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EDITORIAL

As We See It

What Mr. Stevenson would do if elected to the Presidency at the head of a Democratic regime is at this moment not easy to fathom. One would certainly hesitate to draw specific conclusions from what he has been saying as he "whistle-stops" the country. If experience is a safe guide the Democratic platform is about equally untrustworthy as a guide. The course of a re-elected Eisenhower Administration is perhaps somewhat more easily inferred from the record that the present Administration has made, but since there is no telling whether the new Congress is to be Republican or Democratic or whether if Republican it would give full support to the President, it must be said that very considerable uncertainty exists about public policy during the next four years no matter who is to be elected President.

One may, however, list with the greatest assurance a number of things, all of them important, that no one need expect no matter how the voting goes next month. No election campaign was, of course, needed to render it possible to draw up such a list. All that recent events have done is to call the fact painfully to the attention of thoughtful citizens with the good of their country at heart. It has been clear for four years past, and it is clearer than ever now, that there will within the next four years be no return to time-tested American ideas of the scope and legitimate functions of government. As to the New Deal and the Fair Deal we shall have no better at best than greater sanity and certain moderation here and there in their application. This has been true of the Eisenhower Adminis-

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What Government Must Do To Widen Social Progress

By ARTHUR F. BURNS*
Chairman, Council of Economic Advisers

President's Economist visualizes output, now at annual $414 billion rate, approaching $600 billion mark in another ten years, but warns that economic progress does not come automatically nor dispense economic opportunity evenly. Dr. Burns recommends new legislation and necessary Government contribution to overcome ineffectiveness of human individual effort in order to help remedy pockets of depressed farm areas, frictional and chronic unemployment, and small business problems. Wants Government to foster competitive market and high employment, encourage new investments, improve general education and vocational guidance, and maintain and extend economic and social progress even during cyclical growth pauses.


Dr. Arthur F. Burns

As I look back across the years, I feel that the outstanding as well as the noblest social achievement of our times has been the widening of economic opportunity in our country. We had great prosperity during the Nineteen Twenties, but the fruits of that prosperity were not shared widely enough. We carried out significant social reforms during the Thirties, but in the best year of that decade close to 8 million men and women were unemployed. We practically eliminated unemployment during the Forties, but a huge part of people's savings was simultaneously wiped out by inflation. Sharp inequality of incomes, mass unemployment, and a shrinking dollar —each of these has been a great destroyer of opportunity through the ages. Happily, these obstacles to progress do not loom very large as

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*An address by Dr. Burns before Oberlin College, Oberlin, Ohio, Oct. 5, 1956.

Are We Growing Too Fast?

By DAVID ROCKEFELLER*
Executive Vice-President, Chase Manhattan Bank, New York City

Voicing cautious optimism, leading banker depicts immediate problem is not investment instability threatening a decline but rather one of trying to invest too much in building up capacity and having to stop short and wait for demand to catch up. To maintain balanced rather than bunched growth; to prevent consumer demand from rising too rapidly; and investment outrunning nation's savings, Mr. Rockefeller urges bank, insurance and other lenders to establish sound lending standards and meet most productive and least inflationary loan needs. Declares much can be said for Federal Reserve's credit restraint policy in view of sharp warning note exemplified in recent price behavior.

As all of us know, the demand for investment funds these days is so great, it is taxing the resources of the entire financial community. This is a situation we have seldom encountered in the past, but when we have experienced such stringency, it has often been a sign of possible trouble ahead. Today, some have expressed misgivings that this may again be the case. Consequently, it seems to me timely and appropriate to explore the question of whether we are trying to grow too fast—whether our current rate of expansion is running the risk of leading to a crash which could be followed by a downward spiral of the business cycle.


David Rockefeller

All of us in the financial community have a deep-seated interest in the continued growth and well-being of our economy. Financial institutions are playing an increasing role in the vital process of channeling the community's savings into productive investment. Thus, we, of all people, need to keep a

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*An address by Mr. Rockefeller at the 51st Annual Meeting of the American Life Convention, Chicago, Ill., Oct. 12, 1956.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

W. R. Grace & Company—Theodore Marache, Research Analyst, Hayden, Stone & Co., New York City. (Page 2)

Federal Nat'l Mtge. Assoc. Common Stock ("Fanny May") — Donald L. Moffat, Assistant Vice-President, C. F. Childs & Co., New York City. (Page 2)

THEODORE MARACHE

Research Analyst

Hayden, Stone & Co., New York City

W. R. Grace & Co.

Many investors do not realize the changes that have recently taken place in the business of W. R. Grace & Co. These changes have been too rapid for casual interpretation. In addition, the common stock only now is in the process of becoming well known. Until a few years ago it was largely held by members of the Grace family and only since 1953 has been listed on the New York Stock Exchange.

Theodore Marache

W. R. Grace & Co. may be the most diversified major company today, considering the products which it makes, the services which it renders, and the areas in which it operates. The breakdown of the 1955 consolidated sales were Chemicals, 33.9%; Foreign, 26.1%; U.S. Export-Import, 18.4%; Steamship, 15.4%; Other Domestic Business, 6.2%. These sales exclude the Grace National Bank, Pan American-Grace Airways (Panagra), and Gulf and South American Steamship Co. which are not consolidated on the company's financial statements.

The great expansion of the company during the last several years into domestic chemical enterprises has considerably furthered diversification. In 1950, chemicals accounted but for 5.9% of sales. Changes in the distribution of net fixed assets of the chemicals have been even more spectacular, increasing to nearly 55% at the 1955 year-end from 3% at the 1950 year-end. Moreover, approximately 60% of the estimated $55-60 million to be spent on capital expenditures this year will be for chemicals increasing further the assets represented by that group. A significant fact too is that over 90% of the more than $7 million research and development expenditures budgeted for 1956 will be applicable to chemical lines.

Chemical products include synthetic petroleum cracking and reforming catalysts, silica gels, agricultural and industrial chemicals, and chemical specialties such as the famous, very fast growing Cryovac bags. Grace is the largest or an important producer of many of these items. A $20 million new low pressure polyethylene plant is now under construction in Louisiana. An interesting affiliate in the chemical group is Rare Earths, Inc., which extracts thorium and purified rare earth chemicals from monazite sands under a contract with the Atomic Energy Commission.

No sound analyst would write down the other activities of Grace as of little consequence. It is significant that the expected increase of 10% or more annually in per share earnings in future years is based particularly on growth in the Latin American as well as the chemical group. The population of South America is increasing at 2.4% per year, 30% higher than the United States: its gross national product is increasing at 4.4% annually compared to 3.2% in the United States.

The dominant activities in Latin America are the production of paper, sugar and the manufacture of textiles. Paper is made from bagasse, the residue fiber of sugar cane, by a process developed by Grace engineers. World leadership here will be further strengthened by the new "Peadco" process developed with the late Clarence Birdseye, the noted pioneer in frozen foods. A promising development too is the recent entry in Brazil's industry through the $5 million plant which will produce DDT, chlorine and other chemicals, now being built in partnership with Farbwerke Hoechst, A. C. of Germany.

The most important component of the shipping group is the wholly owned Grace Line. Operations must be quite profitable as earnings have constantly exceeded the 10% of capital employed as defined by the Federal Maritime Commission. A contract signed early this year between the Grace Line and the Commission provides for replacement in the next 20 years of the entire Grace fleet of 27 vessels under a construction subsidy. The General Business Group includes Foster and Kleiser, the largest outdoor advertising company on the West Coast, which cost $7.8 million in 1952 and earned $1.9 million after taxes in 1955; and Grace National Bank whose net earnings equalled nearly $1 million in 1955. The important Pan American-Grace Airways, 50% each owned by Grace and Pan American World Airways, offers direct one-plane service between New York, Washington, Miami and the West Coast of South America and Buenos Aires.

A recent agreement between Texas Gulf Producing Co. and Grace concerns a joint oil exploration program in Libya where a subsidiary of Texas Gulf has 25 million acres of concessions. Texas Gulf will receive 51% and Grace 49% of net revenues from operations, with latter paying the majority of exploration costs.

Earnings for 1955 equalled $4.21 per share common against $3.50 for 1954; and for the current first six months $2.37 against $2.14. These figures exclude undistributed equities of 30c, 45c, 25c and 18c, respectively. Earnings for 1956 are estimated at $4.45 per share common (excluding undistributed equity of 40c). No breakdown of net earnings by product groups is given. However, a top official early this year anticipated that 45% to 50% of the 1956 cash flow would be from chemicals. This proportion may be roughly estimated at $4 per share. The common at recent market of about 59 yields 4.07% on the $2.40 dividend. The financial position is good. The very substantial capital expenditures should be covered largely by corporate funds and cash flow but some debt financing is probable.

The common stock of Grace is among my favorites. Its recent market is 13.2 times estimated 1956 earnings, excluding undistributed equity—a ratio considerably below those for major chemical equities. Growth prospects are excellent, have increased greatly in the last few years and should continue to be favorable over the foreseeable future. The diversification is outstanding and in some respects perhaps unexcelled. The dividends have been increased three times in the last four years. The yield is good for the quality offered. The great chemical expansion has been very recent but its effects so far have been quite favorable. Earnings in 1955 from this group were approximately double those of 1954. Furthermore, while sales in 1955 increased only 3% over 1954, the net rose 20%. This was attributed by the company to the better margins occasioned largely through recent investments in chemicals. The Libyan oil deal is admittedly a speculative venture which, however, holds dramatic possibilities of profit for the shareholders.

The convertible 3½s, 1975 are selling at about 113 on the New York Stock Exchange, giving a current yield of 3.10%. Convertible into 19 shares common per $1,000 bond, they are approximately at parity.

DONALD L. MOFFAT

Asst. Vice-President, C. F. Childs & Co., New York City

Federal National Mortgage Association Common Stock (commonly called "Fanny May")

As the name implies, FNMA is a U. S. Government agency. However, by an Act of Congress (Charter Act of 1954) private capital will eventually take over as owners and managers.

Donald L. Moffat

Although the Charter Act provides FNMA with other functions, they are completely separate from the Secondary Market Operations which, under the Charter, has separate accountability with its own capital, assets, liabilities and borrowing authority. (It is through the Secondary Market Operations that the public ownership of its common stock is brought about.)

The present capitalization consists of approximately $93 million preferred stock held by the U. S. Treasury Department; that amount being the total that can be issued. (It is intended to eventually retire this preferred stock.) It also has $200 million of publicly owned bonded debt and, as of June 30, 1956, approximately 61,000 shares $100 par common outstanding.

Broadly speaking, FNMA is authorized to issue obligations in an aggregate amount outstanding at any one time not to exceed 10 times the sum of its capital, surplus, general surplus, reserves and undistributed earnings. The Charter Act also specifically provides that in no event shall any such obligations be issued, if at the time of such issuance, and as a consequence thereof, the resulting aggregate amount of FNMA's outstanding obligations would exceed the amount of the Association's ownership, free from any liens or encumbrances, of cash, mortgages, and direct or guaranteed obligations of the United States. This would bring their limitations on debt to slightly over $1 billion on the balance sheet as it stands today.

The common stock comes about through this Association's purchases of Veterans and Federal

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The Outlook for Business And the Stock Market

By S. B. LURIE*

Partner, Josephthal & Co., Members N. Y. Stock Exchange

Market analyst asserts an important buying opportunity has developed since "Fabulous Fifties" in line with nation's unprecedented economic buoyancy and resiliency; and freedom from former cyclical changes. Cites redistribution of income into hands of major spenders. Stresses bullish business interpretation of Reserve Board's "tight money" policy, which will extend the boom in lieu of ending it. Predicts business will end 1956 in blaze of glory, with momentum carrying over until next year. Concludes we are enjoying safest high stock market in history.

Make no mistake about this point: We are in a new and different period—one which defies a "pat" label. This is an era of specifics—a market period which is neither deep black, nor brilliant white. In other words, I strongly doubt that we are in a bear market in the accepted sense of the term. Conversely, however, I doubt that the label of bull market can be applied—again in the popularly accepted meaning of the term. Rather, it seems to me that this has been, and still is, a year of "baby" bull markets and "baby" bear markets. It also has been—and I believe still is—a year of vicious selectivity.

Sidney B. Lurie

This is the theme I'd like to explore—as well as attempt to answer two questions which have been allocated to me: namely, the impact of money rates and the elections on stock prices. These topics are only a portion of the many market considerations facing the investor today. They are part of the equation which has created the floor and ceiling in the averages to which I earlier referred.

Two weeks ago, I stated that I thought an important buying opportunity had developed. My reasons for this belief stem from three basic considerations which I'd like to discuss with you:

Buying Stimulus

For one thing, this is still a great, wide, wonderful world. These are still the Golden Years —"The Best Years of Our Lives." We're living in a big, new and different era which is being measured with an eye dropper when a battery syringe is required. If my assumption is correct that these are the Fabulous Fifties—a phrase I used before this group in 1952 —it means two things:

(1) Our economy has greater internal resiliency and buoyancy than ever before in our history. (2) It's free of the sharp cyclical changes which were characteristic of the 1930'. Look around when you leave and think about the following new conditions which should make us all sing the song Judy Garlan does so well. "I'm Lucky."

This is the first era in our history of carefully planned and aggressive research to develop new products which create new markets. And Research spells bigger sales, more employment, wider prosperity.

This is the first era of scientific business management. The professional manager is something new in our society—and his planning is on a long-term rather than short-term basis.

The vast social and economic changes of the past 20 years mean an entirely new consumer buying attitude. Pension plans, the emphasis on a higher standard of living, the $6-7 billion distributed annually in Social Security benefits—cannot be under-estimated.

Income Redistribution to Spenders

Our income has been re-distributed into the hands of those who proportionately spend the most. And the trend has accentuated by our new concept of "guaranteed" annual wage increases. ot only will this boost consumer purchasing power in succeeding years, but it means that manufacturers are being forced to buy labor-saving equipment.

