observations will fall into three categories:

(1) Those that have to do with production, distribution and prices;

(2) Those that have to do with the quantitative aspects of money and credit;

(3) Those that have to do with the quality of credit and of business decisions.

To keep abreast of the nonmonetary changes in the economy, the businessman should watch at least six measures. These are:

(1) The Federal Reserve Board Index of Industrial Production.

(2) Sales data for both manufacturing and retail establishments.

(3) Inventories at each of the three levels—manufacturing, wholesale, and retail.

(4) Price and wage indices.

(5) Employment and unemployment.

(6) Gross national product and personal income.

An informative means of visualizing income data is to express them on a per capita, or per family basis. The Office of Business Economics of the Department of Commerce estimates that last year the average (mean) personal income per family was $5,520, of which income taxes took $540, leaving disposable income of $4,980. Incomes and spending have continued to rise this year. Currently, total personal income is 7% above the average for last year and family income is up by almost this percentage. Also up significantly from last year are total consumer spending for goods and services and also the dollar amount and rate of personal saving.

Providing Abundance For All

American live in about 50 million housing units, and use over 50 million passenger automobiles, 130 million radios, and nearly 40 million television sets. Whether these are necessities or mere gadgets, and whether all of them contribute to a good life need not be debated here; at least we have the physical basis for good living. Underlying the growth in family income and in stocks of houses and consumer durable goods has been a sustained rise in productivity. The increase in output per man-hour has been the joint result of many influences, including technological change, growth of fixed capital, and the skills and attitudes of management and workers. Since the turn of the century, the American manufacturing worker has turned out over twice the goods in one-third less time, and his productiveness may be described as rising about two and one-half per cent per year.

The rise in output per worker and the wide distribution of incomes and assets have enabled a large and growing proportion of our families to enjoy standards of living that—not so many years ago—only the then wealthy could attain. Both the top and the large middle income groups use substantially the same foods, television sets, household appliances, and automobiles. Manual workers enjoy comforts once reserved to kings. In the less material sphere, distinctions arising out of disparities in income are also being blurred. Higher education has become increasingly accessible to all. Upper and lower groups read the same newspapers, see the same movies, and listen to the same music.

The combination of this increased national pile of goods and services, together with the redistribution of incomes by taxation, has led the Twentieth Century Fund to observe that "of all the great industrial nations, the one that clings most tenaciously to private capitalism has come closest to the Socialist goal of providing abundance for all in a classless society."

Turning now to prices and wages, both of which reflect the interplay of the forces of demand and supply, price and wage information is abundantly available for nearly all industries and localities. It is customary to watch sensitive commodities and also more general measures of wholesale prices in order to judge the strength of demands in the economy and also to appraise the implications for future movements of retail prices. Much more difficult to come by in many industries, however, are data as to stocks on hand which, together with output, sales and other data, are essential in evaluating the near-term future.

Money and Credit

All the measures mentioned so far are those with which the businessman has intimate acquaintanceship. But credit and the money supply, though equally fundamental to his activities and well being, are perhaps less tangible and familiar.

On the quantitative side, changes in the money supply are fundamental. Anyone who wishes to determine whether the money supply is being increased or decreased, and at what rate, may watch changes in seasonally adjusted money supply from the "Federal Reserve Bulletin." Other data are provided in the "Bulletin" for those who wish to follow both nonfinancial and financial developments. Thus, one may observe not only changes in the total use of credit but also changes in its composition. He may keep track of changes in mortgage debt — both nonresidential and residential—other consumer debt, including instalment debt, and bank loans to industrial and commercial establishments that reflect the needs for inventories and working capital.

Of special relevance is the amount of borrowing done by member banks at the Federal Reserve Banks, which shows up in the discount and advance figures week by week. Highly significant in the view of many observers is the volume of so-called free reserves, which represents the algebraic difference between the excess reserves that commercial banks must hold and the aggregate amount borrowed by them from the Federal Reserve Banks. During periods of the business cycle when demands for credit are relatively low and the Federal Reserve is making an effort to stimulate business recovery by adding to bank reserves and easing credit, this figure will be a positive one. During times of boom when the Federal Reserve System feels it necessary to restrain speculative exuberance and excessive loan demand, the figure will be a negative one, i.e., commercial banks will, as a group and on a net basis, be indebted to the Federal Reserve Banks. In this last case the figure may appropriately be called net borrowed reserves. As to the price of money, the businessman is, of course, most directly concerned with the interest rate he himself must pay on money he borrows. In addition he may well watch market quotations on both long-term and short-term securities, since from those he may be able to discern trends toward tightening or easing in the general availability of funds. Of particular significance in this connection are the discount rates charged by the Federal Reserve to their member banks. A change in the discount rate usually means that the Federal Reserve believes interest rates, which are the price one pays to rent somebody else's money, have already changed sufficiently to justify a change in the price which commercial banks should pay when they borrow from their bank of last resort. A change in the discount rate may also signal that the Federal Reserve is attempting to stimulate business or to keep it within sustainable bounds. The central bank speaks through actions. It guards against too many pronouncements and is economical in its use of words lest they be misunderstood and misinterpreted. Discount rate changes represent one of the few monetary indicators that reach the front pages.

Quality of Credit and of Business Decisions

Turning now to the qualitative side of credit, businessmen may well ponder from time to time some indicators that reflect the carefulness and prudence of both lenders and borrowers. An essential balance that is frequently lost sight of is that between equity and debt. When equity becomes thinner, as happens when down payments are lowered and repayment periods are stretched, the quality of that credit is weakened. The most fundamental test of quality is the ability of the borrower to repay. In the case of a loan to a business, this test is met by a consideration of the use to which the credit is put and the additional product and profit that will result. If the purpose of the loan is productive and promises to be profitable, then the loan may be said to be credit-worthy. In the case of a consumer, on the other hand, the quality test must be met in a different way. Many loans to consumers, indeed, are for purposes that do not result in the acquisition of a marketable asset. Thus consumers may borrow merely to provide pleasure, such as for foreign travel. For loans of this type, quality necessarily depends on the character of the borrower, on his income, and on the nature of his financial responsibilities and resources.

Still another gauge of quality consists of the lending terms. You will note that the stretching of terms is related to the thinning of equity. For example, when the terms of automobile paper dropped last year from one-third down and 30 months to pay to one-quarter down and 36 months to pay, the equity of the car buyer at the end of one year dropped from 30% to 10% of the depreciated value.

I have attempted to indicate how one may keep aware of the economic traffic that flows around him. A related question is: What are the "rules of the road" that enable this traffic to move fast but safely?

Perhaps the most fundamental of them is the preservation of balance and proportion. The economy needs a nice balance between production and risk, between caution and daring, between liquidity and the expansion that borrowing makes possible. What is needed is neither the excessive conservatism that inhibits adventure and growth nor actions based upon mere speculation. In the short run, the use of resources for increasing productive capacity and for increasing the consumption of goods and services must be kept in balance. In the long run, the important consideration is to foster the highest sustainable level of economic growth so that productive capacity may keep up with the needs of an expanding population for both more goods and more jobs.

In short, the goal of economic growth without inflation calls for business decisions of high quality. Such decisions are marked by prudence, discretion and hardheaded common sense, unaffected by speculative fever and thoughtless competitive rivalry. The business and governmental decisions of this year will color the business situation next year and in the year beyond.

As Mr. Eugene Meyer, who has in the past headed the Federal Reserve Board and the Reconstruction Finance Corporation, and now the "Washington Post-Times" Herald, observed over a third of a century ago, "Over-expansion inevitably and always, is characterized by over-confidence and its impelling power is found in cupidity. . . . If one could plot the curves of optimism and pessimism as exactly as one can plot the curves of prices and the volume of production and consumption, one would find that they fall considerably behind the material conditions. Only the few anticipate events; the many stop, look and listen after the event is past."

*The address by Mr. Balderston before the 4th Marketing Conference of the National Industrial Conference Board, New York City, Sept. 21, 1956.

G. W. Fulk, Sec. of Commonwealth Cos.

SAN FRANCISCO, Calif.—George W. Fulk has been elected Secretary of Commonwealth Investment Co., Commonwealth Stock Fund, North American Investment Corporation and North American Securities Co. He became Assistant Secretary of the four companies earlier this year. In his new assignment, Mr. Fulk succeeds Robert L. Cody, who continues as Executive Vice-President.


George W. Fulk

Mr. Fulk, a native of Ohio, is a graduate of Stanford University, the Stanford Graduate School of Business and the University of Michigan Law School. Prior to joining the Commonwealth organization, he was a practicing attorney.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—James L. Doty is with King Merritt & Co., Inc., 817 Seventeenth Street.

Floy Johnston With Peters, Writer, Christensen

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Floy F. Johnston has become associated with Peters, Writer & Christensen, Inc., 724 Seventeenth Street. He was formerly manager of the investment advisory department for Hamilton Management Corporation and prior thereto was with Sidlo, Simons, Roberts & Co.

With Copley & Co.

COLORADO SPRINGS, Colo.—Chester A. Stewart has been added to the staff of Copley and Company, Burns Building.

Coughlin Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Joseph M. Imhoff has been added to the staff of Coughlin and Company, Security Building.

Joins Lackner Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Louis B. Weissman has joined the staff of Lackner & Co., First National Bank Building. Mr. Weissman was previously with Shaiman & Co.

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 bound to be expansionary, and, in case of a set-back, industry will resume their investment-enlarging 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 prewar experience to realize that the combination of Welfare State, Full Employment and more equal distribution of income policies has created a new situation requiring modification in thinking patterns.

LONDON, England—As a result of the government's disinflationary measures the rising trend of production in Britain, that has been proceeding almost without interruption since the end of the War, has come more or less to a halt. Although consumption continues to increase, the additional demand is met largely out of inventories. The Stock Exchange has its ups and downs and shows no inclination to resume its upward trend. In the circumstances, it is not surprising that a large and increasing number of people have begun to wonder whether the postwar boom has now come to an end. This problem is by no means exclusively British. We encounter the same doubts and fears in the United States and other countries.

Dr. Paul Einzig

Many of those who are inclined to believe that the postwar boom has come to an end argue roughly on the following lines: The basis of the boom was the acute shortage of capital goods and consumer goods caused by the wastage during the six years of War. The extraordinary requirements arising from that shortage have now been fully met. The wear and tear and physical destruction of industrial equipment has been more than made good. The houses destroyed by air bombing have been rebuilt. The retail stores are once more full of consumer goods in larger quantity and wider variety than before the War. The stage has been reached from which the task of industry will be confined once more to satisfying current requirements instead of having also to make good deficiencies arising from the War.

In addition to this specific argument there is a revival of the wide variety of arguments based on the conventional prewar conception of business cycles. There is also a great deal of more or less inarticulate fear that "things have been going up for so long that they are bound to come down sooner or later." Needless to say if such views should come to be held widely enough they are liable to produce their own justification by generating a wave of pessimism among producers and consumers. Apart from this psychological danger, however, there is nothing in the material situation which would justify pessimism.

Basis for Prosperity

Capital expenditure in Britain continues unabated. Judging by the figures compiled by the government from information volunteered by industrial firms, capital expenditure by industry will be almost as large during next year as it is during the present year. Admittedly the number of new projects embarked upon is smaller, so that when the projects which have been initiated are completed 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 it would improve the prospects sufficiently to encourage industrial firms to embark on these projects for expansion. In such circumstances the setback in capital expenditure would be purely 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 had to be curtailed in 1955-56 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 rising trend continue it would ensure a continued buying pressure by consumers. The danger is not that this pressure might peter out but that it will remain excessive, so that the government will have to reinforce its disinflationary measures. In the absence of excessive wages demands the government would be able to relax its disinflationary drive. This means that buying pressure is likely to increase either through wages inflation or through a relaxation of measures taken against wage inflation.

The only 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 impelled to take very drastic steps to curtail 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, a slight slackening of the pressure of consumer demand would provide an opportunity for reequipment in order to adopt the latest automatic devices.

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 expansionary, 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 prewar experience should realize that the Welfare State, the policy of full employment and the more equal distribution of national 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.

J. H. Jackson With Milwaukee Company

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — John H. Jackson has become associated with the Milwaukee Company, 135 South La Salle Street. He was formerly manager of the municipal department of the local office of Lehman Brothers and prior thereto of Lee Higginson Corporation.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Aaron R. Levin has become affiliated with B. C. Morton & Co., Russ Building.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Paul Fung is with Mutual Fund Associates Incorporated, 506 Montgomery Street.

Answering the $500,000 Question

By RALPH P. COLEMAN, JR.*

Editor, "Over-the-Counter Securities Review"

Mr. Coleman cites Securities and Exchange Commission testimony on Fulbright Bill to refute SEC argument that 581 unlisted firms do not provide adequate annual reports; and questions need of $500,000 deemed necessary by SEC to police twenty over-the-counter companies found "materially deficient" by present accounting standards.

One of major arguments advanced by those who advocate increased Federal Government regulation of over-the-counter corporations is the alleged lack of financial information available to stockholders in these companies. Such a position is, in fact, fundamental to the Fulbright Bill[1] which would amend the Securities Exchange Act of 1934 by making many over-the-counter companies subject to the same SEC regulations as companies listed on national stock exchanges.

Ralph P. Coleman, Jr.

Now, no less an authority than the Securities and Exchange Commission itself sheds vital, objective light on the moot question: "Do over-the-counter companies provide their stockholders with adequate annual reports?" In its May 25, 1956 Report on the Fulbright Bill (Bill S. 2054)) to the Senate Committee on Banking and Currency the SEC discloses this significant information:

Of the 581 unlisted corporations which would be subject to the Fulbright Bill the stockholder reports of 78.7% of the companies substantially complied with the accounting standards of the Commission or had only minor deficiencies. Of the 21.3% of unlisted stockholder reports deemed inadequate by the commission 17.9% were classified as "materially deficient" primarily because they did not include sales and/or cost of sales. ONLY 3.4% OF THE REPORTS—TWENTY REPORTS IN ALL — WERE JUDGED AS "MATERIALLY DEFICIENT" BY SEC ACCOUNTING STANDARDS because they omitted either the profit and loss or earned surplus statement or failed to follow accepted accounting principles.

Regarding failure to include sales and/or cost of sales in stockholder reports it is pertinent to observe that several over-the-counter "blue chips"—among them Arrow, Hart & Hegeman Electric Co. and American Thermos Bottle Co.—fall into this category. While it is the opinion of OCSR that these companies would do well to provide this basic sales data to their stockholders we do not believe that shareholders in these companies have suffered to any great degree from this deficiency.

Thus, there is a "hard core" of twenty subject unlisted corporations who do not comply with SEC accounting standards and who presumably would be made to "toe the mark" if the Fulbright Bill was passed by Congress. In its recommendations on the Fulbright Bill the SEC clearly states that an addtiional $500,000 would be required EACH YEAR by the Commission to handle the extra duties that would be required of it if the Fulbright Bill were to become law. A great deal of this $500,000 would be used to enforce SEC accounting standards among the 581 unlisted corporations that would become subject to its control. The SEC itself has reported that almost 80% of these unlisted companies are already VOLUNTARILY complying with its accounting standards—AT NO EXPENSE WHATSOEVER TO THE TAXPAYER—and that only 3.4% of the unlisted companies are "materially deficient" on counts other than failure to disclose sales or costs of sales. It seems to us that SEC could use the major portion of an additional $500,000 annual appropriation for a better purpose than bringing into line a mere TWENTY over-the-counter companies which do not meet its accounting standards.

*Text of an editorial by Mr. Coleman in the Sept. 1956 issue of the "Over-the-Counter Securities Review," Jenkintown, Pennsylvania.

1 Opposed by the writer in hearings before Senate Subcommittee, July 1, 1955.

Morgan Stanley Group Underwriter Offering By Johns-Manville

The Johns-Manville Corp. is offering to the holders of its common stock rights to subscribe at $40 per share for 648,696 shares of additional common stock at the rate of one share for each 10 shares held of record on Sept. 28, 1956. The subscription offer will expire at 3:30 p.m. (EDT) on Oct. 17, 1956. The offering is being underwritten by a group of United States and Canadian investment firms headed by Morgan Stanley & Co.

The proceeds of the sale will be used for plant expansion and improvements and to provide additional working capital for anticipated increases in sales volume. The corporation has under construction several new plants estimated to cost $23,200,000. The principal of these are a plant at Stockton, Calif., for the production of asbestos-cement pipe; a plant at North Bay, Ontario for the production of insulating board and a plant at Marrero, La., for the production of floor tile. Plans have also been announced for building additional plants and facilities at an estimated cost of $32,200,000 including new plants or facilities at Klamath Falls, Ore.; Denison, Tex.; Natchez, Miss., and Asbestos, Quebec.

The corporation is the largest producer of asbestos fiber in the world. It is a large producer of building materials, insulations, and allied industrial products. The most important products are: insulating materials for a wide variety of high and low temperature uses: roofing materials; shingles; siding; floor tiles; and asbestos-cement pipe which is marketed under the trade name "Transite." The corporation has 22 manufacturing plants, 19 of which are in the United States; two in Canada, and one in Belgium; it has two asbestos mines in Canada and a large diatomaceous earth deposit at Lompoc, Calif.

In 1955 the corporation reported sales of $284,742,000 and net income $23,511,000 equal to $3.68 per share presently outstanding. For the six months ended June 30, 1956 the corporation reported sales of $147,359,000 and a net income of $11,062,000 equal to $1.73 per share of common stock in comparison to sales of $131,720,000 and net income of $9,262,000 or $1.45 per share for the first six months of 1955. Adjusted for 2-for-1 split in March 1956, dividend payments in the 1955 calendar year amounted to $2.12½ per share and to date in 1956 have been at the rate of 50 cents quarterly.

Kurt Werner & Co. Celebrates 25 Years

Kurt Werner & Co., 50 Broadway, New York City, members of the New York Security Dealers Association, are observing their 25th Anniversary on Saturday, Oct. 6, 1956.

Philip P. Getty

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

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Frederick R. Kappel, the new President of the American Telephone & Telegraph Co., has been elected a director of **The Chase Manhattan Bank, of New York**. John J. McCloy, Chairman, announced on Sept. 29. Mr. Kappel succeeds Cleo F. Craig, now Chairman of the A. T. & T., who has resigned from **The Chase Manhattan board.** Mr. Kappel on Sept. 19 was named as the ninth President of the A. T. & T. Co., after almost three years as President of the Western Electric Co.

* * *

THE CHASE MANHATTAN BANK, N. Y.

	Sept. 30, '1956 $	June 30, '56 $
Total resources	7,348,866,567	7,341,510,318
Deposits	6,492,985,131	6,5[illegible]
Cash and due from banks	1,705,701,672	1,772,528,414
U. S. Govt. security holdgs.	1,188,713,781	1,170,061,030
Loans & discts.	3,554,909,831	3,551,787,650
Undiv. profits	84,113,299	81,115,182

* * *

Alexander C. Nagle, Chairman of the Executive Committee of **The First National City Bank of New York**, retired on Oct. 1, the bank has announced. Mr. Nagle continues as a director of the bank following his retirement. Mr. Nagle was formerly President of the **First National Bank of the City of New York**, which institution he joined in 1907. He became Chairman of the Executive Committee of The First National City Bank of New York at the time of the merger with **First National Bank** on March 30, 1955. Mr. Nagle is active in business and civic affairs, serving as officer or director in more than a dozen organizations.

* * *

George H. Devey, John W. Marx and Robert O. White, former Assistant Secretaries, have been appointed Assistant Vice-Presidents of **Chemical Corn Exchange Bank, of New York**, it was announced on Sept. 27 by Harold H. Helm, Chairman. Lindsay A. Motley, Jr. and Eric A. Baker, former Manager and Assistant Manager, respectively, of Investment Analysis Department, have been appointed Assistant Secretaries. Messrs. Devey and Marx are associated with the bank's Metropolitan Division. Mr. White is affiliated with the bank's National Division, being responsible for its business in the North Central States.

* * *

CHEMICAL CORN EXCHANGE BANK OF NEW YORK

	Sept. 30, '1956 $	June 30, '55 $
Total resources	2,938,522,143	3,032,477,197
Deposits	2,627,186,607	2,734,259,960
Cash and due from banks	676,799,839	718,345,209
U. S. Govt. security holdgs.	437,530,573	497,202,923
Loans & discts.	1,460,3[illegible]	1,4[illegible]
Undiv. profits	28,993,350	26,614,171

* * *

The appointment of Vincent A. Bohn as an Assistant Secretary of **Manufacturers Trust Company of New York** was announced by Horace C. Flanigan, Chairman of the Board on Sept. 28. Mr. Bohn attended the American Institute of Banking and New York University's School of Commerce, Accounts and Finance, the recently completed an executive development seminar at Columbia University. He had been affiliated with **Brooklyn Trust Company** from 1933 until its merger with Manufacturers Trust Company in 1950. Mr. Bohn is a member of Bank Credit Associates and Robert Morris Associates, and is presently assigned to the bank's 84 Broadway, Brooklyn Office.

MANUFACTURERS TRUST COMPANY, NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	3,028,362,355	2,937,053,778
Deposits	2,744,596,789	2,668,821,091
Cash and due from banks	821,270,741	790,434,555
U. S. Govt. security hold'gs	702,908,345	721,848,004
Loans & discts.	1,116,877,836	1,065,731,214
Undivid. profits	53,795,059	51,547,986

* * *

J. P. MORGAN & CO., INCORPORATED NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	868,033,674	919,042,348
Deposits	762,595,006	789,910,363
Cash and due from banks	215,988,290	242,266,222
U. S. Govt. security holdings	172,510,447	170,324,005
Loans & discounts	380,805,583	410,659,225
Undivided profits	17,458,993	16,350,085

* * *

On Sept. 26 the **Trust Company of North America of New York** was granted approval by the New York State Banking Department to increase its capital stock from $500,000, consisting of 100,000 shares par value $5 each, to 525,000 shares, consisting of 105,000 shares of the same par value.

* * *

George S. Young, President and Chief Executive Officer of The Columbia Gas System, Inc., was elected a director of **Guaranty Trust Co. of New York** on Oct. 3 to fill the vacancy created by the death of Stuart M. Crocker, Board Chairman of The Columbia Gas System. Mr. Young has been President of The Columbia Gas System since 1951. Previously he had served as Executive Vice-President. He was elected to the Columbia Board of Directors in 1946 and was in charge of operations, serving also on the boards of The Columbia Gas System operating companies. Mr. Young began his career in the natural gas industry in 1930 with Columbia Engineering and Management Corporation; in 1942 he was elected Vice-President of the corporation and in 1945 was elected a Director.

* * *

GUARANTY TRUST COMPANY OF NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	2,890,941,757	2,914,363,760
Deposits	2,390,638,225	2,448,829,241
Cash and due from banks	659,523,982	603,184,748
U. S. Govt. security hold'gs	551,462,963	678,302,102
Loans & discts.	1,489,546,637	1,476,158,145
Undivid. profits	113,295,015	110,797,728

* * *

IRVING TRUST COMPANY, NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	1,643,450,655	1,676,510,235
Deposits	1,429,306,849	1,492,755,232
Cash and due from banks	371,948,991	437,145,535
U. S. Govt. security hold'gs	329,467,259	347,009,250
Loans & discts.	816,349,261	766,646,911
Undivid. profits	23,967,636	23,010,922

* * *

THE NEW YORK TRUST COMPANY, NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	771,324,806	799,471,441
Deposits	674,106,253	700,647,370
Cash and due from banks	169,191,579	191,156,607
U. S. Government security holdings	150,159,606	153,554,639
Loans & discounts	411,452,886	415,486,050
Undivided profits	9,809,815	9,096,920

* * *

THE MARINE MIDLAND TRUST COMPANY, NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	533,889,040	529,226,068
Deposits	469,600,390	472,566,648
Cash and due from banks	142,891,737	138,645,608
U. S. Government security holdings	86,717,947	86,920,962
Loans & discounts	274,902,554	280,653,425
Undivided profits	9,204,659	8,746,882

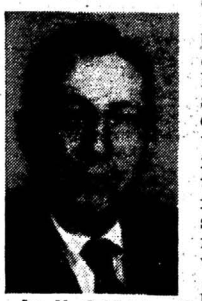
Latin-American Kilowatts

By IRA U. COBLEIGH

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 frantic stock market of that era was American and Foreign Power common. In 1929 it ranged between a low of $50 to a high of $199¼ and its subsequent decline to a meek $2 in 1932, was the occasion for a progressive spate of margin calls which some of us have been quite glad to dis-remember. 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 such mountainous accumulated dividends over the ensuing years that a reorganization, in due course, became necessary, if not indispensable.



Ira U. Cobleigh

When completed in 1952, security realignment drastically altered the company's financial structure and left it with $50 million in 5% debentures due 2030, $66 million in 4.80% debentures (junior) due 1987, and 7,224,238 common shares (not including $55½ million in minority interest in publicly held subsidiary preferred and common stocks).

All this corporate compression reduced annual bond interest and preferred stock dividend requirements, which, under the old setup were $28.4 million, to $6 million under the new; and over $425 million in preferred back dividends vanished from the balance sheet. All of which gave American and Foreign Power a decidedly new look as it emerged from this incisive reorganization in 1952. And today an inspection of FP common reveals an electric utility equity of quite unusual romance 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 companies. 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 $188,370,000 in total operating revenues of American and Foreign Power in 1955, Cuba Electric delivered almost $60 million.

Next in descending order of magnitude is the Brazilian holding unit, Compania Brasileira de Forca Electrica, which delivered $36.6 million in operating revenue last year; followed by Compania Chilena de Electricidad which accounted for $25 million. Other countries served include Mexico, Venezuela, Argentina, Colombia, Panama, Ecuador, Costa Rica and Guatemala.

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

For example, in the 1945-55 decade, the population in above mentioned 11 countries increased by 28%, while the number of electric customers served by Foreign Power increased 63% in the same period. In 1929, the average annual residential use of electric power was 502 KWH in the United States; but among Foreign Power householders, it was over 800 KWH last year. And the industrial expansions in metals, steels, oil and general manufacturing in most of these countries augurs well for a continuance of this impressive expansion in Latin use of electric energy. In the 10 year period ended Dec. 31, 1955, total operating revenues of FP increased by 120%.

Now the obvious expansion in net earnings, which the foregoing 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 inflations, and restrictions in converting of realized earnings into U. S. dollars, (3) difficulties in securing fair regulation and needed rate increases, and (4) the fact, in certain instances, and the possible hazard, of expropriation.

For example, under Peron in Argentina, the political climate was miserable and all four of the above factors bedevilled Foreign Power in that country. 40% of plant assets were expropriated; rates were, and are presently, very inadequate; and due to exchange restrictions, Foreign Power cannot take out any of the net earnings from the over $120 million it has invested in Argentina.

Brazil has had an angry inflation, and plenty of political rock and roll; and the recent assassination of President Somoza of Nicaragua in a sister republic proves that bullets have not lost their political potency south of the border. Chile has been fighting an inflation for many months.

Giving due weight to all 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 adversely affected at the same time; 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 properties to increase their valuations, in correspondence with rises in the cost of living. This would automatically and without delay provide rate increases which inflation makes necessary. Some six and a half years of Chilean earnings have been entrapped by currency restrictions, which may shortly be relaxed.

Certainly the management of Foreign Power views the company prospects not only favorably but enthusiastically. Mr. Henry B. Sargent, President since September 1955, is no stranger to the business of making utilities hum. Before coming to Foreign Power, he was President of Arizona Public Service Company and contributed powerfully to the perfectly sensational growth of that company within a single decade. His plans for American and Foreign Power envision the spending of $527 million dollars to create, by the end of 1960, an 80% increase in total generating capacity (it's about 1.25 million KW now). About half of this expansion money is to come from sale of securities, retained earnings, and local governments; 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 10% on fair valuations (as against 6%, the generally accepted regulatory rate here) the potential earnings of FP under favorable conditions are indeed impressive.

Right now the common is expected to earn $1.55 a share for this year against $1.37 last year; and these figures themselves are quite conservative as they represent only the earnings realized that can be converted into dollars, and hence become available for dividends to U. S. holders. The "captive" earnings would easily amount to another 60 cents a share.

In view of the market volatility of the old FP common, a quarter century ago, and the somewhat traditional Latin-American political and economic instabilities alluded to above, FP common has not attracted the investor following it now appears to merit. A big major electric utility, excellently managed, 55% controlled by Electric Bond and Share; serving a broad progressive area (population 21 million) with a dynamic (and dynamo) growth factor; and reporting a steady advance in net earnings and dividends year by year—such a property should not be neglected by discerning investors. Dividends have been increased from 10c a share in 1952 to an 80c 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. Lentz Joins Cruttenden in Milw'kee

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Leo H. Lentz has become associated with Cruttenden & Co., First Wisconsin National Bank Building. Mr. Lentz was formerly an officer of J. P. Lewis & Co.

Joins Wilson & Bayley

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Paul J. Anderson is now associated with Wilson & Bayley. He was formerly with White, Weld & Co. and Hemphill, Noyes & Co.

THE MARKET . . . AND YOU

By WALLACE STREETE

The 468 level for the industrial average, which proved to be an area where the May slide was stemmed, came to the rescue of the stock market this week and provided at least a temporary breather after the list had sold off rather monotonously. In fact, minus signs were the rule in 15 of the previous 18 sessions, which is about as one-way as 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 rather large contingent in the Street maintains, the bull market is really over, it will be the strangest reversal in history with few of the secondary issues and even less of the cats and dogs having a fling in the final stages.

* * *

There was an inordinate **amount of skepticism over the "bull market" all the way up since it was mostly the blue chips that carried the ball. Consequently, at this stage there is as much skepticism over any "bear market" stage since it has been mostly the high-priced issues that have been bearing the brunt of the selling. With the election only a little more than a month away, the more considered view is that the market will wait until the ballots are in to give a clearcut answer to the bull-bear debate.**

Intensified "Market of Stocks"

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

* * *

Despite the more spectacular news influences such as **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 proffer a 5% yield on the senior obligations, while many of the blue chips have yet to decline enough to put them in contention with the liens. This situation, incidentally, hasn't existed in the marketplace for a generation and, as a result, not too much attention has been paid to it generally.**

* * *

Individual situations that show promise, but have not participated in the market enthusiasm, are the ones being culled out by the constructive market students Liquid Carbonic, for instance, has held within a comparatively narrow range of only a little more than a dozen points, and only recently worked above the price at which it sold in 1946's bull market. The company has made important progress recently in eliminating some of the drags on profits, notably its 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 profit margins improved, the stock currently is offering a higher dividend to holders which, incidentally, is now at a rate double 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 of their 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 comparative merits of between Chrysler and Ford were also the nub of a junior grade debate with each side armed with long lists of supposedly superior points. Chrysler, because of its greater diversification in non-automotive 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 rights offering, put on a rather dour performance for an issue yielding well up in the 5% bracket. Its string of new lows since the rights offering went into operation was a rather long one although it, too, attracted the bargain hunters once the market reached the selling climax stage. Unofficial reports indicate that the financing won't be impaired importantly by irregular markets since 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 old line favorite that has yet to demonstrate that it is in a bull market of its own has been Sears Roebuck. This issue—to illustrate the neglect — is normally listed among the bellwethers but for all of this year has held in around six-point range. In fact, it has yet to come within reach of last year's peak following the latest stock split.

* * *

Store issues generally have had little following for many months now, which could be part of the reason for the evident disinterest in Sears. Woolworth, another famous name and an issue that is included among the so-called "pivotal" issues, has had a similarly dour market existence. It, too, has held in a range of half a dozen points and it, too, has yet to equal the peaks recorded in 1955 and 1954. In fact, its best price this year has only been around the highs of such undistinguished market years as 1948, 1949 and 1950, and the new low posted this week carried it back to levels of about two years ago.

* * *

Air Reduction is another issue that in recent years has fallen from its old-time high investment status. But signs of improving fortunes for the company are 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.

Stalwart Drugs

Pfizer has been something of a stalwart through uncertain markets and, in fact, the drug shares generally have been able to fight the downpull 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 level only a few points under its year's high and above its low most times by a margin of 10 points or better. This is no mean achievement in markets producing up to 200 new lows through the list when the pressure was on.

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

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Joseph Cusher has become affiliated with Shearson, Hammill & Co., 37 Lewis Street.

NSTA Notes

REGISTRATIONS FOR 23rd ANNUAL CONVENTION OF NSTA, EL MIRADOR HOTEL, PALM SPRINGS, CALIF., OCTOBER 24th to 27th, 1956

Mrs. Irwin Spivey		Beverly Hills, Cal.
*Robert W. Haack	*Robert W. Baird & Co. Inc.*	Milwaukee, Wis.
*Joseph R. Dorsey	*Bache & Co.*	New York, N. Y.
Frank H. Buller	*Hickey & Co.*	Chicago, Ill.
*Harry F. Reed	*Perkins & Co.*	Dallas, Texas
*John C. Hecht, Jr.	*Dempsey-Tegeler & Co.*	Los Angeles, Cal.
*Joseph T. Fuller	*William A. Fuller & Co.*	Chicago, Ill.
*Henry J. Arnold	*George Eustis & Co.*	Cincinnati, Ohio
Frank J. Monr	*Shaw, Hooker & Co.*	San Francisco, Cal.
*Robert D. Diehl	*Paine, Webber, Jackson & Curtis*	Los Angeles, Cal.
Peter W. Brochu	*Allen & Company*	New York, N. Y.
*William J. Bailey	*Wilson, Johnson & Higgins*	San Francisco, Cal.
*William C. Elwell	*Loewi & Co. Incorporated*	Milwaukee, Wis.
*James G. Fraser	*Stern, Frank, Meyer & Fox*	Los Angeles, Cal.
John C. Hecht	*Dempsey-Tegeler & Co.*	Los Angeles, Cal.
*John G. Heimerdinger	*Walter, Woody & Heimerdinger*	Cincinnati, Ohio
*Richard Manwaring	*First California Co.*	Los Angeles, Cal.
*John C. Owens	*Peters, Writer & Christensen*	Denver, Col.
*Thomas B. Walker, Jr.	*Equitable Securities Corp.*	Dallas, Texas
*George E. Lestrange	*Arthurs, Lestrange & Co.*	Pittsburgh, Pa.
*Homer J. Bateman	*Pacific Northwest Company*	Seattle, Wash.
*William J. Burke, Jr.	*May & Gannon, Inc.*	Boston, Mass.
*Lester R. Cole	*Investment Dealers' Digest*	New York, N. Y.
*Verner H. Kraft	*Oscar F. Kraft & Co.*	Los Angeles, Cal.
*Edgar A. Christian	*Stroud & Company, Incorporated*	Philadelphia, Pa.
Oscar M. Bergman	*Allison-Williams Co.*	Minneapolis, Minn.
Lester S. Greenwald	*Levien, Greenwald & Co.*	New York, N. Y.
Louis Orchin	*Kalb, Voorhis & Co.*	New York, N. Y.
*Timothy H. Dunn	*Southwestern Securities Co.*	Dallas, Texas
*C. Robert Sledge	*Southwestern Securities Co.*	Dallas, Texas
*Hugh Bradford	*Southwestern Securities Co.*	Dallas, Texas
Mrs. Lawrence S. Pulliam	*Weeden & Co.*	Los Angeles, Cal.
*Landon A. Freear	*William N. Edwards & Co.*	Fort Worth, Texas
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*James F. Moriarty	*W. E. Hutton & Co.*	Cincinnati, Ohio
*Harry J. Hudepohl	*Westheimer & Co.*	Cincinnati, Ohio
William B. Denney	*Manley, Bennett & Co.*	Detroit, Mich.
*Samuel M. Kennedy	*Yarnall, Biddle & Co.*	Philadelphia, Pa.
*Elmer W. Hammell	*First Securities Co. of Chicago*	Chicago, Ill.
John W. Bunn	*Stifel, Nicolaus & Co., Inc.*	St. Louis, Mo.
Mrs. Ariel McGuire	*E. R. Mulcock & Co.*	Syracuse, N. Y.
*Clifford G. Remington	*Woodcock, Hess & Co.*	Philadelphia, Pa.
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*Joseph H. Vasey	*Geo. Eustis & Co.*	Cincinnati, Ohio
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*Arthur W. Bertsch	*G. A. Saxton & Co., Inc.*	New York, N. Y.
*James B. Maguire	*J. B. Maguire & Co.*	Boston, Mass.
John J. O'Kane, Jr.	*John J. O'Kane, Jr. & Co.*	New York, N. Y.
Wayne R. Benzing	*Granbery, Marache & Co.*	New York, N. Y.
*J. F. Finnegan	*Hannaford & Talbot*	San Francisco, Cal.
*S. Richard Harris	*Courts & Co.*	Atlanta, Ga.
*Walter D. Kingston, Jr.	*W. D. Kingston & Co.*	New Orleans, La.
*Alonzo H. Lee	*Sterne, Agee & Leach*	Birmingham, Ala.
*Bruce McKennan	*Salomon Bros. & Hutzler*	San Francisco, Cal.
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Edward I. Shelley	*Shelley, Roberts & Co.*	Denver, Col.
*Harold F. Scattergood	*Boenning & Co.*	Philadelphia, Pa.
Leo V. Smith	*Leo V. Smith & Co.*	Syracuse, N. Y.
*Larry T. Doyle	*Hardy & Co.*	New York, N. Y.
*Edward J. Caughlin	*Edward J. Caughlin & Co.*	Philadelphia, Pa.
*Thomas E. King	*Dempsey-Tegeler & Co.*	Chicago, Ill.
C. E. Davenport	*Jack M. Bass & Co.*	Nashville, Tenn.
*Harold B. Mayes	*Hendrix & Mayes, Inc.*	Birmingham, Ala.
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*Frank Granat, Jr.	*Blanchett, Hinton & Jones*	Seattle, Wash.
*Alfred A. Harmet	*A. A. Harmet & Co.*	Chicago, Ill.
*Hugh R. Schlicting	*Wm. P. Harper & Son & Co.*	Seattle, Wash.
Bert Friedman	*J. B. Hanauer & Co.*	Newark, N. J.
Irving Stern	*J. B. Hanauer & Co.*	Newark, N. J.
*Harry L. Arnold	*Goldman, Sachs & Co.*	New York, N. Y.
*Albert W. Feldman	*Goldman, Sachs & Co.*	New York, N. Y.
*James B. Dean	*J. W. Tindall & Co.*	Atlanta, Ga.
*Milton R. Aronson	*Aronson & Co.*	Los Angeles, Cal.
*Ernest Blum	*Brush, Slocumb & Co., Inc.*	San Francisco, Cal.
*Leslie J. Howard, Jr.	*Brush, Slocumb & Co., Inc.*	San Francisco, Cal.
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*Firmin D. Fusz	*Fusz, Schmelzle & Co.*	St. Louis, Mo.
*Herbert C. Irish	*Fairman & Co.*	Los Angeles, Cal.
Fred T. Rahn	*The Illinois Co., Inc.*	Chicago, Ill.
*Donald D. Schubert	*Bacon, Whipple & Co.*	Chicago, Ill.
*Homer W. Wessendorf, Jr.	*Mitchum, Jones & Templeton*	Los Angeles, Cal.
Stanley M. Waldron	*Merrill Lynch, Pierce, Fenner & Beane*	New York, N. Y.
*Warren W. Webster	*Bateman, Eichler & Co.*	Los Angeles, Cal.
*William D. Byrne	*Byrne & Phelps, Inc.*	New York, N. Y.
*Col. Herbert D. Blizzard		Philadelphia, Pa.
*Charles A. Bodie, Jr.	*Stein Bros. & Boyce*	Baltimore, Md.
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Robert D. Alexander	*Howard, Weil, Labouisse Friedrichs & Co.*	New Orleans, La.
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Earl F. Hastings	*Security & Exchange Commission*	Washington, D. C.
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*J. W. Zink	*Eastman Dillon, Union Securities & Co.*	Los Angeles, Cal.
J. F. Walsh	*Eastman Dillon, Union Securities & Co.*	Los Angeles, Cal.
Miss Marion Fastnow	*Eastman Dillon, Union Securities & Co.*	Los Angeles, Cal.
*R. Victor Mosley		Philadelphia, Pa.
Mrs. Emilie M. Curriden		Philadelphia, Pa.
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*F. D. Lace	*Matthews & Co. Ltd.*	Toronto, Ont., Can.
J. J. Granton	*Matthews & Co. Ltd.*	Toronto, Ont., Can.
*Richard H. Walsh	*Newhard, Cook & Co.*	St. Louis, Mo.
*Maury J. Kessler	*Waldron & Co., Inc.*	San Francisco, Cal.
*Kenneth D. Russell	*Daniel D. Weston Co.*	Los Angeles, Cal.
*Grant A. Feldman	*Piper, Jaffray & Hopwood*	Minneapolis, Minn.
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Frank X Cummings	*Bear, Stearns & Co.*	Chicago, Ill.
Joseph Gannon	*May & Gannon, Inc.*	Boston, Mass.
*Walter W. Cruttenden	*Cruttenden & Co.*	Chicago, Ill.
*Donald B. Stephens	*Cruttenden & Co.*	Chicago, Ill.
*S. Edward Dawson-Smith	*Cruttenden & Co.*	New York, N. Y.
Lewis R. Bulkley	*First Boston Corp.*	New York, N. Y.
Edward H. Ladd	*First Boston Corp.*	New York, N. Y.
Jack B. Hanauer	*J. B. Hanauer & Co.*	Beverly Hills, Cal.
*Emil J. Pikich	*Carl W. Stern & Co.*	San Francisco, Cal.
James L. Beebe	*Wm. R. Staats & Co.*	Los Angeles, Cal.
Martin J. Long	*The First Cleveland Corp.*	Cleveland, Ohio
Paul H. Aschkar	*Dempsey-Tegeler & Co.*	Los Angeles, Cal.

*Mr. and Mrs.

The New International Lending Agency

By ROBERT L. GARNER*
President of the International Finance Corporation

Head of International Bank's new affiliate, about to begin operations, reports great show of interest already shown by responsible industrial firms and financial investors. Tells of discussions with some of world's most experienced companies, which are contemplating new industrial ventures in the less developed areas and with financial partners. Points out institution's capital will always operate in company with larger amounts from private sources. Stating that no country needing the aid of international capital can be indifferent to arbitrary actions or attitudes concerning the treatment of such capital, Mr. Garner significantly warns that nations as well as individuals must fulfill their contracts.

Last year in Istanbul I outlined the plans for an International Finance Corporation. This year I can report the reality—the IFC exists. Next year I trust that I may be able to record some actual accomplishments.

Robert L. Garner

Today we are in being with 32 members and are advised that a number of other countries expect to join in the coming months. Our presently paid-in capital of over $77 million has been temporarily invested to give an income more than sufficient to cover our expenses.

A small staff of men experienced in finance, business and engineering has been assembled and we are prepared to sit down with private enterprise and negotiate investment deals.

We are able to operate with a small staff because of our close affiliation with the World Bank. It houses us, cares for our secretarial and accounting needs, furnishes us with experienced legal talent and, most valuable, affords us the benefit of its accumulated experience and knowledge of conditions and personalities in all of our member countries.

In the two months of IFC's existence we have received numerous applications and inquiries, but naturally we have not yet made any investments, nor have we even reached in any case the stage of serious negotiation.

Varied Applications

Inevitably the numerous applications and inquiries include many which are unsuitable. Some have been entirely outside IFC's field, such as export financing or investment in public utilities or government enterprises or social schemes. Some are of a type which IFC may be prepared to consider at a later stage. Others are related to predominantly industrial enterprises, the field in which IFC proposes to concentrate its investments in its early years; and while in this category many are unsuitable or too small, a reasonable number deserve serious consideration.

We have been gratified and encouraged by the interest which responsible industrial firms and financial investors have shown in the functions of IFC. Among the companies which have had discussions with us, either in general terms or with a view to some specific proposition, are some of the best and most experienced firms in the world, which are contemplating new industrial ventures overseas in the less developed areas and desire financial partners when their plans have matured. We have had, too, some promising inquiries which have come to us directly from companies in the less developed countries.

The business already before us convinces me that the high hopes which the Bank has long had for the corporation will not be disappointed.

And here I cannot refrain from a personal note. In laying down my duties as Vice-President of the World Bank after more than nine years of service, I feel that there are two compensations to me. The first is that I can continue my close working and personal relations with my associates in the Bank. Eugene Black, with whom over these years I have enjoyed one of those rare and satisfying relationships of mutual confidence and understanding, will, I am sure, always make available to us his wide experience and shrewd judgment, and I and my associates will count heavily on the broad knowledge and trained capacity of all of the Bank's officers and staff.

The second compensation to me in leaving the area of Bank operations is to be able again to deal with the problems of private enterprise, with which I had always been connected prior to my work with the Bank.

Certainly, I give full measure to the importance in human affairs of the role of governments and of their necessary functions in economic development. Many things only public authorities can do.

Nevertheless, I believe deeply that the most dynamic force in producing a better life for people, and a more worthy life, comes from the initiative of the individual—the opportunity to create, to produce, to achieve for himself and his family—each to the best of his individual talents.

And this is the essence of the system of competitive private enterprise—20th Century model—as it has been developed by the most enlightened and successful business concerns.

It holds the promise of rewards according to what the individual accomplishes.

Customers Must Be Satisfied

It is based on the concept that it will benefit most its owners and managers if it best satisfies its customers; if it promotes the legitimate interests of its employees; if in all regards it acts as a good citizen of the community.

It is moved by the desire to earn a profit—a most respectable and important motive, so long as profit comes from providing useful and desirable goods and services. It is my belief that the best services and the best profits result from a competitive system wherein skill and efficiency get their just reward.

As I have said, it is my conviction that private enterprise can play an indispensable role in economic development. And let me define "economic development," as meaning the more effective utilization of physical and human resources to the end that more people get more of the good things of life. I do not include in this definition any mere physical expansion which ignores the legitimate freedom, rights and desires of the people concerned. Economic development, in the sense in which I speak, is not measured solely in kilowatts or steel production, but in terms of human values.

The Human Factor

Too often we hear that lack of capital is the principal obstacle to economic development. The experience which I and my associates in the Bank have had with this problem over the past years disproves this. We have found that the human factor — whether in government or in private enterprise—is a more important ingredient than is money. In private industry, in particular, the intelligence, vigor and vision of management are often worth more than the most modern of buildings and machines. The very pace of current technological development of communication and transport, of marketing and advertising, calls for management both broader and deeper in its operations than ever before. Although there is widespread recogniton in the less developed countries of the need for specific skills in industry —for the engineer, the chemist, the mechanic—what is less recognized is the even greater need for executive experience, for the men who can make sound policies, guide the enterprise as a whole and direct the specialists. There must be the "know what" as well as the "know how."

And so in the International Finance Corporation our first question will be whether the private partners with whom we are asked to associate can supply or obtain management of character and competence.

Just as we shall put primary emphasis on the character and experience of those with whom we associate, we shall strive to establish that we likewise are "good partners." This can result only if we exhibit the business viewpoint, exercise sound judgments and, while aiming at a reasonable profit from our investments, refrain from makig excessive demands as against the contributions and risks of our partners. We shall try to be neither naive nor greedy.

The Broad Purposes

There will be voices raised, I am sure, to urge that, since the Corporation has obtained its capital from governments, it should make its investments on easy terms which will impose the least possible financial burden on the enterprises it finances. Those who so argue misconceive our objective. Our primary interest is not simply to help along some selected private projects by making $80 or $90 million available to them. Our purpose is much wider. It is to demonstrate that private investment in the less developed areas, prudently made and properly managed, can be both profitable and useful — and by that demonstration to encourage an affirmative attitude on the part of private investors throughout the world. But to succeed in that objective, we must earn returns commensurate with the risks we undertake.

There are other reasons, too, for this approach. The very fact that we assume risks implies that some of the ventures in which we participate may fare badly. Only by contracting in each case for appropriate profits in the event that the enterprise is successful can we assure a fair over-all return, despite possible losses on the less fortunate ventures. And finally, and perhaps most important of all, it is fundamental to the IFC concept that we should constanly seek to revolve our capital by selling securities from our portfolio to private investors. To do this requires that we make investments, not on "easy" terms, but on terms approximating as closely as possible those which the market place finds attractive.

It is with these considerations in mind that we have been formulating our proposed investment pattern. Our charter provides that we make our investments in the form of obligations, but as investors we shall regard ourselves as providing forms of venture capital. Thus while our investments will usually provide for some minimum fixed interest, we will expect some additional return depending upon profits—if any—and some rights to share in ownership which we can sell to private investors. These rights may be expressed as rights of conversion of all or part of the obligation into capital stock, or rights to purchase stock at a stipulated price; in either case, IFC, although it cannot itself exercise the rights, will seek to sell them to private purchasers and thus to realize appropriate gains.

I am aware that investments carrying such rights of participation in profits and of conversion into equity may be novel to some of our associates and unfamiliar in some of the countries in which we expect to operate. But these techniques are used in financing in the industrialized countries and I believe they will prove appropriate for our purpose.

Our thinking has been crystallizing on a number of other points, too, about which I would like to say a few words.

First, as to the location of our investments. For the present, we intend to concentrate entirely on those areas where industry is less advanced — where both imported funds and experience can make a significant contribution. The more highly industrialized countries will, we hope, provide many of the partners with whom we will join, although certainly in some cases we expect to invest in local companies with no foreign participation.

Local Partners Important

In this connection, I have been glad to find that, with few exceptions, the majority of companies in the industrialized countries seem to recognize the desirability of seeking local partners when they venture abroad. The exceptions mainly arise from the belief that local investors may press for most of the earnings to be paid out in dividends rather than being retained to build up the business. In general, however, the desirability of seeking local partners seems to be recognized. I think this is a sensible approach and, while we do not propose that IFC should insist on it as a condition of making an investment, I believe we should regard the participation of local investors as an important favorable factor.

Second, as to the kinds of investments we expect to make. Our decision to concentrate on industrial enterprises for the first few years of the corporation's life is based on the belief that, in general, the field of industry is the one in which we can most effec-

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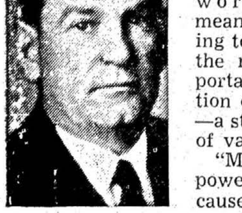
*Address of Mr. Garner to the Inaugural Meeting of the Board of Governors of the IFC, Washington, Sept. 24, 1956.

Inflation—The Termite Of Civilization

By ORVAL W. ADAMS*
Executive Vice-President, First National Bank of Salt Lake City, Utah

In referring to the role played by past inflations in causing civilizations and cultures to die, Utah banker calls for courageous few to stand up and explain the consequences which inevitably follow the battle won by printing press money over sound money; perpetual deficit financing over sound fiscal policies; and electorate's willingness to surrender freedom in return for economic security-promises made by politicians solely seeking to entrench themselves in office. Mr. Adams asserts no other country than ours could have so ruthlessly violated sound economic principles so long without suffering complete wreckage. Asks why we cannot educate the man on the street, bankers, insurance executives and labor leaders of the dangers of printing press money, and what made dictatorships possible in Germany and Italy. Offers such recommendations as: re-establishment of gold standard as first line of defense, and $3 to $6 billion annual Federal debt retirement program.

What I have to say will arouse no cheers; it is as dry as dust. Perhaps that explains why the subject is so often avoided. At the outset, ponder the words of James L. Gordon. These words carry meaning having to do with the most important function of money—a storehouse of value:



Orval W. Adams

"Money is powerful because it represents so much. What a tremendous investment has been made in order to produce a dollar—time, thought, effort, toil, conflict and high-nerved endeavor. Therefore take care of money; it is the most costly thing in the world. . . .

"Time is money. Money is character. Character is destiny. If these three short sentences seem to you to lack logical connections then remember the suggestive words of Sir Bulwer Lytton. He said, "Never treat money affairs with levity, for money is character. Money is character. How you get it. How you keep it. How you invest it. How you spend it. How you hoard it. How you use it. How you are influenced by it. Yes, money is character!"

That should be the "theme song" for all Americans.

American businessmen and educators must know and teach specifically:

Well-Being and Sound Money

That the well-being and destiny of all people center in the preservation of sound money.

That the problem transcends in importance, parties, politics and partisanship.

That all through history, governments have multiplied their functions at the expense of the property, liberty, and lives of their citizens, and representative republics have not been spared in this process of exploitation.

That politicians of all persuasions are disposed to make public office a personal, vested interest, and frequently political parties have been built up and maintained by the common practice of feeding their following out of the public treasury, giving little thought to the vital principle of sound money — the foundation upon which national solvency is maintained. They discover that it contributes to their perpetuation in office to find and to exhaust new sources of revenue, to create more jobs as rewards for party adherents, to permit more and more people to fatten on the public payroll, to make more and more citizens economically dependent upon the public purse. To tax, tax—spend, spend—elect, elect—and by prolific spending of "senseless" currency they aim to entrench themselves in office. When once a party is powerful enough, by the application of such methods, to defeat or crush its opponents and to modify or nullify constitutional restrictions so as to extend its powers, then a representative republic is transformed into socialism and eventual dictatorship. A dictator is nothing more than a receiver for a nation gone bankrupt.

Suppose that under the attractive philosophy of an "economy of abundance," deficit spending promoted under a paternalistic government, the voters are further duped and deluded to permit unrestricted political despoliation of the national wealth? Suppose that many people still believe that it is possible to get something for nothing, and would join in the further systematic looting of the public treasury? What then?

Historians' Answer

Historians and the wisest political thinkers of all time have repeatedly given us the answer. In one voice they declare that that is precisely the manner in which all preceding democracies have destroyed themselves.

We hear much today of the evils of capitalistic exploitation. If such evils exist, and they do and always have, all informed citizens will welcome their removal,—but by wise, just legislation. But what we should see to, is that the hoped-for cure is not more malignant than the disease. If we are to retain any vestige of the consent of the governed, we, like our fathers, must stand out against any effort to multiply the powers of government. It is this vigilance which will prove to be the price of our liberty.

American citizens will not wittingly accept the establishment of a totalitarian state in this land. They will fight it, if they are able to recognize it, as it creeps upon them. There are among us some who would exchange political liberty for what they imagine is economic security. In this they ignore the historic fact that economic liberty or any other liberty is impossible without political liberty. When will the mass public, who hold the voting control, be made to understand that solvency is no small matter? It is a sacred thing. It is the very cornerstone of the kind of government that makes and keeps men free. The answer is—when they become informed through some nationwide plan of economic education. Or when, if it is not too late, they, themselves, are made to feel the full burden of the tragedy and become sorely conscious of the fact that they, themselves, are paying the bills for their alleged security. And that educational program is somebody's responsibility. Whose? Ours!

At this very moment there is a contest being waged, fraught with more vital consequences than any other in our time, between a sound medium of exchange and printing press currency. The printing press was long in the lead as it always has been when Federal spending is out of control. I fear that it has not even yet lost the lead which it acquired in 20 years of demagogic government.

Someone has said that "the present retreat of liberal principles throughout the world is a consequence of the decay of the money and credit systems that gave the 19th century a unique advantage in the annals of mankind." And what a contribution we in America have made to that inglorious retreat!

Webster and Jefferson

Daniel Webster said in 1834:

"I admonish every industrious laborer in this country to be on guard against those who would perpetrate against them a double fraud—a fraud to cheat them out of their earnings by first cheating them out of their understandings.

"The very man above all others who has the deepest interest in sound currency, and who suffers most by mischievous legislation, is the man who earns his daily bread by his daily toil. A vast majority of us live by industry. The constitution was made to protect this industry, to give it both encouragement and security; but above all, security."

On the same subject, the immortal and stalwart Southern Democrat, Thomas Jefferson, said:

"To preserve our independence, we must not let our leaders load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude."

At this point, let us pause to observe how many of us have been continuously conscious of the methodical, deliberate manner in which politicians have done their destructive work against these very principles. They have in our time, and long before the advent of World War II, debased our money system by substituting an irredeemable, politically - managed, printing press currency, the springboard to police government.

It is rare indeed when even men on the watchtower seem able to recognize this approaching force of disintegration. And as for the masses, they seem never to have been able to identify the enemy that comes to destroy their political, economic and social liberty.

Failure of Schools, Bankers, Insurance

Really, what powers do the citizens possess to make impressive these demonstrated historical axioms? How must we proceed to impress upon the public mind the vital importance of sound money in a government of free men? Have not the schools a responsibility to teach this all important concept? Is it not the duty of the bankers, and this includes insurance executives, who are the custodians of the savings of millions of thrifty citizens, to disseminate education dealing with the money question? Every boy and every girl in every school and in every college in this great, free nation, should be required to complete a course and gain a clear understanding respecting solvency in government.

It is axiomatic, and therefore non-controversial, that only on the foundation of a sound fiscal policy is it possible for a free

Continued on page 39

*An address by Mr. Adams before the Provo Rotary Club, Provo, Utah, Sept. 21, 1956.

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 earnings figures for 24 companies, mostly among the larger units in the industry. The data are consolidated, except that in several cases where foreign affiliates are owned, their figures are not included. In this schedule we find that of the 24 companies only eight, or one-third, showed adjusted underwriting profits. Adjusted underwriting results are a combination of statutory gain or loss, plus the stockholder's equity in the change in the unearned premium reserve for the period covered—in this case the first 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 good proportion of leading companies. The rate of increase in premium volume for the half was around 3%, and approximately 75% of the companies listed here participated in the increase, which means that in these instances the contribution of unearned premium reserve was an addition to the statutory result.

But what is also striking is the fact that of the 24, only 16 came down to net with earnings; the remaining eight showed deficits. This, too, is an unusually poor showing, for 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 1955, and built up into 1956. Unfortunately, coincidentally, new lower rates went into effect, ordered by the supervisory authorities on the basis of the immediately preceding four of five good underwriting years, during which a large representative group of companies writing over half of the volume of all stock companies showed a combined loss and expense ratio of 94.6%, or an underwriting profit margin of 5.4%. This compared with a profit margin of about 1.1% for the same group in this year's first half. Automobile lines, volume of which is large, are also turning in quite adverse showings; and there were less favorable results in ocean marine, inland navigation and automobile collision. Extended coverage, which had hung up such a very bad record in all except one of the preceding six years, bids fair to show up relatively well. There were some hang-over claims from 1955; but we are now getting toward the end of the hurricane season, and that portion of the calendar plus the tornado season in the middle west are the vulnerable months for extended coverage. Package policies are bringing much sharp competition.

The incidence of higher fire and automobile losses and of rate reductions was a particularly sore spot for the insurance companies. Had the losses been about average, the companies could have tolerated the rate cuts. Many companies could not take both without much pain.

Thus for the same representative group, the 1955 first half statutory gain of nearly $90,000,000 was changed to a statutory loss of $36,000,000 in the like months of this year.

Some observers feel that the industry is facing the unfavorable phase of its cycle. The companies will have to live with the reduced rates for some time: and if there is no improvement in the loss experience the industry might well have to go on shorter earnings rations for a while.

	Adj. Und.	Invest. Income	Federal Taxes	Net Earnings	Liquidating Value
Aetna Fire	—$2.29	$2.90	----	$0.61	$125.01
Agricultural	—2.12	1.31	$0.01	—0.82	67.02
Amer. Insurance	—1.31	1.30	0.03	*—0.04	52.04
Bankers & Ship.	—0.36	1.84	0.15	1.33	94.31
Cont. Casualty	2.50	1.36	1.84	2.02	56.30
Cont. Insurance	—0.66	1.50	0.04	0.80	77.13
Federal Ins.	0.32	0.74	0.18	0.88	40.19
Fidelity & Dep.	4.61	2.32	3.15	3.78	124.45
Fidelity Phenix	—0.80	1.65	0.05	0.80	89.31
Firemen's Fund	—3.09	1.74	----	—1.35	70.65
Firemen's	—2.57	2.06	----	—0.51	68.80
Glens Falls	—3.25	2.43	0.02	—0.84	107.37
Ins. Co. No. Amer.	0.78	2.21	0.65	2.34	103.20
Maryland Casualty	0.51	1.14	0.08	0.55	41.35
Nat. Union	—3.58	1.87	----	—1.71	72.78
New Amsterdam	—3.08	2.98	*0.37	0.27	87,61
Northern	—2 34	2.83	*0.17	0.66	131.21
Pacific Fire	—0.31	1.80	0.11	1.38	95.59
Prov. Wash.	—1.98	†1.16	----	—0.82	42.86
St. Paul F. & M.	0.09	1.17	0.25	1.01	48.92
Seaboard Ins.	5.59	1.57	2.38	4.78	85.79
Security	—4.36	†1.66	0.05	—2.75	74.35
Standard Acc.	—1.51	2.38	----	0.87	90.41
U. S. Fid. & Gty.	1.16	2.29	—0.15	3.30	84.19

*Credit. †After dividend on preferred.

Keystone Dividend Up 9 Per Cent

The Keystone Income Fund, Series K-1, reports an increase of 9.1% in its August dividend over the comparable period in 1955. This increase is attributed largely to the broadened portfolio policy approved by the shareholders on March 20, 1956, permitting the Fund to invest in bonds and common stocks, as well as preferred issues.

The Fund's portfolio diversification on Aug. 31, 1956, was as follows: Bonds, 12%; preferred stocks, 60%, and common stocks, 28%.

Mica Contract

MICA Fund Distributors, Inc. announces a new sales agreement with the Mutual Investment Company of America for the distribution of the Fund's shares. The acquisition cost of the shares, under the new agreement, has been increased to 8% of the offering price from 7% formerly on sales of less than $25,000. The entire acquisition cost is being reallowed to all mutual fund dealers distributing the shares.

Mutual Funds

By ROBERT R. RICH

Business to Edge Up

The general business level is expected to "edge up" in the fourth quarter of this year and indications point to a rise of about 4% in production during the coming year, A. Moyer Kulp, Vice-President and Chairman of the Investment Committee of the half billion dollar Wellington Fund stated in commenting on the business outlook.

Mr. Kulp listed various developments on the general business scene that augur well for the national economy in the months to come. Among them are: steel production is back at capacity; capital expenditures for plant and equipment continue at high levels; both employment and spendable income are rising and retail trade has improved and residential building has been holding steady at the reduced level reached earlier in the year.

The Wellington executive stated that there is a better feeling in the automobile industry now that production, sales and cars in dealers hands are in good balance. Preliminary estimates are that automobile production in the 1957 model year will be at least as good and probably above the 1956 model year.

The national economy approached a ceiling of available manpower and productive capacity about a year ago. Progress since then has been limited to the rate of increase in production facilities, rise in the labor force and improved productivity, Mr. Kulp stated.

FIF Assets Gain; Cites Coal Outlook

Financial Industrial Fund reported net assets of $50.8 million at the end of its fiscal year, Aug. 31, 1956, compared with $40.8 million a year earlier.

Among the new additions to the Fund's portfolio during the 4th quarter of the recent fiscal year were Pittston Company and Pittsburgh Consolidation Coal Company—two of the leading factors in the bituminous coal industry.

The management of Financial Industrial Fund, Inc. is most optimistic regarding the long-term outlook for the bituminous coal industry.

After years of declining output and falling profits, the coal industry and especially the bituminous segment of the coal industry has taken a marked turn for the better. Since July, 1954, the nation's output of coal has increased steadily—1955 production was 20% above the 1954 level and the first six months of 1956 exceeded the corresponding period of 1955 by 20%. The upward trend is expected to continue.

What are the reasons behind this abrupt change in the outlook for coal?

The majority, FIF states, of the nation's rail freight and passenger traffic is being hauled by diesel-powered locomotives. Therefore, the loss of railroads as consumers of coal is largely history, and using today as a starting point, future operations will not reflect this loss of what was once an important market for coal.

The increasing consumption of coal by electric utilities is more than making up for the loss of sales to railroads. Electric utilities are expected to burn more coal in 1956 than was consumed by both the railroads and electric utilities as recently as 1949.

Today, FIF notes, coal is the source of energy used to produce about half of all electric power in the United States; oil and gas provide a quarter and water power the rest. As the best water power sites are already developed and both oil and gas are getting harder and more expensive to find, coal is slated to increase its share of the utility market. Government sources estimate that by 1975 electric energy output will triple today's level, and by that time the power industry may need as much as 500 million tons of bituminous coal a year—more than the total production of all 1955.

About one ton of metallurgical (a high-grade bituminous) coal is required in the production of a ton of steel. Recently announced expansion programs of the steel industry foretell of a growing outlet for coal.

European markets, especially steel producers, are demanding increased amounts of the high-grade coals found in Eastern sections of the United States. 1955 coal exports increased more than 66% over 1954. Exports are continuing strong, and are currently accounting for more than 10% of domestic coal production.

Long-term contracts are being signed with steel companies, utilities, and the Atomic Energy Commission for large amounts of coal, a feature which is providing coal companies with a "built-in" stability not offered as recently as five or six years ago.

As of the recent date, the Fund's portfolio was rather evenly diversified with common stock investments in 102 companies represented in 18 major industry divisions. The average commitment in any one stock was approximately $550,000. The largest holding was in Allegheny Ludlum Steel at $1,055,000; smallest was $239,000 worth of Braniff Airways.

Sales to Prosper

Favorable conditions for the sale of mutual funds should continue well into 1957, in the opinion of a New York investment manager attending the eighth annual mutual fund sales convention.

"Business generally has been responding to stimulating factors and shows promise of continuing active well into next year," said Fred E. Brown, Vice-President of Broad Street Investing Corporation, National Investors Corporation and Whitehall Fund, all mutual funds. "With jobs and incomes around record levels and retail sales at their highest," Mr. Brown added, "there is every reason to believe that the opportunities for the sale of mutual fund shares should continue to be good."

Delaware Fund Sales

Sales of Delaware Fund shares are continuing at a high rate despite the softness in the general investment market, W. Linton Nelson, President, reports in his latest semi-monthly Directors' Letter. If they maintain their present pace, he predicts, "September will prove to be a better month than August, which was, itself, very satisfactory."

Vance, Sanders Fund Now Sold Contractually

Boston Fund is to be made available through a $10-a-month-lay-away plan to millions of working people who are becoming "the new investor class" as the nation's economy continues to prosper and expand, according to Mr. Barnard C. Luce, Jr., President of North American Planning Corporation, New York City.

North American Planning Corporation is an independent selling organization formed to sell the systematic investment plan market among the new population of salaried workers which has been developing since the 1930's.

Mr. Luce explained that while the $10 monthly lay-away plan is not entirely new, the fact that Vance, Sanders & Company, one of the largest distributors of investment company shares and sponsor of Boston Fund, recognizes this vast new investing public as a potential market is a distinct forward step to the selling of mutual funds on a greater mass level, thereby broadening the base of ownership of American industry and creating a new kind of economic democracy.

Under the North American Investment Plans, any job-holder can participate in the dynamic growth of the nation with his $10 or more monthly plan payment for Boston Fund shares. As his $10 is put into the Fund, he automatically becomes the indirect owner of shares in such companies as International Business Machines, Standard Oil of New Jersey, General Electric, General Motors, du Pont, and a host of other leading U. S. corporations.

Additionally, an unusual low-cost life insurance feature is tied in at the investor's option, thus providing the planholder, in a single package, assurance that his "estate planning" program will be completed.

Mr. Luce explained that a North American Plan works as follows: With his initial payment an investor receives a North American Plan Certificate under which he accumulates shares in Boston Fund for as little as $10 a month for 10 years. The Chemical Corn Exchange Bank of New York as Custodian sends monthly reminders to each Planholder for his monthly payments. Each monthly payment increases the planholder's ownership interest in Boston Fund and through the Fund in a diversified and supervised list of America's leading corporations.

Mr. Luce stated that North American Planning expects to have at least 300 salesmen in the field within the next 90 days, under the capable direction of Charles T. Ross, Vice-President in charge of sales. "At the risk of seeming repetitious," Mr. Luce said, "In the over-all, our type of plan is not entirely new. What is

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 his 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, supported by John J. McKeon, who was later to become the head of the firm.

Hubert F. Atwater

William Scranton had the reputation of being somewhat of a jokester and had on his desk an ink well in the form of a turtle; when one lifted the hood, he was greeted with a slip of paper reading "Rubber."

William asked if we could supply two bonds of a local issue, to which I replied that one of the neighboring brokers 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 brokerage.

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 me with him.

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

Feminine Observations

A Messenger had just delivered a hefty bundle of bonds to a Dowager. Unrolling the package she noticed that the Banker had not folded the bonds as is usual before delivery.

She exclaimed, "What beautiful bonds, they have never been used before."

A widow bought a 5% bond costing $960, and counting the coupons she found they amounted to $375. Her comment was, "How Come"? It was a pleasure to read the opening line of the bond "For value received we promise to pay $1,000, etc."

A not so young Spinster sold her American Telephone & Telegraph rights with the comment—"At my age I can not expect to live long enough to retrieve the $100 cost of the stock in dividends."

new is the fact that Boston Fund, one of the oldest and best known mutual funds in America, is now being made available to the small investor who has as little as $2.50 a week to invest in the American economy."

Canada General Assets Now At $77,000,000

Canada General Fund (1954) Limited reports total net assets of $77,745,088 at the close of its fiscal year on Aug. 31, 1956, 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 $65,616,751, amounting to $11.64 per share on the 5,637,242 shares outstanding at the end of the previous fiscal year. The number of shareholders increased from about 26,000 to more than 29,000 during the 12-month period.

In the current annual report, Henry T. Vance, President, observes that "the increase in per share asset value for the year of over 16% reflects in part the reinvestment of net investment income (adjusted by the net amount representing accrued income included in the price of shares sold and redeemed) of 28 cents per share. One of the policies of the Fund is to retain and reinvest all net income for the benefit of shareholders."

Noting that economic activity in Canada has continued at a record pace, the report cites gains of 7.8% in industrial production, 6.6% in industrial employment, and 10.7% 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 $29,548,000,000, or about 11% 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 table of historical statistics beginning Aug. 31, 1952 which includes Canada General Fund, Inc. prior to its merger with the present Fund.

Aberdeen Report

Total net assets of Aberdeen Fund amount to $7,584,357 on Sept. 28 as compared with $5,513,013 a year ago. Over the 12 months' period asset value per share increased from $1.36 to $1.54 which, with capital gains distributions of $0.029 per share, represents an increase of over 15% for the 12 months.

Personal Progress

Charles E. LaRoche, President of Franklin Research Company, has been elected a Director of Philadelphia Fund, Inc., Roy R. Coffin, President of the Fund, announced on Sept. 26, 1956.

Mr. LaRoche is a widely known Philadelphia industrialist and brings to the Board extensive experience and a broad knowledge of the chemical markets.

With Coburn Middlebrook

(Special to The Financial Chronicle)

WORCESTER, Mass.—Frederick J. O'Hara has become affiliated with Coburn & Middlebrook, Incorporated, 390 Main Street.

Joins Coburn Middlebrook

(Special to The Financial Chronicle)

NEW HAVEN, Conn.—Ezra H. Borson has been added to the staff of Coburn & Middlebrook, Incorporated, 77 Whitney Avenue.

Earl Hooper on Mend

Earl H. Hooper of Gearhart & Otis, Inc.'s trading department, is now recuperating at home after a serious operation. Mr. Hooper would be glad to hear from his many friends and associates in the street. Write him 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:

Meader Fletcher retired from partnership in Mitchum, Jones & Templeton on Sept. 30.

Stephen R. Kirby withdrew from limited partnership in Quinn & Co. Sept. 30th.

Dewey, King Opens Kansas City Branch

KANSAS CITY, Mo.—Dewey, King & Johnson is opening a branch office at 1016 Baltimore Avenue under the management of Edward F. Pitluga. Also associated with the new office are Earl L. Combest, John J. Euterin, Madelon H. Thompson, and Frank C. Westbrook, Jr.

Wayland M. Minot With Paul D. Sheeline Co.

(Special to The 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.

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 them) is 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 subjoined tables.)

Admittedly, the Over-the-Counter Market, huge as it is, suffers from lack of publicity and absence of glamor. Unlisted issues can trade madly, with broad price swings, but they never get a head line such as "Steel stocks soar as strike ends." But even though this major mart is so largely "unwept, 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 those 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 reappraisal and revaluation 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-Counter 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 individual 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 Prep 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, Columbia Broadcasting, and Owens-Corning Fiberglas, all got their early seasoning 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 distance 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; Unilever, Ltd., Swedish Match, Anglo Ecuadorian Oilfields, Borax Holdings, British Aluminium, De Beers Mines (diamonds), Hawker Siddeley Group (motors, aircraft), Badische Anilin, and Bayer Farbwerke — all these renowned foreign companies have shares you can buy, sell, or quote in the Over-the-Counter 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. Want a few 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 Seatrain 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 guy you loaned a grand to? Look him up in Dun & Bradstreets — 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 doing well (no pun intended!). For timber, Long Bell and Weyerhaeuser are among the biggest. Like cartoons?

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 I
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
10 to 172 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Abercrombie & Fitch Large variety of sporting goods	19	2.00	28	7.1
Abrasive & Metal Products Abrasives	a17	0.25	4¾	5.3
Acme Electric Corp. Transformers, radio, TV	10	0.03	4	0.8
Acushnet Process Co. Molded rubber products and Golf balls	*19	†0.98	27½	3.6
Aetna Casualty & Surety Casualty, surety, fire and marine insurance	48	†2.50	126	2.0
Aetna Insurance (Hartford) Diversified insurance	83	2.75	66½	4.1
Aetna Life Ins. (Hartford) Life, group accident, health	22	3.20	185	1.7
Aetna-Standard Engineering Design and manufacture steel mill finishing equipment	16	1.50	32½	4.6
Agricultural Insurance Co. Diversified insurance	92	1.70	35¾	4.8
Aid Investment & Discount, Inc. Auto financing	19	m0.25	5½	4.5
Aircraft Radio Corp. Communication and navigation equipment	22	0.90	16	5.6
Akron, Canton & Youngstown Railroad Co. Ohio carrier	10	1.00	28	3.6
Alabama Dry Dock & Ship Building Co. Shipbuilding and repair	22	1.50	60	2.5
Alamo Iron Works Machinery, iron & steel products	17	0.54	8½	6.4
Alamo National Bank (San Antonio)	20	2.00	50	4.0
Alba Hosiery Mills, Inc. Silk and nylon hosiery	16	0.40	5	8.0
Albany & Vermont RR. Co. Local carrier	29	2.25	46	4.9
Alberene Stone Corp of Virginia Soapstone	17	0.20	13	1.5
Allentown Portland Cement Co. Portland cement	10	0.90	45	2.0
Allied Finance Co. Installment financing	*14	†0.83	32½	2.6
Allis (Louis) Co. Generators and electric motors	*19	2.50	45½	5.5
Aloe (A. S.) Co. Medical supplies	21	†0.99	33	3.0
American Aggregates Corp. Gravel and sand	15	†0.92	27	3.4
American Air Filter Co. Filters and miscellaneous heating and ventilating equipment	22	1.45	40½	3.6
American Auto Insurance Diversified insurance	22	1.20	23⅞	5.0
American Barge Line Co. Operates on Ohio and Mississippi Rivers	15	1.60	35¼	4.5
American Box Board Co. Manufacturer paperboard, folding paper boxes, corrugated and fibre shipping containers	15	1.80	36¼	5.0
American District Telegraph Co. Electrical supervisory and alarm systems	53	1.50	46	3.3
American Dredging Co. Dredging operations	*13	2.25	60	3.8
American Druggists Fire Insurance Co. Fire insurance	*31	3.00	82	3.6
Amer. Equitable Assurance Co. of New York Fire and allied lines of insurance	22	1.80	37	4.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
m Plus 1% in stock.

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Continued from page 23

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
American Express Co. Money orders: travelers' checks	74	1.35	31½	4.3
American Felt Co. Manufacturer of felt	17	1.75	22½	7.8
American Fidelity & Casualty Diversified insurance	18	1.20	29	4.1
American Fletcher National Bank & Trust Co., Indianapolis	44	1.00	37¼	2.7
American Forging & Socket Auto body hardware	13	0.625	6⅝	9.4
American Furniture Large furniture manufacturer	16	0.20	3½	5.7
American General Insur. Co. Fire and casualty insurance	27	†0.475	41½	1.1
American Hair & Felt Miscellaneous hair & felt products	14	1.40	16	8.8
American Hoist & Derrick Hoists, cranes, cargo equipment	16	1.20	20	6.0
American Indemnity Company (Maryland) Fire and casualty	17	7.20	130	5.5
American Insulator Corp. Custom moulders plastic materials	15	0.80	13½	5.9
American Insur. (Newark) Diversified insurance	83	1.30	26¾	4.8
American Locker, Class B Maintains lockers in public terminals	13	0.30	3½	8.6
American Maize Products Manufactures various corn products	31	1.90	41½	4.6
American Motorists Insurance Company Diversified insurance	*26	†0.17	13½	1.2
American National Bank of Denver	21	10.00	200	5.0
Amer. Natl. Bank & Trust Co. (Chattanooga)	39	2.00	65	3.1
Amer. Natl. Bk. Tr. (Chic.)	21	6.00	353	1.7
American Phenolic Corp. Name changed April 1956 to Amphenol Electronics Corp.				
Amer. Piano Corp., Class B Retails pianos, organs, etc., in Boston	16	0.75	18	4.2
American Pipe & Construc'n Boilers, tanks, pipelines	17	1.00	20⅛	5.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
American Pulley Power transmission and other equipment	16	1.50	26½	5.7
American Re-Insurance Diversified insurance	34	1.20	25½	4.7
American Screw Screws and bolts	57	3.55	52	6.8
American Stamping Co. Pressed steel parts and stamping	19	1.00	13½	7.4
American Steamship Co. Freighters on Great Lakes	25	20.00	425	4.7
American Surety Co. Diversified insurance	22	†0.75	20½	3.6
American Thermos Bottle Co. Name changed April 1956 to American Thermos Products Co.				
American Thermos Products Co. Vacuum ware	22	1.50	24¾	6.1
Amer. Trust (Charlotte, N.C.)	54	2.50	97½	2.6
American Trust Co. (San Francisco)	20	1.60	43	3.7
Amicable Life Insurance Co. Life Insurance	20	1.25	75	1.7
Ampco Metal, Inc. Copper-base (bronze) alloys and products	14	0.40	5⅝	7.1
Amphenol Electronics Corp. Precision parts for aircraft and electronics industries	11	0.775	18⅜	4.2
Anchor Casualty Co. Fire and Casualty Insurance	23	1.00	35½	2.8
Anheuser Busch Inc. Leading brewer	25	1.20	20¾	5.8
Animal Trap Co. of America Large variety of traps	19	0.70	11	6.4
Ansul Chemical Co. Industrial chemicals	31	1.48	39½	3.7
Apco Mossberg Co. Tools and wrenches	13	0.20	4	5.0
Apex Smelting Co. Aluminum smelting	24	2.25	47½	4.7
Arden Farms West Coast dairy	12	1.00	15⅜	6.5
Arizona Public Service Electric and gas	36	1.00	22⅛	4.5
Arkansas-Missouri Power Co. Electric and gas utility	19	†1.18	23½	5.0
Arkansas Western Gas Natural gas public utility, production and transmission	17	0.90	18	5.0
Arrow-Hart & Hegeman Electric Co. Electric wiring devices and controls	27	3.00	59½	5.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Arrow Liqueurs Corp. Cordials and liqueurs	*11	0.25	5¼	4.8
Art Metal Construction Co. Office furniture	20	†1.83	36½	5.0
Associated Spring Corp. Precision springs	22	2.30	33¾	6.8
Atlanta Gas Light Operating public utility	*19	1.35	27⅝	4.9
Atlanta & West Point RR. Co. Georgia carrier	16	3.00	74	4.0
Atlantic City Sewerage Co. Sewer service	32	1.00	16	6.2
Atlantic Co. Ice, coal, cold storage and E-Z Curb Service Stores	14	0.50	8	6.2
Atlantic National Bank of Jacksonville	*52	1.20	47	2.6
Atlantic Steel Steel producing and distributing	35	1.245	24½	5.1
Audio Devices, Inc. Sound recording equipment	10	0.10	4¼	2.4
Auto Finance Co. Investments, automobile financing and insurance	19	0.975	37½	2.6
Automobile Banking Corp. Auto financing & personal loans	12	0.60	7¾	7.7
Avondale Mills Cotton fabrics and yarns	52	1.00	16¾	6.0
Avon Products Cosmetics and toiletries	37	†1.87	61	3.1
Ayres (L. S.) & Co. Operates Indianapolis dept. store	21	1.20	27½	4.4
B/G Foods, Inc. Restaurant chain	12	0.80	11	7.3
B. M. I. Corp. Detroit real estate	20	0.80	13	4.4
Badger Paint & Hardware Stores, Inc. Paints, enamels and hardware	25	2.50	45	5.6
Badger Paper Mills Sulphite pulp and paper	22	4.00	83	4.8
Bagley Building Corp. Detroit real estate	19	0.25	10¾	2.3
BancOhio Corp. Holding company—banks	27	1.65	43¼	3.8
Bangor Hydro-Electric Operating public utility	31	1.80	32½	5.5
Bank of Amer., NT&SA Nation's largest bank	23	1.80	38½	4.7
Bank Building & Equipment Corp. of America Building design and construction	17	†1.08	18¾	5.8
Bank of California, N. A.	77	2.60	75	3.5
Bank of the Commonwealth (Detroit, Mich.)	19	†4.46	175	2.5
Bank (The) of New York	171	†1.00	260	3.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Bank of the Southwest National Association, Houston	48	1.60	63	2.5
Bank of Virginia (The)	32	1.00	21¾	4.6
Bankers Bond & Mortgage Guaranty Co. of America First mortgages & title guaranty	10	0.30	8¼	3.6
Bankers Commercial Corp. Installment financing	18	2.50	30	8.3
Bankers & Shippers Insur. Multiple line insurance	32	2.10	50	4.2
Bankers Trust Co., N. Y.	52	2.70	65	4.1
Bareco Oil Co. Microcrystalline wax	14	0.25	6⅞	3.6
Barnett National Bank (Jacksonville)	*46	†2.55	68	3.8
Barr Rubber Products, Inc. Balls, balloons and toys	21	0.50	8½	5.9
Bassett Furniture Industries Inc. Complete line of domestic furniture	*20	†1.25	17½	7.1
Bates Manufacturing Co. Cotton and rayon fabrics	10	0.80	9¾	8.2
Baxter Laboratories, Inc. Manufacturers of pharmaceuticals	23	0.65	12½	5.2
Baystate Corp. Bank holding corporation	28	†1.05	23¼	4.5
Beacon Associates, Inc. Holding company—small loans	11	1.70	25	6.8
Beauty Counselors, Inc. Wholesaler: Cosmetic and toilet preparations	22	1.00	17½	5.7
Belknap Hardware & Mfg. Hardware & furniture wholesaler	28	0.85	13¾	6.2
Belmont Iron Works Designer, fabricator and erector, structural steel	20	2.00	36½	5.5
Belt RR. & Stock Yards Co. Operates livestock terminal mkt.	66	2.00	36	5.5
Bemis Bro. Bag Co. Manufacturer of paper, textile and plastic bags	35	8.00	132	6.1
Beneficial Corp. Holding company affiliate of Beneficial Finance Company	28	†0.59	10	5.9
Berks County Trust Co. (Reading, Pa.)	20	1.00	22½	4.4
Berkshire Gas Co. Operating public utility	34	0.65	14½	4.5
Berkshire Hathaway, Inc. Fine cottons	23	1.00	11⅛	9.0
Bessemer Limestone & Cement Co. "Portland" cement	14	†1.91	55½	3.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Bibb Mfg. Co. Cotton goods; sheeting, etc.	69	1.65	32	5.2
Biddeford & Saco Water Co. Operating public utility	35	5.00	99½	5.0
Bingham-Herbrand Forgings, stamping and tools	*13	1.00	15½	6.4
Bird Machine Co. Machinery for paper mills	20	1.25	18	6.9
Bird & Son Asphalt shingles	32	1.25	24¾	5.0
Birmingham Trust National Bank (Ala.)	14	†1.50	n.a.	--
Birtman Electric Co. Household Appliances	29	1.00	16	6.3
Bismarck Hotel Co. (Chicago) Hotel, office building, theatre	19	3.00	82	3.6
Black-Clawson (Ohio) Makes paper and pulp mill machinery	24	1.00	28	3.6
Black Hills Power & Light Operating public utility	16	1.39	25½	5.4
Black, Sivalls & Bryson Pressure vessels, valves, and tanks	27	1.40	21½	6.5
Bloch Brothers Tobacco Co. "Mail Pouch" chewing tobacco	45	0.85	14	6.1
Blue Bell, Inc. Manufacturer of work and play clothes	32	0.80	16	5.0
Boatmen's Nat'l. Bk. St. Louis	84	2.50	57	4.3
Bobbs-Merrill Co. Inc. Book publisher	16	0.50	14	3.6
Bonneville, Ltd. Produces potash	10	0.20	5¾	3.5
Bornot, Inc. Chain of dry cleaning Establishments	27	0.50	9	5.6
Boston Ground Rent Trust Merged in June 1956 with Boston Real Estate Trust and Western Real Estate Trustees to form Real Estate Investment Trust of America. Stockholders received four shares for each one held.				
Boston Herald Traveler Corp. Newspaper publisher	22	1.00	14⅞	6.7
Boston Insurance Co. Multiple line insurance	81	1.70	34	5.0
Boston Real Estate Trust Merged in June 1956 with Boston Ground Rent Trust and Western Real Estate Trustees to form Real Estate Investment Trust of America. Stockholders received three shares for each one held.				
Boston Woven Hose Rubber and cotton hose and belting	17	0.40	13½	3.0
Bound Brook Water Co. Operating public utility	31	0.30	5	6.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n.a. Not available.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Bourbon Stock Yards Co. Louisville stockyards	*31	3.75	54	6.9
Bourne Mills Cotton cloth and sateen	23	2.00	33	6.1
Boyertown Burial Casket Miscellaneous funeral supplies	26	0.70	17	4.1
Branch Banking & Trust Co. (Wilson, N. C.)	52	6.00	250	2.4
Bridgeport-City Trust Co. (Conn.)	a102	†1.24	34	3.6
Bridgeport Hydraulic Co. Supplies water to several Connecticut communities	66	1.60	31¼	5.1
Brinks, Incorporated Armored car service	65	1.75	38	4.6
Bristol Brass Metal fabricator	24	1.35	21	6.4
British-American Assurance Company Insurance other than life	22	3.76	126	3.0
Brockway Glass Co. Glass containers	29	0.75	28	2.7
Brockway Motor Co. Heavy and medium trucks	17	1.75	32½	5.4
Brocton Taunton Gas Co. Operating public utility	35	0.65	14	4.6
Brown-Durrell Co. "Gordon" hosiery and underwear	14	0.40	5	8.0
Brown & Sharpe Mfg. Machine tools	*20	1.20	26½	4.5
Brunswig Drug Co. Wholesale drugs	16	†1.02	24	4.2
Bryant Chucking Grinder Co. Machine tool builder	22	0.80	13	6.2
Bryn Mawr Trust Co.	11	1.75	37½	4.7
Buck Creek Oil In Continental Oil group	15	0.26	2½	10.4
Buck Hill Falls Co. Hotel in Poconos	*31	0.60	17	3.5
Buckeye Steel Castings Co. Production of steel castings	19	2.25	35¾	6.3
Bullock's Inc. Department and specialty stores	24	2.30	40¾	5.6
Burdine's Inc. Florida retailer	17	0.75	20	3.8
Burgess Battery Co. Dry cell batteries and battery using devices	a22	1.50	23½	6.4
Burgess-Manning Co. Industrial acoustics, radiant ceiling, recording and controlling instruments	13	1.00	31½	3.2
Burrus Mills, Inc. Manufactures flour, meal and feed products	13	1.00	7⅛	14.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

Continued on page 26

The Fight Against Inflation

By HON. W. RANDOLPH BURGESS*
Under Secretary 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 waging 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 consultations with members respecting their exchange restrictions. Quietly and effectively the Fund has worked with its member countries for the reduction of government barriers to financial and trade transactions. As in dividual countries continue to gain reserves, further progress should be anticipated.


W. R. Burgess

The second element in the Fund's progress is the providing, more generally, of financial advice to the member countries. For many reasons, member countries increasingly call on the Fund for on-the-spot analysis and recommendations. They know that Fund missions will be sent promptly and 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's 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 should like to emphasize a point previously made by Secretary Humphrey. Most of our countries are encountering the problems of prosperity. With large increases in production and employment, and with investment running ahead of savings, there is scarcely a country in which inflationary pressures are not strong.

The most encouraging feature is that the dangers of inflation have been recognized, and a continuous battle for financial stability has been waged, with considerable success, in nearly all countries of the free world.

A second gratifying point, noted in this and other Fund Annual Reports, is that monetary and fiscal policy has superseded direct controls as the main reliance of governments and central banks.

In connection with this second point, we may note with interest the comment on page 67 of the Report that during the past year more attention has been turned to budgetary measures to fortify the effects of monetary policy. Monetary policy alone can't be expected to hold the line if government spending is feeding the fires of inflation.

U. S. Policy

We in the United States are particularly sensitive to this broad problem. Employment has reached the highest point in our history; unemployment is at a minimum. Production and spending and personal incomes are at levels which, only a few years ago, would have been thought unrealizable. New investment continues to be made and planned on a massive scale. This all means that inflationary pressures are unrelenting and powerful.

It is, therefore, not surprising that some critics insist that monetary controls are too severe, while others are pointing to a rise in the cost of living as evidence that inflation is slipping out from under restraint. What has to be said in reply to the critics on both sides is that the search for balance is continuous but, by the very nature of things, cannot be 100% successful. There are dangers on both sides. The danger of inflation is too well known to this group to need definition. There are dangers on the other side as well. Restraints must not be applied with such a heavy hand that they imperil progress. So, along with others, we walk this narrow path—not without care and anxiety—but with the assurance that this is the proved path to national growth and well-being.

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 establishing and maintaining a prosperous economy. We are, however, learning every day 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 trusteeship to which Secretary Humphrey has referred—our trusteeship to the average citizen in preserving the value of his wages and salary and his savings.

*A statement by Dr. Burgess at the Fund Annual Report discussion, Washington, D. C., Sept. 26, 1956.

N. Y. Group of IBA To Hold Annual Dinner

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

With McCormick and Co.

(Special to THE FINANCIAL CHRONICLE)

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

Continued from page 25

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Business Men's Assurance Co. of America Life, accident and health	22	0.45	67	0.8
Butler Manufacturing Co. Metal products	18	2.00	35½	5.6
Butlers, Inc. Southern shoe chain	16	0.525	9½	5.5
Calaveras Land & Timber Corp. California timber lands	13	2.50	24¼	10.3
California Bank (L. A.)	35	1.90	51	3.7
California Oregon Power Operating public utility	14	1.60	33½	4.8
California Pacific Title Insurance Co. Title insurance	20	3.00	43	6.9
California-Pacific Utilities Operating public utility	13	1.50	27⅞	5.4
California Portland Cement Cement and lime products	29	3.50	180	1.9
CALIFORNIA WATER SERVICE CO. Public utility & water • See Company's advertisement on page 56.	26	2.20	40½	5.4
California Water & Telephone Co. Operating public utility	19	1.00	18⅛	5.5
California-Western States Life Insurance Co. Life, accident & health insurance	18	1.50	95	1.6
Camden Refrigerating & Terminals Co. Cold storage, warehouse business	10	1.50	48	3.1
Campbell (A. S.) Co. Metal stampings, plating, castings	19	†0.80	13¼	6.0
Campbell Taggart Associated Bakeries, Inc. Bakery chain	*10	1.15	27¾	4.1
Cannon Shoe Co. Manufacturer & retailer of shoes	24	0.45	7	6.4
Capital Life Insurance Co. Non-participating life	21	10.00	515	1.9
Carolina Telephone & Telegraph Company Operates telephone exchanges	56	8.00	148½	5.4
Carpenter Paper Co. Distributor of paper and paper products. Manufacturing of paper products	59	1.85	34¼	5.4
Carter (William) Co. Underwear	*24	9.00	127	7.1
Carthage Mills, Inc. Floor coverings	16	†1.94	27¼	7.1
Caspers Tin Plate Company Metal sheets for containers	17	0.70	9⅞	7.1
Cavalier Apartments Corp. Owning and operating apartment house (Washington, D.C.)	17	2.00	47	4.2
Central Bank & Trust Co. (Denver)	*10	0.72	19½	3.7
Central Cold Storage Co. Refrigeration	22	3.50	49	7.1
Central Electric & Gas Co. Electric & gas utility and through subsidiaries telephone service in several states	14	0.80	16⅜	4.9
Central Fibre Products Co., Vot. Paper and wall board	*19	1.50	28½	5.3
Central Franklin Process Co. Yarn dying	20	1.00	21	4.8
Central Illinois Elec. & Gas Operating public utility	24	†1.25	30	4.2
Central Indiana Gas Co. Serves east central Indiana	16	0.80	14	5.7
Central Louisiana Elec. Co. Electric, gas and water utility	21	1.40	32	4.4
Central Maine Power Co. Electric utility	13	1.40	23½	6.0
Central Nat. Bank, Cleveland	14	1.75	39	4.5
Central Nat. Bank & Trust Co. (Des Moines)	19	†5.00	140	3.6
Central-Penn Pan. Bk. (Phila.)	128	2.10	41¼	5.1
Central Soya Co. Soybean processing and mixing of livestock feed	15	1.60	30¾	5.2
Central Steel & Wire Co. Metal processing and distribution	14	3.00	47	6.4
Central Telephone Co. Telephone service	11	0.975	24⅛	4.0
Central Trust Co. (Cinn.)	20	2.40	64	3.8
Central Vermont Public Service Corp. Electric and gas utility	13	0.96	16½	5.8
Central Warehouse Corp., Class A Operates warehouse in Albany	18	1.20	16	7.5
Central West Co. Investment trust	21	0.30	6⅜	4.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Central West Utility Co. Operating public utility	15	2.50	27½	9.1
Chain Store Real Estate Trust Retail store properties	19	5.00	85	5.9
Chambersburg Engineering Forging hammers, hydraulic presses	19	2.00	35	5.7
Chance (A. B.) Co. Manufacturing products for Utility Line Construction & Maintenance	21	1.15	19½	5.9
Chapman Valve Mfg. Co. Gate valves, fire hydrants	20	3.00	45¼	6.6
Charleston Natl. Bk. (W. Va.)	20	1.75	52	3.4
Charmin Paper Mills, Inc. Paper products	17	†0.90	25	3.6
Chase Manhattan Bank	109	2.20	50⅝	4.3
Chemical Corn Exch. Bank	128	2.00	45⅞	4.3
Chenango & Unadilla Telep. Operating telephone company	30	1.20	22¼	5.4
Chicago Allerton Hotel Co. Chicago hotel	17	5.50	100	5.5
Chicago, Burlington & Quincy RR. Co. Midwest carrier	48	7.50	158½	4.7
Chicago City Bk. & Trust Co.	21	5.00	155	3.2
Chicago Medical Arts Building Corp. Office building	10	2.50	52½	4.8

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 52.

Chicago Mill & Lumber Wood boxes	16	1.00	29½	3.4
Chicago Molded Products Corp. Plastic molding	17	0.80	14	5.7
Chicago Title & Trust Co.	21	5.00	85¾	5.8
Chilton Co. Publisher of business magazines	19	1.00	25¾	3.9
China Grove Cotton Mills Co. Combed yarn	34	2.00	52	3.8
Christiana Secur. Co. Holding company	*31	566.00	15,100	3.7
Circle Theatre Co. Indianapolis theatre	20	4.00	45	8.9
Citizens Commercial & Savings Bank (Flint, Mich.)	20	3.00	111	2.7
Citizens Fidelity Bank & Tr. (Louisville)	37	4.00	124	3.2
Citizens Natl. Trust & Savings Bank (Los Angeles)	63	2.125	68½	3.1
Citizens Nat. Trust & Savings Bank (Riverside, Cal.)	52	†1.50	n.a.	--
Citizens & Southern National Bank (Savannah)	31	1.50	43	3.5
Citizens & Southern National Bank of S. C. (Charleston)	17	1.90	48	4.0
Citizens Utilities Co., Cl. B Public utility	18	†0.68	14¾	4.6
City Natl. Bank of Houston Merged in April 1956 with First Natl. Bank in Houston to form First City Natl. Bank of Houston.				
City National Bank & Tr. Co. (Chicago)	15	2.50	82	3.0
City Natl. Bank & Trust Co. (Columbus, Ohio)	21	†0.92	26	3.5
City National Bank & Tr. Co. (Kansas City)	*28	0.80	82½	1.0

Continued on page 28

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n.a. Not available.

Sinking Fund Reelects Thomas Graham Pres.

LOUISVILLE, Ky.—The Commissioners 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 eighth consecutive year and Mr. Merle E. Robertson and Mr. Lee P. Miller as Vice-Presidents for the year beginning October 1, 1956 and ending September 30, 1957.

Thomas Graham

Hall, Meyers, Swift With Spencer Trask

Spencer Trask & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, has announced the opening of a Municipal Bond Department under the management of Denton D. Hall, with Joseph F. Meyers as assistant manager. The new department will deal in general market municipals and specialize in issues of Nassau and Suffolk Counties.

Both Mr. Hall and Mr. Meyers were previously associated with the municipal bond firm of R. L. Day & Co.

At the same time it was announced that H. Roland Swift has joined Spencer Trask & Co. as a registered representative. Mr. Swift also was formerly with R. L. Day & Co.

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 Apawamis Club on Friday, Sept. 28, with a net score of 314, competing among 26 teams. Members of the winning team were: Robert Leslie, J. F. Burns, John Leib, and Frank Mansell.

Tie scores for individual low gross of 77 were recorded by Kenneth McAleenan of Fahnestock & Co., Ernest Graur of Hayden, Stone & Co., and W. H. Todd of Kuhn, Loeb & Co.

Prizes were awarded to the team representing Dean Witter & Co. with a net score of 154 among the two man teams competing.

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

Tucker, Anthony & R. L. Day Consolidate

The consolidation of two New York and Boston securities underwriting and brokerage houses, with a combined business experience totaling 158 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., Manchester and Nashua, N. H., and Springfield and New Bedford, Mass.

General partners of Tucker, Anthony & R. L. Day are: John C. Maxwell; Robert Haydock; Horace W. Frost; Gilbert L. Steward; Frank A. Day; Frederick B. Payne; Page Chapman; C. Fitzhugh Gordon; William H. Claflin, III; Ernest W. Borkland, Jr.; John C. Newsome; John H. Perkins; Nestor Brown; Clair C. Pontius; and Harry V. Keefe, Jr.

Limited partners of the firm are: Harold W. Pierce; Rodney W. Williams; I. Tucker Burr, Jr.; William H. Y. Hackett; Ellery W. Rogers; William F. Chase and Lawrence E. Brown.

The firm announced that its departments specializing in the analysis and trading of securities in the paper industry, in bank stocks and in tax-exempt bonds will have increased facilities to serve institutional and individual investors.

Tucker, Anthony & Co. was founded in Boston in 1892 to engage in a general brokerage business as members of the Boston Stock Exchange. Actually the firm's history goes back further since in 1942 it consolidated with Burr, Gannett & Co., which had originally been established in 1866 as Peters & Parkinson, later becoming Parkinson & Burr and subsequently Burr, Gannett & Co. In 1901 Tucker, Anthony & Co. joined the New York Stock Exchange and opened a New York office.

Early in its history the firm entered the investment banking field and it has been a prominent underwriter and distributor of public utility, industrial and municipal bonds for many years. The firm is well-known as specialists in securities of companies in the paper industry.

R. L. Day & Co. was founded in Boston in 1862 by Robert L. Day "for the purpose of conducting a general business in brokerage and dealing in securities." It has been a member of the Boston Stock Exchange since 1872, and of the New York Stock Exchange since 1893. In addition to its 94-year business relationship with individuals, trustees and institutions, the firm has been closely identified with the savings banks of New York and the New England states.

Securities Salesman's Corner

By JOHN DUTTON

The Analytical, Advisory, Method of Security Salesmanship

ARTICLE 2

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 when 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. Also, if he is an average man he will wish to provide the maximum estate for his loved ones. If the investor is a woman there are variations of these objectives but they apply to both male or female investors.

Most People Have No Financial Plan

After spending well nigh on to 30 years retailing securities I can attest to the fact that not over 5% of the people with whom I have done business have ever had a long range plan for saving and investing. The opportunity for helping people to set up a sound, workable plan fitted 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 codicils 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, or 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 of what 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 their investment program to fit in with tax saving and sound planning requirements. Although the laws were changed in 1954 favoring life insurance investments from the standpoint of estate taxes, there are many people who carry substantial amounts of life insurance who have not taken the simple steps needed to obtain this highly rewarding tax saving which is now open to them.

When it comes to stocks, there is hardly a list of any consequence wherein you will not find some cats and dogs that can be eliminated and sold out for tax losses that can be used either against profits or income. Industry diversification can be improved. Where income is needed there are often 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 30, others are mature at 25. 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 confidential, sincere and capable financial expert who can act as both friend and counsellor and who can assist him in achieving these objectives.*

NEXT WEEK: ARTICLE III

Securities, Inc. Add

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John B. Bennet, Lawrence E. Clifford, Wilson R. Hendricks, Thomas J. Knuckles, William C. Knuckles, Wallace R. McBrayer, Edward J. Moore, Bert Thompson and Marion E. Tucker have become affiliated with Securities, Inc., Farmer's Union Building.

Joins United Investors

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Clarke F. Bennett, Donald C. Dickerson, Donald C. Goodspeed, Donald F. Lampert, Norman B. LaVerne, William E. Mizar, Algie R. Parker, Daniel E. Read, Robert D. Richardson, William L. Sherrill, Roy C. Steil, David L. Vincent, Jr., and Alfred D. Washburn are now with United Investors, Inc., U. S. National Bank Building. Mr. Bennett was formerly with Wayne Jewell & Co.