Our population still is growing by leaps and bounds. People are marrying younger, having more children, and moving around more than ever before. Those of you who live in the suburbs know how important a stimulant the "suburban explosion" has been.

All this is not academic theory. These are the springs which have kept the business "elevator" from falling into the cellar. This is why 1956 has been a good year despite many soft spots.

The Tight Money Policy

Sure, you've read a lot about tight money lately—and everyone tells you that Federal Reserve Board policy will topple over the boom. I, for one, don't believe them! These are the same people who followed Sewell Avery's charts which indicated that we must have a postwar depression in the late 1940's—just as we did in 1921. It seems to me that we are living the Great Experiment

*A talk by Mr. Lurie before the Federation of Women Shareholders, Roosevelt Hotel, New York City, Oct. 15, 1956.

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*Column not available this week.

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How to Tackle the Problem of High Employment Sans Inflation

By MARRINER S. ECCLES*

Chairman of the Board, First Security Banking Organization

Expressing disappointment with both political parties for encouraging economic illusions, former Federal Reserve head sets forth an inflation control program, after noting current 4% annual price inflation, which includes: continued Federal Reserve restraints, coupled with selective controls; reduced military and foreign aid; Federal spending; wages to follow rather than lead productivity increases, and cessation of unjustified price increases of big business. Mr. Eccles quotes Senator Douglas in asserting inflation imperils capitalistic democracy, and, in showing "something has to give," poses the paradox that money growth cannot stop without stopping economic growth and, yet, to allow money to grow would induce inflation

Insurance, next to banking, represents our greatest industry. Its size and national importance is indicated when we realize that at the end of 1955:

Its total assets were more than $90½ billion; seven out of ten Americans owned life insurance, which means a total of 115 million people;

The aggregate income of all U. S. life insurance companies reached an annual record of $16½ billion, and

American families received nearly $5½ billion in benefit payments from their life insurance policies and annuities.

It is apparent from these figures that the life insurance business is at the very heart of our capitalistic democracy. No financial industry so completely represents the interests of the American people. They are the greatest recipients of the public's savings, as well as the greatest source of capital funds. Therefore, for the continued success of the insurance industry, sound money is imperative. This means money having a uniform and steady purchasing power. To accomplish this, inflation and deflation must be avoided. This will also give us the greatest assurance of maintaining maximum employment and production.

Marriner S. Eccles

Since the Employment Act of 1946, this country has recognized the government's responsibility for the maintenance of a high level of employment, which implies a high level of production. This act was a revolutionary step and a public recognition of the great economic changes which had taken place, not only in our own country but throughout the world. The President, in his last economic report to Congress, required under this act, said:

"In a high level economy like ours, neither the threat of inflation nor the threat of deflation can be very distant. We live in a world in which economic changes are continuous and many. If our economy is to advance firmly along the narrow road which separates recession from inflation, the Federal Government must pursue monetary, fiscal and housekeeping policies with skill and circumspection."

This statement recognizes that a completely successful balance between inflation and deflation is difficult and without the most enlightened understanding and intelligent action on the part of the government it would be impossible. It also recognizes that monetary policy on the part of Federal Reserve and fiscal policy on the part of the Treasury are the principal tools available for achieving this objective.

The past has been marked by serious booms and depressions which should not be permitted to develop under peace-time conditions. We should have since learned, by hard experience, how to use monetary debt management and fiscal policy of the government in a functional manner so as to compensate for the inflationary and deflationary developments in the private economy. However, we should not expect that every element in the economy will grow in the same proportion, nor can all the needed adjustments occur promptly and automatically. We cannot take for granted the challenge of high level prosperity.

Must Balance Money and Production

The most essential and difficult problem in connection with the maintenance of economic stability is to secure and keep a proper balance between the money supply and its use, and the goods and services available to the market. The total money supply is represented by demand deposits and currency and originates from commercial bank credit, whether public or private. The ability of commercial banks to extend credit is dependent upon Federal Reserve funds. These can be provided by the Federal Reserve System:

Through the purchase of government securities in the open market (this is a subtle and flexible method); By the Federal Reserve reducing reserve requirements of member banks (a drastic method which, in my opinion, should only be used when necessary to halt serious deflationary or inflationary developments); or through the initiative of the member banks borrowing from the reserve bank of their district.

These reserve funds are known as "High Powered Money" and have the effect of enabling the commercial banking system as a whole, on the basis of present reserve requirements, to loan or invest approximately six dollars for every dollar of Federal Reserve funds made available through any of the three above methods.

As a result of the growth of the labor force and increased productivity due to technological developments, there must be an increase in the Gross National Product, at stable prices, or at least four to five per cent per year to maintain employment. Therefore, in our dynamic economy it should be seen that the growth, plus the use of the money supply must increase accordingly, otherwise deflationary pressures develop. If the reverse is true, inflationary pressures develop.

The use of this money supply as expressed by the turnover or the velocity is as important as the supply itself. When the supply and the velocity exceed the goods and services available to the market, inflationary pressures develop, and vice versa.

The Gross National Product at present is running at the rate of about $410 billion per annum. Approximately 20% of this total is used by the Federal Government and state and local government. The remaining 80% must provide for all consumer goods and services, as well as capital requirements, including housing of the private economy.

The portion of the 80% which is not used to purchase consumer goods and services is available to finance all capital requirements, including housing, and is represented by "Individual and Business Savings." In the case of the individual, it consists of money put aside in life insurance, pension funds, savings banks, savings and loan companies, time deposits at commercial banks and direct investments made by them. In the case of business it consists of depreciation and depletion, as well as retained earnings.

Inflationary Pressures

Even with our massive production of all kinds and practically a fully employed labor force of 67 million people, this 80% does not seem to be enough to meet the present demands of the consuming public and the capital market. With the result, the country is confronted with marked inflationary pressures from many directions. This is evidenced by the great demand for credit of all kinds, as well as the spectacular increase in the use of existing funds.

These inflationary pressures were developing more than a year ago, particularly in the field of consumer and housing mortgage credit, proving that the people were trying to improve their standard of living faster than the total production warranted. While I believe that consumer credit and liberal housing terms serve a useful purpose in our economy, they

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*An address by Mr. Eccles before the 51st Annual Meeting of the American Life Convention, Chicago, Oct. 11, 1956.

The Business Scene Ahead Shaped by Wholesome Changes

By ARTHUR A. SMITH*

Vice-President and Economist, First National Bank, Dallas, Tex.

Not even distant prospect of serious recessions is seen by Dallas bank Vice-President who finds we are in "the midst of tremendous economic growth and expansion" which might last 25 years. Critiques five bulwarks differentiating our economy from the past — precluding the prospect of a "boom and bust" due to: (1) long run defense program; (2) unshackling of gold standard restraint over currency-managers, and changed economic intervention philosophy of government; (3) business realization of depression, deficit-financing, and Communist victory consequences; and (4) relative absence of speculative excesses. Mr. Smith expects residential construction records to be broken, billions spent to catch up in deferred public works, and undreamed opportunities provided by science in the industrial sector.

Business men have chided economists for looking into the "crystal ball" to find what the future holds. But on careful reflection we must realize that every business man does it too, whether he realizes it or not. He has to do it. He is obliged to have some opinion about the future. If he did not, he could not run his business successfully. He must have something upon which to base his plans. How could he make a sensible budget? How could he determine the amount of inventory to carry? How could he make contracts? How could he manage his operations in general, if he did not have some opinion about what lay ahead? Sometimes that opinion is based upon little more than faith in himself and in this great country of ours—and I am not so sure but what that kind of faith is better than anything else.

Arthur A. Smith

All of us, regardless of kind of businesses, are affected so greatly by so many external factors beyond our individual control that we have come to realize how important it is to be alert to any and all pertinent developments from the outside.

None of us can be sure of his look into the future. We might hit it right, but we can never be perfectly sure. **There is no crystal ball.** It is not that easy. Uncertainty of the economic future must always remain a risk of business —much of which risk we cannot buy an insurance policy to cover. We must carry our own insurance.

Our best guides to the future are accurate knowledge of the past and of the present; a keen understanding of human nature, and some good, common sense. You can add political insight too, because the role of government in our day cannot be ignored. (It is too great an economic determinant to be ignored.) Of course, it helps to know what the rest of the world is doing or will do, because we Americans no longer live unto ourselves alone.

There is no substitute for experience in forming judgments about the future, but one must always realize that the past is not the sole guide to what lies ahead. Time brings changes in circumstances. Changes often preclude an exact repetition of history.

What Goes Up Need Not Come Down

All of us number among our acquaintances some people who adhere stubbornly to the old belief that what goes up must come down—that prosperity is always followed by depression; and, therefore, we are in for trouble because it will happen again.

I have heard it said — and have read it occasionally—that there is a close similarity between 1929 and the present. (And incidentally, we have heard the same thing repeatedly since 1945.) The implication is that the future will repeat what happened in the '30s.

The prophets of doom have had a bad record. And I don't think they are going to improve that record either.

Here are some of the circumstances of 1956 that either did not exist in 1929 or are far different from those existing in 1929. Time does not permit a full discussion of each. I shall leave it to your good intelligence to fill in between the lines.

Unsavory Bulwark of Defense Spending

(1) The world was at peace in 1929. There was at that time no great danger to freedom anywhere comparable to the Communist threat of today. In the Federal Budget we were appropriating only a meager few millions for defense, and we had a standing army scarcely large enough to be called much more than a constabulary. (Only 137,000 in the regular army in 1929.)

"Weapons of war were relatively simple in 1929 compared with those of today. Danger of a sneak air attack with such destructive devices as atomic and

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*An address by Mr. Smith before the 43rd Annual Convention, Mortgage Bankers Association of America, Chicago, Oct. 8, 1956.

The State of Trade and Industry

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

Spurred by increases in the output of steel, automobiles, food products and paperboard, total industrial production in the period ended on Wednesday of last week showed gains. There were, however, fractional losses in the output of electric power, lumber and coal. Compared with the similar week of 1955 over-all production continued higher.

During the first eight months of 1956, shipments of finished steel products totaled 53,821,525 net tons, according to an announcement by the American Iron and Steel Institute on Saturday, last.

Despite the long strike of steelworkers in mid-summer, the eight month figure was only about 1,500,000 tons short of the 55,294,356-ton total for the comparable part of last year.

The shipment total for July 1956 was 1,288,988 tons. In August the total increased to 5,539,915 tons. Comparable figures for July and August last year are 6,250,597 tons and 7,053,615 tons, respectively, the Institute pointed out.

During the week ended Oct. 6, initial unemployment claims rose 19,000 to 182,000, according to the Bureau of Employment Security.

The Agency said increases, which reflect new layoffs among workers covered by Federal and state insurance programs, were reported by 38 states. However, the volume of new claims was 14,000 below the 196,000 reported for the like week of 1955.

At the same time, the Bureau added, the number of auto workers laid off declined 13,000 during the week ended Oct. 6 to a total of 184,000. Recalls in the seven major auto producing states amounted to 24,000 while 11,000 were laid off for model changeovers.

However, the Agency noted that the 184,000 total is the number laid off since Jan. 1 and not yet recalled. The figure is not, it continued, an accurate measure of unemployment in the industry, since it doesn't take into account the number of workers laid off since the first of the year who have found other jobs or left the labor market.

Insured unemployment dropped 30,000 to 914,000 during the week ended Sept. 29, the Bureau reported, noting the decline was due chiefly to recalls in the auto and apparel industries. The total for the like week of 1955 was 828,000.

In the steel industry this week mills in at least one large producing center report that major auto companies are taking about 100% of their normal tonnage of sheet for December. This was a change for the better compared with automotive orders covering November shipments, states "The Iron Age," national metalworking weekly, this week.

It could be the forerunner of much heavier orders to come once the buying public gets its first good look at the new models.

This would complicate an already-touchy situation for the mills. Even without benefit of significant automotive business, producers have been operating at capacity and above to keep pace with demand. In some products it has been a losing battle. The strength of demand has been surprisingly strong in nearly all major industries.

Meanwhile, the freight car shortage is growing worse. Scarcity of gondola cars is forcing mills to pile up finished steel at shipping docks. Unfortunately, part of the freight car logjam is due to heavy all-rail shipments of iron ore as steel producers struggle to offset last summer's ore boat strike and avert a shortage next spring, this trade authority reports.

A good outlet for United States steel producers is Europe. England and the Continent are starving for steel and would be happy to buy it from American mills. They do not, however, have a chance so long as the current tight market persists.

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Foreign Aid South of the Equator —Our Policies and Their Reception

By A. WILFRED MAY

Mr. May reports on reactions by Latin American officialdom as well as citizenry to our aid operations of various kinds. Lists misconceptions and other difficulties confronting us. Details criticisms and aspirations country by country. Cites Venezuela and Panama as demonstrating correlation of financial independence and international goodwill.

Mr. May recently made a survey in eight Latin American countries —The Editor.

Latin America confirms the difficulties entailed in rich Uncle Sam's universal aid-giving. For an on-the-spot survey of the reactions from government officialdom to lay public, reveals dissatisfaction differing far more in kind than degree from the "crabbing" so prevalent in other world areas. In lieu of the maddening hue and cry as so unjustifiably voiced by India's sympathizers to the effect that our bountiful largesse is too little, or too late, there emanate from the South American republics complaints which at least have some justification.

A. Wilfred May

Prominently, one hears the plaint that we discriminate to favor those who blackmail us with threats of Communist affiliation, thus appeasing troublemakers from Argentina to far-off Yugoslavia. The recent loan to Argentina coming after the largesse to the Peron Government; the World Bank's $75 million to India's Tata Iron and Steel Co. of last June; our Administration's evident re-endorsement of Tito as a legitimate credit recipient; constitutes typical "needles" of this category, aggravating to capital-needing countries who are mindful of their loyal political support of U. S. democratic interests.

Only the Point Four Program for Technical Assistance seems entirely to avoid criticism; but in view of the negligible expenditure totals, the approbation is strictly "qualitative."

Dissatisfaction in Brazil

The situation in Brazil represents a special kind of "beef" at us (via the assumption of U. S. domination of the World Bank's policies). In 1953 her commercial debt arrearages were consolidated in two loans totaling approximately $375 million from the Export-Import Bank, with additional funds made available for long-term financing of specific projects in electricity and the steel industry (all exclusive of $200 million available in a revolving fund from a group of American banks). Together with credits from the World Bank totaling $194 million up to that time, the proceeds were used for the purchase of capital goods from the States.

Since the extension of its $17 million of lending in 1953 Mr. Black's institution has found itself in an impasse, steadfastly refusing to extend credits in the absence of a thorough financial housecleaning, including the railroad system. On the other hand, the Export-Import Bank, following President Eisenhower's official commendation of the Kubitschek government as a good friend and valuable ally, in late July extended the generous sum of $151 million of development credits, on top of $50 million authorized earlier in the year, under the promise of some reforms including anti-inflation action. Notably (in the light of the World Bank's strictures above-mentioned) considerable of these funds are to be devoted to reorganization of the railway system under a new holding company, Rede Ferrovaria Nacional.

But Export-Import lending does not satisfy the Brazilians who want a free hand to buy where they want, in the most advantageous world markets instead of being confined to non-competitive United States suppliers.

Complaints also are heard that there is "a lack of coherence" in our economic-financial policy and attitude; that we are picayune, either giving nothing or attaching too many strings to the amounts that may be satisfactory; that we are too little or too late; that our policy is "disjointed" and unpredictable; that we are neither black nor white; that in international spending we must either fish or cut bait; in addition to the aforementioned "blackmail" accusations. In Sao Paulo I heard also charges that we had changed our minds in walking out on a coffee price-fixing recommendation.

What the Brazilians really seem to want is the Marshall Plan type of aid on a long-term basis; and an Inter-American bank for lending specifically devoted to South America, with repayments in local currencies.

Definitive Functions of the Twin Lending Institutions

The difference in the roles of the International Bank and the Export-Import Bank, whose lending during the past decade has exceeded that of the former by 2½ times, should be realized. The money loaned by "Ex-Imp" is strictly limited to the purchase of United States goods or services, excepting in special or emergency situations, while the International Bank follows the practice of furthering international bidding and international procurement. Actually the amount of supplies purchased in the United States by International Bank borrowers, very closely paralleling the proportion of funds put by the United States and U. S. investors, amounts to 58% of the total buying.

Normally, and in contrast to the situation in Brazil whose right to borrow exceptionally reflects a difference of policy opinion, the activities of the two institutions are complementary. Thus, while the International Bank was established to lend for productive purposes to reconstruct or develop the economies of its members; and the "Ex-Imp" for financing U. S. exports with political consciousness; it too can extend credits for development purposes, such credits having totaled $367 million in the past year-and-a-half.

Misconception Re U. S. Domination

The 61% proportion of the World Bank's funds coming from the U.S., combined with this spilling-over of the lending provisions between the two institutions, naturally accentuates the debtor countries' tendency to ascribe to the U. S. domination over the entire field of international lending policies and operations.

* * *

In most of the individual countries, I found a variety of specific complaints.

Uruguay, which is suffering from a shortage of foreign exchange reserves, has been unsuccessful in getting a needed $30 million from New York banks for

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From Washington Ahead of the News

By CARLISLE BARGERON

With the campaign having about three more weeks to go, it is apparent that both sides are getting the jitters. The polls give the margin to Eisenhower but none that I have seen is broken down by States. It is my opinion that it is going to be one of the closest outcomes in history.


Carlisle Bargeron

The remarkable thing to me is that the Democrats have seemingly made such a comeback. Nov. 6 may show that they have been all noise and little substance. But as of now, the Republicans even if they win, will have had the greatest scare of their lives.

How does one account for this resurgence of a party that was so thoroughly thrashed four years ago and on whose record of 20 years you would think they would be out of office for at least another 20 years? The facts are, however, that they have been winning State and local contests for the past four years. The Republicans, in their conviction that Eisenhower was invincible, overlooked this.

Why have the Democrats been winning them? Why do they have the strength which they seemingly have today? I am afraid it will take more of an analyst than I am to answer this. But it seems that the country has moved definitely to the left; that the power of the Federal Government will increase rather than diminish. Eisenhower has tried hard to return some of the power to the States. He has made some progress. The prospects are there will be no further progress in that direction regardless of who wins in this election. There certainly won't be if the Democrats win and after their experience there won't be much incentive even if the Republicans should win.

The voices of that once hardy group, the States Righters, can scarcely be heard in the din. Mostly States Rights center around the desegregation fight in the South. States Rights as a matter of principle seems to have largely gone with the wind.

There seems little left to the old desire to get the government out of business, out of agriculture, out of the people's hair generally. You seldom hear the tirade against bureaucracy. Government and more government seems to be welcomed by businessmen and farmers alike, and the rank and file have gotten used to it.

The Republicans are crying to high heaven that the Democrat promises are impossible of fulfillment but the mood of a tremendous segment of our people seemingly is well, let's try them.

The result will be inevitably that the Republicans, even if they win, will have profited from their experience, and will put their best minds to work on doing additional things for the people. They will increase their attention to the minorities, yet it is hard to see how they can give more attention to them than they have in the past.

In short, it's to the left we are moving, caught up in a current from which there seems no way to escape.

It is a study in human nature to see the number of wealthy men, responsible men who have been caught in this current. They are supporting the Democrats with their money and their energy. The Democrat charge that the Republicans are the party of big business is ironic when you see the number of big businessmen happily carrying the Democrat banner.

Whether the Republicans would have been better off had they been more Republican is hard to say. But it is a fact that it is quite a problem for the average voter to tell the difference between the two parties.

Continued from page 2

The Security I Like Best

Housing Administration home mortgages. For every $10,000 mortgage purchased, the Association issues 1% in common stock, effective Sept. 21, 1956. From Aug. 9 until that time, it had issued 2%; and prior to Aug. 9, it issued 3% in common stock for each $10,000 mortgage purchased.

The common stock to date is principally held by mortgage companies, savings and loan associations, banks and trust companies, and insurance companies. They have acquired this stock through their sale of mortgages to the Association. Since these mortgage companies and related organizations, which constitute the majority of holders, in many instances prefer to liquidate their stock for either tax purposes or because they need the funds in the operations of their business, they will dispose of the same stock that they had just acquired at the rate of $100 per share, for whatever the open market will bring.

Consequently this common stock, with a present book value of $102 per share and selling at approximately $45 per share, and yielding 4½%, appears to be attractively priced from a dividend standpoint and should appeal to those investors desirous of long-term capital gain possibilities.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frederick Mitnick has become connected with Palmer, Pollacchi & Co., 84 State Street.

With Tucker, Anthony, Day

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Ruth M. Kane is with Tucker, Anthony & R. L. Day, Third National Bank Building.

Now Municipal Securities

DALLAS, Tex.—The firm name of Intercontinental Securities Company, First National Bank Building has been changed to Municipal Securities Company.

Continued from page 3

The Outlook for Business And the Stock Market

—and our money management is much more flexible than ever before in our history.

Don't overlook the fact that the Federal Reserve Board has been right in its credit policy — and Wall Street wrong! It successfully put on the "brakes" last Spring when the fundamentals were not nearly as strong as they are today. Also, don't overlook the fact that today's tight money merely reflects good business—operation of the laws of supply and demand—not use of credit for speculative purposes as in the 1920's. In other words, it seems to me that the "credit crisis" is more apparent than real. Corporate bank loans and new financing are at record-high levels now.

The intelligent speculator looks ahead—not backwards. He has to think of the environment months hence not that which exists currently. This is why so many people missed the important buying opportunity which was presented two weeks ago. They forgot that unanimity of opinion in itself is always a danger sign.

Extending the Boom

Thus, I'd like to make three points apropos the money situation: (1) The credit pinch hurts small business most — and small business votes. (2) Defense spending will increase in coming months —which means the Federal Reserve Board later must help the government finance its own program. (3) Federal Reserve Board policy has been to extend the boom—not end it. The policy has been a little like taking away the cocktail shaker when the party is getting too gay. In short, the next change in credit will be in the direction of ease. The bond market already reflects this via a better tone, an uptrend in prices. Thus, this is the time to ice the champagne—not hold a wake.

The Business Outlook

Now, let's consider the business outlook—which I think is quite good into next spring. 1956 will end in a blaze of glory—and the momentum will carry-over into next year as a result of the following factors:

(1) Farm income has reversed its 5-year downtrend and will increase comfortably in 1957 when the Soil Bank Program is in full operation. (2) With a car today a necessity rather than a luxury, and styles radically changed, the auto industry will enjoy higher sales in 1957. (3) Government spending will increase about $3.5 billion in the current fiscal year — excluding the road building program which incidentally is an $8 billion operation today. (4) With consumer disposable income likely to reach a new peak in 1956, and the consumer in a better position to buy goods than a year ago this time, a boom in soft goods lies ahead. (5) Industry's capital expenditures will remain high in 1957. Fears that tight money—the decline in high grade bonds—will result in programs being cancelled is a little like saying the World Series was over before it started.

A Safe High Market

Price is the avid test of any market philosophy. Thus, the fact that business fundamentals are good—that the credit situation probably will resolve satisfactorily — has greater force today than it did two months ago. This is the safest high market in the history of the present generation of security buyers. In other words, the market declined because it was vulnerable — because it had reached an average level where the known favorable factors were discounted —not because something new had been injected into the outlook. In particular, there are five constructive considerations now in force.

(1) The market today is dominated by more sophisticated, more intelligent buyers than ever before in our history. This means that the extremes on both sides of the price coin probably will be avoided.

(2) There has been great divergence within the market as a whole which has kept most stocks in tune with their realities.

(3) Part of the past Summer's advance is built-in—and built of concrete rather than sand. It reflects a correction of previous under-valuation, and the stronger values behind most common stocks.

(4) The past Summer's speculative excesses — largely in convertible bonds and growth stocks — now have been largely corrected.

(5) The bond market competition for equity money now has largely disappeared. Most stocks now yield more than most bonds.

This is the frame-work—and we all know that a strong wind can topple over a house. In turn, this raises the question of whether the elections will represent a "strong wind." In my opinion, the impact of the elections will be much less than most people expect. For one thing, in by far the majority of cases the market has been higher six months after the elections than it was six months before—no matter which party won. Secondly, the market never discounts the same event twice — and at least half the September decline was due to fear of a Stevenson victory.

Election Impact

True, if the market rallies sharply between now and Nov. 6 —and there is a Democratic victory—it will be vulnerable to a decline. But I suspect the market will hesitate before elections — and I think the President will be re-elected. In any event, don't lose sight of the fact that every popular uncertainty usually loses market importance by the time it becomes an established fact. In this connection, I call your attention to three considerations:

(1) The technological changes taking place within industry are more important than the label of the party in power. Industry has to have new plants—has to expand —just to stand still.

(2) Despite all this talk about the confidence boom, the fact remains that average price times earnings ratio today are less than they were in the 1930's.

(3) Basically, I think there is little difference between the two candidates. The day has passed when a political label spelled a sharp difference in economic philosophy.

I am more concerned over the possibility of a post-election rally which will carry prices to vulnerable levels — than I am a pre-election decline.

In conclusion, may I leave three thoughts with you: (1) This is a year when generalizations are more apt to be misleading than not. For example, I think there are a number of candidates for new highs in the automotive, drug, grocery store, rail, retail trade, soft coal and steel groups. But I think the market as a whole faces a ceiling area—that the averages are locked-in a broad trading range similar to 1946-49.

(2) This is a year when unorthodox policy will be the most rewarding. For example, a shift in emphasis has taken place in the past 60 days with the cyclical stocks likely to fare much better from here out than the so-called growth stocks. I'd rather have Air Reduction or W. R. Grace than duPont. And I'd rather buy Royal-McBee than Burroughs.

(3) This is a year to avoid "pat" labels as though they were the plague. It is a year of vicious selectivity. It if were simple to get "fat" financially there wouldn't be enough "Slenderellas" in this country. Flexibility today is far more important than complacency.

This is a difficult year—particularly for the opportunist who previously was carried along the tide. This period ended at least six months ago—and was last rewarding in 1954 and 1955. Today, agility and ability are the keys to Market success. But the stock market is no different than life itself—offers opportunity but not security. And the rewards always go to the risktaker.

Survey on Fringe Benefits Completed

Chamber of Commerce of the United States survey findings show jump in fringe benefits' costs. Average now is $819 per employee, compared to $720 in 1953, according to Emerson P. Schmidt, Director of the Chamber's Economic Research Dept.

A recent survey of 1,000 companies by the Chamber of Commerce of the United States showed that fringe benefit costs —payments by employers for pensions, vacations, social security and the like—averaged $819 per employee in 1955, an increase of $99 since 1953.


Dr. E. P. Schmidt

Of the reporting companies, 124 had submitted data in each of five biennial surveys conducted by the Chamber since 1947. Fringe benefit payments by this identical group of companies was $981 per employee in 1955, or $167 more than in 1953.

Broken down, the survey showed that the 1955 average of $819 per employee included $254 for agreed upon programs of pensions and insurance, $254 for vacations and holidays, $145 for legally required programs (Old-Age and Survivors Insurance, Unemployment and Workmen's Compensation and others), $89 for rest periods, and $77 for miscellaneous.

Pensions Average 5.1% of Payrolls

Ninety-six per cent of the companies surveyed reported payments for employee insurance, with payments averaging 2.1% of payroll. Payments for pensions were reported by 75% of the firms, with payments averaging 5.1% of payroll.