Continued from page 27

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
City Title Insurance Co. Title insurance	18	0.40	7	5.7
Cleveland Builders Supply Manufacturers and distributors of building materials	17	2.50	41½	6.0
Cleveland Quarries Co. Building and refractory stone	16	0.50	10¾	4.6
Cleveland Trust Co.	20	6.00	262	2.3
Cleveland Union Stock Yards Company Operates livestock yards	50	0.75	10½	7.1
Cleveland Worsted Mills Co. Woolen and worsted goods	17	2.00	154	1.3
Coca-Cola (Los Angeles)	32	1.50	27½	5.4
Coca-Cola (New York)	17	†1.50	29	5.2
Coca-Cola (St. Louis)	28	1.20	20	6.0
Collins Co. Farm and cutting implements	*41	8.00	120	6.7
Collyer Insulated Wire Supplies utilities and construction industries	38	2.50	37	6.8
Colonial Life Insurance Co. of America Non-participating life	10	1.00	110	0.9
Colonial Stores Retail food stores in Southeast and Midwest	15	†1.025	34	3.0
Colorado Central Power Co. Electric light and power supplier	22	1.20	27¼	4.4
Colorado Interstate Gas Co. Natural gas transmission	21	1.25	68¾	1.8
Colorado Milling & Elevator Flour and prepared mixes for baking	11	1.40	19⅝	7.1
Columbia Baking Co. Southeastern baker	20	1.00	30	3.3
Columbian National Life Insurance Co. Life, accident and health	14	2.00	88	2.3
Commerce Trust (K. C.)	20	2.00	86½	2.3
Commerce Union Bank (Nashville)	*31	†0.875	46½	1.9
Commercial Discount Corp. Provides working capital	10	0.30	10	3.0
Commercial Shear. & Stamp. Pressed metal products, hydraulic oil equipment and forgings	21	1.00	22	4.5
Commercial Trust Co. of New Jersey (Jersey City)	51	3.50	80½	4.3
Commonwealth Life Insurance Co. (Ky.) Non-participating and industrial life	15	†0.17	22	0.8
Commonwealth Trust Co. (Pittsburgh)	31	†1.00	38	2.6
Concord Elect. (New Eng.) Operating public utility	51	2.40	43½	5.5
Connecticut Bk. & Tr. Co.	a141	†1.55	35½	4.4
Connecticut General Life Insurance Co. Life, accident and health insurance (group and individual)	78	†1.425	263	0.5
Connecticut Light & Power Operating public utility	34	0.92	18¾	4.9
Connecticut National Bank (Bridgeport, Conn.)	15	0.95	17½	5.4
CONNECTICUT POWER CO. Electric and gas public utility ● See Company's advertisement on page 43.	41	2.25	40¾	5.5
Consolidated Dearborn Owns office buildings in Chicago and Newark	10	1.15	20½	5.6
Consolidated Dry Goods Co. Department store chain	14	3.00	65	4.6
Consolidated Metal Products Corp. Owns railroad equipment patents	21	4.50	27⅜	16.4
Consolidated Naval Stores Holding company, diverse interests	23	20.00	435	4.6
Consolidated Rendering Co. Tallow, grease, meat scrap, fertilizers hides and skins	21	4.75	56	8.5
Consol. Water Pwr. & Paper Manufactures paper and paper products	23	†1.00	37	2.7
Continental American Life Insurance Co. Participating life	*31	1.40	56	2.5
Continental Assurance Co. Life, accident and health	43	†1.02	130	0.8
Continental Casualty Co. Diversified insurance	23	b†1.19	97	1.2
Continental Gin Manufactures cotton ginning equipment	56	2.00	40½	4.9
Continental Illinois National Bank and Trust Co. of Chicago	21	†3.50	86¼	4.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
b Plus one share of Continental Assurance Co. common for each 100 shares held.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Continental National Bank (Fort Worth)	21	1.00	25	4.0
Cook Coffee Co. — Operates Pick-N-Pay Supermarkets	28	†0.72	30	2.4
Coos Bay Lumber Co. — Timberland and lumber	13	8.00	280	2.8
Copeland Refrigeration Corp. — Refrigators and air conditioning	10	1.00	15½	6.4
Corduroy Rubber Co. — Tires and tubes	17	3.00	40	7.5
Cornell Paperboard Products — Wall & paperboard & containers	16	1.00	17¼	5.8
County Bank & Trust Co. (Paterson, N. J.)	88	1.40	31¼	4.5
County Trust (White Plains)	*31	†0.48	28¼	1.7
Cowles Chemical Co. — Industrial chemicals	*12	†0.50	16½	3.0
Creamery Package Mfg. — Food processing and refrigerating machines and farm coolers	69	2.00	35	5.7
Crompton & Knowles Corp. — Wide variety of looms	24	1.00	17⅞	5.6
Crown Life Insurance Co. — Life, accident and sickness; also annuities	*36	1.45	152	1.0
Cuban Telephone Co. — Operating public utility	13	c6.00	77	7.8
Curtis Companies, Inc. — Windows, doors and other woodwork	*14	0.60	12¼	4.9
Dahlstrom Metallic Door Co. — Doors, mouldings, cabinets	14	1.25	13	9.6
Dallas Transit Co. — Local transit facilities	14	†0.35	6⅛	5.7
Dayton Malleable Iron Co. — Iron and steel castings	17	1.00	19¾	5.1
Decker Manufacturing Co. — Special order manufacturing	*10	0.30	4	7.5
Del Monte Properties Co. — Real estate	11	2.20	41	5.4
Delaware Railroad Co. — Leased and operated by P.R.R.	57	2.00	42	4.8
Delta Electric Co. — Hand lanterns and auto type switches, bicycle lamps and horns	23	1.35	18¼	7.4
Dempster Mill Manufacturing Co. — Farm equipment	19	†1.20	22½	5.3
Dentist's Supply (N. Y.) — Artificial teeth and other dental supplies	*30	1.00	15¾	6.3
Denver Natl. Bank (Denver)	*32	1.70	47	3.6
Denver Union Stock Yard Co. — Livestock	37	4.00	71	5.6
Detroit Aluminum & Brass — Bearings and bushings	*10	0.40	7¼	5.5
Detroit Bank & Trust Co.	20	†1.30	48	2.7
Detroit & Canada Tunnel — Owns and operates international tunnel	15	†1.20	15½	7.7
Detroit Harvester Co. — Mfr. auto parts, farm equipment and power lawn mowers	21	1.20	16⅝	7.2
Detroit International Bridge — Operates bridge to Windsor	12	1.05	20½	5.1
Detroit Mortgage & Realty Co. — Real estate financing	17	0.06	2	3.0
Detroit Stamping Co. — Pressed metal parts & specialties	23	1.10	14¼	7.8
Diamond Portland Cement Company — Manufacturer of Portland Cement	34	1.25	35½	3.5
Dickey (W. S.) Clay Mfg. Co. — Sewer and culvert pipes, tiles	10	1.15	24½	4.7
Dictaphone Corp. — Manufacture and sale of Dictaphone dictating, recording and transcribing machines	30	5.50	151	3.6
Dictograph Products Co. — Holding company	10	0.40	6¼	6.4
Dime Bank (Akron)	21	2.00	n.a.	—
Discount Corp. of New York — Dealers in U. S. Treasury securities and bankers acceptances	37	8.00	141½	5.6
District Theatres — Operates theatre chain	10	0.20	3⅛	6.4
Dixon (Joseph) Crucible Co. — Crucibles, graphite, paint	17	1.04	16⅝	6.2
Doeskin Products, Inc. — Tissues	19	0.75	12⅜	6.1
Dollar Savings & Trust Co. (Youngstown)	14	5.00	150	3.3
Drackett Co. — Soybean products, "Drano," "Windex"	*23	0.425	8⅜	5.1
Dravo Corp. — Heavy engineering projects, marine equipment	17	2.00	47	4.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n.a. Not available.
c Less Cuban tax.

Continued on page 30

Broadening an Investment Program By Including Waterfront Property

By ROGER W. BABSON

Applying an "economic rent" principle to constant waterfront property and increasing population, Mr. Babson offers advice on why, where and when to buy such property to broaden one's investment program. 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 non-taxable bonds when stock prices are high.

A few final days of my annual vacation on the "Island of Cape Ann," including Gloucester and Rockport, convince me that the best investment program is not necessarily to confine yourself to stocks and bonds.

Roger W. Babson

The population of the United States is constantly increasing. Prices, salaries, and wages are also constantly rising. However, the amount of waterfront will be no greater 100, or even 1,000 years hence than exists today. Stocks and bonds can be manufactured indefinitely by stock dividends, stock splits, spinoffs, and other printing-press methods; but it is impossible to increase waterfront property except by dredging.

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 furthest away looks greenest," such waterfront land in the community in which you live, or on land nearby, is usually the safest. You know the "outs" about such property, which you do not know about other property. Although all such land, including well-located house lots, may be attractive, you will profit most 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 subdivisions, shopping centers, and other real estate developments are to be started.

Beware of Land That Has Been Overflowed

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 newspaper covering the last 50 years.

Although it is safe to build only above and beyond 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 nonerosion work 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 (600 cubic feet to 1 cubic foot) may some day be purchased to serve as a three months' supply for the average-size 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 that people may some day refrain from using them for recreation—especially if they are advised to remain home Sundays and holidays when the roads are closely patrolled.

Going back to my reference to stocks in the first paragraph of this column, I should add that, in most states, you have no taxes to pay on non-income-paying stocks, while you hold them, but you must pay taxes on vacant land wherever it is located. This means that today, when stock prices are high, it may be well to switch from stocks to non-taxable bonds. Then reverse your investment program later and switch the non-taxable bonds into stock and vacant land when these are again low in price.

Henry Putnam Joins DeCoppet & Doremus

Henry W. Putnam has joined DeCoppet & Doremus, 63 Wall Street, New York City, odd lot dealers on 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.

Henry W. Putnam

With Allen Inv.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Earl L. Horton has become connected with Allen Investment Company, Mile High Center.

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 99 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)

HARTFORD, Conn.—Marian 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. Carlson has become affiliated 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 Charles W. Scranton & Co., 209 Church Street, members 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,


George W. Davis


Robert H. Craft


Andrew M. Baird


William S. Hughes


W. C. Jackson, Jr.


W. Carroll Mead


William H. Morton

Skaggs & 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 Mead, Mead, 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. 29, and will hold an organization meeting the following day.

Continued from page 31

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Drexel Furniture Co. Quality furniture	*19	1.35	23	5.9
Drovers Natl. Bk. (Chicago)	73	†0.825	23	3.6
Ducommun Metals & Supply Metals and industrial supplies Steel or nonferrous products	21	1.15	20	5.8
Duff-Norton Industrial jacks and lifting equipment	66	2.00	34½	5.8
Dun & Bradstreet Credit and marketing reports and publications	23	†1.45	28¼	5.1
Duncan Electric Manufacturing Co. Watthour meters	22	2.00	38	5.3
Duriron Co. Corrosion resistant equipment	16	0.80	16¼	4.9
Eason Oil Co. Petroleum and natural gas	14	0.25	22	1.1
Eastern Racing Assn. Suffolk Downs	15	0.30	4⅜	6.8
Eastern Utilities Associates Holding company, New England interests	28	2.20	34⅞	6.3
Eaton Paper Corp. Writing paper	11	4.75	75	6.3
Economics Laboratory, Inc. Mfr. of cleaning compounds	19	0.75	32½	2.3
Ecuadorian Corp., Ltd. (Bahamas) Holding co.—brewing interests	18	0.85	13½	6.3
Edgewater Steel Co. Circle E. rolled steel railroad wheels and tires, steel rings and forgings	*11	2.10	40	5.2
Edison Sault Electric Co. Operating public utility	20	†0.75	17	4.4
Edison (Thomas A.) Class B Batteries, dictating machines, aircraft and industrial instruments	32	1.375	28¾	4.8
Egry Register Co. Autographic registers	17	1.00	19	5.3
El Paso Electric Co. Texas operating utility	*28	1.75	43	4.1
El Paso Natl. Bank (Texas)	22	2.40	52½	4.6
Electric Hose & Rubber Co. Rubber hose	17	†1.32	29½	4.5
Electrical Products Consolidated Neon sign manufacturing	22	1.70	28¼	6.0
Electro Refractories & Abrasives Corp. Manufacturer of abrasives	21	†0.53	16½	3.2
Elizabethtown Consolidated Gas Co. Operating public utility	33	1.35	26¼	5.1
Elizabethtown Water Co. (Consolidated) Operating public utility	33	‡1.60	40	4.0
Emhart Manufacturing Co. Glass industry machinery	10	1.15	34⅞	3.3
Empire Southern Gas Co. Natural gas public utility	13	1.00	26½	3.8
Empire Trust Co. (N. Y.)	50	3.00	186	1.6
Employers Casualty Co. Diversified insurance	*32	2.00	78	2.6
Employers Reinsurance Corp. Multiple line reinsurance	42	†1.08	33¼	3.2
Eppens, Smith Co. Coffee and tea importing	*32	2.00	70	2.8
Equitable Security Trust Co. (Wilmington)	158	4.00	95	4.2
Equitable Trust Co. (Balti.)	41	†0.96	53	1.8
Erie & Kalamazoo RR. Leased by New York Central	107	3.25	52	6.2
Erlanger Mills Corp. Textile holding and operating co.	11	0.575	14½	4.0
Erwin Mills, Inc. Textile mills	24	0.30	11½	2.6
Essex Co. Water power to mills	45	3.00	59	5.1
Excelsior Life Insurance Co. (Toronto) Participating & non-participating	*28	4.00	615	0.6
Exeter & Hampton Electric Company Operating public utility	48	2.60	44	5.9
Exeter Manufacturing Co. Cotton and glass fabrics	15	1.00	38	2.6
Exolon Co. Manufacture artificial abrasives and magnetic separators	20	1.55	27¼	5.7
Faber Coe & Gregg, Inc. Tobacco wholesaler	22	3.00	47	6.4
Fafnir Bearing Co. Manufacturer of ball bearings	43	2.60	48	5.4
Fairmont Foods Company Dairy products and frozen foods	51	1.25	24	5.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ Stock split five-for-one. Initial dividend of 40c paid on June 29, 1956. Yield is based on a possible $1.60 yearly dividend record.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Fairmont Railway Motors, Inc. (Railway motor cars)	*22	27.50	345	8.0
Fall River Gas Co. (Operating public utility)	32	1.15	23	5.0
Fanner Mfg. (Manufactures chaplets and chills for foundries)	43	†0.69	10⅞	6.3
Farmers & Merchants Bank of Long Beach (Calif.)	21	3.00	70	4.3
Farrel-Birmingham Co. (Heavy machinery & machine tools)	21	2.00	42	4.8
Fate-Root-Heath Co. (Industrial locomotives)	10	0.80	11	7.3
Faultless Rubber (Miscel. rubber goods, sponges)	31	1.15	20	5.8
Federal Bake Shops, Inc. (Chain of retail bake shops)	20	0.55	5½	10.0
Federal Chemical Co. (Fertilizers)	12	6.00	105	5.7
Fed. Compress & Warehouse (Cotton compress and warehousing)	30	4.00	70	5.7
Federal Insurance Co. (Multiple line insurance)	54	0.90	34⅜	2.6
Federal Screw Works (Screws and machines)	15	1.50	19½	7.7
Federal Trust Co. (Newark)	12	1.20	41½	2.9
Federated Publications, Inc. (Michigan newspapers)	21	5.80	87	6.6
Felters Co. (Pressed felts (non-woven))	*15	0.60	10	6.0
Ferry Cap & Set Screw Co. (Manufacturer of screw products)	17	0.60	7	8.6
Fidelity-Baltimore Natl. Bk. and Trust Co. (Balti.)	51	†1.86	49½	3.8

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 52.

Fidelity-Philadelphia Trust	91	4.00	82½	4.8
Fidelity Trust Co. (Pgh.)	72	2.90	66	4.4
Fidelity Union Tr. (Newark)	*62	2.70	64¾	4.2
Fifth-Third Un. Tr. (Cinn.)	19	2.00	56	3.6
Fifty Associates (Boston) (Boston real estate)	*10	50.00	1300	3.8
Finance Co. of Pennsylvania (Real estate and securities)	27	19.00	435	4.4
Fireman's Fund Insur. Co. (Western fire underwriter)	48	1.80	59½	3.0
Firemen's Ins. Co. (Newark) (Diversified insurance)	19	1.20	36½	3.3
First Amer. Nat. Bk. (Nashv.)	18	†1.20	30½	3.9
First Bank Stock Corp. (Holds stock of banks in Ninth Federal Reserve District)	27	1.55	34¼	4.5
First Bank & Trust Co. (Madison, N. J.)	18	1.80	53	3.2
First Bank & Trust Co. (South Bend)	17	†1.02	30	3.4
FIRST BOSTON CORP. (Investment banking) ● See Company's advertisement on page 22.	17	5.00	58½	8.5
First Camden National Bank & Trust Co. (N. J.)	11	0.80	20[illegible]	3.9
First City Natl. Bk. (Houston) (New name resulting from merger in April 1956 of First National Bank, and City National Bank, both of Houston.)	23	2.00	59½	3.4
First Natl. Bank of Akron	17	1.00	40	2.5
First Natl. Bank of Atlanta	*27	1.60	40¾	3.9
First Natl. Bank (Balti.)	28	2.50	54	4.6
First Natl. Bank (Birming.)	13	1.25	41	3.0
First Natl. Bank of Boston	172	2.75	61	4.5
First Natl. Bank (Chicago)	21	8.00	307	2.6
First Natl. Bank (Cinn.)	93	1.40	44½	3.1
First Natl. Bank in Dallas	80	1.40	33	4.2
First Natl. Bank of Denver	*39	14.00	475	2.9
First Natl Bank (Ft. Worth)	22	1.00	30	3.3
First Natl. Bank (Houston) (Merged with City National Bank (Houston) April 1956 to form First City National Bank (Houston).)				
First Natl. Bk. (Jersey City)	92	†2.21	50	4.4
First Natl. Bank (K. C.)	66	3.00	138	2.2
First Natl. Bank (Memphis)	61	1.40	36¼	3.9
First National Bank (Miami)	53	1.00	47½	2.1
First National Bank (Mobile)	*31	4.50	108	4.2
First Natl. Bank (Omaha)	19	2.00	66¼	3.0
First. Natl. Bank of Portland	85	2.00	55¼	3.6
First Natl. Bank (St. Louis.)	*37	2.10	58	3.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

Continued on page 32

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market continues to back and fill, with no change yet indicated in the defensive 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 apparently is 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 Heavy

Business borrowings are still expanding at a rapid pace, in spite 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 $38 billion. These figures seem to show that plant and equipment spending is not being effected by the higher costs of borrowing and that very few, if any, projects are being dropped because of the difficulty in obtaining credit.

The results of this powerful spending program will be to keep the demand for credit very strong and, until there is some diminishing in this need for funds, there is not likely to be any decline in the level of interest rates. Also the fact that, in effect, more than 50% of the cost of bonded indebtedness is borne by the government, does not make the cost of these borrowings very expensive even in the face of rising interest rates.

Prospective Terms on Coming Treasury Issue

The Treasury is now up against the problem of borrowing $3 billion of new money in the next few weeks, with the money market as tight as it has been in a great many years. There is some question as to whether or not the government will come into the market for the full amount at one time, since there are opinions around that $1.5 billion will be borrowed in October, with a similar amount to be otbained in the latter part of November. Because of the credit stringency 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 money market is looking for in the impending financing of the Treasury. Also some 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 now 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.

There is no doubt but what the money market is so very tight, due to the policy of active restraint, that unless some relief is forthcoming shortly the powers that be will defeat their own purposes. Not only must the legitimate needs of industry, commerce and the farmer be taken care of, but the business of carrying on the government must also be met. Rising interest rates are not going to bring 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 the squeeze would not reach the point where it would be unbearable.

Stock Market Also Weak

There is more than a minor amount of attention being given to the action of the equity market by money market followers, since prices of common stocks have also been on the defensive. There is no doubt about the current situation being confused, since prices of equities have been giving ground as well as quotations of bonds. When one is weak, the other is generally strong, but in this case, prices of both have been going down.

Redding-Miller Formed

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Redding-Miller, Inc., is engaging in 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.

Terms Tight Money Irrelevant as a Political Campaign Issue

Political importance of current money situation would cease, "Guaranty Survey" avers, if critics understood that present tight money reflects tight goods and that an infusion of additional funds, during condition of full resource-employment, would aggravate rather than correct the situation. Praises Federal Reserve's efforts and looks to resulting increased savings and moderated demand to correct tight commodity situation.

Tight money is an irrelevant issue in the political campaign, simply because the government controls neither the supply of money nor the level of interest rates, it is pointed out in the October issue of "The Guaranty Survey," published by Guaranty Trust Company of 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 appointees 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 Survey reminds.

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 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 importance of the balance between savings and investments, it is necessary to remember that these are not purely financial phenomena but rather are financial reflections of underlying physical realities," the Survey reports. "A tight or easy situation in the money market is the monetary expression of a parallel situation in markets for goods and services."

The Guaranty article asserts that honest criticism of the current money situation "would cease if the critics understood that tight money—if it is, as in the present instance, a natural development—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 are brought about by tight money."

In a condition of full employment of 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 give 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

(Special to The Financial Chronicle)

DENVER, Colo. — Spencer F. Bennett, Sidney G. Hart, Forrest Nelson and Edward S. Shriver are now connected with Hamilton Management Corporation, 445 Grant Street.

Ronald A. Beaton V.-P. Of Distributors Group

CHICAGO, Ill. — Ronald A. Beaton has been appointed resident Vice-President of Distributors Group, Inc., sponsors of the mutual funds of Group Securities, Inc. He will be responsible for sales in the middle western states.

Ronald A. Beaton

Formerly Group's regional manager for the southeastern states, Mr. Beaton will make his headquarters at 11 South La Salle Street, Chicago.

Mr. Beaton's broad investment experience includes earlier posts as Executive Vice-President of McCleary & Company, investment dealers of St. Petersburg, Florida; west coast of Florida sales manager for A. M. Kidder & Company, and branch manager for both Merrill Lynch, Pierce, Fenner & Beane and Goodbody & Company.

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 new 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 located throughout the Oakland area."

Berry Office in N. Y. C.

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

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
First Natl. Bank (Scranton)	93	2.00	39½	5.1
First Natl. Bk. (Shreveport)	17	1.10	49	2.2
First National Bank (Tampa)	22	n.a.	65	--
First Natl. Bank (Wichita)	36	8.00	276	2.9
First National Bank & Trust Co. (New Haven)	20	†0.90	30	3.0
First Natl. Bk. T. (Okla. City)	29	†0.81	32	2.5
First National Bank & Trust of Paterson, N. J.	91	†2.80	82	3.4
First National Bank and Trust Co. (Tulsa)	17	1.20	32	3.8
First National City Bank of New York	143	2.55	63⅝	4.0
First National Exchange Bank of Roanoke	74	2.40	62	3.9
First National Trust & Savings Bank of San Diego	23	†1.225	39	3.1
First Pennsylvania Banking & Trust Co. (Phila.) Formed in October 1955 as merger of First National Bank of Philadelphia and the Pennsylvania Co. for Banking & Trusts.	141	d2.00	45	4.4
First Security Corp. Bank holding company	21	1.35	40	3.4
First Western Bank & Trust Co. (San Francisco)	89	1.60	43½	3.7
Fitchburg Gas & Elec. Light Serves Massachusetts communities	*69	3.00	53½	5.6
Florida National Bank (Jacksonville)	20	1.00	58½	1.7
Florida Public Utilities Co. Operating public utility	13	0.60	12¾	4.7
Florida Telephone Corp. Operating public utility	15	0.83	19¾	4.2
Fluor Corp. Ltd. Plants for oil, gas and chemical industries	13	1.20	17⅛	7.0
Foote Bros. Gear & Mach. Gears and transmission equip.	15	1.30	16⅝	7.8
Foote-Burt Co. Drilling, reaming, tapping machines	27	1.10	24	4.6
Forbes & Wallace, Inc., class B [illegible] voting Dept. store, Springfield, Mass.	20	1.35	20¼	6.6
Fort Pitt Bridge Works Structural steel fabrication	14	1.00	29	3.4
Fort Wayne Corrugated Paper Co. Corrugated shipping containers	17	1.00	30	3.3
Fort Wayne National Bank (Indiana)	21	1.90	58	3.3
Ft. Worth National Bank	72	1.00	25	4.0
Fostoria Pressed Steel Corp. Industrial lighting units	16	1.75	21½	8.1
Fourth Natl. Bank of Wichita	*31	†0.93	60	1.5
Fram Corp. Manufacturer of oil, fuel, carburetor, air & radiator waterfilters	15	0.85	14½	5.8
Franco Wyoming Oil Co. Holding company. Also finances oil developments	21	2.50	65	3.8
Frank (Albert)-Guenther Law, Inc. Advertising agency	12	0.30	10	3.0
Franklin Life Insurance Co. Life insurance	21	0.50	85¾	0.6
Franklin Process Co. Yarn dyers and manufacturers	42	2.25	25½	8.8
Frick Co. Refrigeration and air conditioning equipment	54	2.00	34½	5.8
Frontier Refining Co. Petroleum production, refining and marketing	10	†0.24	14	1.7
Fruit of the Loom, Inc. Cotton goods	10	†1.67	30½	5.5
Fuller Brush Co., class A Brushes	34	3.50	65½	5.3
Fuller Mfg. Co. Truck parts and gas	17	†1.58	44½	3.5
Fulton Natl. Bank (Atlanta)	43	1.25	37½	3.3
Galveston-Houston Co. Holding company. Bus industry	17	1.00	8⅝	11.6
Garlock Packing Co. Mechanical packings, gaskets, oil seals and mechanical seals	51	1.75	33¼	5.0
Gary Natl. Bank (Indiana)	42	4.00	450	0.9
Gary Railways, Inc. Operating public utility	13	0.60	7¼	8.3
Gas Service Co. Natural gas distributor serving Missouri, Kansas, Oklahoma and Nebraska	12	1.36	23⅞	5.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
d Established rate (50c quarterly).
n.a. Not available.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
General American Oil Crude oil producer	10	†0.59	63¾	0.9
General Controls Automatic controls for pressure and temperature	*17	0.95	26	3.6
General Crude Oil Co. Southern producer	18	1.25	45	2.8
General Industries Co. Plastics. Also makes small electric motors	16	2.35	38½	6.1
General Manifold & Ptg. Co. Commercial printing	11	0.48	6½	7.4
General Metals Corp. Marine and other machinery	21	1.20	17½	6.8
General Reinsurance Corp. All casualty, bonding, fire and allied lines	22	1.80	44	4.1
Georgia Marble Co. Marble production	13	†1.21	42	2.9
Giddings & Lewis Mach. Tool Boring, milling and drilling machines	19	2.00	34⅝	5.8
Gilbert & Bennett Manufacturing Co. Wire cloth	14	1.00	70	1.4
Girard Trust Corn Exchange Bank (Philadelphia)	119	3.05	69½	4.4
Gisholt Machine Co. Turret lathes and tools	21	1.00	21⅛	4.7
Glatfelter (P. H.) Co. Pulp and paper manufacture	11	1.80	69½	2.6
Glen-Gery Shale Brick Corp. Owns eight brick plants	10	0.50	6⅝	7.5
Glens Falls Insurance Co. Multiple line underwriter	90	2.00	67¾	2.9
Glens Falls Portland Cement Portland and masonry cement	10	†0.74	21	3.5
Globe & Republic Insurance Fire and allied lines of insurance	20	0.95	21¼	4.5
Goderich Elevator & Transit Co., Ltd. Grain elevator	52	1.50	23	6.5
Good Humor Corp. Well-known ice cream retailer	22	0.35	8⅝	4.1
Goodall Rubber Co. Hose, belting and packings	22	e1.35	26	5.2
Graflex, Inc. Cameras	13	0.60	18½	3.2
Grand Trunk Warehouse & Cold Storage Co. Detroit ice manufacturer	13	2.00	66	3.0
Graniteville Co. Cotton fabrics	15	1.60	28	5.7
Great American Indemnity Company Diversified insurance	23	0.75	16½	4.5
Great Amer. Ins. Co. (N. Y.) Diversified insurance	83	1.50	36	4.2
Great Lakes Engineering Works Shipbuilders and engineers	33	0.60	12	5.0
Great Southern Life Insurance Co. Life, accident and health	*31	1.60	90	1.8
Great West Life Assurance Co. (Winnipeg) Life, accident and health	56	2.50	272	0.9
Green (Daniel) Co. House slippers	*19	5.60	73	7.7
Green Giant Co., Class B Vegetable canning & distribution	*32	1.05	27¼	3.8
Griess-Pfleger Tanning Co. Leather tanning	*15	1.25	14¾	8.5
Grinnell Corp. Sprinklers & plumbing equipment	21	2.75	116	2.4
Guarantee Co. of North America (Montreal) Fidelity and surety bonds	*37	18.00	440	4.1
Guaranty Trust (N. Y.)	64	4.00	78¼	5.1
Gulf Insurance Co. (Dallas) Diversified insurance	23	†1.86	89	2.1
Gulf Life Insurance Co. (Jacksonville, Fla.) Life and accident	24	0.50	29¾	1.7
Gustin-Bacon Mfg. Co. Glass fibre insulation products	18	0.80	69½	1.2
Hagan Corp. Water treatment chemicals	13	1.25	33	3.8
Hajoca Corp. Building supplies	14	0.75	44¼	1.7
Halle Bros. Ohio merchandise distributors	41	†0.91	29	3.1
Haloid Co. Photo papers, copying processes	27	0.65	61½	1.0
Hamilton Mfg. Wood and steel products	17	1.00	17⅛	5.8
Hamilton National Bank (Chattanooga)	*51	10.00	285	3.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
e Plus one share of class "A" common stock for each ten shares of common stock held.

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The New International Lending Agency

tively 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 single enterprise. To concentrate our resources on financing a few large projects would not, I am sure, be the best way to carry out 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 the size of our initial capital is large enough to do the job. However, our capital will not march alone, but always in company with larger amounts from private sources, so that the enterprises in which we participate will represent much 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 resources.

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 and in our desirability as a partner. I trust 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 perceiving the possibility of 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 war, are again pressing vigorously into overseas markets and investments. Businessmen and investors in the United States are developing new interests in venturing outside its borders. Science and modern machines open new roads to unparalleled production. And so the scene is set for a growth which, given reasonable peace, should surpass anything history has seen. And in this expansion I see private initiative, experience and capital playing an essential role.

Justified Confidence a Prerequisite

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

Investment in enterprise, particularly far from home, and the building up of industry and commerce, involve not merely trades 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 engagements 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 will largely determine the pace 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 arbitrary actions by private parties, such as refusal to fulfill a contract, redress can be sought under the 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 arbitrary action in the world of international business, wherever located, affects not only the parties directly involved, but spreads its influence to far distant areas. Thus, no country needing the aid of international 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 assigned the International Finance Corporation the objective of stimulating a greater flow of private capital into productive enterprise in the less developed areas. Capital is available; enterprise is not lacking. If capital and enterprise are given a positive welcome by our member governments—and by all other governments which believe in this objective—I am confident we can carry out our assignment.

With Security Associates

(Special to THE FINANCIAL CHRONICLE)

WINTER PARK, Fla. — Edwin F. Perko is now with Security Associates, Inc., 137-319 West New England Avenue, members of the Philadelphia-Baltimore and Midwest Stock Exchanges.

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Advantages of Municipal Bonds And Their Role in America Today

gress, to be determined as a legislative matter, with no constitutional stop on their right to do so.

There is no doubt this question will come up again. When, how—nobody knows. In municipal bonds, another thing to consider is that the bonds must be for a public purpose. In this day and age it appears that the public purpose is any purpose that the legislature decides to be a public purpose, and the Supreme Court of the State in which that legislation was enacted so decides.

State and municipal bonds in the United States for over 180,000 separate tax districts are issued under 48 constitutions, thousands of statutes, thousands of court decisions, many hundreds of charters, and then, of course, the resolution of the issuer, in and about that order.

I cite that particular source of origin or authority to show why so often in your own community your neighbor is provoked to say how awarkward and clumsy the school board is or the village board — 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 as provided by law, no matter how worthwhile the improvement.

Amount and Holdings

The estimated amount outstanding of municipal bonds is about $43,000,000,000. The year 1954 listed the largest amount ever issued at $6,969,000,000. 1955 was a very close second at $5,595,000,000. Each June in its annual report, the U. S. Treasury Department assembles an estimate of the placement of tax exempt bonds from information available. The last estimate placed on where municipal bonds are held is as follows: Individuals and trusts, 39.7%; commercial banks, 32.2%; government agencies, sinking funds, retirement funds, pension funds, 12.9%; insurance companies, 9.9%; savings banks, 1.3%; and then a miscellaneous classification of 1.9%.

Types of Exempts

All of the tax exempt bonds, other than revenue bonds, may be divided into two classifications known to the industry as General Obligation bonds and Special Obligation bonds. The General Obligation bond is one for which the entire faith and credit of the issue is pledged for payment. The Special Obligation bond is one payable solely out of a special fund without a pledge of any other assets or revenues of the issuer.

Some General Obligation bonds are payable from taxes levied without limit as to rate, amount or time. They are known in the industry as unlimited tax bonds. Other General Obligation bonds are payable from taxes, but the taxes are limited in some manner and there are various limits. These are known as limited tax bonds in the industry.

The most generally used form of a limit is a rate above which the issuer cannot levy on real estate during any one tax year for all purposes. There are various other ways which are used to limit taxation. Sometimes the limit is in a gross dollar amount. Sometimes the limit is for all purposes, sometimes it is for the purpose other than debt. In addition to the limit as to rate or as to amount, there are limits as to time. That limit as to time is generally found on the bond which would be known in the industry as a specific tax bond.

To illustrate, the Florida Legislature authorized one county to issue bonds and to provide for payment of principal and interest from a specific tax to be levied and collected for a fixed number of years from date of issue. The bonds were issued and supported by that specific pledge to be levied only during that period. If under some circumstances the rate authorized to be levied within the years did not produce the dollars necessary to discharge in full, the issuer had no other obligation provided, of course, the issuer fulfilled all the requirements of the specified limits.

A bond payable from limited taxes on real estate is still an unconditional promise to pay from 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 obligation cannot 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 assessment 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 funds.

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 come into the revenue column from a special assessment account paid by the people subject to that assessment, and used as the revenue to meet the obligation of the bond issued by the city. If by some chance the assessments were held invalid or were not authorized to be collected in the amount necessary to pay the obligation, then the city has from all other sources the obligation to provide additional monies to meet the obligation of the bond.

In the industry, one of the primary sources which is held to be most desirable is the water bond. That is generally called in the industry a double barreled bond. In many instances the water revenues are not part of the general funds and are kept apart from the general funds and used first for maintenance and operation of the water plant, and the balance is pledged for payment of principal and interest on water bonds.

The holder of a General Obligation bond issued by a city for purpose of water, where the water revenue is pledged to debt service, has two sources, first, money remaining from the sale of water after paying expenses of operation belongs specifically to water bond debt service, and second, if that money is not adequate, then there is the obligation on the part of the city, from its other funds, to bring in the balance required. That is a very popular type of bond, and frequently used chiefly in the supply of water.

The cities and taxing districts operate on limits with respect to the amount of debt that may be incurred. At one time issuers were rather free in the matter of the amount of debt that could be assumed for public purposes; in the seventies and eighties periods of the development of railroads, there were rather unhappy circumstances as a result of this freedom to borrow. Everyone wanted the railroads and did not think too much about the amount of bonds being issued, because it was considered everything was going to be successful and pay off rapidly. It was a rather unhappy experience.

After that period, many of the States placed into their Constitutions a limit on the debt that the community might issue, and that is generally expressed with respect to a percentage of the assessed evaluation of the taxable property. In some of the States, for instance the State of New York, for many years the Constitution has had a recital that bonds issued in excess of the debt limit are null and void. The penalty for issue over the debt limit is death to the security and it is a matter that is scrutinized very carefully by anyone who underwrites bonds, and by the attorneys who approve them.

Many legislatures require that all bonds be voted in their cities and others give more latitude by the vote of the governing body. The industry as a whole prefers to have a bond that goes up to the public for approval by vote before being issued.

New York State has an interesting and a very satisfactory method with respect to school bonds. Most school bonds have to be voted. People do not vote on issuing a given number of bonds. What they vote on is a tax to be levied over a period of years in a dollar amount sufficient to pay the principal and interest on such bonds as are to be issued, so that from the time of authorization of a school district bond in New York State, the tax has already been levied.

The legislature of the State of New York further provides that any school district shall continue to exist in law as long as any school bonds voted are outstanding.

Into the municipal bond field in recent years has come a desire to get away from having too great a dependency upon real estate taxes for the operation of municipal government.

Is Real Estate Over-Taxed?

Of course, it is always a very popular thing in all society to have someone else pay. I have seen in various states legislative documents ordering an investigation or study into the excessive portion of taxation borne by real estate in the tax structure. I never had the chance really to trace down and find out the origin, but it seems to me you would not find the same principle declared in five or six legislatures, without its being fed from some one source. Of course, it is a desirable thing to have a varied source of revenue, but it is not at all true, in my opinion, that real estate bears an excessive disproportionate amount of taxation. There is no uniformity; in some areas real estate only pays about 35% whereas in other areas, 82% is required.

It is generally held that that issuer who has so arranged the tax schedule so as to provide only

35% out of a tax on real estate, is modern, progressive, alert, worthwhile commuity. That could be, and during good times it is undoubtedly so. But, there is this to remember, that taxes of a nature other than the real estate tax, are often a tax imposed and has an obligation for a given year only. If not collected in that year, the reveneus are non-existent in most cases, whereas the real estate tax is a lien on the property and stays as a lien on the property until paid.

In a bad period, if one should come again, that issuer commended by some people who favor this diversity scheme, might find sudden collapse of a substantial amount of revenue required to run the community, and tnere would result a difficult situation. Then, in the ensuing year, should such an issuer go back to the tax on real estate, they would be stepping up the real estate tax at a time when it was very undesirable and possibly a very unprofitable thing to do.

Another thing worth thinking about in connection with this diversification, which has been used in so many areas, is that a municipal corporation is a perpetual body, and these taxes levied on real estate are still liens, and one, two, three, or four years later when things get a little bit better, delinquent taxes are paid.

In the thirties, as things started to get better, tax collections changed in some communities from collection of 35% of the taxes on real estate to over 120%. The excess was from taxes which had been levied in the previous years, but had never been collected. As soon as business improved people paid up the back taxes. Where the community levied a business tax or a license tax of some kind and did not collect the tax, the revenue was never available.

As a general rule, municipal and state corporations do not have reserves. Some do, but it is the exception rather than the rule, and they have to keep on going on what comes in.

Temporary vs. Long Term Financing Hazards

One thing I think is worth calling attention to in municipal underwriting is that after many years of observation I think that the temporary financing is considerably more hazardous than the term or long-term financing.

To illustrate, some cities levy taxes for requirements for a given year and borrow on its anticipation of receipt of such taxes for that year. This type of instrument is used often; many of our cities use them. When they come into the market, it is very important for buyers to know in a very detailed and thorough manner just what the situation is with respect to the issue.

There is an important distinction in the nature of the obligation issued in anticipation of taxes. Some are not a general obligation but just an obligation secured by the taxes against which the instrument has been issued, when, as, and if received, and if not received, there is no other promise to pay. In other instances, the instrument is a general obligation. It is a very important thing to know in temporary financing particularly — tax financing — just what the power of the issuer is in the matter of the assigning of funds to pay.

In the municipal bond business there is a relatively new factor, and that is the revenue bond. Of the $43,000,000,000 of bonds outstanding now, I would take a guess — that possibly $11,000,000,000 are revenue bonds.

Revenue Bond Advantages

The first time in the United States that there was any attempt to do revenue bond financing was in New York State about 1851. A revenue bond issue was proposed to provide for the completion of the Erie Canal, the bonds to be payable from Canal tolls. The Court of Appeals in New York held the act unconstitutional and the bonds could not be issued. The market did not find a revenue bond until 1897. This originated from Spokane, Washington.

Why did Spokane sell a revenue bond? Spokane had to. It was born of necessity. The people of Spokane needed a water supply system. The city was then assessed at about $16,000,000 and had an existing debt of $700,000. The charter of the city imposed a tax limit for all purposes of five mills on the dollar. There was a city in deed of water but the existing debt and the tax limit did not leave an adequate margin in the tax rate to pay principal and interest on the required water bonds. In addition, there was another limit that was in the Constitution of the State of Washington. There was a limit on the total amount of indebtedness any city could incur and the amount of money required for the water supply would have exceeded the Constitutional limit.

If the city had been successful in having a charter amendment to increase the tax limit to an amount adequate to service the water bond debt, there still would have remained the much more difficult change in the Constitution to increase the debt limit or to exempt water bonds from that limit.

There were two legal obstacles to a bond issue. The revenue bond avoided both. Water rates were paid on a water bill, a charge separate from taxes for municipal purposes, so the tax rate was not influenced. Water revenue bonds were not bonded debt in the sense of the Constitutional limit, so the Constitutional limit did not apply.

Therefore, the first revenue bond provided an essential service to the people that could not have been provided by the city under the usual method of financing improvements. This was a fairly simple procedure and an effective solution to the problem.

The security was something new that the bondholder had not experienced before. It turned out to be very satisfactory and has been accepted in principle ever since that time. The city made a specific pledge of 60% of the gross revenues of the water works system, and further agreed to continue to levy a rate for water that would produce a dollar amount sufficient to pay the principal and interest on the bonds after maintaining and operating the plant.

We have gone a long way since that time.

Importance Today

Picture how important some of these revenue bonds are now. Consider the Triborough Bridge, Port of New York Authority, Jersey Turnpike, and the Water and Power System of the City of Los Angeles, California, all serving the people of these great areas. For just these four, and there are many others, the total revenues for the year 1954 were $211,000,000. That is a long way up from the $700,000 that Spokane borrowed at a cost of $42,000 a year back in 1897.

The revenue bond I have described served the people of Spokane very well in 1897. Let us now take a look at a revenue bond in a newer age in 1948 and why it was necessary to have it.

Delaware, one of the original states, is a very small state situated in the center of an enormous flow of automobile traffic, probably the most dense in the world, between Philadelphia and points north and east in the New England states and Washington and all points south and southwest in the United States.

The Delaware River separates Delaware from New Jersey and it is about a mile wide at Wilmington. A ferry service existed between Penns Grove, New Jersey, and a point in Delaware in or just below Wilmington. The automobile traffic between the points cited brought very little business to Delaware. The existence of this constant flow of traffic was a costly experience to Delaware and its own business people.

During the holidays and weekends particularly, the roads for miles would be clogged up with lines of cars wanting to use the ferry, but having to use the roads until they could get on the ferry, and the roads which they were using were the streets and the thoroughfares for the people of Delaware. A bridge over the Delaware River would eliminate those blocks and give back to the people of Delaware the use of their own roads, which they had purchased and put down there but could not use.

But, why should Delaware spend millions of dollars, $40,000,000, to build a bridge to service mostly out-of-state traffic? The fees paid by motorists for the existing ferry service across the Delaware would be almost sufficient to pay principal and interest on a bond issue to provide funds to construct a toll bridge which would be owned by Delaware but be paid for by the motorists who were spending the money anyway. The motorists were very unhappy waiting for the ferry and the blocked roads distressing the people in Delaware. It seemed like a very logical thing to do. The existence of a bridge would undoubtedly induce additional traffic which would produce revenues adequate to service the entire debt.

That is exactly what Delaware did. The total cost turned out to be $46,400,000 and it was open to traffic in 1951. The first full year of traffic produced earnings of $5,810,000, and the last full year of traffic produced $7,259,000. Under the indenture all monies not required for the maintenance and operation must be used for bond service and redemption of bonds due in 1978 and not callable for refunding prior to 1963. The earnings have been so above the ordinary debt service, that the debt has been reduced to about $33,000,000 and if the present revenues continue, all of the bonds will be paid off by 1960, and that is three years before they are callable and 18 years before maturity.

The Authority which now conducts the bridge made a detailed record of all traffic from the time the bridge was opened up to now. The percentage of foreign traffic was 90%; that is cars other than Delaware cars using the facility.

That is an excellent illustration of an appropriate use of a revenue bond. The State of Delaware is relieved of a costly problem, the motorist has a certain, safe, always open six minute ride on the bridge for the same cost as an uncertain and irregular transit often consuming two to three hours on the ferry.

Join Allen Inv. Co.

(Special to The Financial Chronicle)

BOULDER, Colo. — Walter M. Perls, Warren G. Chester, Clyde Robbins and Charles W. Rath have become affiliated with Allen Investment Company, 1334 Pearl Street.

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Corporate Bond Market And 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 own 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 sell at such a price that there is no need for the company to pay an 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 insure 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, also balanced funds of the mutual trust type, estates, individuals.

Financial institutions buy them only provided they are of good quality. Usually, they make the prerequisite that the issue must have one of the first four ratings by Moody's or Standard Statistics. Moody's top rating is AAA, the second AA, the third A, and the fourth is BAA. Usually financial institutions don't buy them unless the bonds have one of those four 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 excluding the conversion rights. 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 individual investors on a very slim margin basis.

Up until the last few months, loans could be arranged in the banks on 10% margin. The interest rate would vary from 3.5 to 4%. As you can see, such investors were enabled to carry positions far in excess of the amount he would be able to 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 $650 million of convertible 3⅞% debentures. Those bonds were convertible into stock at $148 a share; at the time the stock was s e l l i n g somewhere around $172 or $173.

Well, practically no institutions bought those bonds because they were way above their investment value. They were 15-year, 3⅞%s, and the investment value, if I remember correctly, at that time was somewhere around 110 or 112, and the bonds were selling around 127. So institutional investors were more or less barred from buying these bonds. So 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 $320 million of these bonds. Private investors bought the balance which amounted to between $320 and $330 million. These investors were financed entirely by the banks by putting up for each $100,000 par value of the converts about $13,000 of their own money and borrowing the balance at between 3½-3¾%. These investors broke about even on what they were receiving in interest and the cost of carrying their bonds. However, they were able to participate fully in any future rise of American Telephone stock. If they had bought 1,000 shares of Telephone stock on the Stock Exchange, they would have had to pay $172,000 for the 1,000 shares, and all that could be borrowed was 30% of its market value. So you see, for very little margin, these investors were able to participate in any rise in American Telephone stock.

Everyone did very well. In the last year, Telephone has been up as high as $187 a share; so they profited from five to 15 points on their purchase. The Telephone Company's mission was also accomplished since, out of the the original issue of $650 million, today there are only $99 million in bonds left. All the rest have been converted into the stock.

In addition to aiding in the distribution of these Telephone converts, the arbitrager provides a further function. He helps investors dispose of the bonds. My firm and others in the arbitrage business maintain a trading market in these bonds. The price at which we're willing to trade is based on a small differential from parity with the price at which American Telephone stock is currently at ing. For example — American Telephone stock is curerntly at 182½. My bid for the bonds is based on that price less our expenses, such as interest charges, floor brokerage, and transfer taxes. We thus purchase bonds from investors desiring to dispose of such bonds, sell the necessary amount of American Telephone stock and make a small differential, usually ¼% per $1,000 par value.

As you can see, it's not a business one gets wealthy on. However, it's profitable because of the large volume. Since last October, probably over 200 million of these bonds have been converted by the arbitragers in Wall Street.

So you can see that we have a pretty active day-to-day business in this kind of thing, and we're going to miss Telephone bonds as they are about running out. There are only 99 million of them left and the company, unfortunately, has got to raise another $570 million, but decided to do it by the common stock route this time.

They are offering the stockholders the right to buy one-forten, at $100 a share, instead of what they've done in the past—offered a convertible issue.

Fed Frowns on Bank's Speculative Lending

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 more than an opinion—the banks just wouldn't finance the bond type of transaction I told you about before, on the scale that would be necessary to make a convertible bond issue a success. I'm sure you've read in the papers that the banks are borrowing daily from the Federal Reserve Banks and the Federal Reserve—this is also my opinion—frowns on banks lending money to individuals to carry speculative commitments in the security markets.

Banks are certainly happy to lend it to a firm like mine and other dealers in the Street, to finance their day-to-day activities; but they don't want to lend their money to an individual who is coming in for speculative purposes and have to turn down industries who need money for capital expansion purposes or to

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Hamilton National Bank (Knoxville, Tenn.) — Underwear and sportswear	24	8.00	320	2.5
Hancock Oil Co., Cl. B — Producer, refiner & marketer of petroleum products	27	†0.58	38	1.5
Hanes (P. H.) Knitting Co.	23	2.10	39	5.4
Hanna (M. A.), Class B — Coal, iron, steel	22	3.00	120	2.5
Hanover Bank (The) (N. Y.)	104	2.00	50⅜	4.0
Hanover Fire Insurance Co. — Multiple line insurance	103	2.00	42¼	4.7
Hanson Van Winkle — Electroplating and polishing equipment	*13	†0.29	8⅞	3.3
Harris Tr. & Svgs. Bk. (Chic.)	48	†10.20	430	2.8
Harrisburg Hotel Co. — Penn-Harris Hotel	20	†3.00	35	8.6
Hart (L.) & Son, Inc. — San Jose department store	19	0.10	5	2.0
Hart-Carter Co. — Grain handling equipment	16	0.80	9½	8.4
Hartford Fire Insurance — Diversified insurance	83	3.00	149	2.0
Hartford Gas Co.	106	2.00	36¾	5.4
Hartford Natl. Bank & Trust	126	1.30	31½	4.1
Hartford Steam Boiler Insp. — Boiler and machinery insurance	85	2.30	97½	2.3
Harvard Trust (Cambridge)	52	†1.74	45	3.9
Haverhill Electric Co. — Operates in New England	*51	2.35	39½	5.9
Haverhill Gas Co. — Sale of gas	44	†1.10	20	5.5
Haverty Furniture Cos. — Holding company	21	1.25	20½	6.1
Heidelberg Brewing Co. — Beer and ale	11	0.225	3¼	6.9
Hercules Cement Corp. — Cement manufacture	10	†1.445	98	1.5
Hershey Creamery — Produces dairy products in Pennsylvania	24	2.50	41½	6.0
Hettrick Manufacturing Co. — Canvas products	19	1.20	17½	6.8
Heywood-Wakefield Co. — Maker of furniture	13	3.25	51½	6.3
Hibernia National Bank (New Orleans)	21	†1.75	84	2.1
Higbee Co. — Cleveland department store	12	1.10	30	3.7
Hines (Edward) Lumber Co. — Timber, logging and processing	15	3.00	50	6.0
Holyoke Water Power Co. — Electric and hydraulic power, industrial steam and real estate	85	1.15	22¾	5.1
Home Dairy Co. — Operation of food markets, cafeterias and bakeries	13	0.75	7¾	9.7
Home Insurance Co. (N. Y.) — Diversified insurance	82	2.00	44¾	4.5
Home Telephone & Telegraph Co. of Virginia — Local and long distance phone service	36	0.34	5¾	5.9
Home Title Guarantee Co. — Title insurance	15	0.75	14½	5.4
Hook Drugs, Inc. — Indiana drug chain	21	0.45	11	4.1
Hooven & Allison Co. — Rope and twine	25	6.00	45	13.3
Hoover Co., Class B — Vacuum cleaners	13	2.10	30½	6.9
Hotel Barbizon, Inc. — New York City	22	18.00	465	3.9
Hotel Syracuse, Inc. — 606 rooms	12	2.65	53	5.0
Housatonic Public Serv. Co. — Connecticut public utility company, gas and electric and steam	14	1.40	23¾	5.9
Houston Natural Gas Corp. — Southern Texas utility	20	1.00	25¼	3.9
Huntington Natl. (Columbus)	44	1.60	48	3.3
Huston (Tom) Peanut Co. — Confection and food products	19	1.90	47	4.0
Huyck (F. C.) & Sons — "Kenwood" textile products	50	1.30	30	4.3
I-T-E Circuit Breaker Co. — Electrical equipment and subassemblies for jet engines and radar	16	0.80	25⅜	3.2
Idaho First Natl. Bk. (Boise)	21	0.65	31	2.1
Ideal Cement Co. — A leader in the industry	42	2.25	68	3.3
Imperial Paper & Color Co. — Manufacturer of wallpaper and pigment colors	21	1.50	30½	4.9
Imperial Sugar Co. — Sugar refining	18	4.00	51	7.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
INDIANA GAS & WATER CO., INC. ● Gas and water utility	10	0.94	19⅞	4.7
● See Company's advertisement on page 50.				
Indiana Natl. Bk. (Ind'polis)	91	10.00	360	2.8
Indiana Telephone Corp. — Operating public utility	15	0.20	15	1.3
Indianapolis Water Co., Cl. A — Operating public utility	15	0.95	42	2.3
Industrial Bank of Commerce (New York)	21	2.00	37	5.4
Industrial Mortgage & Trust Co. (Ontario) — Savings, trust and mortgages	*29	4.00	71	5.6
Industrial Natl. Bank (Prov.)	a165	2.60	61½	4.2
Insley Manufacturing Corp. — Manufacture and sale of construction cranes, shovels, etc.	10	1.00	27	3.7
Insurance Co. of the State of Pennsylvania — Diversified insurance	36	†1.28	37	3.4
Inter-Mountain Telephone Company — Operating public utility	30	0.80	14½	5.5
Inter-Ocean Reinsurance Co. — Reinsurance—multiple lines	33	3.00	40	7.5
International Holdings, Ltd. — Investment trust — hydro-electric interests	17	1.00	22⅜	4.4
Interstate Co. — Restaurant chain	12	0.25	6¾	3.7
Investors Mortgage Company (Bridgeport) — Real estate, insurance and mortgages	*30	2.50	27½	9.1
Iowa Public Service Co. — Electricity supplier	17	0.80	16	5.0
Iowa Southern Utilities Co. — Electricity supplier	10	1.20	21½	5.6
Irving Trust Co. (N. Y.)	49	1.50	33	4.5
Ivey (J. B.) & Co. — Department store chain	25	1.00	20	5.0

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 52.

Jacksonville Gas Corp. — Operating public utility	12	0.80	70	1.1
Jahn & Ollier Engraving Co. — Photo-engravings	22	0.20	3	6.6
Jamaica Water Supply Co. — Long Island water supplier	38	2.00	35¾	5.6
James Manufacturing Co. — Manufacturers of farm equipment	20	1.10	19¼	5.7
Jantzen, Inc. — Sportswear manufacturing	16	†0.78	23¼	3.4
Jefferson Standard Life Ins. — Life insurance	44	1.25	117½	1.1
Jenkins Brothers, Inc.—Non-voting common — Valves	21	1.75	35	5.0
Jersey Insur. Co. of N. Y. — Multiple line insurance	23	1.35	30½	4.4
Jervis Corp. — Refrigerators and stove hardware	17	0.60	7¾	7.7
Johansen Bros. Shoe Co. — Shoes for women	17	0.30	5	6.0
Johnson Service Co. — Temperature and air conditioning controls	*21	1.70	46½	3.7
Jones & Lamson Machine Co. — Lathes, grinders, comparators, threading dies	20	3.25	53½	6.0
Joseph & Feiss Co. — Manufacturers men's clothing	17	1.00	9½	10.5
Joslyn Manufacturing & Supply Co. — Electrical and communication pole line equipment	21	2.00	41	4.9
Julian & Kokenge Co. — Women's shoes	28	1.25	17	7.4
Kable Printing Co. — Magazine printer	16	1.00	20	5.0
Kahler Corp. — Hotels, restaurant and laundry operator	40	1.50	30½	4.9
Kalamazoo Veg. Parchm't Co. — Pulp and paper, specializing in food protection papers	30	1.35	41¼	3.3
Kanawha Valley Bank (Charleston, W. Va.)	*71	8.00	175	4.6
Kansas City Fire & Marine Insurance Co. — Multiple-line insurance	21	r0.625	39½	r1.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
r While payment for 12 months ended June 30, 1956 was 0.625 cents, actually company's stock dividend is at annual rate of $1.25, representing payments of 0.625 each in Dec., 1955, and in July, 1956. Taking the full rate of $1.25, yield on the June 30 quotation of 39.50 is 3.1%.

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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 New York banks and, after learning their reaction, decided to go the common stock route.

This was unfortunate for us. It took away one of our nice day-to-day businesses; but we hope there will be other things along.

Amongst the convertible bonds, American Telephone bonds usually sell at parity with the stock. There are others that sell at premiums above the stock and some that sell at discounts from the stock into which they are convertible. 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 —3⅜% convertibles, due 1981.

Selling Below and Above Conversion Price

This bond carried a BAA rating, the fourth in category. 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 at $28 a share. Therefore, you see, that if a man converted today into Combustion Engineering stock, all he would realize is $933 per thousand, while the bonds are selling at $1,060 per thousand.

Now these bonds are selling at 106, as I said before, and their yield to maturity is 3.04%. This is a debatable point, but we figure the investment value of a BAA, 3⅜%, 25-year bond, is worth about 91, or 3.95% basis in today's money market. Therefore, you can see that the investor who is going to buy these Combustion Engineering bonds at 106 is paying about 90 basis points for the call on Combustion Engineering stock, at about a price of 14% above the market. Now, why do they do this?

Well, they do this because these investors feel that Combustion Engineering Company is a so-called "growth" company that will share in the long-term growth of the utility industry to which its manufactures are mainly directed. In addition, they are also involved in the atomic and nuclear power development program. I'm sure you've read that this company manufactured the atomic boilders for the submarine "Nautilus." Therefore, as well as being a growth company, Combustion Engineering has the added attraction of involvement in the 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's selling at a discount. That is the Detroit Edison — convertible debenture, 15-year, 3¾%, which is just in the process of being issued.

These bonds are selling at 109; yielding 3% to maturity; they are convertible into Detroit Edison common stock at 30.75 per share, which means that they are convertible into 3¼ shares of Detroit common. The common stock is selling at 35¼, and therefore, if you could convert these bonds immediately, you could realize about 114.5.

Since these bonds are rated A by Moody's, they have an investment value in today's market, in our opinion, of about 102, or a 3.55% basis; so in this case an 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 for 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 very cyclical. You would think that because of the automobile 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 cutback in production this year in Detroit, Detroit Edison still managed to increase its gross and net.

Anyone who thinks well of Detroit Edison, as I do, and is willing to hold these 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 prices 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 — 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 convertible bonds of a smaller electronics company.

So the rating which they get

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from the agency, which is dependent on the asset coverage and earning coverage, and so forth 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 $5 million issue of a company will sell at a higher price, due to scarcity, than a $50 million issue.

So those are the four important items that go into making up the prices 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 corporate re-organization, from merger, bankruptcy 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 re-organization, which became effective and was consummated last March. Before that, beginning in 1946 on, we must have dealt, in Wall Street, in some 20 to 30 re-organization plans of railroad companies. We also used to have the public utility breakup situation which came under this category; but in these latter cases very few bonds were involved. What was the function of the arbitrager in those railroad re-organizations? They were twofold.

First the arbitrager kept the market for the existent 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 as and if issued basis the new securities. We'll do this for a spread of anywhere from 2 to 20% 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 aided in the plan's consummation. All re-organization plans, under Section 77 of the Bankruptcy Act, required a two-thirds favorable vote. Our long securities were always voted in favor of the plan. Furthermore, investors were 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-organization, 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 half the dividend charges, because interest on the income debentures comes before taxes. Instead of having to earn $10 to pay the $5 dividend, all that must be earned is $5 before taxes to pay the interest on the income debenture.

Secondly, it's good for the security holder because of his more senior position. True, it's an income bond, but if the income is earned, it must be paid; and when not earned, the interest is usually cumulative for three years.

Our function in this type of transaction is to create a market in the new income debentures and to make a small arbitrage profit by buying the preferred and selling the new income debentures and common stock.

There are many other types of arbitrage transactions 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 common stocks and preferred stocks. But I won't go into them now.

Firm Name Changed To Strader & Co.

LYNCHBURG, Va. — The firm name of Strader, Taylor & Co., Inc., Peoples National Bank Building, has been changed to Strader and Company, Incorporated. Officers are Ludwell A. Strader, President; Philip L. Strader, Executive Vice-President and Landon R. Burford, Secretary and Treasurer. Other officers are M. J. Strader, Vice-President; D. Fred Savage, Jr., Assistant Vice-President and Marion F. Wright, Assistant Secretary.

Ludwell A. Strader

Strader and Company, Incorporated continues the business established in 1947 as underwriters, distributors and dealers in municipal and corporate bonds and local public utility and industrial securities.

Hornblower & Weeks Admits Three Partners

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

Both Mr. Vieira and Mr. Laffan have been associated with Hornblower & Weeks for many years, the former joining the firm in 1922 and the latter in 1928. Mr. Vieira is the firm's controller, and Mr. Laffan has for several years served as assistant to the managing partner.

Mr. Heighway, who joined Hornblower & Weeks in 1942, is head of the Municipal Bond Department in Chicago and is actively identified with many phases of the municipal bond business.

Karl Herzer To Be Winslow, Cohu Partner

Winslow, Cohu & Stetson, 26 Broadway, New York City, members of the New York Stock Exchange on Oct. 4th will admit Karl P. Herzer to partnership. Mr. Herzer was formerly a partner in R. L. Day & Co.

Elects Two New Directors

STAMFORD, Conn. — Norman I. Schafler, President of Consolidated Diesel Electric Corporation, manufacturer of aircraft ground support, power, and test equipment, has announced the election to the Con Diesel board of two new directors, James A. Russell and Gerald Rosenberg.

Mr. Russell is a partner in Van Alstyne, Noel & Co., New York investment firm, and is a director of Jerrold Electronics Corporation, Philadelphia, Penn.

Mr. Rosenberg is technical sales manager of Con Diesel.

Joins First Florida

(Special to THE FINANCIAL CHRONICLE)

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

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Kansas City Life Ins. Co. — Non-participating life	*32	5.50	1300	0.4
Kansas City Title Insurance Company — Title insurance and abstracts	15	†2.08	45	4.6
Kansas-Neb. Natural Gas Co. — Natural gas production, transmission and distribution	19	1.90	35	5.4
Kearney (James R.) Corp. — Utility equipment	19	0.80	14	5.7
Kearney & Trecker Corp. — Milling machines	14	0.60	11¾	5.1
Kellogg Co. (Battle Creek) — Leader in dry cereals	33	1.50	36⅝	4.1
Kendall Company (The) — Surgical dressings, elastic goods and textile specialties	16	2.00	36	5.6
Kendall Refining Co. — Producing, refining and marketing of petroleum and its products	54	1.75	29	6.0
Kennametal, Inc. — Hard carbide compositions, cutting tools and specialties	13	1.00	27	3.7
Kentucky Central Life & Accident Insurance Co. — Non-participating life	17	6.50	115	5.6
Kentucky Stone Co. — Crushed stone	13	†1.06	37½	3.5
Kentucky Utilities Co. — Electricity supplier	17	1.28	26	4.9
Kerite Co. — Manufacture insulated fire and cable	24	†1.735	29½	5.9
Kings County Trust Company, Brooklyn, N. Y.	66	†3.82	93	4.1
Kingsport Press, Inc. — Printing and book binding	12	0.80	16¾	4.8
Kinney Coastal Oil — Crude oil produced	14	0.16	1.90	8.4
Kirsch Co. — Venetian blinds, drapery, hardware	10	†0.90	19¼	4.7
Kittanning Telephone Co. — Operating public utility	37	2.25	46½	4.8
Knudsen Creamery — Wholesale dairy products, Southern California	16	†0.97	22¾	4.3
Koehring Co. — Earth moving and construction equipment	15	2.20	57½	3.8
Kuhlman Electric Co. — Transformers and metal smelting furnaces	10	†0.57	21	2.7
Kuner-Empson Co. — Canned vegetables, bottled pickles	10	0.30	3½	8.6
Kuppenheimer Co. — Makes and wholesales men's clothing	15	1.00	16	6.2
Laclede Steel Co. — Basic steel manufacturer	44	8.00	139	5.7
Lake Superior Dist. Pwr. Co. — Public utility (electric, gas and water)	19	1.125	23⅞	4.7
Lake Superior & Ishpeming Railroad Co. — Operating railroad	32	2.00	32	6.2
Lake View Trust & Savings Bank (Chicago)	*36	†11.00	350	3.1
Lambton Loan & Investment Co. (Ontario) — First mortgages	*22	4.00	81	4.9
Lamston (M. H.) Inc. — Variety store chain	12	0.475	8⅜	5.7
Landers, Frary & Clark — Household electrical products, etc.	69	1.30	23¼	5.6
Lang & Co. — Wholesale grocer	11	0.15	3⅛	4.8
Latrobe Steel — High speed, tool and die, stainless steels	18	1.55	30½	5.1
Lau Blower Co. — Manufacture of air moving equip.	20	0.75	10	7.5
Lawrence Electric Co. — Operating public utility	106	1.70	29¼	5.8
Lee (H. D.) Co. — Mfr. of work, utility and play clothing	25	3.50	64½	5.4
Leece-Neville Co. — Starting-light equipment for autos and aircraft	33	†0.49	13¼	3.7
Liberty Bk. of Buffalo (N.Y.)	11	1.15	48	2.4
Liberty Life Insurance Co. — Non-participating	14	1.00	188	0.5
Liberty Loan Corp. — Small loan business, Midwest	21	1.50	32	4.7
Liberty Natl. Bank & Trust Co. of Louisville	15	2.20	63	3.5
Liberty Natl. Bank & Trust Co. of Oklahoma City	21	†0.80	23	3.5
Life & Casualty Ins. of Tenn. — Life, accident and health	20	†0.45	37⅛	1.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Life Insurance Co. of Missouri Life, accident and health Formerly Missouri Insurance Co. New name adopted April 30, 1956.	10	0.60	22½	2.7
Lincoln Natl. Bank & Trust Co. of Fort Wayne	15	2.00	55	3.6
Lincoln Natl. Bank & Trust Co. of Syracuse	22	1.50	38	3.9
Lincoln Natl. Life Ins. Co. Life insurance	37	†1.35	226	0.6
Lincoln Rochester Trust Co. (Rochester)	20	2.40	48	5.0
Lincoln Square Building Co. Springfield, Ill. real estate	22	11.00	140	7.8
Lincoln Stores, Inc. Dept. store chain in New England	26	0.95	16	5.9
Lion Match Co. Paper matches	18	1.05	25	4.2
Lock Joint Pipe Co. Water and sewer pipe	20	50.00	850	5.9
Loft Candy Co. Leader in the candy field	13	0.20	3¾	5.3
Lone Star Brewing Co. Lager beer	11	1.60	43	3.7
Long-Bell Lumber Co. (Mo.) Large producer of lumber	12	1.75	47½	3.7
Longhorn Portland Cement Manufacturer of Portland Cement	19	†1.10	30½	3.6
Lorain Telephone Co. Operating public utility	28	1.40	32	4.4
Los Angeles Transit Lines Traction company	11	1.10	15	7.3
Louisiana State Rice Milling Co. Rice and by-products	15	0.60	21	2.8
Louisville Title Mortgage Co. Title insurance	21	1.10	35	3.1
Louisville Trust Co. (Kentucky)	13	2.20	56	3.9
Lowell Bleachery, Inc. Bleaches and dry cotton goods	24	1.25	20	6.2
Lowell Electric Light Co. Operating public utility in Mass.	*31	3.30	55	6.0
Ludlow Mfg. & Sales Jute and burlap	84	3.10	42½	7.3
Ludlow Typograph Co. Typesetting equipment	11	6.00	48½	12.4
Luminator-Harrison, Inc. Automotive & electrical products	10	0.70	10½	6.6
Lux Clock Mfg. Co. Manufacturer of clocks and timing mechanisms	34	1.15	16	7.2
Lynchburg Foundry Co. Cast iron products	17	†0.80	18	4.4
Lynchburg Gas Co. Natural gas supplier	13	1.00	22	4.5
Lynn Gas & Electric Co. Manufacture and distribution of gas and electricity in Mass.	49	1.60	29	5.5
Lyon Metal Products, Inc. Fabricated steel products	19	2.00	31	6.4
MacGregor Sport Products, Inc. Golf and athletic equipment	24	1.00	20	5.0
Macmillan Co. Well-known book publisher	58	1.75	32½	5.4
Macwhyte Co. Wire, rope, cables	12	1.45	22½	6.4
Mading Drug Stores Co. Houston drug chain	10	†0.575	12¾	4.5
Madison Gas & Electric Co. Wisconsin utility	47	1.75	44½	3.9
Magor Car Corp. Railroad rolling stock	20	2.20	25½	8.6
Mahon (R. C.) Co. Sheet metal products	20	1.15	21	5.5
Mallory (P. R.) & Co. Electric products	21	†1.38	37	3.70
Manning, Maxwell & Moore Hoists, cranes, gauges, valves	20	1.20	21¼	5.6
Manufacturers Life Insur. Co. Life insurance	*47	2.00	307	0.6
Mfrs. Natl. Bank (Detroit)	19	1.60	45½	3.5
Mfrs. & Traders Tr. (Buf.)	*29	†0.99	24¼	4.1
Manufacturers Trust (N. Y.)	47	†1.64	40⅜	4.1
Maremont Automotive Products, Inc. Auto parts	17	0.80	12¼	6.5
Marine Natl. Exchange Bank of Milwaukee	95	3.20	95	3.4
Market Basket (Los Ang.) Retail market chain	17	†0.69	22¾	3.0
Marlin-Rockwell Corp. Mfr. ball and roller bearings	32	1.00	16¼	6.1
Marshall & Isley Bk. (Milw.)	18	1.70	72	2.4
Marshall-Wells Co. Manufactures and wholesales hardware and kindred lines	*11	11.00	386	2.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Inflation—The Termite Of Civilization

school system to thrive, or for a democratic, representative form of government to endure. Young people should be shown that they have a personal, vital interest in that very kind of government. The situation challenges the intelligent, cooperative action of business, labor, education, and banking. Clearly, their interests, like all wholesome interests, are identical.

I fear that most of the young people in this generation, coming out of the halls of learning into the world, have not been given the vitally important education necessary to understand the import and significance of historical and economic events. To justify my concern, I interviewed many graduates—boys and girls—most of whom admitted they have meagre education having to do with the importance of sound money, one of the principal pillars of a representative republic.

When provided with sound economic education, citizens old and young are no longer deceived by catch-phrases and glowing assurances. They are guided solely by facts, and cannot be misled, terrorized, or won over to new-sounding philosophies and creeds, which, in the face of all experience, stand utterly condemned and branded as the cause of the collapse of nations and civilizations.

Gigantic Economic Terror

We know, and it is a teaching of all history, that back of each and every ultimate uprising of the people looms some gigantic economic terror. Whenever and wherever the lifeblood of the people has been sucked up to maintain men in power, to sustain a top-heavy government created by printing press, "senseless" money to purchase the electorate, no matter what name it bears, the day of reckoning is at hand.

The men who controlled the destiny of Europe were not self-elected. They were invited. They came into power because of the breakdown of solvent government. They were receivers for nations gone bankrupt. Possessed of a superior power of persuasion, coupled with native political sagacity and a burning passion for power, these men recognized that their day had arrived. They witnessed the helplessness of those in power. They saw before them the beckoning, vacated seats of power made so by the breakdown of solvent governments. Coming out of comparative obscurity, after a debased Money system had exacted its tragic toll, these dictators on horseback captured the imagination of the people and rode to power amid the applause of the unsuspecting and apathetic masses. That is how it all happened "Over There."

What Made Dictators Possible?

But what made their advent possible? Economic exhaustion, debased currency, ruthless taxation—that was the terror. It was the demon of debt, deficit spending, a disregard for solvency.

Inflation does not come by presidential or legislative proclamation—it developes slowly, as it always does, until the final stages. Then it assumes the proportions of a prairie fire, consuming all the substance of the people.

Then a despoiled nation; then the emergency; then chaos; then the dictator; then the total national extermination. It could logically be argued that inconvertible, printing press, political money was one of the great causes of World War II.

Loss of confidence in its money, which, in the final analysis is inflation, is the greatest tragedy that can happen to any civilized state.

We say it can't happen here. Rather, let us say, it must not happen here! Then let us proceed to make that declaration a living reality by restoring sound money and recapturing the control of Federal spending at the earliest possible moment, which will be the only guarantee against that demon that counts 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 going to mean to everything we cherish under this Republic if we fail to reduce the national debt at least three to five billion per year and discard deficit financing except in periods of national peril?

Even the Founding Fathers were aware of 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 and human relations for which they gave so freely of their blood and treasure. They knew that any departure from that safe-charted highway of sound money would lead us into a wilderness of confusion, where, in our helplessness and ignorance, we, too, would add one more name to the long list of defunct civilizations.

Washington's Farewell Address, the admonitions of Madison, Hamilton, and Jefferson, were perhaps little understood or appreciated at the time, but what remarkable reading for us in our generation! How they bristle with wisdom!

Almost against their better judgment, they provided for general suffrage, for they hoped against hope that in some manner mass education would be made a continuing, accomplished fact. They trembled as they anticipated the day when the vote of the majority could be bought with political currency in exchange for alleged economic social security. They recognized that only when people are informed, when they discern, are they able to exercise the voting privilege wisely and

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Inflation—The Termite Of Civilization

effectively in their own interest and for the perpetuation of their own rights.

How People Give Up Freedom

They knew of men's lust for power; that once entrenched, they reluctantly yield their positions; that they create emergencies to perpetuate themselves in control; that they surround themselves with hungry hangers-on; that they build up a vast, ever-increasing, tax-consuming army of servile public 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-honored, independent prerogatives in favor of an ambitious central government. Those men had seen how human nature operates; how easily men can be despoiled and sold down the river; how readily they can be betrayed. Out of the wealth of their wisdom and their power of discerment 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 placed in our hands, than it became immediately an object of assault. These attacks have never ceased. They have increased in insolence and intensity. We need not recite the happenings of recent years. They are grimly familiar to you Rotarians. But—once again we come back to the question. How can they be made clear to the man in the street, to the middle-class individual, to the average citizen who casts the controlling vote?

No Other Country

It can safely be maintained that no other country on earth could have so ruthlessly violated sound principles of economics as we have without suffering complete and absolute wreckage. Thanks to our endless and apparently inexhaustible resources, we have been able to win most devastating wars and remain solvent. The best proof that the American pattern of government is sound is that it has been able to stand up for the years past under the greatest orgy of spending that any government in any period has ever attempted in the history of civilization.

But it is startling to be reminded as was recently done by the Institute of Life Insurance that "the outstanding growth in public debt over the last two decades has occurred in the United States, primarily due to the costs of war, "hot" and "cold," combined with our military and economic assistance to the free world. Back in 1939, the U. S. public debt added up to just under $46 billion, or approximately 35% of the free world total. Today the American public debt is around $275 billion, and is now the equivalent of 61% of the free world total."

As much as our present indebtedness alarms us, it is our apprehension of the trend that overwhelms us. We are not unmindful of those stalwart, patriotic Americans — Democrats and Republicans—in the Congress of the United States, who are at this very moment fighting against insurmountable barriers to restore sound money and thus insure solvency. Their efforts seem at the moment, to be meeting some success. I hope and pray they will succeed, but they will not unless an aroused public opinion comes to their aid. There is ample evidence that it is most difficult to regain control of public spending, once it is out of control.

Who Has the Courage?

Just as we today are meeting, so have men met throughout the centuries. In other days there were people who dared stand up and paint to their fellows the gloomy picture of what must inevitably follow a continuation of the mania of incuring debts, borrowing, and perpetuating deficits. They were called ugly names and were looked upon as calamity howlers. Strange is it not that we experience the same reaction when we, in our day, warn against the continuation of debasing sound money?

How then may the masses, our fellow citizens, be won over and stimulated into action so that they, the victims of such a program, will act in the interest of their own security and their own personal liberty? Who should be more willing than we to undertake the task? Who should possess more courage, or more determination, or more power of discernment to seize this opportunity, ere it be too late?

John Rustgard said: "If we are too weak today to handle the situation as it should be handled, we shall be weaker tomorrow and the next day still weaker. We are giving shelter to a vulture that is constantly eating out our vitals."

Man On the Street

Can it not be shown to the man in the street, to the merchant, to the manufacturer, to the housewife, to the educator, to the churchman, to the farmer, to the vast army of honest workmen, even to those who will be subsisting upon government benevolence? Can it not be told to the labor organizations that there were no unions in Germany, Italy, or Japan, nor will there be in any nation where the purchasing power of its money is destroyed? Can it not be shown to youth, to all people, irrespective of color, or class, that they will all be made to suffer for this crime; that they all must now unite to restore and perpetuate a sound fiscal policy and maintain our safe, constitutional balances of power.

We businessmen and educators, with our wide range of contacts, can we not speak the language of each of these groups so that they will understand that no government can long remain free with a managed, printing press currency system; that the only source of wealth is with the people themselves, from services and production; that government support comes entirely from the earnings, production and savings of the people; and that not one cent originates in the government? How readily will the millions of savings depositors, millions of holders of life insurance policies, with voting control, rally to such a call for united action, once they are convinced that the leadership in this crusade is informed and passionately and patriotically devoted to public interest!

Men will not struggle to save money if they know that they are ultimately to be denied the fruits of their labors. No trick of logic will ever be able to destroy that human trait. That fact is known to those in power.

The unscrupulous politician knows that the people lack education; that they have grown self-centered, and group-conscious; that they are no longer historically-minded. We imagine that history began with us. We are the "Little Red Riding Hoods" bringing our hard-earned substance to or dear, old "Government Grandma," who turns out to be a hungry wolf that devours not only our substance, but threatens our very lives and fortunes.

First Line of Defense

It ought to be burned into the consciousness of every citizen that the first line of defense in a free country is a balanced budget on a sound money base.

Our national debt in this day of peace is $275 billion. Let us resolve to win the battle to save the dollar. That dollar of destiny must not become a postwar casualty, lost through political action.

Let us dismiss any gay optimism. The time calls for action—speedy action, intelligent action, determined action. It calls for organized action, while action is still possible; before we, too, are robbed of our weapons; before we lock-step under the whip of a despotic government that may continue to sing mock praises to a defunct Constitution. The term "democracy" will be maintained, but its substance will have departed. What to do? We must map out our course. We must select a few fundamentals upon which to build. What are they? They should be stated briefly:

Keep the budget in balance and reduce the national debt by not less than $5 billion per year.

Strip all Federal agencies, irrespective of name or description, of the power to create obligations for any purpose, or under any circumstances, except by direct Congressional sanction.

Call upon Congress to function as the one exclusive authority to

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

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Massachusetts Bonding & Insurance Co. — Diversified insurance	20	1.70	37½	4.5
Massachusetts Protective Association, Inc. — Accident and health insurance	32	†2.50	145	1.7
Massachusetts Real Estate Co. — Real estate	21	3.75	104	3.6
Martel Mills Corp. — Cotton products	11	2.95	35	8.4
Maryland Shipbldg. & Drydock Co. — Naval construction and repair	21	1.25	19½	6.4
Maryland Trust Co. (Balti.)	21	2.50	55	4.5
Mastic Asphalt Corp. — Imprinted brick and insulating siding	18	0.30	4⅝	6.5
Mathews Conveyor Co. — Conveying equipment	10	†1.00	25	4.0
Matthiessen & Hegeler Zinc Co. — Producer of zinc, zinc products, sulphuric acid and ammonium sulphate.	11	1.40	25	5.6
Mayer (Oscar) & Co., Inc. — Meat processing	20	0.75	30	2.5
McCandless Corp. — Rubber goods	10	0.15	4¼	3.5
McCloud River Lumber Co. — Western softwood lumber	10	5.00	72	6.9
McCormick & Co. — Manufacturers & distributors of spices, extracts, tea, etc.	32	1.40	28½	4.9
Meadville Telephone Co. — Operating public utility	32	1.50	24½	6.1
Mechanical Handling Systems, Inc. — Design, manufacture and installation of conveyors	20	0.45	14⅜	3.1
Medford Corp. — Lumber manufacturer	16	7.00	200	3.5
Mellon Natl. Bank & Trust	51	3.40	109	3.1
Melrose Hotel Co. — Dallas apartment building	20	1.50	38	3.9
Mercantile National Bank of Chicago	20	1.80	52	3.5
Mercantile Natl. Bk. (Dallas)	21	†1.16	29½	3.9
Mercantile-Safe Deposit and Trust Co. (Baltimore)	89	4.00	99	4.0
Mercantile Trust (St. Louis)	56	2.40	56	4.3
Merchandise National Bank of Chicago	21	1.10	26	4.2
Merchants Acceptance Corp. — Small loans and general financing	19	2.25	25	9.0
Merchants Fire Assur. Corp.	44	1.85	56	3.3
Merchants Fire Insurance Co. (Colorado) — Diversified insurance	47	†0.83	17	4.9
Merchants and Manufacturers Insurance Co. of N. Y. — Fire and allied lines of insurance	21	0.625	12½	5.0
Merchants Natl. Bk. (Boston)	125	†1.75	42	4.2
Merchants National Bank in Chicago	19	1.50	40	3.7
Merchants National Bank of Mobile	54	3.25	78	4.2
Merchants National Bank & Trust Co. (Indianapolis)	*31	0.80	46½	1.7
Merchants National Bank & Trust Co. of Syracuse	16	1.32	35	3.8
Merchants Refrigerating Co., Class A and Class B — Refrigerated warehouses	13	1.50	27	5.5
Meredith Publishing Co. — "Better Homes and Gardens" and "Successful Farming" magazines	27	1.50	28½	5.3
Messenger Corp. — Calendars (religious and commercial) and greeting cards	*21	0.575	9	6.4
Metal Forming Corp. — Mouldings and tubing	10	0.60	7½	8.0
Metropolitan Storage Warehouse Co. — General warehouse	25	2.00	29	6.9
Meyercord Co. — Decalcomanias	15	0.50	6	8.3
Michigan Gas & Electric — Operating public utility	11	†1.58	46	3.4
Mich. Natl. Bank (Lansing)	15	†0.85	55	1.5
Michigan Seamless Tube Co. — Sheet tubing	17	1.50	23¼	6.4
Middle States Telephone Co. of Illinois — Operating public utility	17	0.90	19½	4.6
Middlesex County Natl. Bank (Mass.)	20	†2.13	50	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Middlesex Water Co. Operating public utility	43	3.00	57½	5.2
Midwest Rubber Reclaiming Mfrs. of reclaimed rubber	19	1.25	15¼	8.2
Miles Laboratories, Inc. Alka Seltzer	62	1.06	24¼	4.4
Miller Mfg. Co. Tools for auto and engine repair	14	0.30	5	6.0
Millers Falls Co. Tools	*19	0.95	20½	4.6
Minneapolis Gas Co. Natural gas distributor	a37	1.275	24¾	5.2
Mississippi Shipping Co. Steamship operators	31	1.15	17¾	6.5
Miss. Valley Barge Line Commercial carrier; freight on rivers	14	0.90	16	5.6
Mississippi Valley Public Service Co. Operating public utility	22	1.40	29	4.8
Missouri-Kansas Pipe Line Holding company	16	2.95	90	3.3
Missouri-Kansas Pipe Line Co., Class B Holding company	16	0.145	4½	3.2
Missouri Utilities Electricity and natural gas	14	1.36	27	5.0
Mobile Gas Service Corp. Operating public utility	11	†0.88	26	3.8
Mohawk Petroleum Corp. Oil production	11	0.85	28½	3.0
Mohawk Rubber Co. Auto tires	14	0.75	16¾	4.5
Monarch Life Insurance	*24	†1.25	29	4.3
Monarch Mills Sheetings and print clothes	22	0.60	34	1.8
Monroe Calculating Calculating and bookkeeping machines	22	1.875	29¼	6.4
Montana Flour Mills Co. Flour and feeds	16	2.00	31	6.4

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 52.

Monumental Life Ins. (Balt.) Life insurance	27	†1.34	80	1.7
Moore Drop Forging Co. Drop forgings for several industries	17	0.80	12¼	6.5
MORGAN (J. P.) & CO. INC. ● See Bank's advertisement on page 6.	16	10.00	339	2.9
Morris Paper Mills, Inc. Paperboard and boxes	*10	2.00	34	5.9
Morris Plan Co. of California Personal loans and discounts	30	1.65	35	4.7
Morrison-Knudsen Co. Heavy engineering construction	17	†1.66	43	3.9
Mosinee Paper Mills Co. Sulphate pulp and paper	16	1.40	34½	4.1
Murray Co. of Texas Cottonseed oil	11	1.20	18¼	6.6
Motor Finance Corp. Auto financing and insurance	31	4.00	90	4.4
Nashua Corp. Makes waxed, gummed, coated papers, printed cellophane	30	m2.12½	64½	3.3
National Aluminate Corp. Chemicals for treating water	28	1.00	36½	2.7
National American Bank of New Orleans	*25	16.00	385	4.1
Natl. Bk. of Comm. (Houston)	17	4.30	107½	4.0
National Bank of Commerce in Memphis	17	2.00	57	3.5
National Bank of Commerce in New Orleans	22	2.00	64	3.1
National Bank of Commerce of Norfolk	67	3.20	94	3.4
National Bank of Commerce of San Antonio	54	1.52	46½	3.3
National Bank of Detroit	21	†1.90	62	3.0
National Bank of Tulsa	12	†0.94	42	2.2
National Bank of Washington (Tacoma)	*43	2.00	63	3.2
National By-Products, Inc. Animal products	19	0.40	4¼	9.4
National Casualty Co. Accident, health, casualty, insur.	22	1.50	53	2.8
National Chemical & Mfg. Co. Paints and related products	17	0.80	17	4.7
Natl. City Bank of Cleveland	21	2.10	63½	3.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
m Quotation shown is per unit consisting of one share of class A and one share of class B. Dividend of A stock was $1.81¼ and class B stock 31¼c.

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Inflation—The Termite Of Civilization

contract public indebtedness—the only one authorized to determine what money is needed to meet the current expenses of government and to anticipate future obligations; to be the only borrowing or bonding Federal agency, as prescribed by the Constitution.

Make government withdraw from the competitive field against its own tax-paying citizens; to continue to regulate and supervise, justly and constructively, but not to participate in the manifold affairs and transactions of business.

Restore to the States their once proud position as independent commonwealths, supporting their own enterprises, providing for their own worthy ones in need, and remaining safely within their own income.

Recreate a tax-conscious electorate. Not until the self-reliant army of America's best citizens, holding voting control, are taxed to meet current expenses of a spendthrift government, will the survival of our free country be assured. That this government is worth saving, all decent citizens will admit. To save it, all must be tax conscious. Those who are not assessed to perpetuate it, are not conscious of its priceless worth.

Keep Relief Non-Political

Take, and keep, all 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 defense. But perhaps one statement at this point is necessary. It has to do with relief. No citizen should have been naive enough to believe that a change of government would solve that problem overnight. At best it could only slow up the trend, because the technique of capitalizing the relief vote has been so perfected, and its vote-getting efficiency so clearly established, that politicians of the future, if left unhampered, will be disposed to continue the tricks and ruses employed by the politicians of the present. Our worthy needy must be taken care of, but not corrupted.

At the outset we must know that the destruction of savings and the starvation of production, brought on by ever-increasing government doles and deficits, will mean ultimately the loss of our capacity to take care of the needy. It is the thrifty citizen and not the government who must and does provide the money for this purpose. Finally, the interests of those on relief are identical with the interests of all thrifty Americans. And why? Because government cannot continue to care for the needy once the capacity of the thrifty, saving people of America has reached the dead end.

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. There will not be. Without it as a base for national and international exchange, civilization could not have emerged from its barter period of the Dark Ages. It is the only insurance against ruthless politicians debasing and corrupting the world exchanges and money systems of a free people. I repeat, it is a blessing from an all-wise Providence to prevent the tragedy that follows a debased, corrupted and politically managed medium of exchange. The gold standard is the automatic watchman on the tower of the government of free men, to guard against the poison of totalitarianism entering the blood stream of sound money. No honest and informed American will ever thumb his nose at Fort Knox.

The points mentioned are simple fundamentals of a sound, solvent, democratic, representative government. There is one other aspect of inflation that must have immediate legislative action. Government must recognize the relationship 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 towards inflation. Higher wages mean higher prices, and higher prices must be met again by an increase in wages. Thus the dangerous virus of inflation moves progressively to the uncontrolled stage.

You and I know how vital enlisted dollars were in winning devastating wars, how they made possible the planes, the tanks, the subs, the destroyers. Men, materials, and money saw us through those crises, and only sound money will now keep us from chaos. Now that the Ship of State is in the home harbor to contemplate cold-war problems, she must be anchored 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 whom it asks to buy its bonds, to do everything it can to avoid unnecessarily increasing the total cost of government, and not further debase the dollar; to balance the budget, and to keep the ultimate debt down to an amount which can be met without destroying the value of the dollar, and the value of the savings of millions of people.

It is 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 casualty, with all that this tragedy portends. It must be made plain to the man on the street, the worthy people on relief, the aged, the hopeful, trusting beneficiaries of Social Security, the boys who have been on the firing line, and owners also of government life insurance in the billions, what awaits them if our elected representatives fail to stop the creeping paralysis of inflation now destroying the purchasing power of our dollar.

No administration can violate its promises and preserve the confidence the people reposed in it, when they called it into service. When any administration, no matter what its personnel or its politics, deceives the people, it betrays its sacred trust. No higher trust was ever imposed upon any government than the duty to keep faith with the people. This is a sacred obligation, imposed by all the divine laws that have ever been given. No man, no party, no government can break faith with those they govern and escape retributive justice. God is slow to forgive those who betray their

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Inflation – The Termite of Civilization

brother: "Thou shalt not bear false witness against thy neighbor," came from Sinai, and what false witness could be greater against your neighbor than to take from him his substance under false pretense?

Trojan Horse

The government must, upon all considerations, not the least of which is its own perpetuation, see that it handles its finances so that the people can have returned to them the dollars with "sense" which they trustfully put into its keeping; and the government must see to it, not that the money shall be returned merely in numerically equivalent dollars, but in dollars that shall be of substantial purchasing power. This would be but the most ordinary, the most common, and in a sense, the lowest kind of mere money honesty. Are our leaders ready to do these things? They must, and without compromise, hold that line, or the Trojan Horse, with national bankruptcy riding in the saddle, will open the gates to the waiting agencies of forest-fire inflation.

As we see all about us a tortured, distracted world, may we resolve and declare our determination to keep this government, this people, ourselves, free from the serfdom and shackles of excessive debt, deficits, and despair; and to preserve our priceless legacy founded upon principles of sanity, righteousness, solvency, and stable money.

It is good to witness the improvement which has taken place in the daily operations of government, the application of honest and sensible business practices, the elimination of waste—but, it is shocking to note that such practices are not accompanied by a reduction but rather by an expansion of the activities of our national government.

And, finally, in the words of Dr. Douglas Southall Freeman of Richmond at the Graduate School of Banking:

"Is America to survive? If that question is less academic today than it has been since April, 1865, the answer that comes from the past is an assured one: Yes, America will survive—if her sons will cease to think of her as a Lady Bountiful and regard her as a mother for whom, from the love they bear her, they are willing to sacrifice. The road of individual self-discipline and self-denial is the road to America's safety, to her happiness, and to her world service."

Two With Richard Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Teimei Okimura and Delbert E. Winn have joined the staff of Richard A. Harrison, 2200 Sixteenth Street.

Leonard Hanauer With Ira Haupt & Co.

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, announced 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 development and financing of special municipal revenue bond projects.

A veteran of the securities business, having started his career in 1929, Mr. Hanauer is a former partner in Ryan, Hanauer & Co., and prior thereto he was a partner in the firm of J. B. Hanauer & Co., of Newark, N. J., both of these organizations being dealers in municipal bonds and specialists in New Jersey bonds in particular.

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

Leaders of business 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 Sheraton-Astor Hotel. Mr. Reed pointed out that subscription books will close on Monday, Oct. 8, the deadline for acceptances.

With J. R. Williston Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—James B. Willenborg has become connected with J. R. Williston & Co., 631 Seventy-first Street.

Joins Security Planning

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla. — Dwight S. Milleman has joined the staff of Security Planning, Inc., Harvey Building.

Western States Adds

(Special to THE FINANCIAL CHRONICLE)

ENGLEWOOD, Colo.—Alexander A. Ebel, Marvin L. Gregory, Earl T. Pyle, John W. Ragsdale, Robert W. Sliger and Theo. Susuras have been added to the staff of Western States Management Co., 333 East Hampden.

Join Griffin McCarthy

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Paula Gordon and Peter Carter have joined the staff of Griffin McCarthy, 8340 Northeast Second Avenue.

Campeau Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Ivan L. Becker, Charles L. Clark, Gavin E. Graham, Warren C. Solberg, and Donald T. Tidlund have become affiliated with R. F. Campeau & Company, 110 Second Avenue.

Dunn & Co. Formed

ST. PETERSBURG, Fla. — Edward R. Dunn has formed Dunn & Co. with offices at 4908½ Sunrise Drive South.

Mid-Continent Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William E. Austin is now with Mid-Continent Securities Corporation, 3520 Hampton Avenue.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
National Commercial Bank & Trust Co. (Albany, N. Y.)	101	x2.60	67	3.9
Natl. Fire Ins. Co. of Hartf'd Diversified insurance	86	3.00	131½	2.3
*National Food Products Corp. Holding company; chain food stores	16	2.10	57½	3.6
National Life & Accident Insurance Co. Life, accident and health	*31	0.60	91½	0.6
National Lock Co. Mortise locks	15	1.00	22	4.5
National Motor Bearing Co. Manufacture oil seals and related products	17	1.10	23	4.8
National Newark & Essex Banking Co. (Newark)	152	†2.86	66½	4.3
National Oats Co. Cereals, animal feeds	30	†0.59	14	4.2
National Reserve Life Insurance Co. Participating & non-participating	13	0.80	30	2.7
National Screw & Mfg. Co. Screws, bolts and nuts	66	2.75	43	6.4
Natl. Shawmut Bk. (Boston)	*59	2.00	47½	4.2
National Shirt Shops of Del. Chain, men's furnishings	17	0.90	12½	7.2
National State Bk. (Newark)	144	†2.10	50	4.2
National Terminals Corp. Midwest storage facilities	12	1.25	18¾	6.7
National Tool Co. Precision cutting tools	11	0.20	4¾	4.2
National Union Fire Insur. Diversified insurance	22	2.00	41	4.9
Naugatuck Water Co. Operating public utility	30	1.63	30½	5.3
Nazareth Cement Co. Pennsylvania producer	11	1.90	38	5.0
Nekoosa-Edwards Paper Pulp and papers	15	†1.17	51	2.3
New Amsterdam Casualty Diversified insurance	19	1.80	47¼	3.8
New Britain Gas Light Co. Operating public utility	38	1.80	31½	5.7
New Britain Machine Machine tools	20	2.40	36	6.7
New Hampshire Fire Ins. Diversified insurance	87	2.00	43	4.7
New Haven Board & Carton Co. Paper board and folding boxes	11	0.75	17¼	4.3
New Haven Gas Co. Operating public utility in Conn.	a105	1.70	30½	5.6
New Haven Water Co. Operating public utility in Conn.	77	3.75	59½	6.3
New York Fire Insurance Fire and allied lines of insurance	22	1.425	32¼	4.4
New York Trust Co.	62	3.00	65	4.6
New Yorker Magazine Publishes "The New Yorker"	27	2.65	45½	5.8
Newark Telephone Co. (O.) Operating public utility	26	4.00	65	6.2
Newport Electric Corp. Rhode Island utility	17	†1.10	22¼	4.9
Niagara Lower Arch Bridge Joint operator of Whirlpool Rapids Bridge	108	2.00	67	3.0
Nicolson File Co. Manufactures files and rasps	85	1.40	23¾	5.9
900 Michigan Ave., North, Corp. Chicago real estate	11	1.00	21	4.8
No-Sag Spring Co. Furniture and bedding springs	19	1.00	20	5.0
Norfolk County Trust Co. (Brookline, Mass.)	19	†1.62	39½	4.1
North & Judd Wide variety of hardware	91	†2.17	34¾	6.2
North River Insurance Co. Diversified insurance	118	1.40	35¾	3.9
North Shore Gas Co. (Ill.) Detail distributor of natural gas in Illinois	13	†0.77	17	4.5
Northeastern Ins. of Hartford Reinsurance	10	0.33	11	3.0
Northern Engineering Works Cranes and hoists	*16	0.60	9	6.7
Northern Indiana Pub. Serv. Gas and electricity supplier	13	1.80	36	5.0
Northern Insurance (N. Y.) Diversified insurance	*46	†2.61	70	3.7
Northern Life Insurance Co. Life, accident and health	44	14.00	1400	1.0
Northern Ohio Telephone Co. Operating public utility	29	1.425	38½	3.7
Northern Oklahoma Gas Co. Operating public utility	20	1.00	17½	5.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
x This bank paid four quarterly payments of 60c each, plus an extra of 20c, plus a stock dividend of 10% in 12 months' period. The yield is based on the $2.60 cash payments.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Northern Trust (Chicago)	60	†9.00	360	2.5
Northwestern Fire & Marine Insurance Co. Diversified insurance	39	1.10	34	3.2
Northwestern Natl. Ins. Co. Fire, automobile and allied lines	82	2.25	78	2.9
Northwestern National Life Insurance Co. Participating & non-participating	20	1.00	85	1.2
Northwestern Public Service Electric and gas public utility	10	0.95	16¾	5.6
Northwestern States Portland Cement Co. Iowa producer	22	†0.96	37	2.6
Noxzema Chemical Co., Cl. B Distributes "Noxzema" shaving cream and medicated cream	31	0.90	17¼	5.2
Noyes (Charles F.) Co. Real estate	13	6.00	35	17.1
Oakland Title Insurance Co. Title insurance	*25	1.875	30	6.2
Ohio Casualty Insurance Co. Diversified insurance	*30	1.95	25½	7.6
Ohio Citizens Trust Co. (Toledo)	21	1.70	34	5.0
Ohio Forge Machine Corp. Gears, speed reducers, etc.	20	3.50	40	8.8
Ohio Leather Co. Upper leather for shoes	24	1.50	20	7.5
Ohio National Life Insurance Company Participating only	*31	1.25	36	3.5
Ohio State Life Insur. Co. Life, accident and health	*32	1.80	210	0.8
Ohio Water Service Retails treated water; wholesales untreated	20	1.50	27½	5.5
Oilgear Co. Hydraulic machinery	*14	2.40	41	5.9
Old Kent Bank (Gr. Rapids)	27	†1.25	36	3.5
Old Line Life Insurance Co. of America Life, accident and health	*31	1.25	58	2.2
Old Republic Life Insurance Company Life, accident and health	*11	†0.56	28½	1.9
Olympia Brewing Co. Brewing	21	1.70	33	5.2
Omaha National Bank	21	1.60	65½	2.4
One La Salle Co. Chicago office building	19	2.00	60½	3.3
Oneida, Ltd. Silverware	20	1.25	21¾	5.7
Onondaga Pottery Co. China tableware	13	0.95	18	5.3
Orange & Rockland Electric Company Operating public utility	49	1.00	25	4.0
Orangeburg Manufacturing Co. Fibre conduit	20	†1.75	25¾	6.8
Orpheum Building Co. San Francisco office-theatre bldg.	18	0.40	4⅞	8.2
Osborn Manufacturing Co. Manufacturers of industrial brushes and foundry machinery	17	1.35	25	5.4
Oshkosh B'Gosh Complete line of work clothing and matched sets	20	1.75	28	6.3
Oswego Falls Corp. Mfg. of paper containers and closures	20	1.40	35¼	4.0
Otter Tail Power Co. Utility; Dakotas and Minnesota	18	1.60	27½	5.8
Oxford Electric Corp. Radio, TV speakers, transformers and miniature incandescent lamps	11	0.15	3¾	4.0
Pabst Brewing Well-known brewer	20	0.70	10¾	6.5
Pacific Car & Foundry Co. Makes railway cars	13	†1.05	40	2.6
Pacific Fire Insurance (N. Y.) Multiple line insurance	52	2.10	50	4.2
Pacific Lumber Co. Planning mill products	20	10.50	260	4.0
Pacific Natl. Bank of Seattle	28	0.95	33½	2.8
Pacific Vegetable Oil Corp. Oil and fat extraction	10	0.875	14	6.2
Package Machinery Automatic wrapping machines	39	1.00	24	4.2
Pacolet Manufacturing Co. Fabrics	17	7.50	168	4.5
Panama Coca-Cola Bottling Beverage bottling	*27	0.45	5½	8.2
Passaic-Clifton National Bk. & Trust Co. (Clifton, N. J.)	17	1.50	32	4.7
Paterson Parchm't Paper Co. Vegetable parchment, waxed and custom made papers	65	1.00	18	5.6
Peaslee-Gaulbert Corp. Furniture and radio distribution	22	1.10	13½	8.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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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 successful rules, followed by the smallest odd-lotter up to the biggest institution, have been simply to buy the best and sit with it. All of us—you and I—if we want to prosper in the future, had better bury these rules right now and find a new key to market profits. I think the lock 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 likely to come to those who at times can get bullish on cash as well as equities and to those who can dig out special situations—outside of the favorite fifty.

Concentration Pays Off, Too

There will always be profits among the leaders because special situations by their very nature can only bloom in a favorable climate as far as market averages are concerned. It should also be realized that even the stocks that make up the averages do not move as a unit. About a year ago we made a tabulation of the price performance of the thirty Dow-Jones Industrials regrouped into three segments of ten issues each. The ten with the poorest market record yielded a capital gain of approximately 350%. The Dow-Jones Industrial Average itself, of course, paralleled the ten in the middle group with a raise of about 140%. This illustrates that even among the favorites, concentration rather than diversification pays off if properly done.

The last ten years have been very unusual ones in the stock market. It is certainly not usual when the best of our corporations can increase 350% in price in that period. The underlying cause has been inflation, and inflation is still with us. The secondary cause has 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 common sense not to expect a similar upsurge but to base investment policies on a less optimistic basis. In fact, I would think it is next to impossible for our 26 corporations 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 the present market price and was for a certain number of shares per year over the next ten years. Believe 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 somewhere else. Of course, in a smaller concern and with different terms this may not have been true, but the story does illustrate the point.

Inclusive declines in the stock market occurred from 1929 to 1932—from 1937 to 1942—and from 1946 to 1949. Each decline varied in character but differed from recent markets in being relatively general. The possibility of a moderate general decline, perhaps next year, should be considered by today's shareowners.

Investors Are Cautious

As a practical matter, the necessity of attempting to hold stocks a minimum of six months for tax purposes complicates investment policy a great deal. Investors can not sell and buy back if they change their minds without losing relatively tax dating. Bearish views in the final analysis are only opinions and may be far from the mark. It is human nature to be optimistic and it's human nature to want to deposit "dividend checks" and "keep one's money working." This holds true even if the dividend credit is followed by a tax debit. It holds true even if a decline in the market amounts to several times the dividend collected.

Consequently, every person has his own idea of being prepared for a bear market or how to participate in a bull market. There are very few who want to be short in a bear market and lose all the law will allow them to buy when the tide is in. Most investors 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 more 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 philosophy.

Now as to the current outlook. I am a stock broker in both the dictionary and modern sense of the word. A broker, according to Webster, is an agent who acts as an intermediary. A stock broker thus buys or sells stock for his 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 investment counsellor with, for all practical purposes, a trustee relationship with his client.

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 prices for his own account and sells them at retail prices to the public.

A true broker should not be a securities salesman. A broker 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

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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 people and institutions.

However, we must be careful not to confuse these terms and just conclude that "equities are always good for you."

Equities are good for all of us if they are bought at the right times 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 over the years 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 investment.

In my opinion, the outlook now for the stock market in 1957 seems to be unfavorable. The basic reason for this is a weak technical position. This is another way of saying that too many stocks are in the wrong hands.