The fringe payments varied widely among the reporting companies, ranging from less than 5% to more than 50% of payroll. The average payment in 1955 was 20.3% of payroll or 39.2% per payroll hour.

Highest payments were made by companies in the North East, followed by the Western, East North Central and South Eastern regions.

The survey estimated that the grand total in fringe payments for all employers amounted to $36 billion.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Age—Booklet—National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.

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.

Dividends—Discussion of industries paying the most generous dividends—In current issue of "The Exchange" magazine—$1 per year—The Exchange Magazine, Dept. 7, 11 Wall Street, New York 5, N. Y.

Ethical Drugs—Analysis—Zuckerman, Smith & Co., 61 Broadway, New York 6, N. Y.

How to Gain Security & Financial Independence — Ira U. Cobleigh—A panoramic and expanding program for personal prosperity from the first piggy bank to the last bequest—Hawthorn Books, Inc., Dept. Q-129, 70 Fifth Avenue, New York 11, N. Y.—$4.95.

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

Life Insurance Stocks — Bulletin — Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.

Life Insurance Stocks—Analysis with particular reference to **Commonwealth Life Insurance Company**—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Market For Tax Exempts—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

New York City Bank Stocks—Third quarterly comparison of 13 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Over the Counter Securities — Monthly magazine on unlisted stocks with statistical data on companies — $4.50 per year —Dept. 13, Over-the-Counter Securities Review, Jenkintown, Pa. Also available at a cost of $4 is "Over-the-Counter Securities Handbook," guide to almost 550 unlisted corporations.

Paper, Container and Packaging Companies — Comparison of 14 leading companies—Harris, Upham & Co., 120 Broadway, New York 5, 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.

Tax Reductions on Corporate Income—Analysis—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

World Time Chart—Showing time differences in effect from Oct. 28, 1956 to March 31, 1957 in over 100 countries throughout the world as compared with Eastern Standard Time in New York—International Banking Department, Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

Warrants and Rights Listed on the Toronto Stock Exchange—An outline for traders—Draper Dobie & Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

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Allegheny Ludlum Steel — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **Standard Oil Co. of Indiana.**

Consolidated Electrodynamics—Discussion in current issue of American Investor—American Stock Exchange, 86 Trinity Place, New York 6, N. Y.——15 cents per copy; $1 per year. Also discussed in the current issue are **Firth Sterling, Inc., U. S. Foil B, Progress Manufacturing Company** and **Piper Aircraft Corporation.**

Continental Motors Corporation — Bulletin — De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Hercules Galion Products, Inc.**

Douglas & Lomason—Report—General Investing Corporation, 80 Wall Street, New York 5, N. Y.

Duke Power Co.—Memorandum—R. S. Dickson & Co., Inc., Wilder Building, Charlotte, N. C.

Frigikar Corporation—Analysis—First Securities Corporation, 111 Corcoran Street, Durham, N. C.

General Transistor Corp. — Progress report and analysis — Stanley Heller & Co., 30 Pine Street, New York 5, N .Y.

Gulf Sulphur Corporation — Analysis — Peter Morgan & Co., 149 Broadway, New York 6, N. Y.

Husky Oil Company of Wyoming—Card Memorandum—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Indian Head Mills—Bulletin—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **North American Aviation.**

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

Mack Trucks, Inc.—Analysis—Edward A. Purcell & Co., 50 Broad Street, New York 4, N. Y.

Marchant Calculators, Inc.—Study—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Minnesota & Ontario Paper Company — Analysis — Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available in the current issue of "Gleanings" is a report on **Smith-Corona Inc.** and a list of selected equities in lower priced range.

Ok-Miss—Memorandum—Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill.

Potomac Electric Power Co.—Memorandum—Capital Reserve Corp., 1346 Connecticut Avenue, N. W., Washington 6, D. C.

Ruberoid Company—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are bulletins on **Burroughs Corp., Steel Stocks, Republic Steel, Charles Pfizer** and **Chesapeake & Ohio Railway.**

Schering Corporation — Report — Granbery, Marache & Co., 67 Wall Street, New York 5, N. Y.

Scurry Rainbow Oil Limited—Analysis—Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y.

Stanley Aviation Corp.—Memorandum—Schirmer, Atherton & Co., 50 Congress Street, Boston 3, Mass.

Supercrete Ltd.—Analysis—Unlisted Trading Dept., Ira Haupt & Co., 111 Broadway, Room 707, New York 6, N. Y.

U. S. Smelting, Refining and Mining Company—Bulletin—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

F. W. Woolworth Co.—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Officers of Denver Firm

Recently elected officers of Amos C. Sudler & Co., First National Bank Building, Denver, Colo., are John H. Alff, Vice-President and Treasurer and Lloyd W. Hammer, Vice-President and Secretary. Phillip J. Clark, formerly Secretary of the firm, has been elected Executive Vice-President.


Phillip J. Clark


John H. Alff


Lloyd W. Hammer

COMING EVENTS

In Investment Field

Oct. 24-27, 1956 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the El Mirador Hotel.

Nov. 14, 1956 (New York City)
Association of Stock Exchange Firms meeting of Board of Governors.

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

Nov. 25-30, 1956 (Hollywood Beach, Fla.)
Investment Bankers Association of America annual convention at the Hollywood Beach Hotel.

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

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

Jan. 18, 1957 (Baltimore, Md.)
Baltimore Security Traders Association 22nd Annual Mid-Winter Dinner at the Southern Hotel.

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

April 21-23, 1957 (Dallas, Tex.)
Texas Group of Investment Bankers Association annual meeting at the Statler Hilton Hotel.

Nov. 3-6, 1957 (Hot Springs, Va.)
National Security Traders Association Annual Convention.

Conducting Course On Investments

Joseph Perry, registered representative with Bache & Co., members of the New York Stock Exchange and other leading Exchanges, is conducting a course on investments at the Adult Education Center, Mamaroneck Senior High School, Mamaroneck, New York.

The course, which began Tuesday evening, Oct. 9, will run for 10 weeks. It is designed to provide a better understanding of investment economy in this country through a study of the basic principles of investing. The lectures will include the following subjects: How to Read a Balance Sheet; Financial Reports and Papers; Banking Services; and the different types of investments such as stocks and bonds.

Mr. Perry, who has extensive lecture experience, studied Investment Marketing and Portfolio Management at New York University and the N. Y. Institute of Finance.

In addition to his lecture series, Mr. Perry also plans to speak at a meeting of the Ladies Club of Belle Harbor, Long Island, Jewish Center, on Oct. 16. His topic will be "Dividends Are a Girl's Best Friend."

Joy Manufacturing Company

By IRA U. COBLEIGH

Author of
"How to Gain Security and Financial Independence"

Some notes on its increasing magnitude, modern management and functional machinery for mining and industry.

There are a couple of major drives in our economy that we'd like to comment briefly upon, before we go below ground to dig up the facts for today's piece. The prime overall drive is, of course, to subjugate, control, flatten out, and, if possible, to eliminate wide and devastating swings in the business cycle. Our main fire power here presently appears to rest in our management of the money supply and interest rates. The second major drive is more localized; it's the studied and persistent endeavor of many smart business managements to combat the cyclical nature of their particular enterprise by broader diversification into profitable, and logically related, product lines. And a good example of the successful implementation of this trend is Joy Manufacturing Company. In fact, the annual report for 1955 specifically defined the purpose of management as: "to provide a broader and more secure base for increased earnings for the shareholders." Let's see how well they're doing it.


Ira U. Cobleigh

In 1945, over two thirds of Joy Manufacturing sales were in the field of coal mining; today less than 45% stems from this source. The transition has been quite swift and intensely logical. If Joy technical excellence, know-how and research could bring the company to rising profitability and recognized leadership in coal mining equipment, why couldn't equally effective machinery be designed and manufactured for the extraction of other minerals? Well, it was!

For instance, it was found that coal-type equipment could be adapted to low cost extraction of potash, limestone and taconite ore. For metallic and non-metallic mining and quarrying, Joy turns out a rotary blast hole drill with high penetrating efficiency. In fact, no other company, anywhere, turns out such a wide diversity of rotary and percussion drills. Joy also delivers a complete line of hoists, loaders and shuttle cars.

On Dec. 17, 1954, Joy acquired (for about $3 million) the Baash-Ross Tool Company of Los Angeles. This provided corporate entry into the rapidly expanding oil and natural gas industry with such useful items as seismograph drills, casing heads, hoists, fans, compressors, pipeline drilling rigs and fishing tool service.

There has also been an intensive effort to bring Joy to the construction business — in highway, building structures, industrial plants and public works. In particular, our vast road building program necessitates a lot of tunnels; and Joy, having bored thousands of miles of mine tunnels, found no difficulty in doing the same thing where a toll, instead of a coal, was the revenue producing element. Here again the Joy line of compressors, drills, conveyors and ventilating fans finds a steadily enlarging market. And in the general fields of manufacturing, processing, aviation and shipbuilding, Joy products, especially relating to dust collection and ventilation, have been moving ahead.

The above would almost suggest a determination, on the part of the company, to get away from coal mining. Actually, however, this has not been the idea; rather the essential target has been to broaden the base of earning power, a program which has, of course, lessened the dependence on the coal trade. But while all this has been going on, there has been a quite dramatic reversal in the fortunes of the bituminous coal industry. Postwar declines in soft coal production, created by oil and gas competition and increased labor costs within the industry, carried production down to 392 million tons in 1954; and the eventual doom of bituminous coal was widely heralded. Then something happened. The atomic energy program all of a sudden needed millions of tons; electric utility coal demands soared; new aluminum plants were so located and designed as to use coal (instead of water power) for manufacturing; and a lively lift in oversea demand appeared. And finally the Joy Continuous Coal Miner (originally introduced in 1948) began to catch on in a big way and helped (by a whacking reduction in labor costs) to bring the profitability back into coal mining.

So now instead of being a moribund trade, soft coal looks wonderful. Four hundred seventy million tons were produced in 1955, above 500 million expected for 1956; and 600 million predicted for 1960. And delivered prices are higher. All of which means that many coal companies now have the money (or the credit) to update their machinery, and upgrade their earnings by buying Continuous Miners, which, with conveyor belts, instead of shuttle cars, can whistle out 50 tons per man, per shift (against 1955 average of nine tons per man, and "Sixteen Tons" in the popular song lyrics!). Over 350 Continuous Miners are now installed; and the bituminous trade is expected to lay out $1½ billion in the 1956-60 period to replace outmoded machinery with the latest and best; and to develop larger production capacity. Joy, as the leading manufacturer and designer of coal mining equipment, should benefit handsomely.

Another factor of diversification we neglected to mention is the geographic one. Joy does business in 72 countries throughout the world, with local manufactories in France, Great Britain, South Africa and Australia. Combining export sales from U. S., goods manufactured abroad, and foreign royalties coming in from Joy patents, over 20% of gross revenues are now derived from overseas, and this phase of the business is up 75% over a year ago. Close to $2 a share should be earned abroad this year.

Management is both progressive and aggressive, headed by Mr. John Lawrence, elected President within the past year. At the level of manufacture and sales, the management team is most effective; and for the research of new products approximately 4% of sales is presently being allocated. Plant outlay for this year will total $7 million—an implementation, in part, of an over-all program to increase sales at the rate of 10% a year.

For 1956, Joy is slated to enter new high ground with sales of $120 million (fiscal year ended Sept 30, 1956) against $81.9 million for 1955. This should translate into roughly $6 a share against $? last year. The common has been quite a performer in the last two years, with a rise in market price in the order of 100%, coupled with a two-for-one stock split. For those a little timid about considering a stock which has soared so substantially, it should be noted that net earnings have risen at an even faster rate. At 58½, Joy is selling below 10 times earnings; and a minimum cash dividend of $2.10 is indicated. As a representative entry in the field of labor saving machinery, a major beneficiary of upswing in soft coal, and an effective creator, producer, and world wide marketer of constantly expanding new lines of machinery, Joy may deserve your further inspection.

Schirmer, Atherton to Admit Carl Miller Jr.

Schirmer, Atherton & Co., members of the New York and Boston Stock Exchanges, on Nov. 1 will admit Carl N. Miller, Jr., member of the New York Stock Exchange, to partnership. Mr. Miller is a partner in Cosgrove, Miller & Whitehead.

Richard H. Moeller, member of the New York Stock Exchange, on Nov. 1 will withdraw from partnership in Schirmer, Atherton & Co.

A. Winsor Weld

A. Winsor Weld, limited partner in Paine, Webber, Jackson & Curtis, passed away on Oct. 7.

Max Reichenbach

Max Reichenbach, senior partner of Herzfeld & Stern, passed away Oct. 9 at the age of 70 following a long illness.

First Investors Branch

First Investors Corporation has opened a branch office at 450 Seventh Avenue, New York City under the direction of Jack M. Wendroff.

NSTA Notes

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold their 22nd Annual Mid-Winter Dinner on Jan. 18, 1957 at the Southern Hotel.

ADDITIONAL REGISTRATIONS FROM OCT. 2-15 FOR 23RD ANNUAL CONVENTION OF NSTA, EL MIRADOR HOTEL, PALM SPRINGS, CALIF., OCT. 24 TO 27, 1956.