Perhaps a good way of illustrating this is to tell you an anecdote of an explanation I gave to a liquor dealer who knew nothing about the stock market. He did not understand what "technical position" meant. I asked him what would happen to his own business if all his customers simultaneously had the opinion that an increase in liquor prices 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 customers would be 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 biggest reason 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 automobile models 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 listlessly to good news and could decline on bad.

I am not an economist but I suspect that the business background for the market may prove as unfavorable as the technical background. We must 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. Thus, a satisfactory business situation might suit the businessman but a dynamic business situation is needed to match recent stock 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, 10 stock chosen at random from the so-called "Favorite Fifty" show a decline of over 20% from their 1955-56 highs, compared 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 10 stocks are selling at the equivalent of about 410 for the Dow-Jones Industrial Average. This illustrates the importance of individual stock movements as against average measurements.

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, steels and rails.

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 behind 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 green on the back, known as the U. S. Dollar. It may be that dollars will buy less of many items in 1957 but they may buy more shares of stock before the year is out.

Dewey, King Branch

(Special to THE FINANCIAL CHRONICLE)

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

First Investors Branch

JAMAICA, N. Y.—First Investors Corporation has opened a branch office at 89-64 163rd Street under the management of John I. Murphy.

Hincks Bros. Adds

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Francis W. Gagner has been added to the staff of Hincks Bros. & Co., Inc., 872 Main Street, members of the Midwest Stock Exchange.

Continued from page 43

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Peden Iron & Steel Co. — Hardware	19	2.40	35	6.8
Peerless Cement Corp. — Michigan producer	15	†0.95	29¾	3.2
Pemco Corp. — Porcelain, enamel and ceramic frits and colors	*12	†4.25	38½	11.0
Pennsylvania Gas Co. — Operating public utility in Pennsylvania and New York	77	1.20	24½	4.9
Penobscot Chemical Fibre Co. Voting — Mfr. bleached soda and sulphite woodpulp	10	1.05	30¼	3.4
Peoples First National Bank & Trust Co. (Pittsburgh)	89	†1.97	49¾	3.9
Peoples National Bank of Washington (Seattle)	28	†1.46	75½	1.9
Peoples Telephone Corp. — Public Service Telephone	30	3.50	68	5.1
Perkins Machine & Gear Co. — Precision gears	15	2.00	26	7.7
Permanente Cement Co. — Cement and gypsum products manufacturer	10	1.00	46	2.2
Permutit Co. — Water softeners	19	1.45	28¼	5.1
Personal Industrial Bankers, Inc. — Small loans	11	0.12	4	3.0
Peter Paul Co. — Popular candies	22	2.40	33¼	7.2
Petroleum Exploration — Oil and gas producer	38	3.00	55	5.4
Petrolite Corp. — Chemical compounds	25	2.00	98	2.0
Pettibone Mulliken — Railroad track equipment, forgings and machinery	14	†1.08	33	3.3
Pfaudler (The) Co. — Corrosion resistant equipment	17	2.25	42¾	5.3
Pheoll Manufacturing Co. — Screws, bolts, nuts	35	0.55	13¾	4.0
Philadelphia Bourse — Exhibition and office building	20	2.00	39	5.1
Philadelphia National Bank	113	5.00	107¾	4.6
Philadelphia Suburban Transportation Co. — Operates street railway lines	16	1.00	32	3.1
Philadelphia Suburban Water — Operating public utility	*17	†0.49	30⅞	1.6
Phoenix Insur. (Hartford) — Insurance carrier (except life)	84	3.00	76	3.9
Pictorial Paper Package Corp. — Paper boxes	20	0.60	10½	5.7
Piedmont & Northern Ry. — Operates Diesel line in Carolinas	27	7.25	120	6.0
Pioneer Finance Co. — Discounting dealers' notes	18	0.18	3½	5.1
Pioneer Trust & Savings Bank (Chicago)	32	8.00	230	3.5
Pittsburgh Fairfax Corp. — Apartment building	17	2.00	47	4.2
Pittsburgh Finance Building Corp. — Owns & operates office building	10	1.25	42	2.9
Plainfield-Union Water Co. — Operating public utility	43	3.00	68½	4.4
Planters Nut & Chocolate — Peanut products	44	2.50	57	4.4
Plomb (The) Tool Co. — Mechanics hand tools	17	†0.70	14¼	4.9
Plymouth Cordage Co. — Manufacture of rope, harvest twines, twisted paper products, eyelets, tacks and nails	99	2.85	50¼	5.7
Pocahontas Fuel Co., Inc. — Bituminous coal—mining and sale	22	1.60	79	2.0
Port Huron Sulphite & Paper — Lightweight papers	17	0.60	17	3.5
Porter (H. K.) Co. (Pa.) — Manufactures high voltage electrical equipment, hydraulic presses and related products	12	1.50	63	2.4
Porter (H. K.), Inc. (Mass.) — Bolt and wire cutters and special purpose tools	*18	0.45	7	6.4
Portland Gas Light Co. — Operating public utility	11	0.75	10	7.5
Potash Co. of America — Potash and oil interests	19	2.25	37¾	5.9
Pratt, Read & Co. — Piano and organ keys	10	1.00	18½	5.4
Princeton Water Co. — Operating public utility	48	4.00	80	5.0
Progress Laundry Co. — Laundry and dry cleaning	21	1.60	18¼	8.7
Providence Washington Ins. — Multiple line insurance	50	1.50	24⅝	6.1
Provident Savings Bank & Trust Co. (Cincinnati)	53	1.75	42½	4.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Provident Trust Co. of Phila.	91	†2.80	60	4.7
Provincial Bank of Canada Foreign and domestic banking business	56	0.84	30	2.8
Public Service Co. of N. H. Electric utility	19	0.975	16⅞	5.8
Public Service Co. (N. Mex.) Public utility	*14	0.68	13⅛	5.2
Publication Corp. vot. Owns rotogravure printing plants	20	3.00	35	8.6
Punta Alegre Sugar Corp. Cuban holding company	11	0.80	13¼	6.0
Purex Corp. Makes "Purex" and "Trend"	*14	0.80	21½	3.7
Purolator Products Filters: oil, gas and air	15	†2.50	37½	6.7
Quincy Market Cold Storage Boston operation	14	10.00	175	5.7
Ralston Purina Animal feeds, breakfast foods	22	4.00	116½	3.4
Real Estate Investment Trust of America A new company formed in June 1956 as a result of a merger of the Boston Ground Rent Trust, the Boston Real Estate Trust and the Western Real Estate Trustees.	a61	---	13⅜	--
Red Owl Stores, Inc. Midwest retail food chain	*10	1.20	27¾	4.3
Reece Corp. (Mass.) Makes button hole machines	74	1.10	16¼	6.7
Reed (C. A.) Co., class B Crepe paper	10	1.50	23	6.5
Reinsurance Corp. (N. Y.) Writes only reinsurance	19	0.50	13¾	3.6
Reliance Varnish Co. Paints, varnishes and enamels	12	0.60	9	6.7
Republic Insurance (Dallas) Fire and casualty insurance	50	†1.12	71½	1.6

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 52.

Republic Natl. Bank (Dallas)	36	†1.65	55½	3.0
Republic Natural Gas Natural gas and oil producer	18	1.00	35¾	2.8
Republic Supply Co. of California Distributor of oilwell and industrial supplies	33	1.00	16¾	6.0
Revere Racing Assn. Dog racing, near Boston	14	0.60	7¼	8.3
Rhode Island Hospital Trust	89	3.75	103	3.6
Richardson Co. Plastic products	24	1.00	15¼	6.6
Rich's, Inc. Operates Atlanta department store	27	0.70	15½	4.5
Riegel Textile Corp. Wide line textile products	18	†1.20	26	4.6
Rieke Metal Products Corp. Heavy metal stampings	19	1.00	16	6.2
Rike-Kumler Co. Dayton department store	41	1.50	34	4.4
Riley Stoker Corp. Steam generators and fuel burning equipment	17	1.00	21½	4.6
Risdon Manufacturing Co. Small metal stampings	39	3.50	61	5.7
Roanoke Gas Co. Public utility. Distributes natural gas	12	0.80	15¾	5.1
Robertson (H. H.) Co. Manufacturers of construction materials	20	†3.20	68	4.7
Rochester American Insurance Co. Diversified insurance	*27	1.60	38½	4.2
Rochester Button Co. Buttons	19	1.10	14	7.8
Rochester Telephone Corp. Operating public utility	13	1.00	18¾	5.3
Rock of Ages Corp. Granite quarrying and mfg.	16	1.00	17¾	5.6
Rockland-Atlas Natl. Bank of Boston	92	1.50	35	4.3
Rockland Light & Power Co. Hudson west shore electric supplier	*42	0.65	18¾	3.4
Rockwell Mfg. Co. Meters, valves, power tools	18	2.10	39⅞	5.3
Roddis Plywood Corp. Manufacture and distribution of plywood doors and lumber	12	†0.53	16¾	3.2
Rose's 5, 10 & 25c Stores, Inc. Operates 140 stores in the South	29	1.15	23½	4.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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Continued from page 3

Future Interest Rates and Prices And the Unstabilizing Forces

managerial or technological progress.

Stimulated by the inflationary momentum and pressed by the ever-increasing labor costs—their continuation is projected into the future — American industry is straining its resources to expand its facilities. Investments in new plant and equipment are to reach this year the new all-time high of an estimated $35 billion, $6 billion or so above last year's which was also a record. And they may outgrow the estimates.

The inflationary impetus—stimulated also by a record dollar volume of exports—affects the consumer, too; higher incomes induce more spending. The demand for automobiles has fallen off, but is expected to recover in the fall when the new models will be rolling out. (Even so, the volume of outstanding instalment credit is again mounting.) When people buy fewer durables, they spend more on semi-durables and not-at-all-durables. Witness the vigorous rebound of mail order and chain store sales, showing in the first eight months of this year a 9.3% gain over the same period of last year. As the September issue of the New York First National City Bank's "Monthly Letter" summed it up:

"Between record-breaking employment and the pattern of substantial wage boosts which reached its climax with the steel settlement, it is little wonder that consumer income is setting new records. In June personal income achieved the seasonally adjusted annual rate of $334 billions, topping June, 1955, by $18 billions. As might be expected, consumer expenditures also have risen to new heights. However, roughly one-third the advance in dollar sales during the first half of 1956 represented higher prices, rather than increased psysical volume. . . ."

The reverse of the ceaseless spending spree is a slow-down of savings. Last year, consumer savings fell to 6.3% of personal incomes, against 7.3% in 1953. They have recovered this year but without reaching 8% of disposable incomes, which is considered the minimum necessary to keep the supply of savings in balance with the demand for fresh capital. The differences being taken care of by—credit. Bank loans, in particular, are skyrocketing, endangering the liquidity of banks which deplete their bond portfolios and build up their risk assets. In one year's time—from June to June—bank loans increased by more than $15 billion; bank portfolios of U. S. Government obligations were reduced by $8 billion. The inflation-fever is mirrored in the money supply that has risen in the same 12 months at the breath-taking pace of $14 billion.

As the demand for funds shows no sign of relenting—Federal, state and municipal projects, plus credit guarantees, contribute a major share, too—the questions is: how can the banks provide the supply? Further monetizing of their bond portfolios would raise very serious liquidity problems. The conventional rule of a 6:1 ratio between net worth and risk assets—it used to be 10:1!—is not observed any longer; but it cannot be disregarded altogether. (The bank examiners have something to say about that.) Fresh funds are very slow in appearing; the effect on bank reserves of the $150 million increase in the gold reserve in the 12 months to the end of last July has been wiped out by the simultaneous $670 million growth of currency in circulation.

In short, this is the kind of situation which would usher in a money crisis of the "classical" type—if the money market were left to its own resources. That is what the Federal Reserve did lately; it simply did not interfere. 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 central bank. In fact, excess reserves, which are the measure of the bank's additional lending capacity, are a negative quantity: they total less than the amount of their debts ($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 economy than it did a year ago. But unless it extends much more, be it by direct loans or by open market operations, or unless it reduces the reserve requirements of the member banks—something has to give way. The "something" may be a recession of business activity, in which case the Federal Reserve will be in a hurry to relax. But there is no indication whatsoever of an early break in the boom which is supported world-wide by rising raw material prices; the Suez crisis is not exactly a deflationary factor either. This leaves two alternatives; either the inflationary momentum will be permitted to run amock; or interest rates have to rise further, accompanied by tightening of credit lines—and possibly by a "crash."

The situation is much the same as it was last May when the credit squeeze was on and the Federal Reserve stepped in to relieve the market. The difference is that the inflationary virus is much more virulent now; if the central bank gives way again, it is likely to be inflamed and the pace greatly accelerated. But as one can well imagine the political heat is on the central bank, mostly behind the scenes.

In short, we expect some relaxation in the near future, possibly before the elections, but a resumption of the wage-price spiral and a real showdown in a matter of months. 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 become imperative; and that the politicians will use the opportunity to impose physical controls and to regiment the economy.

Two With Jamieson

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Arthur S. Briggs and Ellsworth M. Henry have joined the staff of H. L. Jamieson Co., Inc., Russ Building.

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.


James G. Couffer


George deB. Bell


R. S. Lippincott


Paul F. Miller, Jr.


John H. Remer

Mr. Couffer, who joined the firm's New York office at 30 Wall Street, earlier this year, served for 14 years as a Vice-President of B. J. Van Ingen & Co. Inc. and before that as a Vice-President of Blyth & Co., Inc. Mr. Couffer is a member of The Bond Club of New York and the Municipal Bond Club of New York.

The other four newly admitted partners, with the Drexel organization, for periods ranging from three to 17 years, are connected with the firm's Philadelphia office.

New Merrill Lynch Branch

WASHINGTON, D. C.—Merrill Lynch, Pierce, Fenner & Beane have opened a new branch office at 1628 K Street, Northwest, under the management of S. Harold Williams.

Purcell Opens Branch

PATCHOGUE, N. Y. — Edward A. Purcell & Co. have opened a branch office at 10 South Ocean Avenue under the direction of Robert C. McCollom.

New Walston Office

TULSA, Okla.—Walston & Co., Inc. has opened a branch office at 614 South Main Street under the management of Harold R. McInerney.

Two With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Melvin J. Dorfman and John C. Doyle have joined the staff of B. C. Morton & Co., 131 State Street.

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 3¾% equipment trust certificates, maturing annually Oct. 1, 1957 to 1971, inclusive.

The certificates, first instalment 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 are subject to the authorization of the Interstate Commerce Commission.

The entire issue of certificates will be secured by 25 diesel road switching locomotives; 200 gondola cars and 800 hopper cars, estimated to cost $12,409,472.

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

Form Automation Devel.

WASHINGTON, D. C. — Automation Development Securities Co., Inc. has been formed with offices at 734 15th Street, Northwest to engage in a securities business. Officers are John W. Kendrick, President; James R. Sharp, Secretary and Treasurer; and O. Rudolph Johnson, Vice-President.

Form Fagan & Company

Effective Oct. 11th, Fagan & Company, members of the New York Stock Exchange, will be formed with offices at 52 Broadway, New York City. Partners will be Albert E. Fagan, member of the Exchange, Richard D. Fagan, who will acquire an exchange membership, general partners, and Anna McAdams and Janet G. Ruberman, limited partners.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Ross (J. O.) Engineering Corp. Manufactures oven, dryers and air systems	16	1.00	18¼	5.5
Ross Gear & Tool Co. Inc. Manufacturers of steering gears	28	1.55	29	5.3
Royalties Management Corp. Oil and gas royalty interests	13	0.20	4	5.0
Saco-Lowell Shops Manufactures textile machinery	18	1.45	21⅞	6.6
Safety Car Heating & Lighting Co. Name changed in June 1956 to Safety Industries, Inc.				
Safety Industries, Inc. Railway car lighting, air conditioning and diversified; including Howe scales, Entoleter centrifugal machines and A.T.C. timers.	25	1.25	22¾	5.5
Safway Steel Products, Inc. Manufactures steel scaffolding, grand stands and bleachers	19	†0.95	16½	5.7
Sagamore Mfg. Co. Sateens, broadcloths, twills	20	8.00	112	7.1
St. Croix Paper Co. Maine producers	36	†1.375	31¾	4.3
St. Joseph Stock Yards Co. Livestock	57	7.00	45	15.6
St. Paul Fire & Marine Insur. Diversified insurance	84	1.125	56	2.0
St. Paul Union Stockyards Minnesota operator	40	1.60	21	7.6
San Antonio Transit Co. Intra-city busses	12	0.58	17¼	3.4
San Francisco Brewing Co. "Burgermeister" beer	12	1.20	14½	8.3
San Jose Water Works Public utility (water)	25	2.40	45¾	5.2
Sanborn Map Co. Fire insurance & real estate maps	81	4.50	67	6.7
Sargent & Co. Hardware, locks and tools	13	1.00	19	5.3
Savannah Sugar Refining Georgia operator	32	4.00	83	4.8
Schenectady Trust Co. (N.Y.)	52	2.00	62	3.2
Schlage Lock Co. Locks and builders' hardware	16	†0.93	39½	2.4
Schuster (Ed.) & Co. Three Milwaukee dept. stores	*14	1.00	17	5.9
Scott & Williams, Inc. Builds knitting machinery	40	1.95	35½	5.5
Scranton Lace Co. Lace curtains and table covers	*40	0.60	19½	3.1
Scruggs-Vandervoort-Barney Department stores; St. Louis, Kansas City, Denver	16	0.60	14½	4.1
Seaboard Surety Co. Diversified insurance	22	1.95	64	3.0
Searle (G. D.) & Co. Pharmaceuticals	21	†0.95	48¾	1.9
Sears-Community State Bank (Chicago)	16	†2.00	64	3.1
Seatrain Lines Transports freight cars by ships	*15	0.50	13	3.8
Second Bank-State St. Tr. Co. Formed in February 1955 through merger of Second National Bank & State Street Trust Co. of Boston	37	2.60	61	4.3
Second Natl. Bk. (Houston) Name changed 1-17-56 to "Bank of the Southwest National Association, Houston, Texas"				
Second National Bank & Tr. Co. of Saginaw	*33	†2.42	68	3.6
Securities Acceptance Corp. Instalment financing and personal loans	20	0.40	9¾	4.1
Security-First National Bank of Los Angeles	75	1.60	53½	3.0
Security Ins. Co. (N Haven)	62	1.60	44	3.6
Security National Bank of Greensboro (N. C.)	19	1.50	57	2.6
Security Trust Co. of Rochester	63	2.00	49	4.1
Security Trust & Savings Bank of San Diego	20	†1.125	27	4.2
Seismograph Service Corp. Surveys for oil and gas industries	10	1.00	18	5.6
Selected Risks Indemnity Co. Diversified insurance	*23	†1.14	34	3.4
Seven-Up Bottling Co. (St. Louis) Bottler of carbonated beverages	18	0.60	8¾	6.9
Shakespeare Co. Fishing reels, rods and lines	18	1.70	25	6.8
Shaler Co., class B Vulcanizers	20	1.30	17¾	7.3
Shepard Niles Crane & Hoist Electric cranes and hoists	21	1.50	26½	5.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Sherer-Gillett Co. — Manufacturer commercial refrigeration	10	†0.19	5	3.8
Shuron Optical Co. — General line of ophthalmic goods	20	2.00	38	5.3
Sibley, Lindsay & Curr Co. — Rochester, N. Y. department store	10	1.60	29	5.5
Sicks' Seattle Brewing & Malting Co. — "Ranier" and "Brew 66" beer	19	0.20	2.90	6.9
Sierra Pacific Power — Operating public utility	30	†1.11	21	5.3
Simplex Paper Corp. — Asphalt laminated papers	21	0.35	8	4.4
Sioux City Stock Yards — Iowa livestock market	52	1.75	30	5.8
Sivyer Steel Casting Co. — Castings	20	1.25	20½	7.3
Skil Corp. — Portable tools	19	1.55	21¼	7.3
Smith Agric. Chemical Co. — Chemical fertilizers	32	0.85	11	7.7
Smith (J. Hungerford) Co. — Manufacturer of soda fountain & ice cream fruits and flavors	33	2.80	45	6.2
Smith (S. Morgan) Co. — Heavy manufacturing, turbines and valves	58	1.40	25¾	5.4
Smith Kline & French Labs. — Pharmaceutical manufacturers	33	1.95	64¾	3.0
Snap-On Tools Corp. — Manufacture and distribution of mechanics' hand service tools and related items	17	2.00	36	5.6
Sonoco Products Co. — Paper and paper products	31	†0.98	26	3.8
South Atlantic Gas Co. — Operating public utility	11	0.70	13½	5.2
So. California Water Co. — Water, electric and ice interests, operating company	28	0.76	14	5.4
South Carolina National Bk. (Charleston)	20	†2.39	68	3.5
South Parkway Building Corp. — Chicago real estate	14	3.50	79	4.4
Southeastern Telephone Co. — Operating public utility	16	0.90	16⅝	5.4
Southern Colorado Power — Electricity supplier	12	0.70	15⅞	4.4
Southern Fire & Casualty Co. — Diversified insurance	15	0.40	7½	5.3
Southern Fire Insurance Co. — Diversified insurance	23	1.20	28	4.3
Southern Franklin Process Co. — Yarn dyeing	17	1.25	22½	5.6
So. New England Tel. Co. — Communications services	65	2.00	40½	4.9
Southern Union Gas Co. — Natural gas production and distribution	13	1.03	23⅞	4.4
Southern Weaving Co. — Fabrics, tapes and bindings	29	3.00	52	5.7
Southland Life Insurance Co. — Life, health and accident insurance	21	1.35	112	1.2
Southwestern Drug Corp. — Wholesale drugs	14	2.00	41	4.9
Southwestern Elec. Service — Electricity supplier	11	1.08	19¾	5.5
Southwestern Investment Co. — Sales, financing and personal loans	20	†0.575	14½	4.0
Southwestern Life Insur. Co. — Non-participating life	47	†1.47	115	1.3
Southwestern States Tel. Co. — Operating public utility	10	1.12	19½	5.7
Speed Queen Corp. — Manufactures home laundry equipment	17	1.25	19	6.6
Speer Carbon Co. — Carbon and graphite products	22	1.20	24⅜	4.9
Spindale Mills, Inc. — Yarn shirtings and dress goods	11	1.00	17½	5.7
Spokane International Railroad Co. — Northwestern carrier	13	1.50	32½	4.6
Sprague Electric Co. — Electronic components	16	1.20	41½	2.9
Springfield F. & M. Ins. Co. — Multiple line insurance	89	2.00	54¼	3.7
Springfield Gas Light Co. — Massachusetts operating utility	103	2.10	43	4.9
Staley (A. E.) Mfg. Co. — Processes corn and soy beans	21	†1.33	26	5.1
Stamford Water Co. — Operating public utility	60	1.80	39	4.6
Standard Accident Insurance Co. (Detroit) — Casualty, bonding and fire and marine insurance	16	1.80	47	3.8
Standard-Coosa Thatcher Co. — Yarns and threads	34	1.00	14½	6.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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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 as 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 of Doctor of Commercial Science 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 delegates and representatives from 116 colleges and universities participating at the Semicentennial ceremonies to be held in St. Paul's Chapel of Trinity Parish, the oldest church in New York City.

Ideological Global War

He will be one of the six distinguished citizens to receive an honorary degree from Pace College for outstanding exemplification of the College's anniversary theme, "Responsible Participation In An Economy of Free Men." His address will emphasize the need for developing a vital moral weapon in the global war of ideology, and will deal with international communication.

As part of the commemorative day, United States Senator Margaret Chase Smith, of Maine, will address participants at a special luncheon to be held at the College's Schaeberle Hall. She will speak on Pace College's Semicentennial theme.

The Endless Challenge Explored

A symposium on "Man and Management—The Endless Challenge," will also be held at the College prior to the Convocation ceremonies.

Mr. Repplier, a resident of Silver Spring, Md., is currently cooperating with the Council for Financial Aid to Education in its program to promote business and industry support of education. He has recently been appointed by President Eisenhower as Chairman of the Advertising Organizations Committee of the International "People-to-People Program."

Other Recipients

Recipients of honorary degrees, in addition to Mr. Repplier, will be: Senator Smith; Dr. Edward H. Litchfield, Chancellor of the University of Pittsburgh; Dr. Peter F. Drucker, writer, Management Consultant and Professor of Management at New York University; Dr. Emanuel Saxe, Dean of the Bernard M. Baruch School of Business and Public Administration, The City College of New York; and Charles F. Noyes, 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. Litchfield. Professor Richard M. Matthews, Chairman of the Accounting, Finance and Management Department of Pace College, will preside.

Pace College, founded on Oct. 6, 1906 by Homer St. Clair Pace and Charles Ashford Pace, now enrolls more than 4,000 students and has an alumni body of 70,000.

FHLB Notes on Market

Public offering of $212,000,000 Federal Home Loan Banks 3¾% series F-1957 consolidated, noncallable 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 a nationwide group of securities dealers. The notes were priced at 100%.

Proceeds from the offering will be used to redeem two note issues aggregating $164,000,000 maturing on Oct. 15, and to provide funds for making additional credit available by the Federal Home Loan Banks to their member institutions. The issues due on Oct. 15 are $59,000,000 of 3.15% series J-1956 notes and $105,000,000 of 3½% series L-1956 notes.

Upon completion of the offering and the retirement of the two maturing issues, the Banks will have $966,000,000 note obligations outstanding.

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As We See It

address smacked of Franklin Roosevelt's technique of painting pictures to entrance the public which then was not supposed to inquire too closely about the practicality of what was being said or inferentially promised.

But the palm this year must go to Adlai Stevenson on the record to date. He is 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-Harrimaning 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 duties 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 'paid vacations' and 'paid holidays'—so far as the year is concerned. Putting a lifetime's work on this basis is harder and in some ways different. But the principle is the same, and so is the goal."

More Burdens for the Taxpayer

Now if this means anything at all in the realm of the practical, it is that the taxpayer of this country 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 need education. They are not always getting it as they should, but he would be naive indeed who supposed that the educational failure on the part of this 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 must undertake such things rather than local authorities who traditionally in this country have attended to them. In any event the Democratic candidate apparently would pour out 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 outproduce us at some time in the dim and distant future, and comes forward with the suggestion that government, business, labor and all the rest of us "cooperate" to increase "production" in this country at a rate which would ensure maintenance of our lead over Russia and the other communist nations. Just what the candidate is talking about, we are at a loss to know. Is production to be sought for its own sake? Are goods to be poured out of factories and other establishments without reference to a market for them, and 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 meant to say—that is in concrete terms.

And then Mr. Stevenson would catch votes by suggesting that we in part at least adopt the suggestion of the Kremlin and cease to test large atomic devices — even though the Russians are busily 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 becoming "obsolete." There are many who object to the draft in peace time—and not without reason—but why is the Democratic candidate suddenly so 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 primarily in espousing for the duration of the election campaign as many causes that he thinks are vote getting as he can find.

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 right now. Candidate Eisenhower in 1952 was not free of this sort of quackery, either. But are we warranted for all that in merely accepting it as "normal" or "necessary" or harmless? The voters could if they would put an end to this type of affront to their intelligence. And if they would only do so, we should 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 reward statesmanship and punish demagoguery. 'Tis a consummation devoutly to be wished.

Cruttenden & Co. Opens Madison, Wis. Branch

MADISON, Wis.—Cruttenden & Co. has opened a branch office in the Tenney Building under the management of Charles R. Dale. Also associated with the new office will be Edward T. Gernon. Prior to joining Cruttenden & Co. Mr. Dale was with Blair, Rollins & Co., Inc. Mr. Gernon was formerly local representative for A. C. Allyn and Company, Inc. and prior thereto was with Ames, Emerich & Co. and was a partner of Dayton & Gernon.

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

	No. Consecutive Years Cash Divs. Paid	Including Cash Divs. Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	% Yield Approx. Based on Paymts. to June 30, 1956
Standard Fire Insurance Co. of New Jersey Diversified insurance	87	2.50	54½	4.6
Standard Screw Co. Screws and screw machine products	51	4.00	65½	6.1
Stange (Wm. J.) Co. Food colorings and seasonings	10	0.80	11½	6.9
Stanley Home Products, Inc. (Nonvoting) Brushes and mops	*13	2.40	39½	6.1
Stanley Works Hardware for building trades, etc.	80	†2.55	48½	5.2
State Bank of Albany	*31	1.50	42	3.6
State Loan & Finance Corp. Loans and finance business, Southern states	25	0.70	15⅞	4.4
State Natl. Bank of El Paso	75	6.00	277	2.2
State Planters Bank & Trust Co. (Richmond) Merged in January 1956 with Commerce & Trusts and changed name to State Planters Bank of Commerce & Trusts (Richmond).				
State Planters Bank of Commerce & Trs. (Richmond, Va.)	*34	2.20	60	3.7
Stearns Manufacturing Co. Manufactures concrete block making equipt. and associated items	20	†0.09	5¼	1.7
Stecher-Traung Lithograph Corp. Labels, packets and boxes	17	1.60	20	8.0
Steel Products Engineering Aircraft and heating equipment	40	0.20	23	0.8
Stifel (J. L.) & Sons, Inc. Cotton textiles	*11	0.40	6½	6.2
Stonecutter Mills Corp., Cl. B Dies and fabrics	14	0.20	4¾	4.2
Stonega Coke & Coal Co. Coal and timber	16	3.00	80	3.8
Stouffer Corp. Restaurant chain	20	†0.59	28	2.1
Strathmore Paper Co. Writing paper	13	†1.235	30	4.1
Struthers Wells Corp. Fabricated metal products; chemical and refinery equipment	12	1.60	25¾	6.2
Suburban Propane Gas Corp. Propane gas distributor	10	1.20	19½	6.2
Sun Life Assurance Life. Also large annuity business	19	4.30	300	1.4
Super Valu Stores, Inc. Wholesale food distributor	20	1.20	30	4.0
Swan Rubber Co. Manufactures hose (rubber and plastic) small tires	20	1.00	21	4.8
Syracuse Transit Corp. Local bus operator	14	2.00	20	10.0
Tampax, Inc. Miscellaneous cotton products	13	1.60	31½	5.1
Tappan Stove Co. Gas ranges	*21	2.15	24¾	8.7
Taylor-Colquitt Co. Railroad ties and poles	29	1.70	33	5.2
Taylor & Fenn Co. Grey iron alloy castings	50	0.80	11	7.3
Taylor Instrument Cos. Mfr. of scientific instruments	55	2.15	53	4.0
Tecumseh Products Corp. Refrigeration compressors, etc.	16	5.00	121	4.1
Tenn., Ala. & Georgia Ry. Co. Freight carrier	10	0.75	11¼	6.6
Terre Haute Malleable & Manufacturing Corp. Iron castings	19	†0.77	13	5.9
Terry Steam Turbine Co. Turbines and reduction gears	*48	11.00	141	7.8
Texas Natl. Bank (Houston)	*32	2.50	74	3.4
Textiles, Inc. Makes cotton yarn	15	1.00	15¾	6.3
Thalhimer Brothers, Inc. Richmond department store	*10	0.60	10	6.0
Thermatomic Carbon Co. "Thermax" carbon black	20	26.00	300	8.7
Third Natl. Bank in Nashville	27	g†7.43	380	1.9
Third National Bank & Trust Co. (Dayton)	94	1.00	35	2.8
Third National Bank & Trust Co. of Springfield (Mass.)	92	2.35	45	5.2
Thomaston Mills Wide range of cotton products	*15	1.25	19½	6.4
Thomson Electric Welder Co. Electric welding machines	10	2.00	27	7.4
300 Adams Building, Inc. Chicago office building	21	3.00	58	5.2
Thrifty Drug Stores California drug store chain	19	†0.42	10¼	4.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
g Certain stocks were distributed as dividends in kind.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Tiffany & Co. — Jewelry and silverware	*12	1.00	55	1.8
Time Finance Co. (Ky.) — Personal loans	20	0.40	18	2.2
Time, Inc. — Publishers of "Life," "Time," "Fortune" & "Sports Illustrated"	25	3.00	74¼	4.0
Timely Clothes, Inc. — Men's suits, coats, etc.	15	1.00	17½	5.7
Tinnerman Products, Inc. — "Speed Nuts"	*10	1.75	23½	7.4
Titan Metal Mfg. Co. — Brass and bronze rods	13	1.75	31	5.6
Title Insurance Co. of Minnesota — Title insurance	a48	2.40	47	5.1
Title Insurance Corp. of St. Louis — Title insurance	29	1.70	30¾	5.5
Title Insurance & Trust Co. (Los Angeles) — Title insurance	26	†1.44	31½	4.6
Tobin Packing Co. — Meat packer	13	0.90	15½	5.8
Tokheim Corp. — Gasoline pumps	24	1.20	22	5.4
Toledo Trust Co.	22	†2.70	91	3.0
Torrington Mfg. Co. — Manufactures machinery, blower wheels and fan blades	21	1.00	26	3.8
Tower Building Corp. — Chicago theatre-apartment bldg.	19	0.50	33	1.5
Towle Mfg. Co. — Sterling silver tableware	39	2.00	24½	8.2
Towmotor Corp. — Fork-lift truck	11	†0.925	29	3.2
Townsend Co. — Wire products	50	1.20	18¾	6.4
Travelers Ins. Co. (Hartford) — Life, accident, health	90	1.00	73¾	1.4
Trico Products Corp. — Auto accessories	28	3.25	65½	4.9
Trinity Universal Insurance Company — Diversified insurance	19	†1.68	59½	2.8
Troxel Manufacturing Co. — Bicycle saddles	13	0.25	12	2.1
Trust Co. of Georgia	26	22.00	770	2.8
Tucson Gas Elec. Lt. & Pwr. — Electric and gas utility	38	1.16	27¾	4.2
Twin City Fire Insurance Co. — Diversified insurance	*30	0.60	18	3.3
Twin Disc Clutch Co. — Clutches and gears	22	4.00	90	4.4
Tyer Rubber Co. — Rubber footwear, roll coverings and rubber moldings	17	0.85	14¾	5.8
Tyler Refrigeration Corp. — Steel display and storage equipment	19	0.60	10¾	5.6
Uarco, Inc. — Business stationery	24	1.90	42	4.5
Union Bank of Commerce (Cleveland)	13	1.90	46	4.1
Union Bank & Trust (L. A.)	*31	†1.40	37	3.8
Union Manufacturing Co. — Chucks, hoists, and castings	16	1.00	16	6.3
Union Metal Manufacturing Co. — Power distribution poles	18	3.00	55	5.5
Union Natl. Bank in Pittsburgh	*31	1.30	35	3.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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World in 1976

resolutely bypass the temptation. I shall ask you instead to join me in peering into the future.

However impressive the events that have filled the last 50 years, or even the last century, I am convinced that they will be eclipsed by the events of the next 20 years. I take this arbitrary span of time because, we can hope that, "with a little bit of luck" all those present tonight—myself included—will still be around to check on the accuracy of our vision. In fact, I have already been 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 could provide the substance of a long speech. Indeed, I have made some of those speeches in recent 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 advance them. 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 20 years ahead.

I
Nuclear Energy

We will have learned to extract atomic fuel from relatively inexpensive materials, thus making this power both plentiful 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 — a principle already demonstrated experimentally by RCA—will be a fact. Atomic batteries, based on low-cost waste 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 worldwide use. It 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 fully 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 the automatic and instantaneous translation of languages, enabling people to understand one 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 safety and comfort than today's aircraft. The world's leading cities will be only hours apart, many of them virtually within commuting distance. Inexpensive personal planes, flivvers 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.

V
Automation

Already well launched, automation will reach a crescendo under the impact of cheap and abundant power. It will increase production, decrease costs, and make more goods and services available to more people. The transition will create problems of adjustment but ultimately it will free millions of people from arduous and hazardous work. It will increase employment, reduce hours of labor and increase leisure.

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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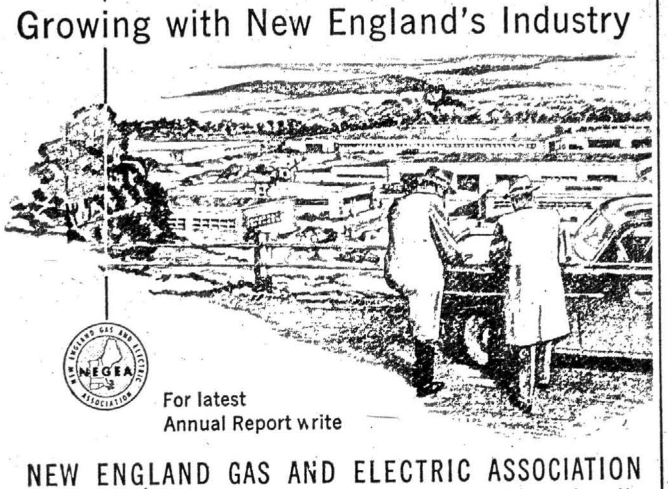

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World in 1976

yet have no name will become available for personal and industrial uses.

VII
Electronic Light

Electroluminescence or "cold light," now emerging from the research laboratories, will bring into being startling new types of illumination. It will change the appearance of our factories, streets, stores, highways, and homes. Providing light without heat and almost without shadow, its glow will be subject to easy control for volume and color nuances to suit any taste or decor. Being light without glare, it will eliminate many of the perils of night driving and flying. It will also give us brighter and bigger TV pictures, and ultimately replace the TV tube altogether with a thin, flat-surface screen that will be hung like a picture on the wall.

VIII
Computers

The era of electronic computers, already begun, will reach fruition. Recording and accounting will be taken over by robots, freeing for other work the great majority of the nine million Americans now engaged in clerical tasks. Business procedures, industrial operations and fiscal data will be gathered and analyzed automatically. New products will, for the most part, have their performance predicted by computers, removing the need for building actual working models. High-speed writing and reading will be as familiar as high-speed arithmetic is today.

IX
Food

Striking developments in irrigation and flood control, more efficient use of solar energy, the electronic acceleration of germination and growth, as well as new chemical and biological discoveries will greatly expand mankind's food resources. At the same time the oceans will be efficiently "farmed" for nutritive products. Thus all the food needed by all the people of the world will be become available, despite the fact that the population will continue to grow. These developments will enable famine to be eliminated in all parts of the world.

X
Health

The close ties now developing between biology, chemistry and physics, applying the new tools of electronics and atomics, will bring an avalanche of improvements in preventive medicine, diagnosis and treatment of human ills. Biochemistry will furnish disease-controlling and health-sustaining drugs at an accelerated rate, especially in meeting the physical problems of old age. Man's life span will be further extended, probably within hailing distance of the century mark.

XI
The Home

The housewife's dream of an all-automatic home will be realized. The day's chores in the home will be pre-scheduled, with each of the tasks performed electronically. The temperature, humidity and velocity of the air in each part of the home will be automatically kept at the desired levels days and night, and the air will be purged of bacteria and other contaminating matter. Electronic appliances will do the cooking and the dishwashing, and will dispose of waste. Fortunately, we shall continue to do our own eating.

XII
Climate

Not only will the prediction of weather for months and even years ahead be perfected, but major steps will have been taken to make and control weather as desired. Ports now icebound will be unfrozen and icebergs rapidly melted. Progress will have been made in dissipating storms even of hurricane intensity, or in diverting them from a destructive course.

* * *

Thus far I have dealt mainly with technological progress. It is an area where we can tread with some assurance. The shape of things to come already can be discerned in the research laboratories at home and abroad.

I wish I had the same degree of assurance with respect to developments in the social and political areas, where the most unpredictable force of all—human conduct—tells the story. But social sciences are deeply affected by changes in physical environment which greatly influences human conduct.

So I venture to go on with the listing, perhaps in an overly optimistic spirit, yet with faith in the ultimate good sense of our race of men.

XIII
Communism

Within the next 20 years Soviet Communism will collapse under the weight of its economic fallacies, its political follies, and the pressures of a restive, discontended population. These pressures will increase with the rise and spread of education amongst their own people.

Practical ways and means will be found by the free world to pierce the Iron Curtain and bring home to the Russian people the facts and the truth. The Soviet empire will fall apart as one satellite after another attains its own liberation. The Communist hierarchy will destroy itself by internal struggles for power and will be displaced by a military dictatorship which in turn will give way to representative government.

XIV
People's Capitalism

The prestige of the Marxist solution of social problems will decline as its limitations and errors become increasingly apparent in a rapidly developing world of technology. It will be more generally realized that centralized state economy is incompatible with human freedom. As Socialism is stripped of its popular appeals, the dynamics of a people's capitalism within a democratic framework will be intensified.

XV
Living Standards

The equation of the technical developments already listed will

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Union Natl. Bank of Youngstown, Ohio	19	2.25	60	3.8
Union Oil and Gas Corp. of Louisiana, class A & B Crude oil and natural gas production	51	0.80	56½	1.4
Union Planters National Bank of Memphis	26	†1.58	43¾	3.6
Union Street Railway Co. New England bus service	15	1.00	15	6.6
Union Trust Co. of Md.	17	1.60	44½	3.6
Union Wire Rope Corp. Manufactures wire, wire rope and slings	29	1.20	20½	5.8
United Drill & Tool Machine tools, misc. equipment	15	1.30	24	5.4
United Illuminating Co. Connecticut operating utility	56	2.60	53½	4.9
United Printers & Publ., Inc. Greeting cards	17	1.10	12⅞	8.5
United Public Markets, Inc. Massachusetts retail chain	*10	0.20	7⅞	2.5
United States Cold Storage Corp. Car-icing, ice, etc.	14	2.40	33	7.3
U. S. Envelope Co. Manufacturer of envelopes, paper cups and other paper products	17	†1.00	21⅞	4.6
U. S. Fidelity & Guaranty Co. Diversified insurance	17	2.00	57¾	3.5
U. S. Fire Insurance Co. Diversified insurance	*46	1.00	24	4.2
United States Loan Society Lends on gold, silver, diamonds and watches	49	0.90	14	6.4
U. S. Lumber Co. Holding company, land and mineral interests	*48	0.45	5⅝	8.0
United States National Bank of Denver	32	†1.90	61	3.1
U. S. Natl. Bank (Portland)	57	†2.44	72½	3.4
U. S. Potash Co. Potash used in chemicals and fertilizers	20	2.00	50	4.0
U. S. Radium Corp. Luminous equipment	*12	0.75	12⅜	6.1
U. S. Shoe Corp. Women's footwear	24	†0.75	20¼	3.7
United States Testing Co. Research and tests textiles, soaps, oils	21	3.50	104	3.4
U. S. Truck Lines (Del.) Inter-city motor carrier	24	1.20	20	6.0
U. S. Trust Co. (N. Y.)	102	†3.30	69¾	4.7
United Steel & Wire Co. Wire and metal specialties	19	0.75	8¾	8.6
United Utilities, Inc. Holding company	17	1.20	21⅛	5.7
Universal Match Co. Matches and candy	18	†1.14	27	4.2
Univis Lens Co. Manufacturer and distributor of multifocal opthalmic lens blanks and eye glass frames	28	0.05	4⅛	1.2
UPSON (THE) CO. Exterior and interior fibre wallboard ● **See Company's advertisement on page 46.**	15	1.50	23½	6.4
Upson-Walton (The) Co. Manufactures wire rope, tackle blocks and rope fittings	22	0.95	11½	8.3
Utah Construction Co. General contracting	31	g0.30	40	0.8
Utah Home Fire Insurance Company Disaster insurance	*22	1.10	31	3.5
Utah Oil Refining Co. Refining & marketing petroleum products	41	1.30	30	4.3
Utility Appliance Corp. Air conditioning equipment and heating gas ranges	10	0.20	6½	3.1
Valley Mould & Iron Corp. Ingot moulds and stools	20	†3.25	42½	7.6
Valley National Bank of Phoenix	23	†0.98	30	3.3
Vapor Heating Corp. Car heating systems	22	2.50	44	5.7
Veedor-Root, Inc. Makes counting devices	22	†2.67	52½	5.1
Victoria Bondholders Corp. New York City real estate	20	25.00	516	4.8
Viking Pump Co. Rotary pumps	22	1.35	26	5.2
Virginia Coal & Iron Co. Owns soft coal land in Virginia and Kentucky	*40	5.00	85¼	5.9
Vlchek Tool Co. Tools and plastics	21	0.60	9	6.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
g Plus two shares of Permanente Cement common for each 100 shares held.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Volunteer State Life Insurance Co. (Non-participating only)	13	1.00	124	0.8
Vulcan Mold & Iron Co. (Ingot moulds and plugs)	22	†0.54	13¼	4.1
Wachovia Bank & Trust (Winston-Salem)	20	1.00	53	1.9
Walker Manufacturing Co. of Wisconsin (Auto parts)	10	0.94	19½	4.8
Warehouse & Terminals Corp. (Warehouses and outdoor storage)	10	0.13	2	6.5
Warner Co. (Sand, gravel and lime products)	10	2.75	51	5.4
Warren Bros. Co. (Paving contractor)	13	2.00	45¾	4.4
Warren (S. D.) Co. (Printing papers & allied products)	20	1.25	48	2.6
Washburn Wire Co. (Wire and springs)	17	2.00	30½	6.6
Washington National Insurance Co. (Evanston, Ill.) (Life, accident and health)	33	0.60	69	0.9
Washington Oil Co. (Crude oil and gas producer)	31	2.00	24	8.3
Washington Title Insurance Company (Title insurance)	19	5.50	18	30.6
Waterbury-Farrell Foundry (Makes metal working machinery)	102	2.00	31	6.4
Watson-Standard Co. (Paints and glass)	*12	0.90	13	6.9
Wellington Mills, Inc. (Cotton goods)	15	9.00	275	3.3
Wells-Gardner Co (Electronic contract manufacturer)	11	0.95	13⅛	7.2
West Coast Telephone Co. (Operating public utility)	17	1.00	18	5.6
West Disinfecting Co. (Sanitation products)	16	†0.77	15	5.1
West Mich. Steel Foundry (Steel and alloy castings)	20	1.20	17¾	6.8
West Ohio Gas Co. (Natural gas utility)	16	0.85	16½	5.2
West Penn Power Co. (Both operating utility and holding company)	*33	2.50	51	4.9
West Point Mfg. Co. (Textile manufacturing)	69	1.20	16¾	7.2
West Virginia Water Service (Wholesale gas; retails water and ice)	11	1.40	28½	4.9
Westchester Fire Ins. (N. Y.) (Diversified insurance)	85	1.15	28¾	4.0
Western Assurance Co. (Toronto) (Fire, marine, aviation, auto and casualty)	22	†2.355	79	2.9
Western Casualty & Surety Company (Multiple line, fire & casualty and fidelity and surety bonus)	18	n†1.11	27¾	4.0
Western Electric Co. (Makes equipment for A. T. & T.)	20	3.60	93	3.8
Western Life Insurance Co. (Participating & non-participating)	47	2.00	106	1.2
Western Light & Tel. (Supplies electric, gas, water and telephone service)	12	1.75	32⅝	5.4
Western Massachusetts Cos. (Holding company for an operating electric utility)	29	2.20	39¾	5.5
Western Real Estate Trustees (Merged in June 1956 with Boston Ground Rent Trust and Boston Real Estate Trust to form Real Estate Investment Trust of America. Stockholders received eight shares for each one held.)				
Weyerhaeuser Timber Co. (Manufacture and sale of forest products)	*24	†1.09	40	2.7
Whitaker Cable Corp. (Manufacturer of automotive cable products)	21	0.80	13¼	6.0
Whitaker Paper Co. (Paper products and cordage)	22	2.30	46½	4.9
White & Wyckoff Manufacturing Co. (Social stationery & greeting cards)	14	1.00	20½	4.9
Whitehall Cement Manufacturing Co. (Manufacturer of portland cement)	10	†1.58	54	2.9
Whitin Machine Works (Textile machinery)	69	1.40	22	6.4
Whiting Corp. (Cranes, hoists, foundry equipment)	19	1.00	14½	6.9
Whitney Blake Co. (Insulated wires and cables)	14	0.65	14½	4.5
Whitney Natl. Bk. (New Or.)	71	4.00	295	1.4
Wichita Union Stockyards (Kansas operator)	48	5.00	75	6.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n Current yearly dividend rate is $1.20.

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World in 1976

usher in an era of relative economic abundance. Slowly but surely the waters of wretchedness now covering so much of the earth will recede, and levels of well-being without past 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 individual genius. Highly-geared technology will put a premium on brains: ever 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 — both live and recorded —will be available by television, radio, the phonograph and electronic photography. The opportunities for creative and interpretative talents will be greater than ever before. The range and variety of programs will embrace everything created by the human mind.

XVIII
Government

Because of unprecedented access to information, public opinion will be a more decisive element in the political life of nations. Prevailing 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 more and more effective.

XIX
War

Universal communications and speedy transportation will shrink the world to a neighborhood. Technological developments in weapons of mass destruction will leave no doubt that the alternative is between survival or annihilation. All nations will find it imperative to develop and adopt 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 vitality. The gradual elimination of physical hungers will deepen the more elemental hunger for faith and salvation, for age-old values beyond the material and temporal that gnaws at the heart of man.

Science begets humility. Its every discovery reveals more clearly the Divine design in nature, the remarkable harmony in all things, from the infinitesimal to the infinite, that surpasses mortal 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 in the harsh soil of mortal existence. Thus man is given a positive role in carrying out a phase of the blueprint of the Supreme Architect.

* * *

But I must climb down from that lofty eminence. A man who has survived half a century of labor in any field will, I hope, be forgiven for an excursion to the heights where not only the past, but a bit of the future seem spread out before his eyes. The world, as I see it, that awaits us 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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The State of Trade And Industry

rates—probably a record 32,000,000 net tons this quarter. In September ingot production was approximately 10,500,000 net tons. The record was 10,924,788 net tons in March.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 101.4% of capacity for the week beginning Oct. 1, 1956, equivalent to 2,495,000 of ingot and steel for castings as compared with 101.6% of capacity, and 2,502,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 98.7% and production 2,429,000 tons. A year ago the actual weekly production was placed at 2,334,000 tons or 96.7%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Registered a Mild Decline in the Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 29, 1956, was estimated at 11,365,000,000 kwh., a decrease below the week ended Sept. 22, 1956, according to the Edison Electric Institute.

This week's output fell 117,000,000 kwh. under that of the previous week; it increased 738,030,000 kwh. or 6.9% above the comparable 1955 week and 2,207,000,000 kwh. over the like week in 1954.

Car Loadings in Week Ended Sept. 22 Lifted Mildly Above Preceding Week

Loadings of revenue freight for the week ended Sept. 22, 1956 increased 1,589 cars or 0.2% above the preceding week, the Association of American Railroads reports.

Loadings for the week ended Sept. 22, 1956, totaled 822,255 cars, an increase of 8,535 cars or 1% above the corresponding 1955 week and an increase of 112,040 cars, or 15.8% above the corresponding week in 1954.

U. S. Car Output Shows Mild Expansion in Latest Week As Car Makers Turned To 1957 Models

Car output for the latest week ended Sept. 28, 1956, according to "Ward's Automotive Reports," expanded somewhat from that of the preceding week as car manufacturers turned to the construction of 1957 models.

Last week the industry assembled an estimated 37,849 cars, compared with 35,652 (revised) in the previous week. The past week's production total of cars and trucks amounted to 50,934 units, or an increase of 1,112 units ahead of the preceding week's output, states "Ward's."

Last week's car output rose above that of the previous week by 2,197 cars, while truck output declined by 1,085 vehicles during the week. In the corresponding week last year 115,723 cars and 23,058 trucks were assembled.

Last week the agency reported there were 13,085 trucks made in the United States. This compared with 14,170 in the previous week and 23,058 a year ago.

Canadian output last week was placed at 2,720 cars and 1,164 trucks. In the previous week Dominion plants built 1,740 cars and 1,156 trucks and for the comparable 1955 week 4,942 cars and 811 trucks.