Mrs. Frank C. White		San Francisco, Calif.
William H. Cristopner	*R. W. Pressprich & Co.*	New York, N. Y.
*William J. Dyer	*Burke & MacDonald*	Kansas City, Mo.
Miss Sandra Jo Dyer	*Burke & MacDonald*	Kansas City, Mo.
Herbert E. Beattie	*H. A. Riecke & Co., Inc.*	Philadelphia, Pa.
*Walter F. Schag	*Davis, Skaggs & Co.*	San Francisco, Calif.
*D. N. Hawkins	*Hawkins & Co.*	Cleveland, Ohio
*Patrick N. Mac Intyre	*J. Logan & Co.*	Los Angeles, Calif.
Clemens T. Lueker	*Hill, Richards & Co.*	Los Angeles, Calif.
Richard E. Owen	*Crowell, Weedon & Co.*	Los Angeles, Calif.
John D. Kipp	*A. G. Becker & Co.*	Chicago, Ill.
Miss Malinda Jolley	*The Robinson-Humphrey Co.*	Atlanta, Ga.
Arthur C. Sacco	*Webster, Marsh & Co.*	Chicago, Ill.
*William L. Wright	*Lester, Ryons & Co.*	Los Angeles, Calif.
Samuel F. Colwell	*W. E. Hutton & Co.*	New York, N. Y.
Arthur T. Hamill	*W. E. Hutton & Co.*	New York, N. Y.
Lester Frenkel	*Gersten & Frenkel*	New York, N. Y.
Miss Mary Lou Hudson	*Thayer, Baker & Co.*	Philadelphia Pa.
Master Robert Hudson	*Thayer, Baker & Co.*	Philadelphia, Pa.
*William H. Davies, Jr.	*Dempsey-Tegeler & Co.*	Los Angeles, Calif.
Dr. Harold D. Jones		East Tawas, Mich.
John R. Nevins	*Lester, Ryons & Co.*	Los Angeles, Calif.
Ralph E. Brown	*Stone & Youngberg*	San Francisco, Calif.
Collins Macrae	*Wulff, Hanson & Co.*	San Francisco, Calif.
Forest W. Shipley	*Morgan & Co.*	Los Angeles, Calif.
*J. E. MacDonald	*Pemberton Securities, Inc.*	Vancouver, B. C., Can.
*A. M. Leary	*Barrow, Leary & Co.*	Shreveport, La.
Verne C. Beal	*Quinn & Co.*	Albuquerque, N Mex.
M. E. Goldstein	*Kerngood & Co.*	New York, N. Y.
*Edward H. Welch	*Sincere & Co.*	Chicago, Ill.
*John C. Reilly	*G. H. Walker & Co.*	New York, N. Y.
*Alex. Brown	*Bailey & Co.*	Fresno, Calif.
*Frank L. Hall	*Sutro Bros. & Co.*	New York, N. Y.
*Everett W. Snyder	*E. W. Snyder & Co.*	Syracuse, N. Y.
George W. Cunningham	*George W. Cunningham & Co.*	Westfield, N. J.
*Clifton W. Morrill	*Walston & Co., Inc.*	San Francisco, Calif.
Campbell Armor	*Crowell-Weedon & Co.*	Los Angeles, Calif.
*Jack H. Alexander	*Kerr & Bell*	Los Angeles, Calif.
Frank M. Whitney	*Whitney & Company*	Salt Lake City, Utah
Patrick J. O'Halloran	*Walker's Weekly Newsletter*	San Francisco, Calif.
Duncan Bryce Reynolds	*Walker's Manual, Inc.*	San Francisco, Calif.
Herman J. Zinzer	*Dempsey-Tegeler & Co.*	St. Louis, Mo.
James C. Dean	*J. Barth & Co.*	Los Angeles, Calif.
*George H. Earnest	*Fewel & Co.*	Los Angeles, Calif.
Robert J. Moons	*Manley, Bennett & Co.*	Detroit, Mich.
Henry J. Richter	*Scherck, Richter*	St. Louis, Mo.
Earl L. Hagensieker	*Reinholdt & Gardner*	St. Louis, Mo.
*Robert C. Whitaker	*Mountain States Sec. Corp.*	Denver, Colo.
George M. Tapp	*Locke, Gray & Co.*	Vancouver, B. C., Can.
*Fred. A. Baker, Jr.	*Dean Witter & Co.*	San Francisco, Calif.
*Corwin L. Liston	*Prescott & Co.*	Cleveland, Ohio
William F. Belknap	*Wm. R. Staats & Co.*	San Francisco, Calif.
Morcy D. Sachnoff	*Arthur M. Krensky & Co.*	Chicago, Ill.

*Mr. & Mrs.

Difference In Past and Present Tight Money Market Situations

By SHERWIN C. BADGER*

Financial Vice-President, New England Mutual Life Co.

Mr. Badger's commentary about money remaining tight and going to become tighter until demand-supply relationship changes, precedes conclusion that people and not Government are the masters of money and what is done with money, and that capital-shortage cannot be offset by further bank credit expansion without inducing more inflation. New England Mutual Life official critiques present with past tight money periods and observes: (1) recourse-trend toward equities to relieve credit strain; (2) present attractiveness of bonds vs. real estate mortgages; (3) surprising lack of attention paid to malfunctioning interest rates due to tax laws, and (4) inflexibility of now significant contractual savings capital supply to meet rapid demand changes.

The changes that have taken place in our whole credit picture in the past six years are truly astounding. It may be worth the time to recall conditions as they existed in the autumn of 1950. We were then in the early stages of the post-Korean inflation. Prices were rising rapidly and threatened to continue to rise. Bank loans had been rising at a rate which the Chairman of the Federal Reserve Board termed phenomenal.

Sherwin C. Badger

The Federal Reserve Board was unanimous in its desire to use its powers to reduce these inflationary forces by restraining credit expansion. It wanted to do all it could to preserve the value of the dollar. Unfortunately, the ability of the Federal Reserve to act was hobbled by the determination of the Treasury to preserve a low interest rate structure on government securities. The conflict between the Federal Reserve and the Treasury had at last come into the open.

The then Administration was under the spell of those economists who believed that the government, and only the government, is competent to manage the nation's economy. One of the basic tenets of this managed economy school of thought was and is that interest rates should always be low and the supply of money plentiful. On the other hand was the school of thought, which included all members of the Federal Reserve Board, that believed that one of the fundamental responsibilities of government is to preserve a sound currency and that also believes one way of achieving this is through free markets.

In 1950 the Federal Reserve, due to its subservience to the Treasury's desires, was still supporting the price of government bonds. As a consequence, government bonds were, for all intents and purposes, the equivalent of currency for they could be sold directly or indirectly to the Federal Reserve without loss, and the proceeds could be transferred into other channels. Through this process, the volume of money had expanded at such a rapid pace that the value of money was declining at an alarming pace.

The conflict between the Federal Reserve and Treasury was resolved in the spring of 1951 through the now famous "accord." Since that time the Federal Reserve has been free to implement its policy. For all but a relatively short period since then, the Federal Reserve's policy has been to lean against the winds of inflation. Personally, I think it has done a magnificent job, for since 1951 we have had comparatively stable over-all prices until quite recently.

*An address by Mr. Badger before the Mortgage Bankers Association of America, Chicago, Oct. 10, 1956.

Routing the "Easy Money" School

Now when I chose as my title "Our Changing Credit Environment" I did not have in mind merely pointing out that the Federal Reserve has regained its independence and is a free agent. That is only one facet of our changed environment—a very important one to be sure. It is, however, merely a manifestation of more fundamental changes. At the expense of over-simplification, I think the fundamental change that has taken place has been the demonstration throughout the world that you can't play fast and loose with money and get away with it. Nation after nation has learned that the government cannot successfully manage the economy and ensure prosperity by making money plentiful on the one hand and by controlling prices on the other.

The routing of the "easy money" school has not been brought about by intellectual debate but rather by the hard facts and realities of economic life. Governments have discovered that they cannot control what people do with their money. It is the people who are the masters, not the government.

People Make the Decisions

If the people decide they would rather spend than save, then that is what they will do. If they decide to bid against each other for the goods and services that are available, then prices go up and there is precious little that government can do about it. If they decide that they want to increase their spending power by borrowing, then the price of money as measured by interest rates will go up, prices of bonds and mortgages will go down—and again there is very little the government can do about it, even if it resorts to the printing press.

It is not for any lack of governmental powers that the price of British government 2½% Consols has dropped to 51. These bonds have dropped to these prices because nobody is willing to pay more for them in preference to other things that are available for their money. And the same thing is true of U. S. Government bonds, all but three issues of which are now selling at substantial discounts.

I should like to pursue this thought about the people rather than the government being the masters of money and what is done with money. I should like to pursue it because I believe it is the key to a proper understanding of our present money and credit situation.

Money is now tight in the United States, the tightest it has been for over 25 years. Money is tight in Canada, tighter than here. In fact, tight money is a world-wide phenomenon with rates of 10% and higher not at all uncommon in many foreign countries. But this I want to stress as hard as I can, high interest rates are significant chiefly because they show that throughout the world there is a shortage of capital and savings, and that throughout the world the shortage of capital cannot be offset by a further expansion of bank credit without inflaming the fires of inflation which are burning everywhere.

Tight Money — Today and Yesterday

This is not of course the first time the United States has been in a period of tight money. For many reasons, however, it seems to me that what we are witnessing now is quite different from tight money periods in the past. Certainly, it is different from the comparatively short period in 1953 when for a couple of months we had a nearly disorganized bond market and when builders were complaining about the unavailability of mortgage money. That was a quite temporary phenomenon which ended rapidly after the Federal Reserve reversed to an easier money policy and when business started mildly downward.

In 1953 we were not straining at the limits of our financial capabilities. It is true that the reserve position of the commercial banks was strained, but the banks were not strained as to liquidity or as to the ratio of their loans to deposits and to capital funds. Hence, when the Federal Reserve made additional reserves available beginning in late May, the tension was quickly relieved, because reserves were what were strained.

Today, the situation is quite different, particularly in most of the larger commercial banks in the leading financial centers. Not only is their reserve position strained, but their liquidity has been greatly reduced and the ratio of loans to deposits and to capital is approaching what many bankers believe is the limit of prudence. Since June of 1953 the weekly reporting member banks in the Federal Reserve System have increased their loans by 30%, from approximately $40 billion to $52 billion. In this same period their holdings of U. S. Government securities have dropped from $29 to $26½ billion.

No Shortage of Reserves

Thus today, quite contrary to common belief, the further lending capacity of our larger commercial banks is not so much limited by a shortage of reserves as it is by a shortage of capital funds. Indeed, there is no shortage of reserves because the Federal Reserve is still willing to discount for its member banks so that they many have sufficient reserves. In other words, it is doubtful if a reversal of Federal Reserve policy would have much more than a temporary psychological effect, for it would not correct the strained ratios of loans to deposits and loans to capital.

I should like to emphasize as strongly as I can that the blame for the present stringency in our money market is not to be laid at the door of the Federal Reserve. The stringency is due to the fact that the American people and American business are borrowing or want to borrow beyond the availability of savings and beyond the availability of bank capital.

Shortages of Labor, Capital and Credit

Only within the past several months are we beginning to realize that our country is faced with two basic shortages quite inconsistent with the economic and monetary theories dominating the 1930's and 1940's. These are the shortage of skilled labor and the shortage of money in the form of available capital and credit.

If we are to relieve the shortage of skilled workers and its inflationary repercussions, what is clearly needed is additional capital to supply workers with the means to increase their productivity. This new capital is needed for many things and in amounts which are truly staggering. They include not only expenditures for expanded capacity but for more efficient machinery and equipment. They include requirements for additional working capital to finance higher wages and higher material costs which are implicit in such recent labor settlements as that of the steel industry. They include enormous expenditures for schools, to educate and train future producers. They include vast expenditures for roads to economize on the traveling time of goods and people. And we must continue, of course, to finance the increasing costs of national defense.

I have already pointed out that the capacity of commercial banks to help finance these large future demands for credit and capital is quite limited unless the banks can increase their capital accounts substantially and increase their deposits. It therefore seems inescapable that if the over-all demand for capital and credit is to be met, it will have to be met for most part out of current and future savings. The indications currently are that our savings, enormous though they be, are still not sufficient to provide the needed capital for production and distribution on the one hand and for the consumption of durable goods, such as homes and automobiles, on the other hand.

According to classical economic theory, when the demand for capital exceeds the supply, interest rates rise and in turn high interest rates tend to correct the supply-demand situation. In periods of tight money in the past, high interest rates not only measured the state of the market, they performed two other important functions. First, they induced additional savings or attracted money from other uses; second, they deterred would-be borrowers. As a result, in due course a balance was struck.

Taxes Distort Borrowing

Let us examine whether high interest rates are likely to perform these latter two functions under present circumstances. Let us see if perhaps our present period of tight money is not quite different from previous comparable periods prior to 1930. In those earlier periods of tight money, changes in interest rates quickly affected the international flow of funds, including gold. Today, however, there is little hope of an easing of our situation due to a flow of international funds to these shores. We are not on an international gold standard and there are restrictions on important foreign exchange rates.

There is a more important factor, however. Our very high income tax structure has greatly dulled the influence of high interest rates as a deterrent to borrowing and as an inducer of saving and investment. I believe the importance of this cannot be overstressed, and I am surprised that it is so widely ignored in current discussions. The borrower deducts interest from earnings before computing taxable income.

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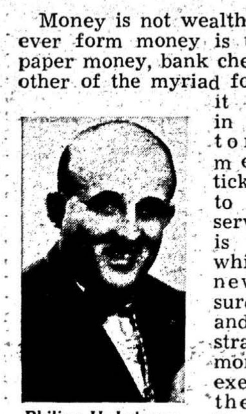
A Look at the Basic Factors Determining Output and Price

By PHILIPP H. LOHMAN, Ph. D.
Chairman, Department of Commerce & Economics, University of Vermont

New England Economist examines population pressures acting on price, and the ability of capital formation and output to cope with rising living standards in view of: pending labor shortages; non-realistic alignment between prime, discount, and long term rates; incentive-discouraging and small business-damaging tax laws; educational deficiencies; and, the most important problem over the years ahead, the human factor. Dr. Lohman disapproves of gold convertibility for fear of hoarding; sees no limitations to expanding money supply to finance expansion, but does question reserve requirement distinctions and use of commercial bank short term loans to finance business investment capital needs; and recommends prime rate and time savings interest rate increase, re-examination of our banking laws, and realistic examination of claimed merits of population rise now taking place.

Money is not wealth. In whatever form money is used—gold, paper money, bank checks or any other of the myriad forms which it has taken in man's history, it is merely a ticket or claim to goods and services. That is the lesson which the renewed pressure on prices and the restraints on the money supply exercised by the Federal Reserve authorities should be driving home.


Philipp H. Lohman

U. S. bank demand deposits, our chief money supply, could easily be expanded to twice their present size and the monetary authorities would still be within the required ratio of gold certificates to member bank deposits and Federal Reserve note liabilities. No one need fear an actual shortage of money.

An expanding economy requires an increasing money supply. The projections which have been made for the Gross National Product by 1965 indicate that banks must increase their loans as this expansion proceeds. It is one matter for the Federal Reserve authorities to provide member bank (excess) reserves upon which the banking system can expand credit. Commercial banks, howver, may well ask: How high can loan ratios go? There are steps which can be taken to assure an adequate supply of money for the future. There are questions to be ironed out. For example, why not permit all banks to adjust their reserve position through borrowing from the central bank? If that is done, loan ratios can go higher. But rather then become involved here, let me merely repeat: There is nothing now in view which would prevent the financing of an expanding economy.

A quarter of a century ago, the question went up: Is there enough gold? There were quite a few who feared an inadequate gold and hence money supply would bring about deflationary developments. That feeling played a great role in the decision to devaluate the dollar in 1933.

The gold question, if one can speak of one existing today, is a different one. There are those who say the price of gold should be raised in conformity with the general price advances the country has been experiencing. This is, of course, an unthinkable step today. It would greatly reinforce the upward pressure on prices which already exists. Others feel that convertibility should be reintroduced. Individuals, they feel, should be permitted to buy, sell and hold gold in refined form. Such action was taken not so long ago in Canada, permitting individuals to trade in gold bullion.

People Should Not Hold Gold

To restore today a full gold bullion or, worse, gold coin standard seems to be also a rather inadvisable decision. For one reason, and there are others, such convertibility might easily transfer power that should rest in the hands of the monetary authorities to the general public. With the international situation being what it is, fears and rumors could easily set off a gold hoarding spree which would introduce definite problems into the operation and management of our monetary and credit system. A hoarding of currency does not introduce similar difficulties.

There are still a lot of people who reason: "If I have more money, I am better off. Therefore, if all of us would possess more money and enjoy higher incomes, all of us would enjoy a higher standard of living." Logicians refer to that type of reasoning as a fallacy of composition. What is true for one or a few individuals is not necessarily true of the group as a whole. The only way in which we can increase the per capita standard of living is by an increased output of goods and services. Total U. S. production minus exports plus imports determine how much Americans can have.

Principles of economics show that to produce goods and services four factors of production are needed: Natural resources, labor, capital goods — man-made agents of production, and management. Its function is properly to allocate the other resources. A factory, retail store or a doctor's office are faced fundamentally with the same questions: Where shall I locate? Whom shall I hire? What type of building, machines, typewriters, files, and so on, shall I buy? A fifth, a conditioning factor introduces itself, i.e., organized society. Its policies may profoundly affect the process of allocating human and material resources.

Labor Supply

In mid-August, employment climbed to another record high of 66.8 million. Unemployment, the Commerce Department reported, had dropped to an estimated 2.2 million. J. F. Dewhurst and associates in the Twentieth Century Fund study (1955) *America's Needs and Resources—a New Survey* say that "According to the medium assumption, the labor force will increase during the 1950-1960 decade by about eight million . . . to a total of 72.5 million in 1960. With an assumed normal unemployment of about 5% of the labor force, or 3.5 million, an average of 69 million would be actually at work in 1960. . ."

The study also envisages a reduction of the work week from the 40 hours in 1950 to 37.5 hours in 1960. Obviously, to assure a higher per capita standard of living, productivity as measured by average output per man-hour must rise. The study projects a productivity increase of about 2.3% a year, giving a Gross National Product of $440 billion as its "high" projection for 1960.

Accordingly, the reported mid-August employment of 66.8 million with an estimated 2.2 million unemployed would indicate two things: One, about 3.2% of the presumed work force of 69 million is unemployed. For the country as a whole, we are once again approaching a minimum below which it would seem difficult to reduce unemployment if price pressures are to be kept under control. Second, a active fourth quarter of 1956 will see a very tight labor market.

Over the remaining years of this decade, the nation's labor supply will be conditioned by a number of factors. At the 1940 decennial nose count, there were 131,669,000 Americans. Today there are 168 million. The Bureau of the Census gives the country's population for 1975 as between 207 and 229 million. Today we have a population of over 45 million below the age 15. The number of people above 65 have increased notably. In other words, for the immediate future, the additions to the work force will be relatively small. At the same time, heavy demands are being made, and will be made, on the nation's resources to accommodate the young citizens who for some time to come will be in the non-productive stage.

Supply of Funds for Investment

That will mean increased demands by business and public bodies on the capital markets to raise the funds required for the needed new facilities. Rising prices would necessitate even greater external financing of private corporations, for depreciation allowances would become even less adequate. But in looking at the money side we must not forget the resources side of the equation. If more schools and highways are to be constructed, materials and labor will be required. If more and better automatic machines are to be built to offset a deficiency in the labor force, materials and labor will also be needed. In an economy operating under high employment conditions, as ours is today, most of these resources must be diverted from other uses. That introduces the question of saving.

Modern man is understandingly very money conscious. It is easy for him to lose sight of the very nature of money as a claim to goods rather than a good by itself. There is talk of an expected lowering of legal reserve requirements, a step which, under present conditions, would seem to make no sense whatever. Surprisingly little is said of the relationship between the prime rate and the Federal Reserve discount rate. The present prime rate, with a 3% discount rate, will very likely yet have to move a little higher. The 5¼% Canadian prime rate and the Canadian 3½% discount rate appear to stand in a better relationship to each other than a 4% prime rate with a 3% discount rate. That becomes quite apparent, I believe, when one studies the very purpose which lies at the base of recent Federal Reserve action.

More emphasis must be placed on the stimulation of savings. Increased saving is a very effective answer to tight money and high interest rates. When people save, they do not demand goods or services. Thus the savings, in terms of money, can be hired to employ the resources made idle by the savers and they can be thus diverted to the desired uses.

In an economy operating under conditions of high employment, there can be no short-cut to capital goods creation. The amount which business and public bodies presently wish to invest in new facilities seems somewhat high indeed in relation to the available resources. We are trying to have our cake and eat it to. We are trying to enjoy right now a very high standard of living and yet, at the same time, we want more tomorrow. Tomorrow must see a greater output in order to provide for more people who will want still more social services and goods. Furthermore, the relatively small work force now in existence, the result of the low birth rates of the 1930's, necessitates a still greater emphasis on providing each worker with a still larger amount of capital and better management in order to raise his productivity.

Economic Theories Like Women's Hats

Economic theories, particularly their popular interpretations, are in about the same category as women's hats. A different slogan for each new season! In the 1930's, when demographers underestimated by such a wide margin total population of the country by 1975 — some said 150 million — economists said: "Suppose we do have a stationary population. There is nothing to worry about. It will help us to attain a still higher per capita standard of living. In the past, we were better off because productivity rose faster than population. Now we won't have to spread the increase over so many people." A few courageous souls went this theory one better. They said: "Of course, with an actually declining population, living standards would go up even faster." And there were those who saw a declining U. S. population in the offing.

There is, of course, some truth in these statements. There is also a great deal of nonsense in them. It almost sounds like the argument that the less the country produces, the better we will be. How far could a population decline without running into labor supply problems? Moreover, to achieve anything approaching full employment conditions under a stationary or declining population would involve such a drastic change in the social order that very little would remain of a private enterprise order.

Anyone inclined to exclaim over the silliness of people in the 1930's had better take a look at the argument that makes the rounds today. Now only one thing is seen in the sharply increasing population of the country, namely how good it is for business. Look again! Water shortages, higher prices for raw materials of which only part can be explained as the result of inflation, a greater dependence upon foreign sources, overcrowding in schools and national parks, traffic congestions and higher state and local taxes for the new facilities needed for more people. All these phenomena are illustrations of the pressure of a rising population on limited resources. A perusal of the Paley Report and the esti-

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Inability of Bank Merger Law To Deal With Local Mergers

By PROFESSOR JOHN RYAN
Associate Professor of Economics
Fordham University

State-by-State analysis of bank mergers by Fordham Professor reveals striking discrepancies in the number and size of merged banks. Study indicates: (1) merger problem is predominantly a local one; (2) nation-wide bank-merger law may not be applicable in some states and in others may have an exaggerated effect; (3) danger in making categorical statements concerning the effect of branch-banking laws on mergers; and (4) knowledge of total amount of banking resources controlled by a given number of largest banks "adds little to our knowledge of the effect of mergers on banking concentration." Professor Ryan concludes it should first be necessary to study, analyze and deal with mergers on a local basis.

At the recent Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, the Comptroller of the Currency presented statistical data on a State-by-State basis on the number and size of merged banks in the United States from Jan. 1, 1950 to Dec. 31, 1955.* A rearrangement and analysis of the Comptroller's data furnish some interesting material on this subject on which we have hitherto had only fragmentary information.

John Ryan

We find that the number of national and State-chartered banks consolidated, merged or purchased by other national and State-chartered banks during the period amounted to 828,† and that the total resources of those banks amounted to approximately $18.6 billion. The number of merged banks ranged from a high of 164 in Pennsylvania to a low of one in Montana, New Hampshire, and New Mexico. There were no mergers in Colorado or Florida. Neither Colorado nor Florida permits branch banking. At the end of 1954 there were 161 banks in Colorado of which five operated one branch each, and in Florida the stockholders of the First National Bank of Jacksonville (resources $203,974,000) control banks in St. Petersburg, Miami, Pensacola, Orlando, Daytona Beach, Lakeland, Bartow, Ocala, West Palm Beach, Belle Glade, Starke, Chipley, Port St. Joe, Coral Gables, Key West, Fort Pierce, Gainsville, Madison, Bushnell, Fernandina, De Land, Arlington and Perry. The combined resources of the Florida National Group on Dec. 31, 1955, amounted to $555,170,000.

New York Led the Way

In aggregate resources of all merged banks New York led the way with a figure of approximately $10 billion, or 51% of the total. The resources of merged banks were lowest in West Virginia, Wisconsin and New Mexico, where the figures were $1.2, $0.863, and $0.518 million respectively.

The most interesting information garnered from the data, however, concerns the size of the merged institutions. Approximately 50% of all merged banks had resources under $5 million, but the resources of those banks amounted to only 4.8% of the total. On the other hand, merged banks with resources over $50 million constituted only 6% of the total number, but aggregated 69.6% of all resources.

Table I presents a summary of the number and resources of the merged banks by size.

Striking Discrepancies From State to State

When this analysis is applied on a State-by-State basis we find some striking discrepancies with regard to number and size of merged banks. For purposes of illustration we take the five states which experienced the greatest number of mergers. Incidentally, those States are highly comparable economically and from the standpoint of banking structure. California permits State-wide branch banking and the other four are limited-area brancn banking States. Table II presents a comparison of merged banks in the over $50 million and under $5 million categories for those States. Moreover, the total resources of all merged banks are compared with the total banking resources of those States as of Dec. 31, 1955.

In New York State the number of merged banks with resources over $50 million constituted only 9.5% of the total number of mergers in the State, but the resources of those banks amounted to 87.9% of the resources of all merged banks. Merged banks with resources under $5 million numbered 44, or 32.1% of all mergers in the State, but the resources of those banks amounted to only 1.1% of the resources of all banks merged. Finally, the resources of all merged banks during the period equalled 14.5% of the resources of all banks in the State as of Dec. 31, 1955. The effect of the large mergers in New York City during the period —Chemical-Corn Exchange, Chase-Manhattan-Bronx County, National City-First National, and Bankers Trust-Public National— is strikingly apparent in swelling the percentage of all merged banks' resources represented by the institutions merged in which the resources were $50 million and over.

New Jersey and California Mergers

On the other hand, from both the standpoint of numbers and resources, the New Jersey mergers were predominantly in the classes over $5 million and under $50 million. The actual data for New Jersey, in addition to that in Table II, were:

In California, also, the numbers and resources were most pronounced in the case of the medium-sized mergers. As a matter of fact only three banks merged in California had resources in excess of $50 million; they accounted for only 3.5% of the total number and 28.7% of the resources of all merged banks. California mergers in which the institutions had resources of $5 million or less accounted for 37.1% of the total number and 8.6% of the resources. Pennsylvania and Ohio showed striking similarities, percentagewise, in the numbers and resources of the merged banks in the largest and smallest groups classified.

Insignificant in Over 15 States

In 15 States the numbers and resources of merged banks were insignificant. In all those States the number was five or less and the total resources of all the merged banks was less than $50 million for each State. Data for the 15 States are given in Table III. In addition we give the total number of banks, branches and the aggregate resources of all banks in the States as of Dec. 31, 1955.

Branch vs. Non-Branch States

It is interesting to note that two of those States, Arizona and Nevada, permit statewide branch banking. But the number of mergers, though only amounting to three in each case, constituted a considerable percentage of the total number of banking institutions existing on Dec. 31, 1955. Four States, New Hampshire, West Virginia, Wisconsin and Wyoming prohibit branch banking. In those States the number of mergers was one, two, two and one respectively, but in the remaining nine states, which allow limited-area branch banking, the number of mergers was also insignificant. It would appear that on the basis of the experience of those 13 States that limited-area branch banking States are not much more productive of mergers than the States which prohibit branches. This of course is not necessarily true of all States, but it does emphasize the danger of making categorical statements concerning the effect of branching laws on mergers.