Business Failures Eased Slightly The Past Week

Commercial and industrial failures dipped to 251 in the week ended Sept. 27 from 262 in the preceding week, Dun & Bradstreet, Inc., stated. However, the toll remained considerably above the 186 occurring a year ago and the 192 in 1954. Despite this increase from 1955 and 1954, failures were 5% below the prewar level of 264 in the similar week in 1939.

All of the week's decrease occurred among failures with liabilities of $5,000 or more which dipped to 215 from 228 last week, but continued to exceed the 155 of this size a year ago. Small failures with liabilities under $5,000, edged up to 36 from 34 in the previous week and 31 in the comparable week of 1955. Liabilities in excess of $100,000 were incurred by 21 of the week's failures as against 22 a week ago.

In all industry and trade groups except wholesaling, tolls declined slightly. The wholesaling toll edged to 25 from 24. Business

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Will & Baumer Candle Co. — Candles and beeswax	23	1.00	16	6.2
Willett (Consider H.), Inc. — Maple and cherry furniture	*16	0.55	8¼	6.6
Williams & Co., Inc. — Supplies for industrial safety, welding, refrigeration, etc.	21	†1.36	28½	4.8
Williams (The) (J. B.) Co. — Manufactures toilet articles	71	0.40	7¼	5.5
Wilmington (Del.) Trust Co.	48	8.00	192	4.2
Winters Natl. Bank & Trust (Dayton)	*31	0.85	27	3.1
Wisconsin National Life Insurance Co. — Life, health and accident	36	0.70	56	1.2
Wisconsin Power & Light — Electricity supplier	10	1.28	25⅞	4.9
Wiser Oil Company — Crude oil and natural gas production	41	2.75	42	6.5
WJR The Goodwill Station (Detroit, Mich) — Detroit broadcaster	28	0.45	11⅞	3.8
Woodward Governor Co. — Speed controls for engines and propellers	17	1.85	31	5.9
Worcester County Trust Co. (Mass.)	14	2.65	65¾	4.0
Wyatt Metal & Boiler Works — Sheet and steel plate	25	2.75	45	6.1
York Corrugating Co. — Metal stamping, wholesale plumbing and heating supplies	20	1.25	17¼	7.2
York County Gas Co. — Operating public utility	11	2.00	49	4.1
York Water Co. — Operating public utility	*13	1.20	32½	3.7
Yosemite Park & Curry Co. — Operates hotels, camps and stores	13	†0.27	6	4.5
Young (J. S.) Co. — Licorice paste for tobacco	44	4.50	56	8.0
Youngstown Steel Car Corp. — Railroad cars and equipment	17	0.75	22	3.4
Yuba Consol. Gold Fields — California gold dredger	47	0.40	3¼	12.3
Zeigler Coal & Coke Co. — Owns mines in Illinois and Kentucky	17	0.70	15½	4.5
Zonolite Co. — Fire proof building materials	12	0.075	3⅞	1.9

TABLE II
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
5 to 10 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Alabama Tennessee Natural Gas Co. — Pipe line	5	†0.98	19½	5.0
Alexander Hamilton Institute Inc. — Courses in executive training	9	1.00	11	9.1
Allied Gas Co. — Natural gas	7	0.70	18½	3.8
Alpha Beta Food Markets, Inc. — California super markets	*6	†0.465	19¾	2.4
American Forest Products Corp. — Logging and lumbering	*6	†0.99	26	3.8
American Furniture Mart Corporation — Chicago real estate	7	0.25	23½	1.1
American Home Assurance Corp. — Diversified insurance	5	1.40	40	3.5
American Hospital Supply — Large variety of hospital supplies	9	1.20	30	4.0
American-Marietta Co. — Paints, varnishes, enamel, lacquers, etc.	8	1.10	51¼	2.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
American National Finance Corp. — Small loans	9	1.10	24	4.6
American National Fire Insurance Co. — Diversified insurance	8	0.70	15	4.7
American Rock Wool Corp. — Mineral wool	5	1.35	18½	7.3
American Spring of Holly, Inc. — Springs and wire forms	9	0.70	6¾	10.4
American Vitrified Products — Sewer pipe, bricks, tile	9	1.15	21½	5.3
Anchor Steel & Conveyor Co. — Mechanical conveyor systems	8	0.15	2⅜	6.3
Atlanta Paper Co. — Cartons and bags	6	0.40	12	3.3
Auto-Soler Co. — Shoe repair machinery	6	0.20	2⅞	6.9
Bausch Machine Tool Co. — Drills and boring mills	5	1.25	17	7.4
Bell & Gossett Co. — Pumps, tanks and valves	9	0.50	14⅝	3.4
Benjamin Franklin Hotel Co. — Philadelphia hotel	9	12.00	300	4.0
Blue Ridge Insurance Co. — Diversified insurance	6	†0.92	23⅝	3.9
Bradley (Milton) Co. — Games and toys	5	0.55	14½	3.8
Brooklyn Borough Gas Co. — Operating public utility	6	0.80	15½	5.2
Brooklyn Garden Apartments, Inc. — Brooklyn apartment houses	*9	6.50	102	6.4
Buchanan Steel Products Corp. — Forgings	9	0.20	3⅝	5.5
Burnham Corp. — Greenhouses, radiators, etc.	9	1.05	18	5.8
Bush Manufacturing Co. — Parts for commercial refrigeration	5	0.70	29	2.4
Camp Manufacturing Co., Inc. — Paper & board, lumber, turpentine	9	0.90	68	1.3
Capitol Records, Inc. — Phonograph records	6	0.95	14	6.8
Carlisle Corp. — Inner tubes, brake lining, bicycle tires, etc.	6	0.50	7⅛	7.0
Carpenter (L. E.) & Co. — Manufactures coated fabrics	4	0.15	4½	3.3
Cascades Plywood Corp. — Plywood	9	2.00	34¼	5.8
Cedar Point Field Trust, ctfs. — Texas oil wells	6	0.82	6⅝	12.4
Central Coal & Coke Corp. — Leases mines on royalty basis	9	1.00	38	2.6
Chatham Manufacturing Co., Class A — Woolen blankets	9	0.18	3¾	4.8
Chicago Railway Equipment Co. — Railway equipment and foundry (malleable)	5	2.50	35	7.1
Churchill Downs, Inc. — "Kentucky Derby"	5	1.30	18½	7.0
Cleveland Trencher Co. — Trench excavating machines	6	0.80	16½	4.8
Cochran Foil Co. — Aluminum foil	8	1.40	84	1.6
Color-Craft Products, Inc. — Wall coverings	8	0.40	4	10.0
Commercial Banking Corp. — Dealer financing	8	0.70	8½	8.2
Commonwealth Telephone Co. (Dallas, Pa.) — Operating public utility	5	0.80	15	5.3
Community Hotel Co. (Pa.) — York, Pa., hotel	9	6.00	98	6.1
Conestoga Transportation Co. — Lancaster County (Pa.) bus service	9	0.25	4¾	5.3
Conn (G. C.), Ltd. — Top manufacturer of band instruments	8	0.40	8¾	4.6
Connecticut Printers, Inc. — Printing and lithographing	9	1.50	35	4.3
Connohio, Inc. — Warehousing	9	0.30	3⅛	9.6
Consolidated Freightways, Inc. — Motor freight	5	†0.75	16	4.7
Continental Motor Coach Lines, Inc. — Kentucky bus service	7	1.25	28½	4.4
Cooper Tire & Rubber Co. — Tires and tubes	6	0.75	12	6.2
Cosmopolitan Realty Co. — Denver hotel	6	10.00	225	4.4
Craddock-Terry Shoe Corp. — Shoe manufacturer	7	1.00	20	5.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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The State of Trade And Industry

casualties exceeded the 1955 level in trade and construction, remained even in manufacturing and declined from last year in commercial service.

Five of the nine major geographic regions reported mild declines during the week. On the other hand, failures in the East North Central, West North Central, West South Central, and in the Mountain States, advanced moderately. More businesses failed than last year in all areas except the New England, East South Central and Pacific States. Casualties were about twice as numerous as in 1955 in the Middle Atlantic and East North Central States.

Wholesale 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 $6.08 on Sept. 25, as against $6.06 the preceding week. The latest 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, steers and hogs. Lower in price were corn, rye, oats, coffee, eggs, currants and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Eases Slightly From 4½-Year Peak of 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 299.28 a week previous and with 279.45 on the corresponding date last year.

Grain price movements were very irregular last week with wheat and barley the only grains to record advances.

Strength in the bread cereal was largely based on the lack of moisture in the Southwest where seeding is being delayed by unusually hot and dry wheather conditions.

Cash corn prices fluctuated erratically and finished sharply lower, reflecting increased new crop offerings and slow 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 bying stimulated by reports that the Canadian Wheat Board had suspended, until further notice, shipments of rye from Western Canadian Provinces to Lakehead ports. Daily average purchases of grain and soybean futures on the Chicago Board of Trade increased last week to 53,000,000 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 fair to large balances. Business in advertised family flours spurted late in the week prior to a price advance of 20 cents per cwt., with most buyers covering for 90 to 120 days. Butter prices continued to edge upward with all grades meeting with good demand and present volume of arrivals clearing satisfactorily. Egg prices trended lower this week reflecting heavy receipts and slow consumer demand.

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

Cocoa developed a stronger undertone influenced to some extent by the first official estimate of the new main Accra 1956-57 crop, pointing to a production of 205,000 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 firmer last week as trading increased in most spot markets.

Buying by trade interests was a supporting 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 332,300 bales. Purchases of cotton in the 14 spot markets last week reached 354,000 bales, up from 336,400 the preceding week and 293,000 in the corresponding week last year. Export trade continued in good volume. Total sales since the beginning of the export program in April amounted to more than 3,815,000 bales.

Retail Trade Volume the Past Week Aided by Cooler Weather and Sales Promotions Rose 5 to 9% Above a Year Ago

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

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Railroad Securities

By GERALD D. McKEEVER

Gulf, Mobile & Ohio

With a small increase in gross in July, the Gulf, Mobile & Ohio did relatively well in that generally poor month this year. In fact, this Road did better than its big neighbor, the Illinois Central, a fellow sufferer from low-rate Mississippi River barge competition, although the larger road made a better showing in the earlier months so that its seven month performance was more satisfactory. The Gulf, Mobile & Ohio was naturally less affected by the July steel strike than the Illinois Central which is one of the nation's major coal carriers.

This does not mean that the Gulf, Mobile & Ohio is not at all affected by the level of steel operations. Bituminous coal and coke represented 3.45% of total freight revenues in 1955 and this road suffered some decline in this traffic during both strikes in the Birmingham mills this year. Prior to the industry-wide strike there was the sympathetic strike against the U. S. Steel plants in this district beginning late in April in support of a walkout of employees of the Tennessee Coal & Iron R. R., a U. S. Steel captive line. Iron ore, which represented only 1% of 1955 revenues is of less importance.

The road's iron ore business has been somewhat disappointing. While this used to be an inconsiderable item, there was quite a pick-up from the dumping of imported ore at Mobile. However, the line of the Gulf, Mobile & Ohio is not a direct route to the Birmingham area from Mobile such as the lines of the Southern and the Louisville & Nashville, and these roads are in a better position to compete for this haul. The Gulf, Mobile & Ohio is in a relatively favorable position to compete for the haul to the mills in the Chicago area, however, but is subject to the low rate river competition on this run.

For one reason or another, the iron ore traffic of the Gulf, Mobile & Ohio dropped from 503,896 tons in 1954 to 444,144 tons last year. This was quite disappointing in view of the fact that the road's 1954 report had forecast a gain, mentioning the expectation of $1¼ million revenue from this source as against about $700,000 in 1954 in which year shipments through and from Mobile did not begin until the month of April. As it has turned out, the 1955 revenue from iron ore amounted to only $804,485, and the tonnage was some 12% under the 1954 figure, as indicated above.

Not sharing in the higher level of traffic enjoyed by the northern and eastern roads and probably having to continue to make rate concessions, the Gulf, Mobile & Ohio has given no visible evidence of any benefit from the freight rate increase that went into effect last March, at least in reports issued thus far. Revenues for the first seven months this year totalled $48,097,000 as against $48,257,000 for the corresponding 1955 period, although this decline is partly accounted for by the drop in passenger revenue. While the allowable freight rate increase would appear to be somewhere around $4 to $4½ million on an annual basis, the Gulf, Mobile & Ohio, flanked by cut-rate Mississippi River barge competition from New Orleans and Mobile all the way to Chicago, has been unable to stand pat even on the rates that existed prior to this year's increase. Further erosion was shown in 1955 in the decline in the average revenue per ton-mile to 1.25 cents as against 1.29 cents in 1954, which latter represented a concession from the 1953 figure of 1.36 cents. The nationwide revenue per ton-mile was 1.37 cents in 1955.

Meanwhile, the road places the wage increases granted in 1955 at $3.5 million annually and the accompanying payroll taxes at another $550,000. With another round of wage increases coming up, the problem is bound to be aggravated. The Southern roads have thus far declined to join in the petition for a 15% freight rate increase which has been filed by the northern, eastern and western roads, and based on recent experience there is considerable doubt that the Gulf, Mobile & Ohio could make any sizable part of the increase "stick," even if this and other southern roads decided to go along.

Earnings of the Gulf, Mobile & Ohio amounted to $1.95 per common share for the first seven months of this year as against $3.40 for the corresponding 1955 period. Earnings for the full year 1955 were $5.92 per common share, and it thus looks doubtful at this point that the 1956 result could be much better than $4.50 to $4.75 unless something new comes into the picture. It seems certain that not much can be effected in the way of true economies in this short period of time and, furthermore, there is so little room for radical improvement. The Gulf, Mobile & Ohio, fully dieselized since 1949, is physically one of the most efficient rail operations in the country. For instance, the overall freight service efficiency measure of gross ton-miles per freight train hour for this road made the new high of 74,279 in 1955, representing one of the widest gains among class I roads in the past decade.

However, there could be the possibility of bolstering earnings by paring maintenance moderately. The road's maintenance rate was 34.4% of gross revenues for the first seven months this year as against 33.9% for the corresponding 1955 period and 34% for the year 1955. A reduction of one-half percentage point in the maintenance rate would produce about $400,000 or around 40 cents per share after tax at the presently indicated level of 1956 revenues, and this could make the $5 per share that some have estimated realizable this year. Another factor is that traffic has picked up moderately.

Even so, considerable doubt would still surround the question of the payment of the 50 cent per share extra again this year in addition to the regular $2.00 rate, and the current price of about 31 for Gulf, Mobile & Ohio common is reflecting this doubt. Even at $5 per common share, the 1956 net would be about $860,000 less than that of 1955, and that year's "net earned cash flow" covered the $2.50 per share total common dividend by only $778,388, or less than the supposed decline in net on the basis of $5 per share earnings. Earned net cash flow is, in effect, the sum of net income and depreciation, amortization and other non-cash charges but less capital expenditures for debt retirement and for property improvement. With this in mind, it would seem that there might be some leeway for the 50 cent extra on "Gulf" common in reduced expenditures for additions and betterments if the trend for the first seven months this year may be projected for the full year. In this period, these capital expenditures were about $530,000 less than for the first seven months of 1955. Also current finances remain strong, with total cash items and net current assets as of July 31 this year showing little change from the figures of the same date of 1955.

In the longer run some savings may be effected by the acquisition of additional rolling stock. The Gulf, Mobile & Ohio has had a net debit of about $1.9 million annually in its car hire account in recent years. A step to meet this situation is seen in the road's recent $5 million order for 600 freight cars consisting of 250 box cars, 100 covered hoppers and 250 wood rack cars. In short, it now appears that the Gulf, Mobile & Ohio is a situation requiring patience. The road is in a growth territory, it has shown good growth itself until the last two years, and such developments as the location of 78 new industries in 1955 and the expansion of 18 existing ones should be effective in offsetting much of the erosion elsewhere that this road has had to contend with.

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The State of Trade and Industry

when bad weather conditions prevailed in many Eastern business centers.

Purchases of new and used automobiles continued to mount and dealer inventories were limited.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 5 to 9% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England +6 to +10; East +8 to +12; South +3 to +7; Middle West and Southwest +5 to +9; Northwest +4 to +8 and Pacific Coast —3 to +1%.

There was a slight rise in wholesale trade the past week, and volume moderately exceeded that of the similar period a year ago.

Buyers boosted their orders for textiles and Fall apparel, but purchases of household furnishings fell somewhat.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 22, 1956, increased 8% above those of the like period of last year. In the preceding week, Sept. 15, 1956, an increase of 4% was reported. For the four weeks ended Sept. 22, 1956, an increase of 5% was recorded. For the period Jan. 1, 1956 to Sept. 22, 1956 a gain of 4% was registered above that of 1955.

Retail sales volume in New York City the past week advanced an estimated 4 to 6% above the like period a year ago, due in the main to cooler weather, according to trade observers.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Sept. 22, 1956, increased 15% above those of the like period last year. In the preceding week, Sept. 15, 1956 an increase of 5% (revised) was recorded. For the four weeks ending Sept. 22, 1956, an increase of 4% was registered. For the period Jan. 1, 1956 to Sept. 22, 1956 the index recorded a rise of 4% above that of the corresponding period in 1955.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
Cribben & Sexton Co. Manufacturer of domestic gas appliances	5	0.60	9¼	6.5
Cumberland Gas Corp. Operating public utility	9	h3.60	8⅞	6.8
Cummins Engine Co. Diesel and gas engines	8	†0.90	66	1.4
Curlee Clothing Co. Suits and overcoats	9	0.60	9½	6.3
Darling (L. A.) Co. Display equipment	9	†0.42	16	2.6
De Bardelebon Coal Corp. Bituminous coal	8	6.00	81	7.4
Dean Co. Veneer, lumber and wood products	*9	0.60	17	3.5
Delta Air Lines, Inc. Air transport	7	†0.96	36⅝	2.6
Denver Chicago Trucking Co., Inc. Motor common carrier.	6	1.00	16½	6.1
Dobbs Houses, Inc. Restaurant and airline catering	9	2.10	36	5.8
Dewey Portland Cement Co. Portland cement	*7	1.00	49	2.0
Dunham (C. A.) Co. Steam heating appliances	6	0.50	8¼	6.1
Empire State Oil Oil production and refining	9	0.25	8¼	3.1
Equity Oil Co. Crude oil production	9	0.40	12⅞	3.0
Erie Resistor Corp. Electronic products	5	0.70	21	3.3
Federal Sign & Signal Corp. Signaling apparatus	8	†1.17	24	4.9
First-Mechanics Natl. Bank of Trenton	7	1.25	34	3.7
Flour City Ornamental Iron Ornamental metal work	8	0.95	10	9.5
Foote Mineral Co. Chemicals and minerals	9	†0.39	50½	0.8
Fort Worth Transit Co. Fort Worth bus service	8	0.60	5¼	11.4
Fownes Brothers & Co. Gloves	9	0.15	4¼	3.5
Friedman (Louis) Realty Co. New York City real estate	9	0.40	9	4.4
Fulton Market Cold Storage Chicago cold storage	8	1.00	17½	5.7
Funsten (R. E.) Co. Sheller and packer of pecans, walnuts and almonds	6	0.55	8¾	6.3
Gamble Brothers, Inc. Lumber products	6	0.40	7	5.7
Genuine Parts Co. Auto parts distributor	8	1.00	20¾	4.8
Germantown Fire Insurance Company Disaster insurance	*8	2.25	97	2.3
Gordon Foods, Inc. Manufacturer and distributor of food products	6	0.425	9½	4.5
Goulds Pumps, Inc. Pumps and water systems	8	1.00	25	4.0
Govt. Employees Ins. Co. Auto insurance for Government employees only	9	†1.16	55	2.1
Grace Natl. Bank of New York	9	6.00	266	2.2
Great Lakes Steamship Co. Freighters	8	2.00	37	5.4
Green Mountain Power Corp. Public utility, electric and gas in Vermont	5	†0.90	16⅛	5.6
Greene Cananea Copper Co. Copper production in Mexico	6	3.00	45	6.6
Greenwich Gas Co. Gas supplier	5	0.675	12¼	5.5
Gregory Industries, Inc. Studs, clips, and rivets	8	0.40	9½	4.2
Hagerstown Gas Co. Natural gas supplier	5	0.70	10¾	6.5
Haytian American Sugar Co., S. A. Sugar production	7	i2.00	34	5.9
Hibernia Bank (San Fran.)	8	3.00	86½	3.5
Home Finance Group, Inc. Holding company—auto financing	8	0.25	6¼	4.0
Hubinger Co. Corn refining	7	†0.74	16¼	4.5
Hudson Pulp & Paper Corp., Class A Kraft and tissue papers	5	1.26	34	3.7
Indiana Gas & Chemical Corp. Coke	5	0.60	14⅞	4.0
Indiana Limestone Co. Limestone production	5	0.35	7⅞	4.4
Inter-County Title Guarantee & Mortgage Co. Title insurance	8	5.00	105	4.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
h A special dividend payment of $3 was paid on Oct. 1, 1955. The yield shown here is computed on the company's 15c quarterly basis.
i Less 5% Haytian withholding tax.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
International Correspondence Schools Worlds, Ltd. — Publishing & technical education	5	0.20	5¾	3.5
International Textbook Co. — Printing, publishing and home study schools	5	2.05	32½	6.3
Interstate Bakeries Corp. — Baking bread and cakes	8	†0.90	23¼	3.9
Interstate Engineering Corp. — Aircraft parts and vacuum cleaners	5	0.80	10¼	7.8
Interstate Motor Freight System — Common motor carrier	6	1.00	13½	7.4
Iowa Electric Light & Power Co. — Operating public utility	6	1.85	29⅜	6.3
Jack & Heintz, Inc. — Precision parts for aircraft	5	0.80	10¾	7.4
Jersey Mortgage Co. — Mortgage banking and real estate	7	3.00	43	7.0
Kaiser Steel Corp. — Leader on Pacific Coast	5	0.80	33¾	2.4
Kansas City Structural Steel — Buildings, bridges and tanks	8	0.75	20	3.7
Kent-Moore Organization — Service station equipment	8	1.30	14	9.3
Keyes Fibre Co. — Paper plates, plastic trays, etc.	6	1.175	22	5.3
Keystone Portland Cement Co. — Manufactures cement	6	1.55	32⅛	4.8
Kingsburg Cotton Oil Co. — Cotton seed products	9	0.09	2	4.5
Kirkeby Hotels, Inc. — Real estate (hotel)	6	1.00	170	0.6
La France Industries, Inc. — Upholstery	7	0.10	10	1.0
La Salle Natl. Bk. (Chicago)	8	2.25	54	4.2
Lakeside Laboratories, Inc. — Pharmaceutical products	8	0.525	22	2.4
Langendorf United Bakeries — West Coast baker	7	1.80	32¼	5.6
Lucky Stores, Inc. — Retail food chain in northern California	9	0.60	13⅝	4.4
Ludman Corp. — Manufactures "Auto-Lok" aluminum awning type windows, glass and aluminum venetian type windows and jalousie doors	5	†0.19	5	3.8
Macco Corp. — Oilfied construction and maintenance	8	0.60	11	5.4
Marmon-Herrington Co. — Heavy duty trucks; mining equipment	7	0.40	12⅜	3.2
Maryland Casualty Co. — Diversified insurance	8	1.45	33¼	4.4
Maryland Credit Finance Corp. — Auto financing	9	1.75	25	7.0
Maxson (W. L.) Corp. — Electro-mechanical and electronics apparatus	8	†0.29	8	3.6
McNeil Machine & Engineering Co. — Vulcanizers	5	1.30	32¾	3.9
Metals & Controls Corp. — Strip metal	*5	2.40	123½	1.9
Metals Disintegrating Co. — Metal powders	6	0.40	24	1.6
Mexican Eagle Oil Co., Ltd. Ordinary — Property interests	5	0.52	2.88	1.8
Mississippi Glass Co. — Rolled glass wire glass, etc.	9	2.10	37	5.7
Missouri Insurance Co. — Life, accident and health. Name changed to Life Insurance Co. of Missouri on Apr. 30, 1956.				
Mode O'Day Corp. — Women's and children's apparel	9	1.00	15	6.7
Moore (William S.), Inc. — Retail chain stores	7	0.25	8	3.1
Moore-Handley Hardware — Hardware wholesaler	9	0.50	8⅝	5.9
Morgan Engineering Co. — Produces mills, cranes, etc.	8	0.90	19	4.7
Morganton Furniture Co. — Manufacturers furniture	5	1.05	19¼	5.4
National Bank of Toledo (Ohio)	7	1.50	43	3.5
National Gas & Oil Corp. — Natural gas and Pennsylvania grade crude oil	6	0.95	16	5.9
National Tank Co. — Manufactures and sells oil field equipment	9	1.05	23	4.6
NEW ENGLAND GAS & ELECTRIC ASSOCIATION — Owning investments in several operating utility companies	9	1.00	17½	5.7

● See Company's advertisement on page 49.

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Bankers 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 4.40% series G, par value $100 per share, at the rate of one preferred share for each 38 shares of common stock held of record Sept. 28, 1956. The subscription price is $100 per share, and warrants expire at 3:30 p.m. (EDT) on Oct. 15, 1956.

A group headed jointly by Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co. is underwriting the offering.

The new preferred stock is convertible into common stock at $23.07 per share through Sept. 30, 1966. It is redeemable at prices scaled from $104.50 through Sept. 30, 1959 to $101 after Sept. 30, 1966.

Proceeds from the offering will be used to pay bank loans incurred for construction of utility plant. Construction expenditures for the period Aug. 1, 1956 to Dec. 31, 1957 are estimated at $71,000,000 with $54,000,000 being expended for electric property, $13,000,000 for gas property, and $4,000,000 for common property.

Long Island Lighting supplies electric and gas service in Nassau and Suffolk Counties and the contiguous Rockaway peninsula of Queens County, New York City. More than 76% of its revenues comes from electric service.

For the year 1951 operating revenues totaled $52,589,000 and net income was $4,971,000. By 1955 revenues had increased to $86,730,000 and net income to $11,065,000. For the 12 months ended July 1956, total operating revenues were $94,137,000 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., producer of pure beryllium metal used in atomic energy reactors and beryllium copper and other beryllium products, was made on Oct. 2, at $10 per share. Of the 400,000 shares, 375,000 shares are being offered publicly by an underwriting group headed by Kuhn, Loeb & Co. and McDonald & 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 new Brush Beryllium facilities to be constructed near Elmore, Ohio, the location of one of its present plants. In addition, the company recently signed two contracts with the Commodity Credit Corp. for the delivery of Beryllium copper alloy which will be produced at the new plant in quantities required by the contracts and for commercial sale.

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

Brush Beryllium Co. was organized in 1931 to take over and continue the research and development program initiated by The Brush Laboratories Company in 1921. It operates its own plant near Elmore, Ohio, a leased plant at Cleveland, Ohio, and a government-owned facility for the Atomic Energy Commission near Luckey, Ohio. Executive offices are in Cleveland.

In 1955, revenues from sales and services amounted to $4,502,009, and in the six months ended June 30, 1956, were $3,040,504 compared with $2,037,804 for the same period in 1955.

Camp Co. Adds to Staff

(Special to The Financial Chronicle)

PORTLAND, Oreg. — Lawrence W. Shiels Jr. has been added to the staff of Camp & Co., U. S. National Bank Building.

Cooper With Loewi

(Special to The Financial Chronicle)

MADISON, Wis. — Robert A. Cooper has become associated with Loewi & Co. Incorporated. Mr. Cooper was formerly local representative for A. C. Allyn and Company, Incorporated.

Joins Brew-Jenkins Co.

(Special to The Financial Chronicle)

MILWAUKEE, Wis.—Robert E. Schwab is now with Brew-Jenkins Company, Inc., First Wisconsin National Bank Building.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
New England Lime Co. — Lime manufacturing	7	0.50	28½	1.7
New Jersey Natural Gas Co. — Operating public utility	5	1.10	24½	4.5
Norfolk Southern Ry. Co. — Common carrier by rail	8	1.20	11½	10.4
Norris-Thermador Corp. — Metal fabricating, appliance manufacturing	6	0.75	16½	4.5
North American Refractories — Fire brick & refractory materials	9	1.30	39½	3.2
Northern Redwood Lumber Co. — Redwood and fir products	5	7.00	500	1.4
Old Ben Coal Corp. — Coal mining	9	0.75	14⅝	5.1
Opelika Manufacturing Corp. — Towels and linens	*8	†0.675	13¼	5.1
Pacific Intermountain Exp. — Motor freight; Western States	9	†1.90	18	10.6
Pacific Power & Light Co. — Electric operating utility	9	1.39	29⅜	4.7
Packard-Bell Co. — Radio, TV-electronics mfr.	7	0.475	9½	5.0
Paragon Electric Co. — Mfr. electric time controls	8	1.00	16½	6.0
Parker Appliance Co. — Manufacturer of hydraulic & fluid system components	6	1.00	14½	6.8
Pearl Brewing Co. — Beer producers	6	1.20	19¼	6.2
Penn Controls, Inc. — Manufactures automatic electric controls	6	1.40	23¼	6.0
Pennsylvania Engin'g Corp. — Steel mills; oil refineries; chemical plants	9	1.00	22¾	4.4
Penton Publishing Co. — Business and technical journals	*6	1.00	16	6.2
Pepsi-Cola General Bottlers, Inc. — Soft drinks	9	0.575	10⅝	5.4
Perfex Corp. — Manufacturer of heat transfer products	7	1.15	18	6.4
Pickering Lumber Corp. — California, Louisiana and Texas holdings	8	1.00	17⅜	5.8
Pittsburgh Reflector C., Cl. B — Lighting equipment	*7	0.40	6⅜	6.3
Pope & Talbot, Inc. — West Coast lumber mills	*8	1.25	29½	4.2
Portis Style Industries, Inc. — Hats and gloves	6	1.00	1½	6.6
Portland General Electric — Electric utility	8	1.10	24⅜	4.5
Portsmouth Steel Corp. — Owns substantial interests in Cleveland-Cliffs Iron Co., Detroit Steel Corp., and companies in related fields	9	0.60	17½	3.4
Produce Terminal Cold Storage Co. — Public cold storage warehouse	8	1.00	17½	5.7
Pyramid Electric Co. — Electronic components	6	0.10	4½	2.2
Quaker City Cold Storage Co., v. t. c. — Cold storage facilities	6	0.15	6½	2.3
Quaker City Fire & Marine Insurance Co. — Diversified insurance	7	1.00	17	5.9
Queen Anne Candy Co. — Bar and bulk candy	8	0.10	2⅜	4.2
Reardon Co. — "Bondex" cement paint	8	†0.34	7	4.8
Reeves-Ely Laboratories — Research, development and production of electronic and electro mechanical devices.	8	0.20	18¾	1.0
Resistance Welder Corp. — High production welding machines	9	0.15	3⅜	4.4
River Brand Rice Mills — Leading rice miller and packager	9	†1.42	23¼	6.1
Robbins & Myers, Inc. — Manufacturing motors, fans, hoists & cranes, and pumps	6	2.50	52½	4.8
Roberts - Gordon Appliance Corp. — Gas heating equipment	8	0.375	3½	10.7
Rochester Transit Corp. — Rochester, N. Y., bus lines	5	0.40	5⅛	7.8
Rothmoor Corp. — Women's coats and suits	8	0.30	3⅛	9.6
Royal Dutch Petroleum (NY) — Affiliated with producers of many nations	9	1.38	69¾	2.0
San Miguel Brewery, Inc. (Philippines) — Beer and dairy products	*8	j1.60	12¼	13.1
Scott & Fetzer Co. — Vacuum cleaner attachments	9	1.90	22½	8.4
Seaboard Fire & Marine Insurance Co. (NYC) — Diversified insurance	6	0.90	15½	5.8
Security Title Insurance Co. — Title insurance	8	0.50	21½	2.3
Shedd-Bartush Foods, Inc. — Margarine and peanut products	6	1.00	20	5.0
Smith-Alsop Paint & Varnish Co. — Paints and varnishes	8	†1.35	23½	5.7
Smith (T. L.) Co. — Concrete mixing equipment	6	0.40	16	2.5
Smith Engineering Works — Mining machinery	9	1.50	40	3.8
Sommers Drug Stores Co. — Retail drug store chain	6	0.40	5	8.0
Sorg Paper Co. — Sulphite, kraft and bag papers	6	†0.93	28½	3.2
South Texas Development Co. Class B — Oil royalties	*6	4.00	75	5.3
Southdown Sugars, Inc. — Operates Louisiana sugar plantation	8	1.00	49	2.0
Southeastern Public Service — Natural gas supplier	8	0.675	12⅛	5.6
Southern Nevada Power Co. — Las Vegas electricity supplier	*5	0.90	18⅞	4.8
Southern Utah Power Co. — Operating public utility	5	1.00	17½	5.7
Southland Paper Mills, Inc. — Newsprint	5	2.00	105	1.9
Southwest Natural Gas Co. — Southern natural gas supplier	9	0.20	4⅝	4.3
Spartan Mills — Cloths and sheetings	6	1.50	34½	4.3
Standard Paper Manufacturing Co. — Sulphite bonds & coated papers	5	3.75	33	11.4
Standard - Toch Chemicals, Inc. — Varnishes and lacquers	9	†0.22	8½	2.6
Stern & Stern Textiles, Inc. — Silk, rayon and nylon fabrics	8	0.80	10	8.0
Strawbridge & Clothier — Large Philadelphia department store	9	†0.96	23¼	4.1
Stuart Co. — Pharmaceutical products	8	1.19	46	2.6
Stubnitz Greene Corp. — Manufactures spring seats for trucks, cars and buses, motor control switches and vinyl plastisols.	6	0.50	12¾	3.9
Stuyvesant Insurance Co. — Auto and marine insurance	8	0.25	35	0.7
Suburban Gas Service, Inc. — Petroleum gases	6	0.73	21	3.4
Tejon Ranch Co. — California land holdings	7	0.60	21¼	2.8
TELEVISION-ELECTRONICS FUND, INC. — Open-end mutual investment co. ● See Fund's advertisement on page 52.	7	0.86	12	7.2
Tennessee Gas Transmission — Natural gas transmission	9	†1.23	28¾	4.3
Tennessee Natural Gas Lines, Inc. — Pipe lines	6	0.50	10¼	4.9
Texas Eastern Transmission — Operates natural gas pipelines	6	1.40	26	5.4
Thompson (H. I.) Fiber Glass — Fiberglass, fabricators Hi Temp insulation, fiberglass reinforced plastic parts	9	†0.39	17¾	2.2
Toro Manufacturing Corp. — Power lawn mowers and stationary power tools	9	†0.85	23	3.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
j Payable in U. S. currency less non-resident taxes. Dividends being delayed pending release of funds by Philippine Government.

With Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Craig F. Byrne has become affiliated with Westheimer and Company, 322 Walnut Street, members of the New York and Cincinnati Stock Exchange.

With Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Leon W. Dinkin has become affiliated with Pacific Coast Securities Co., 240 Montgomery Street. He was formerly with Frank Knowlton & Company.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1956 $	Quotation June 30, 1956	Approx. % Yield Based on Paymts. to June 30, 1956
220 Bagley Corp. — Theatre and office building	9	1.00	36	2.8
Union Gas System, Inc. — Natural gas utility	9	1.00	21	4.8
Union Lumber Co. — California redwood	8	1.25	53	2.4
U. S. Life Insurance Co. — Life, accident and health	5	†0.15	27⅜	0.5
U. S. Realty & Investment Co. — Real estate	*7	1.25	24	5.2
United States Sugar Corp. — Sugar production	5	0.75	14	5.4
Upper Peninsular Power — Electric public utility	8	1.50	30¼	5.0
Utah Southern Oil Co. — Oil and gas producer	8	†0.45	12½	3.6
Vagabond Coach Manufacturing Co. — Trailers	9	0.15	3¾	4.0
Vanity Fair Mills — Lingerie	*8	1.15	13	8.8
Velvet Freeze, Inc. — Ice cream	9	0.40	5	8.0
Virginia Hot Springs, Inc. — Resort hotels	7	2.50	32	7.8
Vulcan Corp. — Wood heels, bowling pins, etc.	6	0.47	8	5.8
Walnut Apartments Corp. — Philadelphia real estate	9	2.50	43	5.8
Warner & Swasey Co. — Machine tools, earth moving machines, textile machinery, etc.	6	1.60	34½	4.6
Washington Natural Gas Co. — Gas properties (Washington State)	7	k0.10	16¼	0.6
Washington Steel Corp. — Stainless steel	7	†1.11	24½	4.5
Waverly Oil Works Co. — Oils, greases and soaps	6	0.50	10⅞	4.6
Weber Showcase & Fixture — Store fixtures, soda fountains	9	0.40	10½	3.8
Welex Jet Services, Inc. — Services oil wells	6	†0.79	68½	1.2
Welsbach Corp., class B — Maintenance and installation of street lighting systems	9	0.75	8	9.4
Wiggin Terminals, Inc., v.t.c. — Boston harbor	8	1.25	23	5.4
Wisconsin Hydro Electric Co. — Operating public utility	8	1.00	17¼	5.8
Wisconsin Motor Corp. — Air-cooled engines	9	1.30	14½	9.0
Wisconsin Southern Gas Company, Inc. — Operating natural gas public utility	9	1.00	19¼	5.2
Wolf & Dessauer Co. — Fort Wayne department store	8	0.80	11½	7.0
Wyckoff Steel Co. — Cold finished steels	7	1.60	22	7.2
Younker Bros. — Department stores in Midwest	*9	2.00	37	5.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
k Plus one share of Pacific Northwest Pipeline Corp. for each seventy shares held.

Difference Between Listed and Over-the-Counter Trading

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 offerings of potential purchasers and sellers for all securities listed on it. 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, by, in effect though not in strict parlance, 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, he himself 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 interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers, in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, 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 contra-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. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have 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 throughout the country 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.

Many listed securities, too, are sold 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 there are on the job 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 his 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 on a "net" basis as it is termed in the parlance of the securities business. This means his 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,

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With Bache & Co.

Bache & Company, members of the New York Stock Exchange and other leading exchanges, 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 appointment of the following registered representatives in its out-of-town branches: Pearl Howard, Beverly Hills; Susanna M. Moest, Buffalo; Elmer E. Cook, Cincinnati; Francis P. Smith, Cleveland; Hugh A. Sarahan, Milwaukee; Richard B. Logan, Oil City; Jay R. Headly, Philadelphia; and Robert G. Webster, Schenectady.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WINSTON-SALEM, N. C.—Frank G. H. Keel has become associated with Reynolds & Co., Reynolds Building.

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

the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange 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 over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real economic values." Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange aution-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 value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insights as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

Inventory Positions

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. 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, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over - the - counter dealers. Investment officers, of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both 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 good judgment with respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

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 idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not 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 they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

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Presaging the Business Outlook For the Next Five Years

sooner than we think, when shortage of resources makes further population increases seem a more than 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 20's, individual income is widely distributed. We have a built-in device, in the form of more or less automatic wage increases, to increase it regularly. And we have an emergency device available, in the form of tax reduction, to perk up individual income if that is required.

Again, I 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 money income but a continuing disposition to spend it on an increasing budget of goods and services. As a people we have become so rich that we have broad option not to consume if we are so inclined — an option covering perhaps as much as one-third of everything that is consumed. Happily, however, at least so far as keeping our economy moving in high gear is concerned there seems little disposition to exercise this option.

Also, there is reason to believe that, if necessary, the great power of advertising will be used to stabilize sales and consumption rather than accentuate the ups and downs as it usually has in the past. In 1954, the volume of advertising was increased (by 5%) in the face of a decline (of 4%) in the volume of sales. Historically advertising and sales have gone up and down together. This little appreciated change in advertising practice was responsible in substantial degree for the fact that the recession ending in that year was the mildest on record. It gives important promise that we shall be able to sustain an expanding volume of consumption over the years ahead.

If you have reacted properly, you are now convinced that we have in prospect a relatively steady expansion of consumption and investment in the years immediately ahead. All that remains to do is to take a look at what is in prospect for that large share of the economy, about a fifth, which is controlled by government expenditure.

Steadily Expanding Government Spending

With time running out this must be done in an even more summary way than the almost completely summary way by which I have disposed of consumption. Suffice it to say between continuing military requirements in what remains a most uneasy world, and domestic requirements for public facilities — highways, schools, water systems, etc.—the prospect is that we shall have a steadily expanding government economy, too.

If, by great good fortune, the threat of war were to recede to a point where we could make massive cuts in military expenditures, cheering alternatives would be open to us. One would be to get ahead faster with the provision of public facilities we need so badly. The other would be a tax cut of the kind used so skillfully in 1954 to offset a big cut in defense expenditures which became feasible that year.

In my general good cheer about the intermediate business outlook, I would not want to leave the impression that we won't have some ups and down, and probably some fairly jarring ups and downs along the way. For one thing, we have almost everything to learn about the control of business inventories. In the postwar period, fluctuations in inventories have been second only to defense expenditures as forces for economic instability.

Consumer Durables and Labor Instability

Also, unless someone devises something for the automobile industry akin to the Texas Railroad Commission in the oil industry—an arrangement I do not propose —I suspect we shall see the intensity of the competition in automobile sales result in very substantial fluctuations in sales — and employment — from year to year. I think much the same thing may be true of consumer durable goods generally.

The tremendous flexibility which our national labor force has recently displayed also has potentialities of accentuating, if not creating a substantial degree of economic instability. In the first six months of this year our labor force was 2.4 million larger than it was during the same period a year ago, or at least so the statistics and statisticians say. They also say that a normal increase would have been about 800,000, or about a third of that which actually occurred. The outsize increase was largely as a result of having students, housewives and older people come into the labor force to take advantage of the attractive jobs available.

A labor force which increases that fast has the potentiality of decreasing abnormally fast, too. In fact, the wide range of flexibility which our labor force has recently demonstrated seems to me to tarnish pretty badly those calculations of 4% or 5% of unemployment as the point at which the government should step in and do something about it.

But while some of them will be a little rugged, I expect the bumps I envisage to stay within limits which prevent them from being generally destructive. I rely in part of the so-called built-in stabilizer to contribute to this end. But I rely much more on the strength of built-in elements of growth of the sort I have enumerated.

As I see it, we are embarked upon a great historic surge of capitalist development which has nowhere near run its course. And seeing it that way, I prefer to proclaim it rather than to sit shivering awaiting reenactment of the great depression. This I believe is as remote from current economic realities and prospects as the Middle Ages.

Politics of No Affect

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 I have envisaged. The answer is relatively little. My reason is that with the help and hindrance of both major parties we have gradually evolved a set of national economic policies which are working well, and promise to keep on working well if tolerably well handled. I expect their orators will indulge in much sound, fury and mutual abuse but I do not expect either party is going to scuttle these policies to validate wild campaign speeches.

So with the violence of the curren political campaign taken into account, I still cannot escape a very cheerful view of the business outlook, both for the near and the intermediate future. I am happy it turned out this way. When I started out, I could not be sure where that relentless scientific quest for the truth, which animates all those who essay to gauge the business outlook, might lead me.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Sept. 7	§101.4	*101.6	98.7	96.7
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 7	§2,495,000	*2,502,000	2,429,000	2,334,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 21	7,063,100	7,048,500	7,126,550	6,671,350
Crude runs to stills—daily average (bbls.)	Sept. 21	¶8,041,000	8,078,000	7,943,000	7,404,000
Gasoline output (bbls.)	Sept. 21	27,341,000	27,524,000	27,523,000	25,426,000
Kerosene output (bbls.)	Sept. 21	2,369,000	2,232,000	2,009,000	2,061,000
Distillate fuel oil output (bbls.)	Sept. 21	12,278,000	12,663,000	13,014,000	11,131,000
Residual fuel oil output (bbls.)	Sept. 21	7,678,000	7,750,000	7,831,000	8,066,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 21	176,944,000	175,767,000	175,816,000	151,805,000
Kerosene (bbls.) at	Sept. 21	33,657,000	33,712,000	31,521,000	36,254,000
Distillate fuel oil (bbls.) at	Sept. 21	148,816,000	146,105,000	134,381,000	142,814,000
Residual fuel oil (bbls.) at	Sept. 21	47,835,000	48,276,000	46,069,000	46,932,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 22	822,255	820,666	770,413	813,720
Revenue freight received from connections (no. of cars)	Sept. 22	685,083	657,711	645,157	678,087
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 27	$483,437,000	$380,704,000	$616,641,000	$266,042,000
Private construction	Sept. 27	308,314,000	238,466,000	465,535,000	154,320,000
Public construction	Sept. 27	175,123,000	142,238,000	151,106,000	111,722,000
State and municipal	Sept. 27	132,112,000	109,943,000	126,907,000	74,646,000
Federal	Sept. 27	43,011,000	32,295,000	24,199,000	37,076,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 22	10,150,000	10,650,000	9,950,000	9,515,000
Pennsylvania anthracite (tons)	Sept. 22	658,000	655,000	597,000	637,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 22	131	130	120	121
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 29	11,365,000	11,482,000	11,565,000	10,627,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 27	251	262	237	186
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 25	5.622c	5.622c	5.622c	5.174c
Pig iron (per gross ton)	Sept. 25	$63.04	$63.04	$63.04	$59.09
Scrap steel (per gross ton)	Sept. 25	$58.17	$58.83	$57.50	$44.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 26	39.600c	39.600c	39.675c	43.950c
Export refinery at	Sept. 26	36.925c	37.125c	36.950c	45.400c
Straits tin (New York) at	Sept. 26	103.500c	[illegible]	[illegible]	[illegible]
Lead (New York) at	Sept. 26	16.000c	16.000c	16.000c	15.500c
Lead (St. Louis) at	Sept. 26	15.800c	15.800c	15.800c	15.300c
Zinc (East St. Louis) at	Sept. 26	13.500c	13.500c	13.500c	13.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 2	91.92	91.76	91.18	95.42
Average corporate	Oct. 2	99.20	99.52	100.98	107.62
Aaa	Oct. 2	102.80	102.80	103.97	110.88
Aa	Oct. 2	101.14	101.47	102.80	109.42
A	Oct. 2	99.52	100.00	101.14	107.62
Baa	Oct. 2	93.97	94.26	96.23	102.63
Railroad Group	Oct. 2	97.94	98.25	99.52	106.04
Public Utilities Group	Oct. 2	99.36	99.68	101.47	107.98
Industrials Group	Oct. 2	100.49	100.81	101.97	108.70
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 2	3.14	3.16	3.21	2.84
Average corporate	Oct. 2	3.80	3.78	3.69	3.30
Aaa	Oct. 2	3.58	3.58	3.51	3.12
Aa	Oct. 2	3.68	3.66	3.58	3.20
A	Oct. 2	3.78	3.75	3.68	3.30
Baa	Oct. 2	4.14	4.12	3.99	3.59
Railroad Group	Oct. 2	3.88	3.86	3.78	3.39
Public Utilities Group	Oct. 2	3.79	3.77	3.66	3.28
Industrials Group	Oct. 2	3.72	3.70	3.63	3.24
MOODY'S COMMODITY INDEX	Oct. 2	423.0	425.3	426.6	408.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 22	252,534	264,153	229,682	256,104
Production (tons)	Sept. 22	272,890	280,651	270,150	293,667
Percentage of activity	Sept. 22	94	97	94	102
Unfilled orders (tons) at end of period	Sept. 22	434,900	459,463	425,635	585,767
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 28	108.99	108.75	108.81	107.09
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Sept. 8	907,152	1,059,985	1,382,828	1,019,676
Dollar value	Sept. 8	$51,297,168	$57,827,403	$76,721,948	$58,281,736
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 8	685,507	765,287	1,089,328	857,024
Customers' short sales	Sept. 8	3,967	8,175	6,899	4,288
Customers' other sales	Sept. 8	681,540	757,112	1,082,429	852,736
Dollar value	Sept. 8	$35,934,534	$38,411,756	$56,535,994	$44,083,755
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 8	163,360	193,110	272,250	222,880
Short sales	Sept. 8	------	------	------	------
Other sales	Sept. 8	163,360	193,110	272,250	222,880
Round-lot purchases by dealers—					
Number of shares	Sept. 8	418,080	456,190	555,310	416,080
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Sept. 8	425,850	364,600	497,060	464,230
Other sales	Sept. 8	7,094,000	8,051,730	11,418,760	10,045,810
Total sales	Sept. 8	7,519,850	8,416,330	11,915,820	10,510,040
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 8	1,037,390	1,083,120	1,662,390	1,287,840
Short sales	Sept. 8	221,750	178,430	280,800	217,460
Other sales	Sept. 8	768,610	940,480	1,386,030	1,069,280
Total sales	Sept. 8	990,360	1,118,910	1,666,830	1,286,740
Other transactions initiated on the floor—					
Total purchases	Sept. 8	205,230	173,120	317,940	255,550
Short sales	Sept. 8	30,400	20,000	18,900	26,650
Other sales	Sept. 8	185,030	161,990	321,310	283,650
Total sales	Sept. 8	215,430	181,990	340,210	310,300
Other transactions initiated off the floor—					
Total purchases	Sept. 8	304,553	333,661	682,097	450,725
Short sales	Sept. 8	88,690	67,960	80,310	130,150
Other sales	Sept. 8	359,123	456,847	753,466	763,834
Total sales	Sept. 8	447,813	524,807	833,776	893,984
Total round-lot transactions for account of members—					
Total purchases	Sept. 8	1,547,173	1,589,901	2,662,427	1,994,115
Short sales	Sept. 8	340,840	266,390	380,010	374,260
Other sales	Sept. 8	1,312,763	1,559,317	2,460,806	2,116,764
Total sales	Sept. 8	1,653,603	1,825,707	2,840,816	2,491,024
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 25	115.2	115.1	114.6	111.4
Farm products	Sept. 25	89.4	90.0	88.7	89.0
Processed foods	Sept. 25	105.0	*103.9	103.3	101.8
Meats	Sept. 25	91.1	*87.7	85.8	83.9
All commodities other than farm and foods	Sept. 25	122.6	122.6	122.3	118.0

*Revised figure. ¶Includes 1,003,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of July (in thousands)	$181,284,000	$186,540,000	$161,748,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Aug. 31:			
Imports	$271,475,000	$270,216,000	$220,386,000
Exports	258,778,000	237,205,000	181,891,000
Domestic shipments	13,361,000	13,816,000	10,615,000
Domestic warehouse credits	83,956,000	60,523,000	100,647,000
Dollar exchange	20,730,000	12,685,000	40,690,000
Based on goods stored and shipped between foreign countries	124,172,000	128,747,000	100,626,000
Total	$772,472,000	$723,192,000	$654,855,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of July (millions of dollars):			
Manufacturing	$49,100	$49,100	$43,900
Wholesale	12,800	12,700	11,900
Retail	23,800	23,800	23,400
Total	$85,700	$85,600	$79,200
COTTON GINNING (DEPT. OF COMMERCE)—As of Sept. 16 (running bales)	3,248,351	------	2,797,813
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of August:			
Sales (average monthly), unadjusted	95	82	86
Sales (average daily), unadjusted	90	83	81
Sales (average daily), seasonally adjusted	117	116	106
Stocks, unadjusted	124	*116	114
Stocks, seasonally adjusted	127	127	117
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of July:			
Death benefits	$204,700,000	$185,800,000	$167,600,000
Matured endowments	51,000,000	52,600,000	44,300,000
Disability payments	9,300,000	8,900,000	8,600,000
Annuity payments	43,800,000	41,500,000	37,000,000
Surrender values	79,100,000	81,000,000	66,100,000
Policy dividends	81,700,000	96,200,000	78,500,000
Total	$469,600,000	$466,000,000	$402,100,000
LIFE INSURANCE PURCHASERS—INSTITUTE OF LIFE INSURANCE — Month of July (000's omitted):			
Ordinary	$2,817,000	$2,891,000	$2,406,000
Industrial	503,000	538,000	505,000
Group	931,000	915,000	649,000
Total	$4,251,000	$4,344,000	$3,560,000
MANUFACTURER'S INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of July (millions of dollars):			
Inventories—			
Durables	$28,085	*$28,174	$24,563
Nondurables	21,023	*20,916	19,375
Total	$49,108	*$49,080	$43,938
Sales	26,118	*27,665	26,731
MONEY IN CIRCULATION—TREASURY DEPT. As of July 31 (000's omitted)	$30,604,000	$30,715,000	$30,244,000
NEW YORK STOCK EXCHANGE—As of Aug. 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,818,531	$2,842,615	$2,752,279
Credit extended to customers	33,167	30,541	42,679
Cash on hand and in banks in U. S.	335,580	342,183	348,420
Total of customers' free credit balances	872,188	858,453	887,195
Market value of listed shares	221,159,683	227,422,844	197,994,193
Market value of listed bonds	101,565,726	103,137,335	103,996,732
Member borrowings on U. S. Govt. issues	48,590	49,569	108,381
Member borrowings on other collateral	2,224,551	*2,390,553	2,167,455
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of July (in billions):			
Total personal income	$324.5	*$324.9	$309.2
Wage and salary, receipts, total	224.0	*225.2	214.5
Commodity producing industries	95.9	*97.5	92.1
Distributing industries	59.9	*59.9	56.1
Service industries	30.4	30.2	28.6
Government	37.8	*37.6	37.7
Less employees' contribution for special insurance	5.8	5.8	5.3
Other labor income	7.3	7.3	7.1
Proprietors' and rental income	50.6	*50.0	48.5
Personal interest income and dividends	29.8	*29.6	26.9
Total transfer payments	18.6	*18.6	17.5
Total nonagricultural income	309.7	*310.3	294.7
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914=100—As of Aug. 15:			
All farm products	237	244	232
Crops	236	258	228
Commercial vegetables, fresh	230	286	208
Cotton	263	274	277
Feed, grains and hay	197	194	178
Food grains	218	216	214
Fruit	210	225	208
Oil-bearing crops	249	250	246
Potatoes	203	387	145
Tobacco	451	453	436
Livestock	238	232	236
Dairy products	256	253	249
Meat animals	259	246	251
Poultry and eggs	171	174	191
Wool	232	233	240
U. S. GOVT. STATUTORY DEBT LIMITATION—As of August 31 (000's omitted):			
Total face amount that may be outstanding at any time	$278,000,000	$278,000,000	$281,000,000
Outstanding—			
Total gross public debt	275,564,737	272,645,336	278,309,014
Guaranteed obligations not owned by the Treasury	79,428	73,716	43,455
Total gross public debt and guaranteed obligations	$275,644,165	$272,719,052	$278,352,470
Deduct—other outstanding public debt obligations not subject to debt limitation	460,906	462,021	480,967
Grand total outstanding	$275,183,259	$272,257,031	$277,871,502
Balance face amount of obligations, issuable under above authority	2,816,740	5,742,968	3,128,497

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

American Federal Finance Corp., Killeen, Texas
Sept. 5 filed 40,000 shares of class B common stock (par $5) and 400,000 shares of preferred stock (par $5) to be offered in units of 10 preferred shares and one common share. **Price**—$55 per unit. **Proceeds**—To purchase used car paper and to extend the company's operations into the field of new car financing. **Underwriter**—None. J. J. Fain is President.