Table III also indicates that in 13 of the States the resources of all merged banks were absolute and relatively inconsequential. In Arizona and Nevada, the resources of the merged banks constituted 1.6% and 5.6% respectively of the resources of all banks in these States on Dec. 31, 1955. For all 15 States the figure was 0.56%. In Nevada the First National Bank of Nevada, an affiliate of Transamerica Corporation, operates one branch in Reno and branches in 11 other communities, and the Bank of Nevada, another affiliate of Transamerica, operates five offices in the southern part of the State. The resources of these two banks on Dec. 31, 1955, were $210,291,000 and $30,672,000 respectively. The total resources of all banks in the State was $313,370,00. The independent Nevada Bank of Commerce operates seven branches and had resources of $40,211,000. The remaining banks, the Security National Bank of Reno, the Bank

*Legislation Affecting Corporate Mergers. Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, Eighty-Fourth Congress, Second Session, pursuant to S. Res. 170 on S. 3341, S. 3424, and H. R. 9424, pp. 85-89.

†We omit one merger in Alaska and one in Puerto Rico included in the Comptroller's figures.

TABLE I

Number and Size of Merged Banks, 1950-1955

(Dollars in thousands)

Resources	Number	Per Cent	Total Resources	Per Cent
Under $5 million	412	49.8	$892,062	4.8
Over $5 and under $10 million	198	23.9	1,419,586	7.6
Over $10 and under $25 million	124	15.0	1,866,796	10.0
Over $25 and under $50 million	44	5.3	1,488,709	8.0
Over $50 million	50	6.0	12,934,580	69.6
Totals	828	100.0	$18,601,733	100.0

TABLE II

Number and Size of Merged Banks with Resources Over $50 Million and Under $5 Million in Five States with Greatest Number of Mergers

State	Number of Merged Banks (1)	Total Resources of Merged Banks (2)	Number Of Merged Banks With Resources Over $50,000,000 (3)	Per Cent Of Total Number (4)	Total Resources Of Merged Banks With Resources Over $50,000,000 (5)	Per Cent Of Total Resources (6)
Pennsylvania	164	$2,265,076	9	5.5	$1,204,105	53.2
New York	137	9,998,567	13	9.5	8,793,131	87.9
California	86	1,003,324	3	3.5	287,925	28.7
Ohio	47	485,923	3	6.4	168,635	34.7
New Jersey	41	335,183	1	2.4	52,736	9.9
Totals	475	$14,088,073	29	---	$10,506,532	---

State	Number Of Merged Banks With Resources Under $5,000,000 (7)	Per Cent Of Total Number (8)	Total Resources Of Merged Banks With Resources Under $5,000,000 (9)	Per Cent Of Total Resources (10)	Total of All Banking Resources Dec. 31, 1955 (11)	Total Resources Of All Merged Banks As Percentage Of Total Banking Resources (12)
Pennsylvania	86	52.4	$238,127	10.5	$15,611,613	14.5
New York	44	32.1	107,769	1.1	61,642,613	16.2
California	32	37.1	86,789	8.6	20,829,248	4.8
Ohio	27	57.4	49,851	10.3	11,020,885	4.4
New Jersey	5	12.2	17,085	3.2	7,463,268	7.2
Totals	194	---	$499,621	---	$116,567,627	---

Size of Bank Merged	No.	Per Cent	Resources	Per Cent
Banks over $5,000,000 and under $10,000,000	19	46.2	$131,730,000	24.6
Banks over $10,000,000 and under $25,000,000	11	27.0	144,625,000	27.0
Banks over $25,000,000 and under $50,000,000	5	12.2	189,007,000	35.3

TABLE III

States in Which in Number and Resources of Merged Bank Were Insignificant

(Dollars in thousands)

State	Number Of Mergers	Resources Of All Banks Merged	Number Of Banks Dec. 31,'55	Number Of Branches Dec. 31,'55	Total Banking Resources Dec. 31,'55
Alabama	3	$28,427	237	41	$1,827,628
Arizona	3	13,095	11	91	825,542
Arkansas	2	1,769	233	24	1,134,572
Georgia	5	30,399	395	52	2,556,606
Iowa	5	12,338	665	162	2,917,112
Montana	1	1,615	113	0	747,238
Nevada	3	17,486	6	27	313,370
New Hampshire	1	1,548	110	3	844,964
New Mexico	1	518	51	25	558,424
North Dakota	3	2,798	154	24	670,985
South Dakota	2	1,840	171	53	638,014
Tennessee	4	6,544	299	132	2,866,136
West Virginia	2	1,243	181	0	1,215,263
Wisconsin	2	863	557	150	4,019,146
Wyoming	1	1,467	53	0	359,182
Totals	38	$121,950	3,236	784	$21,494,182

TABLE IV

Some States in which Large Mergers Dominated Considered from Resources Standpoint

(Dollars in thousands)

State	Number of mergers	Resources of all banks merged	Number of mergers with resources over $50,000,000	%	Resources	Per cent of resources of all merged banks
Michigan	29	$427,575	2	7.0	$227,115	53.1
Massachusetts	10	233,764	1	10.0	170,696	73.0
Maryland	13	295,258	2	16.0	195,562	66.2
Rhode Island	9	645,114	3	33.0	564,784	87.6
Texas	10	242,670	2	20.0	176,721	72.8
Missouri	10	404,030	3	30.0	380,899	94.3
District of Columbia	2	170,814	2	100.0	170,814	100.0
Indiana	18	289,524	1	5.5	156,256	52.2
Totals	101	$2,708,749	16	16	$2,042,847	75.4

of Las Vegas, and the First National Bank of Ely had combined resources of $32,000,000. In Arizona the banking situation is dominated by the Valley National Bank with eight branches in Phoenix, four in Tucson and branches in 26 other communities, and by the First National Bank of Arizona, and the Southern Arizona Bank and Trust Company, both of which are affiliates of Transamerica Corporation. The resources of Valley National on Dec. 31, 1955 amounted to $397,840,000. First National operates eight branches in Phoenix and branches in 15 other cities, and Southern operates six branches in Tucson. The resources of these two banks were $183,709,000 and $89,348,000 respectively. The remaining banks, with the exception of the Bank of Douglas with resources of $83,980,000 and branches in eight communities, are relatively insignificant. It is obvious that there is not much scope for mergers or any important change in the banking structure of these States, though one merger did take place in Arizona in February 1956, that of the Miners and Merchants Bank by the First National.

States With Large but Few Mergers

In addition to the States mentioned in Table I there were a number of other States in which large mergers (from the resources standpoint) predominated, though in most cases the number of large banks merged constituted a relatively small percent of all mergers. Data concerning these States are presented in Table IV.

In the District of Columbia, the two banks merged had resources over $50 million. The predominance of the large mergers in Rhode Island, Texas and Missouri was due to the mergers in the cities of Providence, Dallas and St. Louis.

Conclusion

If any conclusion emerges from this study it is that the number and size of bank mergers in the United States are very largely a local problem. We can learn little of practical value if we confine our attention solely to a nation-wide viewpoint. Though it is interesting to be informed of the total amount of banking resources controlled by any given number, 20, 50, 100 of the largest banks at various times, it adds little to our knowledge of the effect of mergers on banking concentration. Further knowledge on this subject can come only from study and analysis on a local basis.

Roosevelt & Gourd Formed in New York

Roosevelt & Gourd has been formed with offices at 37 Wall Street, New York City to engage in a securities business. Partners are Philip J. Roosevelt and Michael Gourd. Mr. Roosevelt was formerly with the Chemical Bank and Trust Company and was a partner in S. D. Fuller & Co. Mr. Gourd was previously with Tucker, Anthony & Co. and Laidlaw & Co.

With Leo McLaughlin

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—William J. Kelly has become connected with Leo G. MacLaughlin Securities Company, 54 South Los Robles Avenue.

Cunningham Cleland Adds

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Henry L. Price is with The Cunningham-Cleland Company, Orpheum Theatre Building.

The American Securities Industry And Forces Acting Upon It

By WALTER MAYNARD*

Partner, Shearson, Hammill & Co., New York City

In outlining the functions, size, and problems of the securities industry, Mr. Maynard shows the essentiality of the link between saver and capital user, in helping sound enterprise obtain capital. Voices sharp criticism of Federal income and capital gains tax laws, in pointing out wide income fluctuations from year to year and inherent difficulty in accumulating capital in good years. Maintains capital gains transfer tax distorts venture capital mobility, and that inflation "nowadays is a more serious economic disease than ever" in view of increasing pension and social security participants and role of confidence in shaping the price of stocks.

In comparison with many other forms of economic endeavor in the United States, the securities industry is a small one; there are in it about 4,250 firms which have altogether some 100,000 employees and probably $600 to $800 million in capital.

Walter Maynard

This average of less than 25 employees per firm means that, in effect, our industry is composed of small businesses; dozens of our firms are one- and two-man businesses and the largest of them has only 5,000 employees and $36 million in capital. Even this is small indeed compared to the large firms in most other forms of economic activity; for example, Sears, Roebuck has 200,000 employees and $1 billion in capital. Our problems therefore are in many ways the same as those of other small business.

Activities Performed

So much for description, now to turn to what we do; first, it can fairly be said that this small industry is essential in a capitalist economy. Expressed in the simplest terms possible, we are the link between the saver or creator of capital and the user of capital. We advise the saver on the wisest means of investing his savings in securities, and we provide for him the mechanism of investment. This seems an appropriate time to make clear that in the word "saver" we mean not only the individual who sets aside his surplus funds and uses them to buy securities, but also the corporate agencies that the individual saver uses to help him — the pension fund, the life insurance company, the savings bank or the mutual fund. Operating in this capacity, we are brokers and are generally compensated by a commission, which is a small percentage of the amount handled, usually less than 1%. Incidentally this compares with much higher rates for services in connection with most other forms of property transfer.

Another important segment of the industry's activity is that of helping enterprises which need capital. The investment bankers, as this segment of the industry is called, consult with issuers concerning the form and terms of new issues of stocks and bonds of all kinds, and undertake to find buyers for them. Issuers include not only corporations, from the nation's largest to small ones just getting started, but also the Federal Government itself and its various agencies, and the governments of states, municipalities, school districts, and also all kinds of public businesses or authorities, such as turnpikes, airports, bridges, tunnels, irrigation districts, sewer districts, water, gas and electric facilities.

Method of Trading

The first of these two activities dealings in securities already outstanding—is to a great extent carried on with the facilities of the two-way auction markets which are the nation's security exchanges. Dealings on these exchanges are made in full public view and are promptly reported; prices are continuously changing and reflect from moment to moment the needs, desires, hopes and fears of the world's security owners, or those who wish to buy securities. These prices therefore tend to represent as realistic an estimate as it is possible for the participants in these markets to make of the future.

The securities that are not traded on the organized exchanges are in the main handled through dealers who buy and sell for their own accounts in the over the counter markets. Current bids and offers for these securities are also widely known and published, but there is no record of actual dealings. The dealers comprise a further highly important sector of the securities business. The larger firms in our industry usually offer a wide range of financial services to their clients, including all those we have talked of.

Let us now turn to another aspect of our business—what you have to have to be in it. In contrast with American business giants, our business only to a minor extent requires machines or tangible property. Our merchandise is securities but in the broadest sense, we are really working with ideas. The basic fabric of our business is the men who are in it; their character and integrity, their analytical ability, their understanding of the workings of our economic process, their imagination and their courage.

Character Before Analytical Ability

You will note that I have listed character and integrity as the first requirement. This is because, in our business, extremely large sums of money are frequently involved in buying and selling merchandise which may be changing rapidly in price. Deals are made, not through written agreements as in most other businesses, but through oral agreements made in person by member firm representatives on the exchanges, or on the telephone. Moreover, we are constantly called upon to give advice, and this advice must, in the nature of things, at times be contrary to our own immediate interest. In addition many of the firms in our business have in their custody large sums in cash and securities belonging to their customers. The original agreement forming the New York Stock Exchange one hundred and sixty four years ago said: "The Exchange's object shall be to maintain high standards of commercial honor and integrity among members; to promote and inculcate just and equitable principles of trade and business." Although we have had a few conspicuous lapses, these standards have in the main been successfully inculcated in the securities business and they account, I think, for its really remarkable solvency record.

Reading the Future

Having told you what we do, I will now try and tell you what the men in the securities industry think about. Since we deal with merchandise that is constantly changing in price, we must continuously try on behalf of our customers and ourselves to make a satisfactory running forecast of the economic future. To do this we must bring to bear on the problem every bit of information that we can collect and every bit of objective judgment and imagination that we possess. We have to be unemotional in evaluating the news as it occurs—we must make every effort not to let prejudice or preconceptions of any kind interfere with the practical economics that are expressed in the prices, interest rates and yields that are quoted from day to day in the world's securities marketplaces.

To give you some idea of what our thought processes are, let's look at some of the important basic social and economic factors which affect us, and which affect the health of our economy as a whole. To begin with, it should be kept in mind that the merchandise in which we deal would be merely so much handsomely engraved paper if it were not for the complex and tenuous fabric of contracts, agreements, laws and tacit understandings that back it up. It could be said that a basic element in the very existence of our merchandise is a condition in our community which might best be described as social stability, or social equilibrium. Therefore, any event that is bad for the United States, or that is bad for any important segment of our population, or for our friends in the Western World, is bad for our industry.

For example you can judge that anything that affects the sanctity of contracts is bad; thus, Col. Nasser's denunciation of the Suez Canal Treaty of 1888 and his seizure of the Canal Company's property, even though he has promised compensation to its owners, is bad, and this development was quite properly reflected in a fall in our security markets.