American Insurance Co., Newark, N. J.
Aug. 31 filed 1,750,000 shares of capital stock (par $2.50) being offered in exchange for outstanding 1,750,000 shares of capital stock of American Automobile Insurance Co. of St. Louis, Mo., on a share-for-share basis. This offer is conditioned upon deposit of at least 1,400,000 shares of Automobile stock. Kidder, Peabody & Co. will head group of dealers to solicit tenders. The offer will expire on Oct. 15.

★ **American Petrofina, Inc., New York (10/15)**
Sept. 26 filed 1,049,820 shares of class A common stock (par $1), of which 50,000 shares are to be offered to directors, officers and employees and the remaining 999,820 shares are to be offered for subscription by class A common and class B common stockholders of record Oct. 10, 1956 at the rate of one share of new class A stock for each four shares of class A or class B common stock held; rights to expire on Oct. 31. **Price**—To be supplied by amendment (probably around $11 per share). **Proceeds**—For acquisition of other oil properties, expansion of exploration and development facilities and the building up of the refining and marketing phases of the business. **Underwriters**—White, Weld & Co., Blyth & Co., Inc. and Hemphill, Noyes & Co., all of New York.

● **American Telephone & Telegraph Co.**
Aug. 22 filed 5,726,152 shares of capital stock being offered for subscription by stockholders of record Sept. 14, 1956 at the rate of one new share for each 10 shares held; rights to expire on Nov. 5, 1956. **Price**—At par ($100 per share) payable in one or two payments. **Proceeds**—For expansion of plant and for advances to, and investment in stocks of, subsidiaries. **Underwriter**—None.

Anheuser-Busch, Inc., St. Louis, Mo.
Aug. 30 filed 328,723 shares of common stock (par $4). **Price**—To be supplied by amendment. **Proceeds** — To Estate of Edmee B. Greenough, deceased. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed until latter part of October.

Ashtabula Telephone Co.
Sept. 5 (letter of notification) 10,000 shares of common stock (par $25) to be offered to stockholders. **Price**—To be filed by amendment. **Proceeds**—For general corporate purposes. **Office**—4616 Park Ave., Ashtabula, Ohio. **Underwriter**—None.

● **Astron Corp., East Newark, N. J. (10/8-12)**
Sept. 5 (letter of notification) 45,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Van Alstyne, Noel & Co., New York.

Atlantic Oil Corp., Tulsa, Okla.
April 30 filed 2,000,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — To be named by amendment.

Atlas Credit Corp., Philadelphia, Pa.
June 11 filed $600,000 of 6% convertible subordinated debentures due June 15, 1968. **Price**—100% of principal amount. **Proceeds**—To retire indebtedness of the company to its affiliates for money borrowed for working capital. **Underwriters**—Hallowell, Sulzberger & Co. and Charles A. Taggart & Co., Inc., both of Philadelphia, Pa., and Weill, Blauner & Co., Inc. of New York.

Audubon Park Raceway, Inc.
July 13 (letter of notification) 600,000 shares of common stock (par 10 cents) to be offered for subscription by common stockholders at rate of 0.46875 of a share for each share held. **Price**—10 cents per share. **Proceeds**—For general corporate purposes. **Underwriters**—Berwyn T. Moore & Co., Louisville, Ky.; Gearhart & Otis, Inc., New York, and Crerie & Co., Houston, Tex.

Automation Development Mutual Fund, Inc.
Aug. 24 filed 300,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—Washington, D. C. **Distributor**—Automation Development Securities Co., Inc., Washington, D. C.

Automation Industries Corp., Washington, D. C.
May 11 filed 179,000 shares of common stock (par $1). **Price**—$5.25 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter** — None. Harry Kahn, Jr., of Washington, D. C., is President and Treasurer.

Baton Rouge Water Works Co.
Sept. 11 (letter of notification) 6,946 shares of common capital stock (no par). **Price**—$43 per share. **Proceeds**—For extensions and betterments to water system. **Office**—131 Lafayette St., Baton Rouge, La. **Underwriter**—None.

Bentonite Corp. of America
June 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For mining expenses. **Office**—290 N. University Ave., Provo, Utah. **Underwriter**—Thomas Loop Co., New Orleans, La.

Birnaye Oil & Uranium Co., Denver, Colo.
April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Office** — 762 Denver Club Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Blackstone Valley Gas & Electric Co. (10/11)
Aug. 15 filed 25,000 shares of cumulative preferred stock (par $100), of which 1,430 shares are to be offered for subscription by common stockholders (other than Eastern Utilities Associates, the parent) on the basis of one preferred share for each common share held as of Oct. 11, 1956. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Stone & Webster Securities Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co., Inc. **Bids**—To be received up to 11 a.m. (EDT) on Oct. 11 at 49 Federal Street, Boston, Mass.

Bridgford Packing Co., Anaheim, Calif.
Aug. 13 (letter of notification) 222,222 shares of common stock (par $1). **Price**—$1.35 per share. **Proceeds**—To pay obligations, purchase equipment, etc. **Office**—1308 No. Patt Street, Anaheim, Calif. **Underwriter**—J. D. Creger & Co., 124 North Bright Avenue, Whittier, Calif.

Brown Investment Co., Ltd., Honolulu, T. H.
July 11 filed 60,075 shares of common stock (par $1). **Price**—At net asset value, plus a selling commission of 7½% of the offering price. **Proceeds**—For investment. **Business**—A diversified, open-end investment company of the management type. **Underwriter**—Brown Management Co., 833 Alaska St., Honolulu, Hawaii.

● **Brush Beryllium Co.**
Sept. 11 filed 400,000 shares of common stock (par $1), of which 375,000 shares are being offered publicly and 25,000 shares are being offered for subscription by common stockholders. **Price**—$10 per share. **Proceeds**—For expansion program. **Underwriters**—Kuhn, Loeb & Co., New York, and McDonald & Co., Cleveland, O., for public offering. Stockholder offering is not underwritten.

Bucyrus-Erie Co. (10/17)
Sept. 25 filed 311,040 shares of common stock (par $5) to be offered for subscription by common stockholders of record Oct. 16, 1956 at the rate of one new share for each five shares held; rights to expire on Oct. 31, 1956. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Business**—Produces power cranes and excavators in the United States. **Underwriter**—The First Boston Corp., New York.

Burma Shore Mines, Ltd., Toronto, Canada
July 26 filed 600,000 shares of capital stock, of which 500,000 shares are to be offered publicly, and 100,000 shares to promoters. **Price**—At par ($1 per share). **Proceeds** — For equipment, exploration, drilling, working capital and other general corporate purposes. **Underwriter**—To be named later.

★ **Burndy Corp., Norwalk, Conn. (10/15-19)**
Sept. 27 filed 250,000 shares of common stock (par $1) of which 225,000 shares are to be offered to public and 25,000 shares to employees (latter figure includes 21,000 shares to be sold for account of a selling stockholder). **Price**—To public, $10.25 per share; and to employees, $9.25 per share. **Proceeds**—For expansion of physical plant and for working capital for development of new lines. **Business**—Electrical connectors. **Underwriter** — Van Alstyne, Noel & Co., New York.

● **California Electric Power Co. (10/9)**
Sept. 10 filed $8,000,000 first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co. **Bids**—To be received up to 9 a.m. (PDT) on Oct. 9 at Room 900, 433 So. Spring St., Los Angeles 13, Calif.

Carmel Petroleum Co.
Aug. 24 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to development of oil and gas property. **Office**—Osawatomie, Miami County, Kansas. **Underwriter**—None.

Carolina Power & Light Co. (10/16)
Sept. 25 filed 500,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters** — Merrill Lynch, Pierce, Fenner & Beane, New York, and R. S. Dickson & Co., Inc., Charlotte, N. C., and New York, N. Y.

● **Centers Corp., Philadelphia, Pa. (11/12-16)**
July 30 filed $8,000,000 of 5½% sinking fund debentures due Aug. 1, 1971, and 1,600,000 shares of common stock (par one cent) to be offered in units of $50 of debentures and 10 shares of stock (neither of which will be separately transferable until Aug. 1, 1958). **Price** — $50 per unit. **Proceeds**—About $4,100,000 will be used to acquire seven shopping center sites and a Penn Fruit supermarket adjacent to one of them; the balance will be used to develop shopping centers at the seven sites and to acquire and develop additional sites for related real estate activities, and for general corporate purposes. **Underwriter** — Blair & Co. Incorporated, Philadelphia and New York. Latter has agreed to purchase an additional 300,000 common shares and reoffer them to persons selected by it at $1.10 per share.

★ **Central Illinois Public Service Co. (10/23)**
Oct. 1 filed 170,000 shares of common stock (par $10). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Lehman Brothers, Bear, Stearns & Co. and Eastman, Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Oct. 23.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed $600,000 of 10-year 6% debentures. **Price**—90% of principal amount. **Proceeds**—For research and development; expansion; equipment; and other corporate purposes. **Underwriter**—None.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed 120,000 shares of common stock (par $1). **Price**—At market (over-the-counter price in New York). **Proceeds**—To selling stockholder (Ray, Daisley & Co., Inc.) **Underwriter**—None.

Century Food Markets Co. (10/9)
Aug. 30 filed $2,000,000 of convertible subordinated debentures and 40,000 shares of common stock (par $1) to be offered in units of $50 of debentures and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loan, for expansion and working capital. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill. **Office**—Youngstown, Ohio.

Chinook Plywood, Inc., Rainier, Ore.
Sept. 4 filed 200 shares of common capital stock. **Price**—At par ($3,000 per share). **Proceeds**—For acquisition of a plant site, construction of a mill building, purchase and installation of machinery and equipment, and as operating capital. **Underwriter** — Industry Developers, Inc.

Chisago City Telephone Co., Chisago, Minn.
Sept. 6 (letter of notification) 1,000 shares of common stock to be offered to stockholders. **Price**—At par ($25 per share). **Proceeds** — For new construction. **Underwriter**—None.

● **Christiana Oil Corp. (10/24)**
Sept. 26 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire $2,500,000 of outstanding term bank loans and for other corporate purposes. **Underwriters** — Laird & Co. Corporation, and Model, Roland & Stone, both of New York.

Citizens Credit Corp., Chevy Chase, Md.
Aug. 27 (letter of notification) 15,500 shares of class A common stock (par $12.50), to be offered for subscription by stockholders. **Price**—$17 per share. **Proceeds**—For working capital, etc. **Underwriter**—The Matthew Corp., Washington, D. C.

★ **City-Wide Mortgage Co.**
Sept. 28 (letter of notification) $250,000 of certificates of indebtedness, bearing 4% interest; 1,725 shares of 5% cumulative preferred stock (par $25) and 188 shares of common stock (par $25). **Price**—At par. **Proceeds**—For expansion and working capital. **Office**—1007 Grand Ave., Kansas City, Mo. **Underwriter**—None.

Colorado Springs Aquatic Center, Inc.
Aug. 23 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For swimming pool and related activities, bowling alley, site preparation including parking, and land cost ($95,000). **Underwriters**—Arthur L. Weir & Co. and Copley & Co., both of Colorado Springs, Colo.

Columbia Baking Co., Atlanta, Ga.
Aug. 17 filed 26,768 voting trust certificates, each representing the beneficial interest in one share of common stock (no par), to be offered for subscription by holders of outstanding common stock and participating preferred stock on the basis of one voting trust certificate for each eight shares of either class of such stock then held (with an oversubscription privilege); subscription warrants to be good for a period of three weeks. **Price**—$25 per share. **Proceeds**—To reduce bank loans. **Underwriters**—The Robinson-Humphrey Co., Inc. and J. H. Hilsman & Co., both of Atlanta, Ga.

★ **Commonwealth Edison Co., Chicago, Ill. (10/17)**
Sept. 27 filed 400,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

★ **Connecticut Power Co.**
Sept. 27 (letter of notification) 4,275 shares of common stock (par $25). **Price**—$37.50 per share. **Proceeds**—For construction program. **Office** — 176 Cumberland Ave., Wethersfield, Conn. **Underwriter**—None.

Consolidated Edison Co. of N. Y., Inc. (10/23)
Sept. 21 filed $40,000,000 first and refunding mortgage bonds, series M due 1986. **Proceeds** — To help finance 1956 expansion program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on Oct. 23.

Consolidated Oil Management
Aug. 16 (letter of notification) $250,000 of 10-year 5½% collateral trust bonds due Sept. 9, 1966. **Office**—7352 Central Ave., St. Petersburg, Fla. **Predecessor**—Lynch Oil Co. **Underwriter**—Security & Bond Co., Lexington, Kentucky.

★ **Continental Casualty Co., Chicago, Ill.**
Sept. 28 filed 625,000 shares of capital stock (par $5) to be offered in exchange for outstanding capital stock of National Fire Insurance Co. of Hartford at rate of 1¼ shares of Continental stock for one share of National stock. The offer is conditional upon the acceptance of at least 51% (255,000 shares) of National stock.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

Crestmont Oil Co.
June 28 (letter of notification) 8,000 shares of common stock (par $1). **Price**—$6.25 per share. **Proceeds**—To selling stockholders. **Office** — 2201 West Burbank, Calif. **Underwriter**—Neary, Purcell & Co., Los Angeles, Calif.

Cro-Plate Co., Inc.
Aug. 22 (letter of notification) 4,123 shares of common stock (par $5) to be offered to stockholders on the basis of one share for each two shares now held or one share for each warrant held. **Price**—$9.50 per share. **Proceeds**—For working capital, etc. **Office** — 747 Windsor St., Hartford, Conn. **Underwriter**—None.

★ **Dalton Finance, Inc., Mt. Ranier, Md.**
Sept. 28 (letter of notification) $250,000 of 6% 10-year subordinated debentures (with warrants attached) and 25,000 shares of class A common stock (par 50 cents) to be offered in units of one $500 debenture and 50 shares of stock. **Price**—$525 per unit. **Proceeds**—For working capital. **Underwriter** — Whitney & Co., Inc., Washington, D. C.

Devall Land & Marine Construction Co., Inc.
May 16 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For payments of notes, to purchase and equip three boats and working capital. **Office**—1111 No. First Ave., Lake Charles, La. **Underwriter**—Vickers Brothers, Houston, Texas. Statement effective.

Diversified Oil & Mining Corp., Denver, Colo.
Aug. 29 filed 2,500,000 shares of 6% convertible non-cumulative preferred stock, first series (par $1), and warrants to purchase 500,000 shares of common stock (par 10 cents) to be offered for subscription initially by common stockholders in units of 25 preferred shares and a warrant to purchase five common shares. **Price**—$25.50 per unit (each warrant will entitle the holder to purchase one common share at any time prior to Dec. 31, 1957 at $2 per share). **Proceeds**—To repay mortgages, to $1,312,500 of five-year 6% sinking fund debentures, and for further acquisitions and working capital. **Underwriter**—To be named by amendment.

Douglas Corp., Fort Collins, Colo.
July 27 filed 4,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For exploration, development and acquisition of properties and for working capital. **Underwriter**—Columbia Securities Co., Denver, Colo.

Douglas Oil Co. of California
Sept. 17 filed $3,500,000 of debentures due 1968, with warrants to purchase 350,000 shares of $1 par value common stock. **Price**—100% of principal amount. **Proceeds** — Approximately $1,200,000 to retire outstanding 5% secured notes; $1,000,000 for repayment of short-term bank loans; $850,000 for construction of a unifying unit and a topping unit; and $350,000 for operating capital. **Underwriter** — Shearson, Hammill & Co., New York. Statement withdrawn Sept. 26.

Dow Chemical Co., Midland, Mich.
Aug. 27 filed 150,000 shares of common stock (par $5) to be offered for subscription by employees of the company and certain subsidiaries and associated companies. Subscriptions will be received by the company Oct. 1 through Oct. 26. **Price**—$60 per share. **Proceeds**—For expansion, etc. **Underwriter**—None.

● **Duro Consolidated, Inc.**
Aug. 28 (letter of notification) $200,000 of 6% convertible debentures being offered to stockholders of record Aug. 15, 1956; rights to expire on Oct. 8, 1956. **Price**—At par (in denominations of $100 each). **Proceeds**—For acquisition of factory equipment, note payable and expansion. **Office**—18th Ave. and Edison Way, Redwood City, Calif. **Underwriter**—None. Unsubscribed debentures will be purchased by Consolidated Engineering & Manufacturing Co., one of the stockholders.

Eastern-Northern Explorations, Ltd.
June 4 (regulation "D") 500,000 shares of common stock (par $1). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—Foster-Mann, Inc., New York.

Eternalite, Inc., New Orleans, La.
Sept. 24 filed 200,000 shares of class A common stock (par 50 cents). **Price**—$4.50 per share. **Proceeds**—To repay loan; for maintenance of and increase of inventory; for development of branch offices; and for research, laboratory tests, and testing equipment. **Underwriter**—Vickers Brothers, New York.

Fansteel Metallurgical Corp. (10/10)
Sept. 11 filed $3,000,000 of subordinated debentures due Oct. 1, 1976. **Price** — To be supplied by amendment. **Proceeds**—Together with bank loan, for construction of new tantalum-columbium facilities at Muskogee, Okla. **Underwriter**—Hallgarten & Co., New York.

Food Mart, Inc., El Paso, Texas (10/9)
Sept. 18 filed 90,337 shares of common stock (par $2) to be offered for subscription by common stockholders of record Oct. 9, 1956 at the rate of one new share for each eight shares held; rights to expire on Oct. 23, 1956. **Price**—To be supplied by amendment. **Proceeds**—For expansion, equipment and working capital. **Underwriter**—Shearson, Hammill & Co., New York.

● **Four Wheel Drive Auto Co.**
Sept. 12 filed $1,500,000 of convertible debentures due Oct. 1, 1971. **Price** — To be supplied by amendment. **Proceeds**—$130,058 to retire 4½% sinking fund debentures due July 1, 1957; and for expansion program and working capital. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. **Offering**—Postponed.

Gardner-Denver Co., Quincy, Ill. (10/9)
Sept. 18 filed $10,000,000 of convertible subordinated debentures due Oct. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans ($4,500,000 at June 30, 1956) and for working capital. **Business**—Rock drills and air tools, air compressors, pumps and portable pneumatic tools. **Underwriters**—Hornblower & Weeks, New York, and A. G. Becker & Co., Inc., Chicago, Ill.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). Price — 25 cents per share. Proceeds—For expenses incident to mining operations. Office—Kemmerer, Wyo. Underwriter—Philip Gordon & Co., Inc., New York 6, N. Y.

Genco Oil Co., Inc.
Aug. 24 (letter of notification) 55,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For oil development expenses. **Office** — 1907 Broadway Ave., Scottsbluff, Neb. **Underwriter** — Edward C. Colling, Scottsbluff, Neb.

Continued on page 62

NEW ISSUE CALENDAR

October 4 (Thursday)

Chicago & North Western Ry.______Equip. Trust Ctfs.
(Bids noon CDT) $3,360,000

October 5 (Friday)

National Newark & Essex Banking Co. of Newark______Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 55,000 shares

October 8 (Monday)

Astron Corp.______Common
(Van Alstyne, Noel & Co.) 45,000 shares

Knox Corp.______Class A Common
(Ira Haupt & Co.) 150,000 shares

Southern Bell Telephone & Telegraph Co.______Debentures
(Bids 11:30 a.m. EDT) $60,000,000

Union Bank & Trust Co., Los Angeles______Common
(Offering to stockholders—to be underwritten by Blyth & Co., Inc. and Stern, Frank, Meyer & Fox) $3,990,000

October 9 (Tuesday)

California Electric Power Co.______Bonds
(Bids 9 a.m. PDT) $8,000,000

Century Food Markets Co.______Debentures & Com.
(H. M. Byllesby & Co., Inc.) $2,000,000 of debentures and 40,000 shares of stock

Food Mart, Inc.______Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co.) 90,337 shares

Gardner-Denver Co.______Debentures
(Hornblower & Weeks and A. G. Becker & Co. Inc.) $10,000,000

Hawaii (Territory of)______Bonds
(Bids to be invited) $12,500,000

Pacific Finance Corp.______Debentures
(Blyth & Co., Inc. and Hornblower & Weeks) $25,000,000

October 10 (Wednesday)

Fansteel Metallurgical Corp.______Debentures
(Hallgarten & Co.) $3,000,000

Kusan, Inc.______Common
(Clark, Landstreet & Kirkpatrick, Inc.) $583,120

Lieberknecht, Inc.______Common
(Bids 11 a.m. EDT) 158,025 shares

Seaboard Finance Co.______Notes
(The First Boston Corp.) $15,000,000

Southern New England Telephone Co.______Common
(Offering to stockholders—no underwriting) 679,012 shares

Southern New England Telephone Co.______Common
(Bids 11 a.m. EDT) 1,173,696 rights

Southern Pacific Co.______Equip. Trust Ctfs.
(Bids noon EDT) $9,600,000

Southern Union Gas Co.______Common
(Offering to stockholders—no underwriting) 171,187 shares

Texas Eastern Transmission Corp.______Preferred
(Dillon, Read & Co. Inc.) $15,000,000

October 11 (Thursday)

Blackstone Valley Gas & Electric Co.______Preferred
(Bids 11 a.m. EDT) $2,500,000

Gold Seal Dairy Products Corp.______Class A Stock
(All States Securities Dealers, Inc.) $1,000,000

Holiday Oil & Gas Corp.______Common
(Whitehall Securities Corp.) $1,500,000

October 15 (Monday)

American Petrofina, Inc.______Class A Common
(Offering to stockholders—to be underwritten by White, Weld & Co.; Blyth & Co., Inc.; and Hemphill, Noyes & Co.) $10,998,020

Burndy Corp.______Common
(Van Alstyne, Noel & Co.) $2,306,250

Oxford Loan Co.______Debentures
(Walnut Securities Corp.) $250,000

October 16 (Tuesday)

Carolina Power & Light Co.______Common
(Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.) 500,000 shares

Georgia-Pacific Corp.______Common
(Blyth & Co., Inc.) about 500,000 shares

New York, New Haven & Hartford RR.______Equip. Trust Ctfs.
(Bids to be invited) $2,766,750

October 17 (Wednesday)

Bucyrus-Erie Co.______Common
(Offering to stockholders—underwritten by The First Boston Corp.) 311,040 shares

Commonwealth Edison Co.______Preferred
(The First Boston Corp. and Glore, Forgan & Co.) $40,000,000

Reading Co.______Equip. Trust Ctfs.
(Bids noon EDT) $5,220,000

Standard Pressed Steel Co.______Common
(Kidder, Peabody & Co.) 25,800 shares

October 18 (Thursday)

Minneapolis, St. Paul & Sault Ste. Marie RR.______Equip. Trust Ctfs.
(Bids noon CST) $2,640,000

October 22 (Monday)

ACF-Wrigley Stores, Inc.______Debentures
(Allen & Co.) $4,000,000

Hartfield Stores, Inc.______Common
(Van Alstyne, Noel & Co. and Johnston, Lemon & Co.) $2,160,000

TEMCO Aircraft Corp.______Debentures
(A. C. Allyn & Co. Inc. and Keith Reed & Co.) $5,000,000

Underwood Corp.______Debentures
(Lehman Brothers) $5,000,000

United Cuban Oil, Inc.______Common
(S. D. Fuller & Co.) $2,500,000

October 23 (Tuesday)

Central Illinois Public Service Co.______Common
(Bids to be invited) 170,000 shares

Consolidated Edison Co. of New York, Inc.______Bonds
(Bids to be invited) $40,000,000

October 24 (Wednesday)

Christiana Oil Corp.______Common
(Laird & Co. Corp. and Model, Roland & Stone) 400,000 shares

Houston Natural Gas Corp.______Preference
(The First Boston Corp.) $10,000,000

October 29 (Monday)

Miami Window Corp.______Debentures & Common
(Arthur M. Krensky & Co., Inc.) $1,125,000

October 30 (Tuesday)

Ohio Power Co.______Bonds
(Bids 11 a.m. EST) $28,000,000

Ohio Power Co.______Preferred
(Bids 11 a.m. EST) $6,000,000

Standard Register Co.______Common
(Merrill Lynch, Pierce, Fenner & Beane) $6,500,000

October 31 (Wednesday)

Texas Power & Light Co.______Preferred
(Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; and Merrill Lynch, Pierce, Fenner & Beane) 100,000 shares

November 1 (Thursday)

Mobile Gas Service Corp.______Common
(Offering to stockholders—no underwriting) 30,000 shares

National Bank of Detroit______Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) 263,400 shares

Pittsburgh & Lake Erie RR.______Equip. Trust Ctfs.
(Bids to be invited) $7,305,000

November 8 (Thursday)

Pyramid Productions, Inc.______Common
(E. L. Aaron & Co.) $1,000,000

November 12 (Monday)

Centers Corp.______Debentures & Common
(Blair & Co. Incorporated) $8,000,000

November 14 (Wednesday)

Public Service Electric & Gas Co.______Bonds
(Bids 11 a.m. EST) $50,000,000

Sierra Pacific Power Co.______Bonds
(Bids to be invited) $3,000,000

November 27 (Tuesday)

Carolina Power & Light Co.______Bonds
(Bids to be invited) $15,000,000

December 4 (Tuesday)

Michigan Bell Telephone Co.______Debentures
(Bids to be invited) $30,000,000

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General Credit, Inc., Washington, D. C.
Aug. 17 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working captal. **Underwriter** — None named. Offering to be made through selected dealers.

● **General Guaranty Insurance Co.**
Aug. 24 (letter of notification) 42,850 shares of common stock (par $2.50) being offered to stockholders on the basis of two shares for each seven shares held as of Aug. 31; rights to expire Oct. 9. **Price**—$7 per share. **Proceeds**—For general corporate purposes. **Office**—Winter Park, Fla. **Underwriter**—Grimm & Co., New York; Beil & Hough, Inc., St. Petersburg, Fla.; First Florida Investors, Inc. and Leedy, Wheeler & Alleman, Inc., both of Orlando, Fla.; and Security Associates, Inc., Winter Park, Fla.

General Telephone Co. of Indiana, Inc.
Sept. 6 filed 95,000 shares of $2.50 preferred stock (no par) being offered in exchange for outstanding 5% cumulative prefererd stock, series A, of Home Telephone & Telegraph Co. and Citizens Independent Telephone Co. on the basis of one share of General preferred plus $2 in cash for each share of Home preferred, and one share of General preferred plus $2.50 in cash for each Citizens preferred share. The exchange offer is part of proposed plan of merger of Home and Citizens into General. Offer will expire on Oct. 11. **Dealer-Managers**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

General Tire & Rubber Co., Akron, Ohio
July 27 filed 26,068 shares of $5 cumulative preference stock (par $100) to be offered in exchange for common stock and 6% promissory notes of Carlon Products Corp. The exchange offer will be subject to acceptance by owners of all of the outstanding $1,060,000 notes and by not less than 39,400 of the 68,837 shares of Carlon stock. **Underwriter**—None.

General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

● **Georgia-Pacific Corp., Portland, Ore. (10/16)**
Sept. 25 filed a maximum of 500,000 shares of common stock (par $1), the number of shares to be dependent on market conditions at time of offering and will be determined with a view to providing the company with net proceeds of approximately $15,000,000. **Proceeds**—For acquisition of all assets of Hammond Lumber Co.; for construction of a new mill; and for general corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ **Gill (J. K.) Co.**
Sept. 19 (letter of notification) 5,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—408 S. W. Fifth Ave., Portland, Ore. **Underwriter**—None.

Gold Mountain Lodge, Inc., Durango, Colo.
Aug. 23 filed 5,000 shares of class A voting common stock (par $1), 295,000 shares of class B non-voting common stock (par $1), and $700,000 of 4% debentures due Dec. 31, 1975, to be offered for sale in the States of Texas and Colorado in units of 50 shares of class A stock, 2,950 shares of class B stock and one $7,000 debenture. **Price**—$10,000 per unit. **Proceeds**—For purchase of property, remodeling of present main building, for new construction and working capital. **Business**—Operates year-round resort hotel. **Underwriter**—None.

● **Gold Seal Dairy Products Corp. (10/11)**
Sept. 20 filed 200,000 shares of class A stock (par 10 cents) of which 15,000 shares will be reserved for sale to employees at $4.55 per share. **Price**—$5 per share to public. **Proceeds**—For expansion and to repay outstanding obligations. **Office**—Remsen, N. Y. **Underwriter**—All States Securities Dealers, Inc., New York.

★ **Grand River Orchards, Inc., Geneva, Ohio**
Sept. 20 (letter of notification) $25,000 of 12-year 5% debenture notes. **Price**—At par (in denominations of $500). **Proceeds**—For working capital. **Address**—R F D No. 3, Geneva, Ohio. **Underwriter**—None.

★ **Great Northern Life Insurance Co.**
Sept. 20 (letter of notification) 44,000 shares of common stock (par $1). **Price**—$6.75 per share. **Proceeds**—For working capital and unassigned surplus. **Office** — 119 West Rudisill Blvd., Ft. Wayne, Ind. **Underwriter** — Northwestern Investment, Inc., Ft. Wayne, Ind.

Growers Container Corp., Salinas, Calif.
May 28 filed 600,000 shares of common stock (par $1) to be offered primarily to individuals and firms who are engaged in or closely allied to the growing and shipping industry. **Price**—$3 per share. **Proceeds**—For working capital, capital expenditures and other corporate purposes. **Underwriter**—None.

Gunkelman (R. F.) & Sons, Fargo, N. D.
May 25 (letter of notification) 1,800 shares of 5% cumulative preferred stock (par $100). **Price**—$98 per share. **Proceeds** — For expenses incident to commercial grain business. **Underwriter**—W. R. Olson Co., Fargo, N. D.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

★ **Hartfield Stores, Inc., Los Angeles, Calif. (10/22-26)**
Oct. 2 filed 240,000 shares of common stock (par $1). **Price**—$9 per share. **Proceeds**—To certain selling stockholders. **Underwriter**—Van Alstyne, Noel & Co., New York; and Johnston, Lemon & Co., Washington, D. C.

Hawaiian Electric Co., Ltd., Honolulu
Sept. 21 filed 77,000 shares of common stock (par $20) to be offered for subscription by common stockholders at rate of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion program. **Underwriter**—None.

Holden Mining Co., Winterhaven, Calif.
April 13 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address** — P. O. Box 308, Winterhaven, Calif. **Underwriter**—Arthur B. Hogan, Inc., Hollywood, Calif.

Holiday Oil & Gas Corp. (10/11-15)
Sept. 21 filed 500,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay bank loans; to drill some 36 proven locations on now producing leases; and for working capital. **Office**—Arkansas City, Kan. **Underwriter** — Whitehall Securities Corp., New York.

★ **Houston Natural Gas Corp. (10/24)**
Oct. 1 filed 100,000 shares of convertible preference stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—As part payment for all of the capital stock of Houston Pipe Line Co. to be purchased from The Atlantic Refining Co., according to purchase agreement signed Aug. 10, 1956. **Underwriter**—The First Boston Corp., New York.

● **Inter-Mountain Telephone Co.**
Sept. 6 filed 285,000 shares of common stock (par $10) being offered for subscription by common stockholders of record Sept 15 in the ratio of two new shares for each five shares held; rights to expire on Oct. 12. **Price**—$10 per share. **Proceeds**—To repay bank loans and for additions and improvements to property. **Office**—Bristol, Tenn. **Underwriter**—Courts & Co., Atlanta, Ga., will underwriter 156,672 shares. The remaining 128,328 shares will be purchased by two stockholders, viz: Southern Bell Telephone & Telegraph Co. and The Chesapeake & Potomac Telephone Co. of Virginia.

★ **International Bank of Washington, D. C.**
Sept. 28 filed $1,000,000 of time certificates, series B, C and D. **Price**—At 100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

International Shipbuilding Corp.
Aug. 9 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Manufactures outboard cruisers. **Office**—471 N. E. 79th Street. Miami, Fla. **Underwriter**—Atwill & Co., Miami Beach, Fla.

Investment Corp. of Florida
Aug. 24 filed $515,000 of $60 cumulative preferred stock to be offered in units of $1,000 each and 5,150 shares of common stock to be offered to purchasers of preferred stock at 10 cents per share at rate of ten shares for each preferred share bought. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

Joa Co.
July 27 (letter of notification) 110,000 shares of common stock (par 20 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotions and operating capital. **Office**—411 No. Scenic Highway, Lake Wales, Fla. **Underwriter**—Anderson Cook Co., Inc., Palm Beach, Fla.

● **Johns-Manville Corp.**
Sept. 12 filed 648,696 shares of common stock (par $5) being offered for subscription by common stockholders of record Sept. 28, 1956 at the rate of one new share for each 10 shares held; rights to expire on Oct. 17. **Price**—$40 per share. **Proceeds**—For plant expansion and improvements, working capital and other corporate purposes. **Underwriter**—Morgan Stanley & Co., New York.

Kerr Income Fund, Inc., Los Angeles, Calif.
July 30 filed 100,000 shares of capital stock (par $1), of which 9,300 shares will be initially sold at $10.98 per share. Additional shares will be offered at a price equal to the net asset value of the Fund, plus a sales load of 8½% of such price. **Proceeds**—For investment. **Investment Manager** — California Fund Investment Co., of which John Kerr is also President.

Kinney Loan & Finance Co.
Sept. 11 (letter of notification) $150,000 of 6% sinking fund capital debentures, series A, due Sept. 1, 1971. **Price**—At par in denominations of $1,000 each. **Proceeds**—For working capital. **Office** — 911 Tenth St., Greeley, Colo. **Underwriter**—Wachob-Bender Corp., of Omaha and Lincoln, Neb.

● **Knox Corp., Thomson, Ga. (10/8-12)**
June 20 filed 150,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment (expected at $4 per share). **Proceeds**—To pay loans from banks and factors; and for working capital and other corporate purposes. **Business**—Prefabricated homes, house trailers and lumber. **Underwriter**—Ira Haupt & Co., New York.

● **Kusan, Inc., Nashville, Tenn. (10/10)**
Aug. 29 filed 116,624 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To reduce debt, for new tooling and equipment and working capital. **Business**—Manufacturer of toys, electric trains and various custom plastic items. **Underwriter**—Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York. **Offering**—Postponed.

Lithium Developments, Inc., Cleveland, Ohio
June 21 filed 600,000 shares of common stock (par 10 cents), of which 600,000 shares are to be sold for account of the company and 90,000 shares for selling stockholders. **Price**—$1 per share, by amendment. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—George A. Searight, New York City.

● **Long Island Lighting Co.**
April 5 filed (by amendment) 180,000 shares of 4.40% cumulative convertible preferred stock, series G (par $100) being first offered for subscription by common stockholders of record Sept. 28, 1956, at rate of one preferred share for each 38 shares of common stock held); rights to expire on Oct. 15. **Price**—At par ($100 per share). **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York.

★ **Loyal American Life Insurance Co., Inc., Mobile, Ala.**
Sept. 28 filed 230,000 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 three shares held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriters**—J. H. Goddard & Co., Inc., Boston, Mass., and Thornton, Mohr & Farish, Montgomery, Ala.

Macimiento Uranium Mining Corp.
July 31 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds**—For current liabilities, exploration, administrative expenses and working capital. **Office** — Kimo Bldg., Albuquerque, N. M. **Underwriter**—Carroll & Co., Denver, Colo.

Macinar, Inc.
July 23 (letter of notification) 400,000 shares of common stock (par 50 cents). **Price**—75 cents per share. **Proceeds**—For general corporate purposes. **Business** — Manufactures steel and aluminum specialty products. **Underwriter**—C. J. Montague, Inc., 15 William Street, New York 17, N. Y.

Madison Gas & Electric Co., Madison, Wis.
Sept. 10 filed 68,334 shares of common stock (par $16) to be offered for subscription by common stockholders of record Oct. 1, 1956 on the basis of one new share for each five shares held; rights to expire Oct. 29. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—None.

● **Marsh Steel Corp., No. Kansas City, Mo.**
Sept. 13 filed $300,000 of 5½% series debentures due 1957 to 1962 being offered in exchange for outstanding 6% series A debentures, with a cash adjustment for interest accrued on the outstanding debentures. **Price**—100% of principal amount. **Underwriter**—The First Trust Co., of Lincoln, Neb.

Mascot Mines, Inc.
July 9 (letter of notfication) 280,000 shares of common stock (par 17½ cents). **Price**—25 cents per share. **Proceeds**—For payment on properties; repayment of advances; exploration and development and working capital. **Office**—508 Peyton Bldg., Spokane, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash

Matador Oil Co.
Aug. 24 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For development of oil and gas. **Office**—130 South Fourth St., Las Vegas, Nev. **Underwriter**—Mountain States Securities Corp., same city.

Metal Hydrides, Inc., Beverly, Mass.
Aug. 23 filed 85,266 shares of common stock (par $5) being offered for subscription by common stockholders of record Sept. 26 on the basis of one new share for each three shares held (with an oversubscription privilege); rights to expire on Oct. 10. **Price**—At a price of $17.50 per share. **Proceeds**—For construction of plant and working capital. **Business**—Hydrides of calcium, lithium, potassium and sodium, etc. **Underwriter**—White Weld & Co., New York, for 44,362 shares; with Ventures, Ltd. and its subsidiaries to subscribe for the remaining 40,904 shares.

★ **Miami Window Corp., Hialeah, Fla. (10/29-11/2)**
Sept. 26 filed $750,000 of 10-year 6% convertible sinking fund debentures, due Nov. 1, 1966, and 150,000 shares of common stock (par 50 cents). **Price**—Of debentures, 98½%; and of stock, $2.50 per share. **Proceeds**—For machinery and equipment and general corporate purposes, including inventory and accounts receivable, payments of indebtedness and general working capital. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

Michigan Wisconsin Pipe Line Co.
July 2 filed $25,000,000 of first mortgage pipe line bonds due 1976. **Proceeds**—To pay off short term bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Three bids were received on Aug. 1, all for 4¾s, but were turned down. No new date for bids has been set.

Minerals, Inc., New York
June 22 filed 2,500,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To acquire for $2,400,000 the Chavin lead-zinc-copper-silver mine located in South Central Peru, and for general corporate purposes. **Underwriter** — Gearhart & Otis, Inc., New York. **Offering**—Postponed.

Mission Appliance Corp. of Mississippi
April 23 (letter of notification) 7,475 shares of preferred stock (par $20) and 29,900 shares of common stock (par $5) to be offered in units of one preferred and four common shares. **Price**—$40 per unit. **Proceeds** — For purchase of machinery and equipment. **Office**—New Albany, Miss. **Underwriter**—Lewis & Co., Jackson, Miss.

★ **Monarch Laundry Machinery Corp.**
Sept. 17 (letter of notification) 275,000 shares of class II non-voting common stock (par $1) and 1,000 shares of 6% cumulative preferred stock (par $11). **Price**—At par. **Proceeds**—For operating capital, etc. **Office**—516 N. W. 1st Ave., Ft. Lauderdale, Fla. **Underwriter**—None.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

★ **Mt. Pleasant Community Hotel Corp.**
Sept. 24 (letter of notification) $150,000 of 11-year 6% first mortgage bonds to be offered to stockholders. **Price**—At par (in denominations of $100 each). **Proceeds**—For construction of motel units. **Office**—Chieftain Hotel, Mt. Pleasant, Mich. **Underwriter**—None.

National By-Products, Inc.
June 19 (letter of notification) 2,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay Federal estate taxes. **Office**—800 Bankers Trust Bldg., Des Moines, Iowa. **Underwriter**—T. C. Henderson & Co., Inc., Des Moines, Iowa.

National Life of America, Mitchell, S. Dak.
Sept. 21 filed 86,784.7 shares of common stock (par $5) to be offered for subscription by each of the company's 23,279 policyholders on and as of July 31, 1956 at the rate of 1½ shares of such stock and the balance of the shares to be exchangeable for Founders certificates and coupons issued by National Life as a part or feature of certain life insurance policies. **Price**—$7.50 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15, 1955 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Little Rock, Ark. **Underwriter** — Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. **Offering** — Indefinitely postponed.

★ **Nelson Finance Co.**
Sept. 28 (letter of notification) $250,000 of 6% 10-year debenture bonds. **Price**—At par (in denominations of $100 each). **Proceeds**—For working capital. **Office**—143 East Lancaster Ave., Downington, Pa. **Underwriter**—None.

★ **New England Armatures Corp., Danville, N. H.**
Oct. 1 (letter of notification) 500 shares of preferred stock. **Price**—At par ($100 per share). **Proceeds**—For machinery and to increase inventory and working capital. **Underwriter**—None.

Niagara Uranium Corp., Salt Lake City, Utah
April 3 (letter of notification) 2,400,000 shares of common stock (par 3⅓ cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 345 South State St., Salt Lake City, Utah. **Underwriter**—Birkenmayer & Co., Denver, Colo.

North Carolina Telephone Co.
July 24 filed 828,572 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of two shares for each share held as of Aug. 6; rights to expire on Oct. 5. **Price** — $1.25 per share. **Proceeds**—To acquire physical properties and franchises of the Norwood and Marshville (N. C.) exchanges of the United Telephone Co. of the Carolinas, Inc.; to reduce short term indebtedness; for construction and modernization program; and for working capital. **Underwriters**—R. S. Dickson & Co., Inc., Charlotte, N. C. and McCarley & Co., Inc., Ashville, N. C.

North Pittsburgh Telephone Co.
Sept. 12 (letter of notification) 6,000 shares of common stock to be offered to holders of common stock of record of Sept. 15, 1956 on the basis of one new share for each four shares held. **Price**—At par ($25 per share). **Proceeds**—To reduce demand note. **Address**—Gibsonia, Allegheny County, Pa. **Underwriter**—None.

★ **Northwestern Steel & Wire Co., Sterling, Ill.**
Sept. 19 (letter of notification) 13,000 shares of common stock (par $5). **Proceeds**—For account of John W. Bowman, Executor of the Estate of Timothy Bowman, deceased. **Underwriter**—Blyth & Co., Chicago, Ill. **Offering**—Expected today (Oct. 4).

Ohio Power Co. (10/30)
Sept. 29 filed $28,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Oct. 30.

Ohio Power Co. (10/30)
Sept. 20 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Blyth & Co., Inc.; Kuhn Loeb & Co.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc and Stone & Webster Securities Corp. (jointly); Lehman Brothers. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Oct. 30.

● **Oxford Loan Co. (10/15)**
Sept. 17 (letter of notification) $250,000 of 6% renewable debentures payable (upon demand) Sept. 10, 1961. **Price**—At face amount (in denominations of $100 and $500 each). **Proceeds** — For working capital. **Office** — 2233 North Broad St., Philadelphia, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

Oxford Loan Co., Philadelphia, Pa.
Sept. 4 (letter of notification) $250,000 of 6% 10-year renewable debentures due Sept. 20, 1966. **Proceeds**—To increase loan volume. **Office**—2233 North Broad St., Philadelphia, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

● **Pacific Finance Corp. (Calif.) (10/9)**
Oct. 1 filed (by amendment) $25,000,000 of 4⅝% debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term bank loans. **Underwriters**—Blyth & Co., Inc., and Hornblower & Weeks.

★ **Pacific Western Insurance Co.**
Sept. 27 (letter of notification) 2,500 shares of class B non-voting common stock (par $10). **Price** — $20 per share. **Proceeds**—To increase capital and surplus. **Office**—1405 South Main St., Salt Lake City, Utah. **Underwriter**—None, but sales will be made throught Jean A. Keller, President, 2731 Juniper Way, Holladay, Utah.

Pari-Mutuel Equipment Corp.
Aug. 24 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For construction of 250 race ticket machines; for purchase of 40 machines for issuance of semi-blank race tickets; and for working capital and general corporate purposes. **Office**—527 Madison Avenue, New York 17, N. Y. **Underwriter**—Wistor R. Smith & Co., 40 East 54th Street, New York 22, N. Y.

★ **Pedlow-Nease Chemical Co., Inc., Lock Haven, Pa.**
Sept. 26 (letter of notification) 315 shares of capital stock (no par) to be offered to four key employees. **Price**—$50 per share. **Proceeds**—For working capital. **Underwriter**—None.

● **Policy Advancing Corp.**
Aug. 31 (letter of notification) $240,000 of 6% subordinated convertible debentures due Sept. 1, 1966 (each $10 principal amount being convertible into one share of common stock) being offered for subscription by stockholders on the basis of $10 of debentures for each share held as of Sept. 27 (with an oversubscription privilege); rights to expire on Oct. 15. **Price**—At par. **Proceeds**—To retire $16,700 of outstanding debentures and for working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Skyline Securities, Inc., Denver 2, Colo.

Puerto Rico Jai Alai, Inc.
July 27 filed $1,100,000 of 12-year 6% first mortgage bonds due July 1, 1968, and 220,000 shares of common stock (par $1). **Price**—100% of principal amount for debentures and $1.75 per share for the stock. **Proceeds**—For construction of fronton and related activities. **Office**—San Juan, Porto Rico. **Underwriters**—Crerie & Co., Houston, Texas; and Dixon Bretscher Noonan, Inc., Springfield, Ill.

Pyramid Development Corp., Washington, D. C.
July 27 (letter of notification) 300,000 shares of common stock (par 10 cents), of which 25,000 shares are to be reserved for issuance upon exercise of options. **Price**—$1 per share. **Proceeds**—To purchase real property and mortgage notes. **Underwriter**—Coombs & Co. of Washington, D. C.

★ **Pyramid Productions, Inc., New York (11/8)**
Sept. 27 filed 220,000 shares of common stock (par $1), of which 200,000 shares are to be offered to public and 20,000 shares issued to underwriter. **Price**—$5 per share. **Proceeds**—To retire $125,000 of outstanding 15% debentures as well as a $173,180 debt to Trans-Union Productions, Inc.; and for working capital. **Business**—Television releases. **Underwriter**—E. L. Aaron & Co., New York.

● **Republic Cement Corp.**
April 20 filed 965,000 shares of capital stock. **Price**—$10 per share. **Proceeds**—For construction of plant, working capital and general corporate purposes. **Office**—Prescott, Ariz. **Underwriter**—Vickers Brothers, New York. **Offering**—Postponed.

River Valley Finance Co.
Aug. 29 (letter of notification) 11,000 shares of class A common stock and 518 shares of class B common stock to be offered first to stockholders. **Price**—$6 per share. **Proceeds** — For working capital. **Office** — Davenport, Iowa. **Underwriter** — Quail & Co., also of Davenport, Iowa.

Ross (J. O.) Engineering Corp., New York
Sept. 10 filed 19,059 shares of common stock (par $1) to be offered in exchange for common stock of John Waldron Corp. at the rate of one Ross share for each two Waldron shares. Offer will become effective upon deposit of at least 90% of the outstanding common stock, of which Ross presently owns 61.53%. **Underwriter**—None.

Samson Uranium, Inc., Denver, Colo.
Aug. 21 (letter of notification) 25,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For core drilling, including geological research and core assays; for mining shaft; to exercise purchase of option agreement on additional properties; for working capital and other corporate purposes. **Underwriter** — Indiana State Securities Corp. of Indianapolis, Ind., for offering to residents of Indiana.

★ **Scudder, Stevens & Clark Common Stock Fund, Inc.**
Sept. 26 filed 150,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ **Scudder, Stevens & Clark Fund, Inc.**
Sept. 26 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Seaboard Finance Co. (10/10)
Sept. 18 filed $15,000,000 of sinking fund notes due Oct. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter**—The First Boston Corp., New York.

Security Loan & Finance Co.
July 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For expansion program. **Office**—323 So. State St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., also of Salt Lake City.

★ **Southeast Grease & Oil Co.**
Sept. 27 (letter of notification) 40,000 shares of common stock. **Price**—At par ($7.50 per share). **Proceeds**—For purchase of new equipment and working capital. **Office**—220 W. Waterman St., Wichita 2, Kan. **Underwriters**—Small-Milburn Co., Inc., Brooks & Co. and Lathrop, Herrick & Clinger, Inc., all of Wichita, Kan.

Southern Bell Tel. & Tel. Co. (10/8)
Sept. 18 filed $60,000,000 of 27-year debentures due Oct. 1, 1983. **Proceeds** — For repayment of advances to its parent, American Telephone & Telegraph Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively expected to be received up to 11:30 a.m. (EDT) on Oct. 8.

★ **Southern Discount Co., Atlanta, Ga.**
Sept. 19 (letter of notification) $300,000 of subordinated 5% debentures, series G. **Price**—At par (in denominations of $500 and $1,000 each). **Proceeds**—To redeem $150,000 of outstanding debentures and for working capital. **Office**—724 Healey Bldg., Atlanta, Ga. **Underwriter**—None.

Southern General Insurance Co., Atlanta, Ga.
Sept. 24 filed 95,714 shares of common stock (par $5), of which 50,000 shares are to be offered publicly; 20,714 shares are to be offered in exchange for 10,357 shares of $10 par common stock of Progressive Fire Insurance Co.; and 25,000 shares are to be offered to certain other persons. **Price**—To public, $14.50 per share; and to certain persons, $13 per share. **Proceeds**—To pay bank loan. **Underwriter** — The Robinson-Humphrey Co., Inc., Atlanta, Ga.

Southern New England Telephone Co. (10/10)
Sept. 19 filed 679,012 shares of capital stock (par $25) to be offered for subscription by stockholders of record Oct. 1, 1956 at the rate of one new share for each eight shares held; right to expire on Nov. 2. **Price**—$30 per share. **Proceeds**—To pay advances from American Telephone & Telegraph Co. (approximately $15,800,000) and for property additions and improvements. **Underwriter**—None. (See also next paragraph).

Southern New England Telephone Co. (10/10)
Sept. 19 filed 1,173,696 rights to purchase 146,712 shares of new capital stock (par $25) to be issued to American Telephone & Telegraph Co., which owns 21.61% of the outstanding stock of Southern New England Telephone Co. **Proceeds**—To American Telephone & Telegraph Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; White, Weld & Co.; Putnam & Co.; Chas. W. Scranton & Co., and Cooley & Co. (jointly); The First Boston Corp.; Salomon Bros. & Hutzler. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 10. (See also preceding paragraph.)

Southern Union Gas Co., Dallas, Texas (10/10)
Sept. 14 filed 171,187 shares of common stock (par $1) to be offered for subscription by common stockholders of record Sept. 26 on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire on Oct. 30. **Price**—$18 per share. **Proceeds**—For additions and improvements to property. **Underwriter**—None.

Southern Union Oils Ltd., Toronto, Canada
Aug. 24 filed 750,000 shares of capital stock (par $1). **Price**—64½ cents per share. **Proceeds**—To selling stockholders. **Underwriter**—None.

★ **Southwestern Investment Co., Amarillo, Texas**
Oct. 1 filed 68,323 shares of sinking fund preferred stock (par $20), with warrants to purchase 68,323 shares of common stock (par $2.50). **Price**—At par. **Proceeds**—For working capital and retirement of bank loans. **Underwriters**—Schneider, Bernet & Hickman, Inc. Dallas, Tex.; The First Trust Co. of Lincoln, Neb.; Beecroft, Cole & Co., Topeka, Kan.; Boettcher & Co., Denver, Colo.; and Dewar, Robertson & Pancoast and Austin, Hart & Parvin, both of San Antonio, Texas.

Southwestern Resources, Inc., Santa Fe, N. M.
June 8 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—To exercise options, purchase additional properties and for general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Texas.

Southwide Corp., Anniston, Ala.
Sept. 12 filed 450,635 shares of common stock (par $1), of which 211,681 shares are to be offered publicly 238,954 shares are to be offered in exchange for the class A stock of Capital Fire & Casualty Co. and common stock of Allied Investment Corp. **Price**—$2 per share. **Proceeds**—For purchase of stock of Capital and Allied firms and for purchase of U. S. Government bonds. **Under-**

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writer—None, but a selling commission will be allowed to dealers for sales effected by them. Elvin C. McCary, of Anniston, Ala., is President.

★ **Standard Pressed Steel Co., Jenkintown, Pa. (10/17)**
Sept. 27 filed 52,050 shares of common stock (par $1) of which 25,800 shares are to be offered for subscription by common stockholders of record Oct. 16, 1956 on the basis of one new share for each 20 shares held; rights to expire on Nov. 1, 1956. The remaining 26,250 shares will be offered employees. **Price**—To stockholders to be supplied by amendment; to employees, at market. **Proceeds**—For expansion program and working capital. **Business**—Manufactures precision metal fasteners; work benches, shelving and other shop equipment. **Underwriter**—Kidder, Peabody & Co., New York.

Statesman Insurance Co., Indianapolis, Ind.
July 3 filed 200,000 shares of common stock (par $2.50) to be offered to agents and employees of Automobile Underwriters, Inc., "Attorneys-in-Fact for the Subscribers at the State Automobile Insurance Association." **Price**—Proposed maximum is $7.50 per share. **Proceeds**—To obtain a certificate of authority from the Insurance Commissioner of the State of Indiana to begin business. **Underwriter**—None.

● **Sterling Precision Corp.**
July 9 filed 379,974 shares of 5% cumulative convertible preferred stock, series C, being offered for subscription by holders of outstanding common stock and series A and series B preferred stock in the ratio of one share of new preferred stock for each four shares of series A or series B preferred stock and one share of new preferred for each 10 shares of common stock held as of Sept. 27, 1956 (with an oversubscription privilege); rights to expire on or about Oct. 29. **Price**—At par ($10 per share). **Proceeds**—To repay a $1,400,000 note held by Equity General Corp., a subsidiary of Equity Corp.; to liquidate existing bank loans and for general corporate purposes. **Office**—1270 Niagara St., Buffalo 13, N. Y. **Underwriter**—None, but Equity General Corp. has agreed to purchase at par, plus accrued dividends, up to 290,000 shares of the new preferred stock not subscribed for by stockholders. Latter already owns 137,640 shares (3.23%) of Sterling common stock, plus $1,800,000 of its convertible debentures.

Stevens (J. P.) & Co., Inc., New York
June 28 filed $30,000,000 of debentures due July 1, 1981. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans, to retire $950,000 of 4¾% first mortgage bonds and $368,679 of 6% preferred stock of subsidiaries. **Underwriter**—Goldman, Sachs & Co., New York. **Offering**—Indefinitely postponed.

● **Storer Broadcasting Co.**
Sept. 14 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To George B. Storer, President of company. **Office**—Miami Beach, Fla. **Underwriter**—Reynolds & Co., New York. **Offering**—Expected today (Oct. 4).

★ **Temco Aircraft Corp., Dallas, Texas (10/22-23)**
Sept. 28 filed $5,000,000 of convertible subordinated debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—A. C. Allyn & Co., Inc., Chicago, Ill., and Keith Reed & Co., Inc., Dallas, Texas.

Texas Calgary Co., Abilene, Texas
Sept. 25 filed 3,700,000 shares of capital stock (par 25 cents). **Price**—At market from time to time on the American Stock Exchange or the Toronto Stock Exchange or by private sale. **Proceeds**—To A. P. Scott, the selling stockholder. **Underwriter**—None.

Texas Eastern Transmission Corp. (10/10)
Sept. 20 filed 150,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For gas expansion and reconversion program. **Underwriter**—Dillon, Read & Co., Inc., New York.

Thermoray Corp.
June 29 (letter of notification) 380,000 shares of common stock (par 10 cents). **Price** — 75 cents per share. **Proceeds**—For inventory, working capital, etc. **Business**—Electrical heating. **Office**—26 Avenue B, Newark, N. J. **Underwriter**—Eaton & Co., Inc., New York.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

● **Transcontinental Gas Pipe Line Corp.**
Sept. 10 filed 441,250 shares of common stock (par 50 cents) being offered for subscription by common stockholders of record Oct. 1, 1956 at the rate of one new share for each 16 shares held (with an oversubscription privilege); rights to expire on Oct. 17. **Price**—$16 per share. **Proceeds** — For construction program. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

★ **Tri-State Exploration & Development Co.**
Sept. 28 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—270 South State St., Salt Lake City, Utah. **Underwriter**—None.

● **Union Chemical & Materials Corp.**
May 25 filed 200,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriters**—Allen & Co., Bache & Co. and Reynolds & Co., Inc., all of New York. Statement may be amended with offering to be made soon.

● **United Cuban Oil, Inc. (10/22-26)**
Aug. 29 filed 2,798,625 shares of common stock (par 10 cents), of which 2,000,000 shares are to be offered publicly, 573,625 shares will be issued in exchange for stock of Compania de Formento Petrolero Ted Jones, S. A., 200,000 shares sold to S. D. Fuller & Co., and 25,000 shares sold to Hallgarten & Co. **Price**—$1.25 per share. **Proceeds** — For development and exploration costs. **Office**—Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

★ **United Security Life, Phoenix, Ariz.**
Sept. 18 (letter of notification) 50,000 shares of class AA voting common stock (par $1). **Price**—$6 per share. **Proceeds**—To increase capital and surplus accounts. **Office**—Thomas Road at 15th Ave., Phoenix, Arizona. **Underwriter**—None.

★ **United States Air Conditioning Corp.**
Sept. 27 filed 600,000 shares of common stock (par 10 cents), of which 50,000 shares are to be offered to employees, distributors and dealers; 50,000 shares, plus any of the unsold portion of the first 50,000 shares, are to be offered to the public; and the underwriter will be granted options to acquire the remaining 500,000 shares for reoffer to the public. **Price**—At market prices. **Proceeds**—For working capital and general corporate purposes. **Office**—Philadelphia, Pa. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

Universal Finance Corp.
Aug. 24 (letter of notification) 27,272 shares of 70-cents cumulative preferred stock (par $5) and 13,636 shares of common stock (par 15 cents) to be offered in units consisting of one share of preferred and one-half share of common. **Price**—$11 per unit. **Proceeds**—For working capital. **Office** — Gibraltar Life Bldg., Dallas, Tex. **Underwriters**—Muir Investment Co., and Texas National Corp., both of San Antonio, Tex.

Universal Fuel & Chemical Corp.
May 17 (letter of notification) 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—825 Broadway, Farrell, Pa. **Underwriter**—Langley-Howard, Inc., Pittsburgh, Pa.

★ **Van Horn Butane Service, Fresno, Calif.**
Sept. 28 filed 75,000 shares of cumulative convertible preferred stock, series A (par $25). **Price**—To be supplied by amendment. **Proceeds**—To acquire stock of Liquid Gas & Appliance Co., Teton Gas & Appliance Co., General Equipment Co., The McHade L. P. Gas Co., Lincoln Gas & Appliance Co. and Sweetwater Gas & Equipment Co.; and stock and certain assets of Ransome Co. of Nevada; to reduce short-term indebtedness; and for working capital. **Underwriters**—Schwabacher & Co., Inc. and J. Barth & Co., both of San Francisco, Calif.

Vendo Co., Kansas City, Mo.
Sept. 20 filed 32,778 shares of common stock (par $2.50) to be offered to holders of Vendorlator Manufacturing Co. common stock purchase warrants in lieu of their right to buy Vendorlator common stock. Warrants are exercisable until Sept. 30, 1960. **Price**—$7.33 per share. **Proceeds**—To redeem Vendorlator debentures. **Underwriter**—None.

Venezuela Diamond Mines, Inc., Miami, Fla.
Aug. 31 filed 1,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For exploration and mining operations in Venezuela. **Underwriter**—Columbia Securities Co., Inc., of Florida, Miami, Fla.

Venture Securities Fund, Inc., Boston, Mass.
Sept. 4 filed 200,000 shares of capital stock (par $1). **Price**—Initially at $25 per share. **Proceeds**—For investment. **Underwriter**—Venture Securities Corp., 26 Federal St., Boston, Mass.

● **Walt Disney Productions, Burbank, Calif.**
Aug. 24 filed $7,500,000 of convertible subordinated debentures due Sept. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—$243,740 to redeem outstanding 4% debentures, series A, due 1960; balance for retirement of secured demand note. **Underwriter**—Kidder, Peabody & Co., New York. Statement withdrawn. Company new plans stock offering to shareholders. (See under "Prospective Offerings.")

Western States Natural Gas Co.
Aug. 24 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For development of oil and gas. **Office**—Felt Bldg., Salt Lake City, Utah. **Underwriter**—Us-Can Securities, Inc., Jersey City, N. J.

Wheland Co., Chattanooga, Tenn.
May 23 filed $2,000,000 of convertible subordinated debentures due June 1, 1976, and 136,000 shares of common the company's account and 61,000 shares for a selling stockholder. **Price** — To be supplied by amendment. **Proceeds**—Together with proceeds from private sale of $1,500,000 4¾% first mortgage bonds and $900,000 of 3-year unsecured 4½% notes to a group of banks, will be used to retire outstanding series A and series B 5% first mortgage bonds, and for expansion program. **Underwriters**—Hemphill, Noyes & Co., New York; Courts & Co., Atlanta, Ga.; and Equitable Securities Corp., Nashville, Tenn. **Offering** — Temporarily postponed. Not expected until sometime this Fall.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Wildcat Mountain Corp., Boston, Mass.
Aug. 13 filed $800,000 of 6% subordinated cumulative debentures due Dec. 1, 1976, and 6,000 shares of common stock (no par) to be offered in units of a $400 debenture and three shares of stock. **Price** — $500 per unit. **Proceeds**—For construction and working capital. **Business**—Mountain recreation center. **Underwriter**—None; offering to be made by officers and agents of company.

Wilson & Co., Inc.
Aug. 28 filed $20,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds** — To redeem presently outstanding first mortgage bonds, to repay bank loans and for expansion program. **Business**—Meat packing firm. **Underwriters**—Smith, Barney & Co.; Glore, Forgan & Co. and Hallgarten & Co., all of New York City. **Offering**—Indefinitely postponed.

Winter Park Telephone Co., Winter Park, Fla.
Aug. 24 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For improvements and additions to property. **Office**—128 East New England Ave., Winter Park, Fla. **Underwriter**—Security Associates, Inc., Winter Park, Fla.

Prospective Offerings

ACF-Wrigley Stores, Inc. (10/22-26)
Sept. 20 it was reported company plans early registration of $4,000,000 15½ year convertible debentures. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Allen & Co., New York.

Appalachian Electric Power Co.
May 31 it was announced company plans to issue and sell in December $24,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Kuhn, Loeb & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co., Inc.

Boulder Acceptance Corp., Boulder, Colo.
July 16 it was announced company plans to offer and sell 3,000,000 shares of its common stock. **Price**—At par ($6 per share). **Proceeds**—To construct hotel; set up instalment loan company; and for working capital and general corporate purposes. **Underwriter**—Allen Investment Co., Boulder, Colo. Stock to be sold in Colorado.

Carolina Power & Light Co. (11/27)
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Nov. 27.

● **Central Wisconsin Motor Transport Co.**
Sept. 10 company filed a request with the ICC for authority to issue 34,600 shares of 6% cumulative convertible preferred stock (par $10) and 67,500 shares of common stock (par $1). **Price**—For preferred, par and accrued dividends; and for common, $6 per share. **Proceeds** — To selling stockholders. **Office** — Wisconsin Rapids, Wis. **Underwriter**—Loewi & Co., Milwaukee, Wis. **Offering**—Expected this week.

★ **Chicago & Illinois Midland Ry.**
Sept. 29 it was announced the ICC has denied an application by this company for an exemption of $9,000,000 of first mortgage bonds from the Commission's bidding requirements. **Proceeds**—To retire $7,450,000 of 4¾% unsecured serial notes and to allow the company to buy 299 box cars which it now leases. **Underwriter**—Halsey, Stuart & Co. Inc., may be included among the bidders for this issue.

Chicago & North Western Ry. (10/4)
Bids will be received by the company up to noon (CDT) on Oct. 4 at Room 1400, 400 West Madison Street, Chicago 6, Ill., for the purchase from it of $3,360,000 equipment trust certificates to mature in 15 equal annual installments from Nov. 1, 1957 to 1971, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Cosden Petroleum Corp.
Sept. 20 it was announced company has agreed to purchase Col-Tex Refining Co. from Anderson-Prichard Oil Co. and Standard Oil Co. of Texas, a subsidiary of Standard Oil Co. of California, for 350,000 shares of Cosden common stock. The purchase is subject to SEC registration of the stock which will require about 60 days. As part of the contract, Anderson-Prichard and Standard of Texas have agreed to sell the Cosden common stock to the public. **Underwriter**—Not yet named. Glore, Forgan & Co., New York, previously underwrote Anderson-Prichard financing.

Delaware Power & Light Co.
Aug. 13 it was reported company plans to raise about $8,000,000 through the sale of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; W. C. Langley & Co. and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp(jointly). **Offering**—Not expected until early in 1957.

★ **Dodge Manufacturing Corp.**
Sept. 27 it was reported that the company may be planning to issue and sell late in October $2,000,000 of convertible preferred stock. **Underwriter**—Probably Central Republic Co., Inc., Chicago, Ill.

First National Bank of Atlanta, Ga.
Sept. 26, the bank offered to its stockholders of record Sept. 25 the right to subscribe for 200,000 additional

shares of capital stock (par $10) on a 2-for-7 basis; rights to expire on Oct. 15. **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Robinson-Humphrey Co., Inc., Atlanta, Ga.; Merrill Lynch, Pierce, Fenner & Beane, New York; and Courts & Co., Atlanta, Ga.

Flair Records Co.
Aug. 13 it was reported company plans to issue and sell to residents of New York State 50,000 shares of common stock. **Price**—$2 per share. **Underwriter**—Foster-Mann, Inc., New York.

Food Fair Stores, Inc.
Aug. 28 stockholders voted to increase the authorized indebtedness from $35,000,000 to $60,000,000 and to increase the authorized common stock from 5,000,000 shares to 10,000,000 shares. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

General Aniline & Film Corp.
Sept. 21 it was announced that the Attorney General of the United States, following reclassification of the shares of this corporation to be voted upon Oct. 4, plans to sell certain of the vested 2,983,576 shares of new class B stock which will then be held.

General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. **Proceeds**—To repay bank loans, etc., and for construction program.

General Public Utilities Corp.
Sept. 12, A. F. Tegen, President, announced that the stockholders are going to be offered approximately 647,000 additional shares of common stock (par $5) early in 1957 on the basis of one new share for each 15 shares held. Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent in previous offering to stockholders.

Haskelite Manufacturing Co.
July 16 it was reported company may be considering sale of about $1,000,000 to $1,500,000 bonds or debentures. **Underwriter**—May be G. H. Walker & Co., St. Louis and New York.

Hawaii (Territory of) (10/9)
Bids will be received on Oct. 9 for the purchase from the Territory of Hawaii of $12,500,000 highway revenue bonds, series A, due semi-annually from March 1, 1958 to Sept. 1, 1986, inclusive.

Hawaiian Telephone Co.
July 30 it was announced that company plans to acquire a 15% participation with American Telephone & Telegraph Co. in a proposed $36,700,000 California-to-Hawaii cable and, if approved by the directors on Aug. 16, will be probably be financed by a debenture issue. Hawaiian Telephone Co.'s investment will be approximately $5,500,000. **Underwriter**—Probably Kidder, Peabody & Co., New York.

Herold Radio & Television Corp.
July 25 it was announced stockholders on Aug. 10 will vote on increasing the authorized common stock from 400,000 shares to 1,000,000 shares, in order to provide options (to officers and employees), and for future financing. **Underwriters**—Weill, Blauner & Co., New York, and Hallowell, Sulzberger & Co., Philadelphia, Pa.

High Authority of the European Coal and Steel Community, Luxembourg
July 9 this Authority announced that an American banking group consisting of Kuhn, Loeb & Co., The First Boston Corp. and Lazard Freres & Co. has been appointed to study the possibility of a loan to be issued on the American market. The time, amount and terms will depend on market conditions. **Proceeds** — To be loaned to firms in the Community for expansion of coal mines, coking plants, power plants and iron ore mines.

★ Imperial Oil Ltd.
Oct. 2 it was reported company plans to register with the SEC an offering to its stockholders of about 1,500,000 shares of capital stock (no par) probably on the basis of one new share for each 20 shares held. Standard Oil Co. (New Jersey), which owns 69.64% of the outstanding 29,865,691 shares outstanding, is said to have indicated that it intends to subscribe to its portion of the offering. **Price**—To be named later.

★ Interstate Fire & Casualty Co.
Sept. 26 it was reported company plans to issue and sell 75,000 additional shares of common stock. **Underwriter**—White & Co., St. Louis, Mo. **Offices** — Chicago and Bloomington, Ill.

Jersey Central Power & Light Co.
Sept. 12, it was announced company plans to issue and sell $8,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; The First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly).

Lee Offshore Drilling Co., Tulsa, Okla.
Aug. 20 it was reported company plans registration in September of $2,500,000 of convertible class A stock. **Underwriter**—Rauscher, Pierce & Co., Dallas, Texas.

Lieberknecht, Inc., Laureldale, Pa. (10/10)
Bids will be received up to 11 a.m. (EDT) on Oct. 10 at the Department of Justice, Office of Alien Property, Room 664, 101 Indiana Avenue, N. W., Washington 25, D. C., for the purchase from the Attorney General of the United States of 158,025 shares (63.21%) of capital stock (no par) of this company. **Business**—Manufacture and sale of knitting machines, etc. **Bidders**—May include Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly).

Lucky Stores, Inc.
Aug. 28 the directors of Foremost Dairies, Inc., voted to offer Foremost's stockholders the right to subscribe for 630,000 shares of common stock of Lucky Stores, Inc. at the rate of eight Lucky shares for each 100 shares of Foremost stock held (with an oversubscription privilege). **Price** — $12 per share. **Proceeds** — To Foremost Dairies, Inc. **Underwriter**—Allen & Co., New York.

May Department Stores Co.
July 19 it was announced that this company may undertake financing for one or more real estate companies. **Proceeds** — For development of branch stores and regional shopping centers. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, New York.

Merrill Petroleums Ltd. (Canada)
Sept. 6 it was reported company plans to issue and sell some debentures. **Underwriter**—White, Weld & Co., New York.

Metropolitan Edison Co.
July 2 it was reported that company is considering the sale of $10,000,000 first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Not expected to be received until December. Company presently plans to issue and sell $22,000,000 of bonds in the next 16 months.

Michigan Bell Telephone Co. (12/4)
Sept. 24 the directors authorized the company to issue and sell $30,000,000 35-year debentures, due Dec. 1, 1991. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Dec. 4.

★ Minneapolis, St. Paul & Sault Ste. Marie RR. (10/18)
Bids will be received by the company up to noon (CST) on Oct. 18, at Room 1410, First National-Soo Line Bldg., Minneapolis 2, Minn., for the purchase from it of $2,640,000 equipment trust certificates, series C, to be dated Nov. 1, 1956 and to mature in 30 equal semi-annual instalments of $88,000 each. Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler; lair & Co., Incorporated.

Mobile Gas Service Corp. (11/1)
Sept. 7 it was announced company plans to offer to its common stockholders on or about Nov. 1, 1956 the right to subscribe for 30,000 additional shares of common stock (par $5) on the basis of one new share for each 10 shares held (with an oversubscription privilege). **Proceeds** — For construction program. **Underwriters** — None.

National Bank of Detroit (11/1)
Sept. 10 it was announced stockholders will vote Oct. 15 on approving proposed sale of 263,400 additional shares of capital stock to stockholders on the basis of one new share for each 10 shares held as of Nov. 1, 1956; rights to expire on Nov. 21. **Price** — Somewhat below market price prevailing at time of offering. **Proceeds** —For capital and surplus account. **Underwriter**—Morgan Stanley & Co., New York.

● National Newark & Essex Banking Co. of Newark (N. J.) (10/5)
Sept. 17 it was announced Bank plans to offer to its stockholders of record Oct. 4, 1956, the right to subscribe to 55,000 additional shares of capital stock (par $25) on the basis of one new share for each six shares held; rights to expire on Oct. 24. Stockholders on Oct. 3 approved proposed increase in capitalization. **Price**—$57 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

New England Electric System
Jan. 3, 1956, it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Offering**—Expected in first half of 1957.

New England Power Co.
Jan. 3 it was announced company now plans to issue and sell $10,000,000 of first mortgage bonds early in 1957. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New Jersey Power & Light Co.
Sept. 12 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

New York, New Haven & Hartford RR. (10/16)
Bids are expected to be received by the company on Oct. 16 for the purchase from it of not to exceed $2,766,750 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Pennsylvania Electric Co.
Sept. 12 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.

Phillips Petroleum Co.
Sept. 24 it was indicated that the company next year will give consideration to refunding its $75,000,000 of short-term bank loans. After review, the company will decide the most appropriate type of long-term borrowing, whether it be insurance loans, long-term bank borrowing, convertible debentures or straight debentures. **Underwriter**—The First Boston Corp., New York.

★ Pittsburgh & Lake Erie RR. (11/1)
Bids will be received by the company on Nov. 1 at 466 Lexington Ave., New York 17, N. Y., for the purchase from it of $7,305,000 equipment trust certificates to be dated Nov. 15, 1956 and mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Pittsburgh Rys. Co.
May 4 it was announced that Standard Gas & Electric Co. will offer to its stockholders rights to subscribe for 540,651.75 shares of Pittsburgh Rys. Co. **Price**—About $6 per share.

Public Service Co. of Indiana, Inc.
July 30 it was reported company may issue and sell about $30,000,000 first mortgage bonds. **Proceeds** — To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Glore, Forgan & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Not expected to be received on or about Oct. 16 as previously reported. Offering postponed.

Public Service Electric & Gas Co. (11/14)
Sept. 18 the directors proposed the issuance and sale of $50,000,000 first and refunding mortgage bonds due Nov. 1, 1986. **Proceeds**—To help finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively scheduled to be received up to 11 a.m. (EST) on Nov. 14.

Public Service Electric & Gas Co.
Sept. 18, it was announced company plans to issue and sell 1,000,000 additional shares of common stock (no par) early in December. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Morgan Stanley & Co., Drexel & Co., and Glore, Forgan & Co.

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

★ Reading Co. (10/17)
Bids will be received by the company up to noon (EDT) on Oct. 17, at Room 423, Reading Terminal, Philadelphia 7, Pa., for the purchase from it of $5,220,000 equipment trust certificates, series Y, dated May 15, 1956 and to mature in semi-annual instalments of $180,000 each from May 15, 1957 to and including May 15, 1971. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

St. Louis-San Francisco Ry.
Sept. 5 company offered not exceeding $61,600,000 of 50-year income 5% debentures, series A, due Jan. 1, 2006, 154,000 shares of common stock (no par), and cash equivalent to the unpaid portion of the preferred dividend which has been declared payable in 1956, in exchange for its 616,000 shares of $100 par value 5% preferred stock, series A, on the basis of $100 of debentures, one-quarter share of common stock and unpaid dividends of $2.50 per preferred share in exchange for each 5% preferred share. The offer will expire on Dec. 31, 1956, unless extended. **Dealer-Manager** — Eastman Dillon, Union Securities & Co., New York. **Exchange Agent**—The Chase Manhattan Bank, New York.

Schick, Inc.
Sept. 25 it was announced that an undetermined number of shares of common stock is expected to be offered publicly late in October. The offering is subject to the approval of stockholders on Oct. 4 of a proposed two-for-one stock split. **Proceeds**—To Mrs. Florence Schick Gifford, wife of Kenneth C. Gifford, Chairman and President of the company. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Hayden, Stone & Co., both of New York.

Seiberling Rubber Co.
Sept. 10 it was reported that the company plans long-term debt financing and/or issuance of additional common stock. **Proceeds**—To redeem preferred stocks and for expansion program, etc. **Underwriter** — Probably Blair & Co. Incorporated, New York.

Continued on page 66

Continued from page 65

★ Sierra Pacific Power Co. (11/14)
Sept. 27 it was reported company plans to issue and sell $3,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp. and Dean Witter & Co. (jointly); Blair & Co., Incorporated. **Bids**—Expected to be received on Nov. 14. **Registration**—Planned for Oct. 11.

Sinclair Oil Corp.
Sept. 10 it was announced that company is considering selling $165,000,000 of convertible subordinated debentures to be offered for subscription by common stockholders on basis of $100 of debentures for each nine shares of stock held. Stockholders are scheduled to vote on the financing on Oct. 30. **Proceeds**—For expansion program and general corporate purposes. **Underwriter**—Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Pacific Co. (10/10)
Bids will be received by the company up to noon (EDT) on Oct. 10 at Room 2117, 165 Broadway, New York 6, N. Y., for the purchase from it of $9,600,000 equipment trust certificates, series VV, to mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southwestern Public Service Co.
Aug. 7 it was announced company plans to issue and sell in February or March, 1957, $5,000,000 of first mortgage bonds and $5,000,000 additional common stock first to stockholders on a 1-for-20 basis. **Proceeds**—For construction program. **Underwriter**—Dillon, Read & Co., New York.

Standard Register Co., Dayton, Ohio (10/30)
Sept. 19 it was announced company plans to raise about $6,500,000 through the sale of its stock. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

★ Texam Oil Corp., San Antonio, Texas
Oct. 1 it was announced that the 1,000,000 additional shares of common stock, recently authorized by the directors, will provide the company with the additional working capital it will require for further expansion.

★ Texas Power & Light Co.
Oct. 2 it was announced that company plans to file a registration statement with the SEC about the middle of October for the issue and sale of $10,000,000 of first mortgage bonds due 1986. **Proceeds**—For repayment of bank loans and new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co.; Lehman Brothers, Drexel & Co. and Hemphill, Noyes & Co. (jointly); The First Boston Corp. **Registration**—Expected about middle of October.

★ Texas Power & Light Co. (10/31)
Oct. 2 it was announced that the company plans to issue and sell 100,000 shares of cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Beane, all of New York. **Registration**—Expected about middle of October, for offering late in the month.

● Underwood Corp. (10/22-26)
Sept. 10 it was announced the directors are considering an issue of $5,000,000 subordinated convertible debentures due 1971. **Proceeds**—For working capital and used as required for research and engineering, modernization of plant facilities, development of new products and general expansion of operations in order to promote increased sales. **Underwriter** — Lehman Brothers, New York.

Union Bank & Trust Co., Los Angeles, Calif. (10/8)
Sept. 14 it was announced stockholders of record Oct. 5 are to be offered the right to subscribe on or before Oct. 26, 1956 for 114,000 additional shares of capital stock (par $10) on the basis of one new share for each five shares held. **Price**—$35 per share. **Proceeds**—To increase caiptal and surplus. **Underwriters**—Blyth & Co., Inc. and Stern, Frank, Meyer & Fox, both of Los Angeles, Calif.

United States Rubber Co.
June 29, H. E. Humphreys, Jr., Chairman, stated that issuance of convertible debentures is one of several possible methods the company has been considering for raising $50,000,000 to $60,000,000 which may be needed for plant expansion and working capital. He added that, if convertible debentures are issued, they will be offered pro rata to common stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

University Life Insurance Co., Norman, Okla.
June 21, Wayne Wallace, President, announced company plans in near future to offer to its 200 stockholders 500,000 additional shares of common voting stock at rate of not more than 2,500 shares to each stockholder. Rights will expire on Aug. 1. Unsubscribed stock will be offered to residents of Oklahoma only. **Price**—$2 per share. **Underwriter**—None.

★ Walt Disney Publications, Burbank, Calif.
Oct. 2 it was announced the company now proposes to offer to its common stockholders the right to subscribe for 186,500 additional shares of common stock (par $2.50) at the rate of one new share for each seven shares held (with an oversubscription privilege). **Price**—$20 per share. **Proceeds** — To retire short-term bank loans and for working capital. **Underwriter** — None. However, Atlas Corp., which owns about 17% of the common stock outstanding, will subscribe for any stock not taken by others. For every share subscribed for through exercise of primary and secondary rights, the stockholders would receive a further right to purchase until Nov. 30, 1957, one additional share at $22.

Washington Gas Light Co.
June 7 it was announced company proposes to finance proposed new construction of pipeline in Virginia to cost about $3,380,000 from funds generated by operations, sale of common stock and temporary bank borrowings. **Underwriter** — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Watson Brothers Transportation Co.
Sept. 19, it was reported public offering of an issue of 619,776 shares of class A common stock (par $1) was planned late in October. **Price**—Expected to be around $7.50 per share. **Underwriters**—Cruttenden & Co., Chicago, Ill., The First Trust Co. of Lincoln, Neb.; and Wachob Bender Corp., Omaha, Neb.

Our Reporter's Report

The atmosphere in investment market circles seems to be a bit more cheerful, at the moment, than has been the case for some weeks. The turn for the better could be traceable to indications of a changing attitude toward the corporate debt market on the part of a large segment of the institutional investment fraternity.

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 back that yields were not what they should have been and they proceeded to find other outlets for their funds.

Such monies went chiefly into loans negotiated 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 among portfolio men for these institutions.

They no longer regard yields on new securities as inadequate and at the same time probably find demand for mortgage money slackening a bit from peak levels of several months ago.

At any rate there are indications that this segment of the investing fraternity is building up funds which probably will find their way into the bond market in the near future as these institutions wind up some of their current mortgage commitments.

Clearly, they are watching the debt securities markets with extreme care at the moment.

Bell Units Busy

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

On Monday Southern Bell Telephone & Telegraph Co. will open bids for $60 million of 27-year debentures. With their 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 Southern New England Telephone Co. will accept bids for 1,173,696 "rights" entitling the holders to purchase 146,712 shares of the company's stock. These "rights" are being sold for American Tel. & Tel. which will receive the proceeds.

Coming to Market

Also on Tuesday Pacific Finance Corp., will finally bring to market its $25 million of 15-year debentures which have been hibenating in registration since last Spring.

Several of the company's larger counterparts who had balked a few times against the trend in money rates since have completed their financing operations.

Pacific's officials presumably are satisfied now that the market is as "stable" as they may expect it to be for the next little while.

Rise in Cost of Money

Changed money market conditions were emphasized by the results of bidding for Columbia Gas System's $25 million of 25-year debentures which came to market on reoffering today.

An entirely new banking aggregation took down this issue in the bidding by paying the company a price of 99.931 for a 4¾% coupon. This proved to be $1.20 per $1,000 bond better than the nearest competitor who offered to pay 99.811 for the same interest rate.

Last Spring the company sold an issue of $40 million of 25-year debentures to carry a 3⅞% interest rate. This issue was reoffered publicly by bankers at a price of 100.399. The current issue of 4¾s is being reoffered today at 100.73 to yield 4.70%.

Bankers Offer Racine Hydraulics Shares

Loewi & Co. Inc., Milwaukee, Wis., and associates on Oct. 2 offered publicly the following securities of Racine Hydraulics & Machinery, Inc.: 15,000 shares of $1.20 cumulative convertible preferred stock, series A ($20 par value) at $20.25 per share, plus accrued dividends; and 35,000 shares of common stock (par $1) at $11 per share. Of the common stock, 10,000 shares are offered for the account of a selling stockholder.

Racine Hydraulics & Machinery, Inc., with its principal office in Racine, Wis., has developed and produces metal cutting machinery of various sizes and types, including a power hacksaw (which is the principal product of the company), a complete line of hydraulic pumps, valves and controls.

The net proceeds from the sale of the preferred stock and 25,000 shares of common stock are to be added to the working capital of the company.

King Merritt Adds

(Special to The Financial Chronicle)

MIAMI, Fla.—David N. Griffis has been added to the staff of King Merritt & Co., Inc., Chamber of Commerce Building.

Joins First Florida

(Special to The Financial Chronicle)

ORLANDO, Fla.—Edward Hasti has joined the staff of First Florida Investors, Inc., 51-53 East Robinson Avenue.

Joseph A. Rushton

Joseph A. Rushton passed away Sept. 30 at the age of 82. Mr. Rushton, who had been in the investment business since 1892, was a limited partner of Goodbody & Co.

Discovery Day Luncheon Announced

The annual "Discovery Day" Luncheon sponsored by the Spanish-American Board of Trade will be held at the Ballroom of the Hotel Plaza on Oct. 11, at 12:30 p.m. in commemoration of the Discovery of America by the Spanish Expedition led by Christopher Columbus. His Excellency Don Jose Maria de Areilza, Count of Motrico, Spanish Ambassador to the United States will be the principal speaker. Mr. Horace C. Sheperd, Chairman of the First National City Bank, as Chairman of the Reception Committee, will introduce the Ambassador. Miss Dorothy Shaver, President of Lord & Taylor, Chairman of the Women's Committee, will also speak.

The Luncheon is dedicated to the purpose of broadening the area of understanding and strengthening the cultural as well as economic ties between Spain and the United States. Among those who will be honored guests at that time are His Eminence Francis, Cardinal Spellman, The Ambassadors to the United Nations of Brazil, Chile, Cuba, Honduras, Guatemala, Panama and Peru; Lieutenant General Antonio Alcubilla, Senator Irving M. Ives, Congressmen: Emanuel Celler, Irwin D. Davidson, James J. Delaney, James G. Donovan, Francis E. Dorn, Edna F. Kelly, Eugene J. Keogh, Arthur G. Klein and Abraham J. Multer; Honorable Roman de la Presilla, Consul General of Spain; General Eduardo Hernandez Vidal, President, Spanish Atomic Energy Commission; Colonel Duque del Infantado; Honorable Edward T. Dickinson, Commissioner of Commerce of the State of New York, Honorable Richard C. Patterson, Commissioner of the City of N. Y. and Mr. Ogden Reid, President, New York "Herald Tribune."

A private reception for Guests of Honor and members of the Committees will be held at 12 Noon.

Bank of America Group Offers $35 Million California Bonds

Bank of America N. T. & S. A. heads an underwriting syndicate which is offering today $35,000,000 State of California, 5%, 3%, 2½% and 2¾% Veterans' Bonds, due Aug. 1, 1958 to 1977, inclusive. Proceeds from the sale of the bonds will be used to provide funds for farm and home loans to California veterans.

The bonds are scaled to yield from 2.15% to 2.85%, according to maturity.

Other members of the underwriting group include: The First National City Bank of New York; 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, San Francisco; Glore, Forgan & Co.; C. J. Devine & Co.; Goldman, Sachs & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Beane; Weeden & Co. Incorporated.

The First National Bank of Portland, Oregon; Seattle-First National Bank; Security-First National Bank of Los Angeles; Equitable Securities Corporation; Dean Witter & Co.; Reynolds & Co.; California Bank, Los Angeles; Bache & Co.; J. Barth & Co.; William R. Staats & Co.; Andrews & Wells, Inc.; Barr Brothers & Co.; A. G. Becker & Co.; Branch Banking & Trust Company; Brown Brothers Harriman & Co.; Clark, Dodge & Co.; Coffin & Burr Incorporated; Fidelity Union Trust Company, Newark.

John G. Sessler Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Arvid S. Wahlstrom has become connected with John G. Sessler Company, 10 Post Office Square. He was formerly with McCoy & Willard.

Public Utility Securities

By OWEN ELY

American Gas & Electric Co.

American Gas & Electric is the largest of the nine electric utility holding company systems, with annual revenues of about $265 million. Its subsidiaries serve various areas in seven contiguous states—Ohio, Indiana, Virginia, Michigan, Kentucky, West Virginia and Tennessee—with a population of about 4,836,000. The territory served includes farming areas and also a variety of industries making automotive products, rail equipment, steel and metal products, chemicals, textiles, glass, ceramics, rubber, cement and furniture. The Virginias are noted for their coal mines and there is also oil refining in the area.

System revenues are virtually all electric (there is no gas, but heating and miscellaneous services yield a small amount). Electric revenues are about 33% residential, 14% commercial, 39% industrial, and 14% miscellaneous and wholesale. A.G.&E. holds a 37.8% interest in the Ohio Valley Electric Corp. (OVEC) which supplies a large amount of power to an AEC diffusion plant near Portsmouth, Ohio. The A.G.&E. system does not serve any very large cities and thus benefits by the current trend toward decentralization of industry.

President Philip Sporn is keenly interested in engineering research and under his leadership A.G.&E. has developed new standards of bigness and efficiency in steam generating plants, main transmission lines, etc. New plants have consistently ranked first in efficiency of fuel consumption in recent years—Philip Sporn in 1950, Tanners Creek in 1951-52, Kanawha River in 1953 and Kyger Creek in the OVEC system (construction of which was supervised by A.G.&E.) in 1955.

A big feather in Mr. Sporn's cap was his ability during the past year to "sell" Kaiser Aluminum and Olin Mathieson on moving into the Ohio Valley to take advantage of cheap industrial power (about 4 mills per kwh.) which A.G.& E. can produce by locating its new steam generating plants near coal mines, so that there is little or no freight cost involved. Formerly the aluminum companies had sought cheap power from hydro or gas-fueled steam plants. He is planning to build two large units of 450,000 kwh. each (a few years ago a 100,000 unit was considered large) with an anticipated thermal efficiency of 41%. These two generators together are expected to save nearly $1 million a year in fuel costs with their increased efficiency. Sporn has also developed a technique for sending much more electricity over the wires than earlier deemed possible—two 345-kv. lines of OVEC recently made history by carrying 1,000,000 kw. for almost a week, one circuit being loaded to 725,000 kw. for a brief time.

System generating capability, totaling about 4,000,000 kw. at the end of 1955 vs. a peak load of 3,700,000 kw. capacity, will be increased to 5,700,000 kw. by 1958 and to 6,600,000 kw. by 1960, it is forecast.

In the past decade the A.G.& E. system spent nearly $800 million for plant, but with higher costs of construction and increasing demand for electricity the system now plans to spend $700 million over the five years 1956-60. What is more remarkable, this huge program can probably be accomplished without equity financing. With the aid of deferred income taxes the company expects to raise about half the amount internally, and half through the sale of bonds and preferred stocks by subsidiaries, together with a small amount of bank loans. Anticipated earnings of 6% on this investment will be leveraged for the benefit of common stock holders, assuming that the cost of senior money does not become prohibitive. In the past decade fairly frequent issues of common stock resulted in considerable dilution of earnings, though they helped raise the equity ratio from 23% to 34%.

While 600,000 kw. of the proposed 2.2 million increase in kw. capacity by 1960 will be taken by Kaiser and Olin Mathieson, the company has a well-organized campaign to increase the residential load, with strong emphasis on heavy load builders such as ranges, water heaters and clothes dryers. A.G.& E. has been able to obtain saturations well above the national average for these appliances. In the future emphasis will also be laid on electric space heating, as an offset to summer air conditioning, and on the use of heat pumps.

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 has gained 55%, the number of customers 64%, and revenues 150%. With domestic rates below the national average A.G.& E. has no special rate problems. The percent earned on the system rate base last year was slightly over 6%.

Referring to the price range in the table below, it will be noted that A.G.& E. has registered new highs in every year since 1948. The stock has become increasingly popular with institutions and is now owned by 341 of them—a number exceeded by only a few industrial blue chips such as duPont and General Electric.

The stock has been selling recently around 37¼ (range this year 43½-35½) to yield about 3.9% on the $1.44 dividend rate. The price-earnings ratio based on earnings for the 12 months ended Aug. 31 of $2.02 is 18.4.

A. G. & E. COMMON STOCK RECORD
(Adjusted for stock splits and stock dividends)

Year Ended December	—Share Earnings— Consolidated	Parent	Dividends Paid	Price Range High	Common Low	Book Value
1955	$1.90	$1.68	$1.21	35	26½	$16
1954	1.65	1.46	1.10	28	22	14
1953	1.58	1.46	1.05	23	18	13
1952	1.48	1.22	0.95	22	18½	11
1951	1.36	1.14	0.94	19½	15½	11
1950	1.48	1.22	0.91	17	13½	11
1949	1.31	0.94	0.69	15½	11½	10
1948	1.31	0.87	0.30	12½	9½	9
1947	1.27	0.91	0.38	13	10	8
1946	1.16	0.84	0.65	15	11½	7
1945	1.49	0.59	0.57	14	9½	5

Bankers Offer Marsh Steel Securities

An offering of $700,000 5½% convertible sinking fund debentures due Oct. 1, 1956 and 135,000 shares of common stock (par $1) of Marsh Steel Corp. was made on Oct. 3 by a group of underwriters headed by The First Trust Co. of Lincoln, Neb.; Cruttenden & Co., Chicago, Ill.; Boettcher & Co., Denver, Colo.; and Barret, Fitch, North & Co., and Burke & MacDonald, Inc., both of Kansas City, Mo. The bonds were priced at 100% and accrued interest and the stock at $10 per share.

Marsh Steel Corp. is engaged in the distribution of metal products, principally steel and aluminum, at the warehouse level. It distributes these products in western Missouri, the Texas Panhandle, and the States of Kansas, Oklahoma, Arkansas, Nebraska, Iowa, Colorado, Wyoming, South Dakota, Montana, and New Mexico. The company operates warehouses and sales offices at North Kansas City, Mo.; Wichita, Kan.; and Commerce Town, Colo., just outside the city limits of Denver. The company also maintains district sales offices at Tulsa, Okla.; Springfield, Mo.; Omaha, Neb.; Colorado Springs, Colo.; and Casper, Wyo. A small warehouse stock is also located at Colorado Springs.

Of the net proceeds from the sale of the convertible sinking fund debentures and common stock, approximately $1,175,000 will be used to purchase equipment, and finance inventory and accounts receivable at a new warehouse at Baton Rouge, La. (the warehouse being provided under long-term lease); approximately $350,000 will be advanced to the company's subsidiaries, Norclay Investment Co. and Colmar Investment Co., for the purpose of providing additional warehouse facilities at North Kansas City, Mo., and Denver, Colo.; approximately $25,000 will be expended for additional equipment for the Denver warehouse; and the balance will be added to the company's working capital, to be used largely to reduce the usage of open-line credit borrowings on a short-term basis, and to finance additional inventories and accounts receivable at the company's existing warehouses.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—It is time to take a fresh look at that intricate web of controls over farming and the marketing of farm commodities spun by the Department of Agriculture under the various farm laws. For one thing, the President of the United States himself called attention to the subject in his farm speech at Peoria, Ill., last week.

In part it is the story of how supinely farmers have come to accept regimentation 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, crop production 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 a county agent this correspondent talked to were unfamiliar with some of its basic ramifications. No less a person than President Eisenhower himself, along with probably 99 44/100% of the population, disclosed an innocence of the workings of these programs.

For in his Peoria speech, Mr. Eisenhower made this observation about mandatory high price supports:

"That kind of a program compels drastic quotas, allotments, governmental regulation."

Factually, the President was in error. The mandatory price support bill which he vetoed last April would have added no new controls over planting and marketing than already were in the law. It might have cost the Treasury a modest amount more money than the existing controls which are not far below 90%, but it would have imposed no more "quotas, allotments, governmental regulations."

Brings "Cross Compliance"

On the other hand, the Administration's "soil bank" did bring a new and tougher form or regimentation, known as "cross compliance."

Until the "soil bank" became law, a farmer in Kentucky raising three controlled crops—to use a hypothetical example—say corn, tobacco, and wheat, could reap his subsidy for holding down his plantings according to the edicts given him on tobacco acreage, whilst at the same time planting more than his decreed acreage of corn and tobacco.

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 also.

Soil Bank "Holes"

There is one respect in which the soil bank may not necessarily buy the government a reduction in its wheat stockpile (or of other crops) about which the Department of Agriculture brags from the housetops. Once a farmer contracts to underplant a surplus crop he gets the subsidy regardless of whether there is a crop failure in his area. In respect to such farmers, and even in the best years there are spots of crop failure, this merely becomes crop insurance for the farmer is paid a roughly-estimated net profit over what he would have got had he planted and harvested a crop. This thus becomes nationwide crop insurance.

Preserving "Farm Historic Record"

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 for not planting the wheat he did not want to plant, he would run into this situation:

On the statutory "basic" commodities, wheat, corn, cotton, tobacco, rice, and peanuts, a farmer is given an "historic record" upon which his quota or right to produce a crop is based. If he had been allotted 20 acres of wheat for some years, for instance, he could continue to raise and get subsidies on 20 acres, more or less, varying from year to year, so long as he did not for three successive years fail to plant wheat.

If one fails to plant a controlled crop for three successive years (this correspondent failed to plant tobacco for three successive years, for instance, and although the owner of a farm, now cannot sell tobacco without a prohibitive penalty), he loses his quota or right to plant that crop, subject only to the good grace and willingness of the county Agricultural Stabilization and Conservation Service committee to maybe ease up and give him an acre or two on appeal. He applies as the operator of a "new farm."

Under the soil bank the farmer who says why should he plant wheat he doesn't want to plant, and why should he take money for not planting wheat he does not want to plant anyway, chalks up one year of "no production" against his "historic record." Two more years of no planting and he loses the right to sell the crop.

On the other hand, the soil bank gimmick specifically preserves the "historic record" of the farmer signing up. Thus a farmer is influenced to sign up and get his subsidy for curtailing 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 acreage reserve of the soil bank the county Agricultural Stabilization and Conservation Service figures an "average yield" for the county. he subsidy is thus paid on that basis. 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 wheat on that 20 acres, assuming he puts it all under the acreage reserve.

On the other hand, the exceptionally capable farmer with the better land may produce 40 bushels to the acre. He will be paid at the rate of only 20 times $1.32 for joining the acreage reserve of the soil bank.

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 to prove by vouchers on the sale of his wheat that his production is 40 bushels. He will be paid only the county average of 20 bushels.

The Department of Agriculture 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 influence which further will diminish the putting of the more productive land into the soil bank and it is an influence toward stultifying the objective of reducing the production of surplus crops drastically.

Farm Regimentation

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

Where a farmer has an acreage allotment, say, of 20 acres of wheat, but no marketing quotas are in effect, this means that he can through one or another 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 guaranteeing him the support price in cash at once or later.

Only corn is without a marketing 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 until they clear 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 allotted 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 formal certificate saying this wheat, cotton, tobacco, peanuts, or rice, as the case may be, is produced on acreage in compliance with the acreage allotment.

All buyers, tobacco warehouses, grain dealers, etc., are on notice that if they purchase a controlled commodity without 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 produced 30 acres of wheat this year but had 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 permission to sell. A fine of 400 times $1.12 is too much for a buyer to risk without making sure he is buying legal wheat.

Qualifies Land Values

This gimmick of the allotted acreage works in strange ways to affect the value of particular pieces of property.

An acreage allotment is adjusted to a particular farm, on the basis of its "historic record," and not its size. If a little fellow with a 7-acre farm had been producing all 7 acres of it in tobacco in the years before the Blessed Department of Agriculture came along, then today that farm would carry an allotment of 5 to 6 acres.

On the other hand, there are farms in the tobacco country where farmers using economic judgment might in some years have planted other crops because good management would suggest such a course, reducing their historic record. The case is known of one farm of 187 acres which had an allotment of 1.26 acres of tobacco.

Purpose of this gimmick is to "freeze" the status quo of the present wards of the government on the farm. Acreage allotments on controlled farms go to the farm on the basis of its crop history, not to the individual, no matter how efficient. When farms are sold throughout the tobacco growing area of Maryland, Virginia, and the Carolinas, the real estate men usually advertise the size of their tobacco allotments, for the value of such farms as investments is heavily affected by the particular farm's acreage allotment.

The members of the Department's county committee who pass on pleas for allotments as "new farms" to those who have lost allotments, are invariably men who represent the established monopoly, and do not welcome competition.

Likewise if a farmer were to get out of a controlled crop and spend considerable money and three years to improve the land's fertility, the market value of the farm would tend thereby to be affected in inverse ratio to its physical improvement as a farm capital investment.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

IS THIS *YOUR* SHIP COMING IN?

With Schwabacher Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Horace H. Gaffrey has become connected with Schwabacher & Co., 100 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Harry Mock, Jr. has been added to the staff of Reynolds & Co., 425 Montgomery Street.