Social Security and Inflationary Disease

Anything which arbitrarily alters the relationships between the various owners of property in our community is bad. In this connection, it should be remembered that one man's debt is another man's asset. Thus, inflation in its various manifestations is bad; it has the effect of shifting purchasing power from the saver, who is usually an owner of debts, to the debtor, and to the owner of property. One of the important problems that we have difficulty in evaluating arises from the fact that recently, war-born currency inflation has been replaced by a new form of inflationary pressure resulting from the power of or-

Continued on page 30

*An address by Mr. Maynard before the 1956 Industrial Council Conference on American Securities Business, Rensselaer Polytechnic Institute, Oct. 12, 1956.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

John M. Lyons and John B. M. Place have been appointed Vice-Presidents of the **Chase Manhattan Bank of New York**, J. Stewart Baker, President, announced on Oct. 16. Both are associated with the official group managing business relationships in the South. Other promotions in the bank's national territorial organization on Oct. 16 were those of David V. Andrews to Assistant Vice-President, and George M. Grace and Malcolm McNair to Assistant Treasurer.

An announcement on Oct. 10 by President J. Stewart Baker made known that William F. Coleman and Thomas W. McMahon, Jr., have been appointed Vice-Presidents in the metropolitan department of the **Chase Manhattan Bank**. Mr. Coleman is associated with the managerial group supervising New York City branches. Mr. McMahon is with the official group managing metropolitan area accounts held at head office. Other promotions in the metropolitan department as of Oct. 10 were those of William J. Schmidt, Howard Sneed, Willard C. Butcher and Palmer Turnheim, to Assistant Vice-Presidents; and Albert J. Connors, Jr., Henry J. Galbraith, Malcolm P. Garland, Robert H. Job, Thomas F. Mahoney and Edward Riley, to Assistant Treasurers.

* * *

The First National City Bank of New York announced on Oct. 11 that it would be the only bank to participate as an exhibitor at the National Business Show opening on Oct. 15 at the New York Coliseum. Free tickets for the Show were made available at all of the bank's branches. The Show was scheduled to be open daily from 1 p.m. to 10 p.m., from Oct. 15 through Friday, Oct. 19. The theme of the bank's exhibit has been "It's Our Business to Help Your Business." The First National City Bank states that is has been a pioneer among commercial banks in providing an additional source of credit for small businessmen through its Personal Credit Department Business Loan Service. It reports that since special facilities for Monthly Payment Business loans were set up in 1935, its Personal Credit Department has extended more than 150,000 loans, totaling over $280,000,000, including 70,000 G.I. Business loans to veterans, totaling $150,000,000. Last year, the bank raised the maximum amount of such loans to $25,000, with terms in some instances running up to 60 months. During the past 12 months, outstanding balances on Monthly Payment Business loans increased 20%.

* * *

Francis W. Murray, III and Patrick J. Scally have been appointed Assistant Secretaries of **Chemical Corn Exchange Bank of New York**, it was announced on Oct. 11 by Harold H. Helm, Chairman. Frank G. Frederiksen, William J. Galligan, Jr., Joseph E. Green, George J. Klopfer, Arthur Kroemer and Theodore R. Meyer have been appointed Assistant Managers. All are associated with the bank's metropolitan division.

* * *

Irving Trust Company of New York, opened on Oct. 15, a branch office in the new 485 Lexington Avenue Building at 46th Street and Lexington Avenue. The office, operating on two floors, will offer complete banking facilities for businesses and individuals in the Grand Central area. In design and decoration, it is stated, it is a blend of the traditional and the functional — incorporating the most modern ideas in equipment and layout. Escalators connect the main banking floor with the lower level where safe deposit vaults and additional banking facilities are located. The office is staffed and equipped to handle domestic and foreign banking needs of customers. William C. Schutt is Assistant Vice-President in charge and other members of the official staff include Fred E. Borchert, Jr. and Allister B. Etzel, Assistant Secretaries. To commemorate the opening of the office, Irving is distributing a booklet telling the story of the growth of the Grand Central area.

* * *

The appointment of David M. Levitt as a member of the Advisory Board of **Manufacturers Trust Company's Empire State Office in New York** was announced on Oct. 17 by Horace C. Flanigan, Chairman of the Board. Mr. Levitt is President of the Doughnut Corporation of America.

* * *

What is described as the only traveling collection of Presidential checks and drafts will be shown in New York for the first time from Oct. 22 to Nov. 9. Owned by King V. Hostick of Chicago, and featured in the Oct. 16 issue of "Look" magazine, the exhibit will be open to the public without charge at the Murray Hill Office of **Union Dime Savings Bank at Madison Avenue at 39th Street.** The three-paneled display, which includes the signature of every President from George Washington to Dwight D. Eisenhower, may be seen on Mondays from 9 to 6; Tuesdays through Friday from 9 to 3.

* * *

J. HENRY SCHRODER BANKING CORPORATION, NEW YORK

	Sept. 30,'56 $	June 30,'56 $
Total resources	127,760,461	115,702,145
Deposits	91,668,324	77,922,704
Cash and due from banks	16,194,626	13,296,309
U. S. Govt. security holdings	57,194,379	46,253,342
Loans & discounts	26,234,779	26,920,461
Surplus and undivided profits	5,025,000	5,020,000

* * *

SCHRODER TRUST COMPANY, N. Y.

	Sept. 30,'56	June 30,'56
Total resources	$63,219,100	$71,599,674
Deposits	55,918,702	[illegible]
Cash and due from banks	10,412,597	13,060,963
U. S. Govt. security holdings	34,106,184	42,193,679
Loans & discounts	17,763,073	15,340,106
Surplus and undivided profits	2,625,000	2,615,000

* * *

The Long Island National Bank of Hicksville, Long Island, N. Y., has increased its capital from $815,000 to $835,000 by a $20,000 stock dividend effective Oct. 1.

* * *

It was announced on Sept. 28 by Reginald T. Cole, President of the **Brockton National Bank of Brockton, Mass.** that all steps necessary to bring about the consolidation of that bank with **Hingham Trust Company of Hingham, Mass.,** have been completed with the result that, as of the close of business on that day, both banks were consolidated under the name of **National Bank of Plymouth County.** The Brockton National's main office at 90 Main Street, Brockton, will be the main office of the consolidated bank, and other offices will be maintained at the present quarters of Hingham Trust Company at 115 North Street, Hingham, and at present branches at 1098 Main Street, 27 Belmont Street and 593 Belmont Street in Brockton. Reginald T. Cole will be Chairman of the Board and the executive head of the consolidated bank, and Seth Sprague, formerly President of Hingham Trust Company, will be President. All personnel will be retained in both banks.

The Brockton National Bank had common capital stock of $600,000, while the Hingham Trust Company had common stock of $100,000. The Comptroller of the Currency in the Treasury Department Bulletin of Oct. 8 announced that at the effective date of the consolidation the consolidated bank—the National Bank of Plymouth County — would have a capital stock of $750,000 in 75,000 shares of common stock; par $10 each; surplus of $750,000 and undivided profits of not less than $521,910.

* * *

Alvah S. Amerman, formerly President of the **Dime Savings Institution in Newark, N. J.** died on Sept. 24. He was 78 years of age. In his early years Mr. Amerman became a teller at the **First National Bank of Somerville, N. J.** which later became the **Somerville Trust Co.** The "Newark Evening News" of Sept. 26, in reporting the foregoing from its staff correspondent at Trenton, indicated that he remained with the trust company for 19 years, and added in part: "he resigned as Assistant Cashier of the bank in 1917 when State Banking Commissioner Frank H. Smith appointed him an examiner on the State staff. In 1937, Mr. Amerman returned to private banking as President of the **Dime Savings Institution**, a post he held for 12 years. When the United States Savings Bank took over the Dime Savings in 1949, he was made Vice-President of that institution. He retired in 1950."

* * *

The sale of new stock to the amount of $120,000 has increased the capital of the **National Bank of Mantua, N. J.** to $240,000, compared with $120,000, previously. The addition to the capital became effective Sept. 18.

* * *

The National Newark & Essex Banking Company of Newark, N. J., is offering to its shareholders of record Oct. 4, rights to subscribe for an additional 55,000 shares at $57 per share on the basis of one additional share for each six shares held. Subscription rights will expire on Oct. 24. An underwriting group headed by Merrill Lynch, Pierce, Fenner & Beane will purchase any unsubscribed shares. Proceeds from the sale of these shares will be used to strengthen the bank's capital structure. Details of the proposed offering were given in our Sept. 20 issue, page 1190.

The bank, with resources of approximately $305,000,000, is the second largest bank in the State of New Jersey. It is the State's oldest bank, having been originally chartered by the New Jersey State Legislature in February, 1804.

* * *

The Sept. 22 announcement of the Board of Governors of the Federal Reserve System reports that the **Rochelle Park Bank, of Rochelle Park, N. J.,** a State bank member of the Federal Reserve System, changed its name to the **Community Bank of Bergen County, N. J.,** on Sept. 22.

* * *

The Peoples Trust Company, of **Wyomissing Pa.,** a State bank member of the Federal Reserve System, merged on Aug. 6 under its charter and title with the **Womelsdorf Bank & Trust Co.** of **Womelsdorf, Pa.,** an insured nonmember. A branch was established in the former location of the Womelsdorf Bank & Trust Co.

* * *

A proposed merger of the **Carlisle Trust Company of**

Continued on page 29

Connecticut Brevities

The Directors of **Hartford National Bank and Trust Company** and of **Windsor Trust Company** have recommended a plan of merger to the stockholders of the two companies. Under the proposal which will be submitted to stockholders of both companies in November and, if approved, will take effect before Jan. 1, 1957, stockholders of Windsor will receive 4½ shares of Hartford National for each of 6,000 shares of Windsor outstanding. The addition of Windsor Trust, which on June 30, 1956 had assets of $7.7 million, will bring to 18 the number of branches of Hartford National.

* * *

The Norden-Ketay Corporation has recently received several contracts to produce an aggregate of about $5 million of equipment in connection with the government's guided missile program. The contracts will affect all divisions of the company but will mainly be handled by the two Milford plants where it is anticipated that employment will be increased by about 200 within the next six months.

* * *

Burndy Corporation, which recently changed its name from **Burndy Engineering Company, Inc.,** has recently acquired a plant in Milford with a floor space of about 30,000 square feet. The plant is being used by the Omaton Division which produces compression connectors and other components, primarily for manufacturers of electrical and electronic equipment and appliances. The Omaton Division which was established in 1955 has been growing rapidly. The Milford plant presently employs 80 persons, but the company is preparing plans to expand the plant to 83,000 square feet and anticipates that employment at that plant will increase to about 500 within two years.

* * *

The Flume and Atwood Manufacturing Company, with plants in Thomaston and Waterbury, has recently expanded its line of gift items by acquiring from Wasley Products, Inc, Plainville, a line of copper candle holders, coasters, ash trays, lamps and other items.

* * *

Northeastern Steel Corporation has recently completed another step in its expansion and modernization program. Its new bar mill began operations in August and both its former hot rolled narrow strip mills have been shut down, one of which will be maintained for possible future modernization or conversion if additional capacity is required. The new bar mill has a capacity of 30 to 50 tons per hour compared to 14 to 15 tons per hour for the strip mill. The company has spent about $3 million of the estimated total program of $9 million. The next step, the cold drawing equipment, is nearing completion and scheduled for operation this month.

* * *

The Stanley Works has announced plans to construct a new manufacturing plant for the purpose of doubling its production of steel strapping. The plant will be located in New Britain where most of Stanley's facilities are located.

* * *

G. F. Heublein, Inc. has purchased an 11 acre tract on which it plans to construct a food processing plant and a liquor distribution center at an estimated cost, including equipment, of $1.5 million. The new project will be located at Menlo Park, an industrial park about 30 miles south of San Francisco, Calif. Construction is scheduled for completion next June. The plant will have a floor space of 100,000 square feet and will serve as the distribution center for the 11 western states. The company has also acquired an 11 acre tract in Muscatine, Iowa, on which will be constructed a tank farm for storage of neutral grain spirits used for the production of Heublein's Smirnoff Vodka. The tank farm will cost an estimated $100,000 and will be located adjacent to Grain Processing Corporation, one of the largest independent producers of neutral spirits, vitamins and primary fermentation feed supplements.

Howard Carswell With American Banker

Howard J. Carswell has joined the staff of The American Banker, New York City, as Executive Editor. The appointment was announced by C. Barron Otis, President of the daily banking newspaper.


Howard J. Carswell

The post is a new one, created in recognition of the growing size and complexity of American banking. Mr. Carswell is familiar with all aspects of banking because of his long experience in banking itself, and in reporting on banks for leading publications. He will be associated with Clinton B. Axford, Editor of the newspaper for the last 29 years.

Mr. Carswell was public relations officer of the Guaranty Trust Co. of New York for several years. Before that he wrote on banking and other aspects of finance for the New York World-Telegram. He began his financial reporting with the Chicago Tribune. In 1954 Mr. Carswell was President of the New York Financial Advertisers, which is the New York City group of the Financial Public Relations Association.

Mr. Carswell has been a Vice-President of Gartley & Associates, Financial Public Relations and Stockholder Communications.

Form Baker & Co.

NORFOLK, Va. — Frederick S. Baker is engaging in a securities business from offices at 7917 Tidewater Drive under the firm name of Baker & Co.

Investment and Growth Outlook For Highway Freight Haulers

By M. GOTTLIEB
Associate Professor of Economics, University of Kansas

In discussing five proposals that should be considered regarding the investment and growth potentials of the larger highway carrier firms, Professor Gottlieb concludes: (1) for the first time a retarded growth rate, which characterizes the rail industry, now confronts the trucking industry as a whole, leaving little prospect for spectacular earnings or dividend growth; (2) the industry is solidly established, sufficiently stable and mature; and (3) capital market should be made available to established, larger firms showing a consistent profit and strong management performance, particularly where there is a basis for growth. Explains relative ease in assessing and analyzing firms' operations, and stability potential in net earnings.

The purpose of this paper is to determine the investment potential and quality of the larger highway freight haulers who are suitable for conversion, or who have already been converted to, public corporate status. I have worked up the tentative and provisional results of the inquiry in the form of five propositions which are set forth in summary terms together with their supporting materials and reasoning. This form of presentation will enable us to canvass the important issues and facts without pretending to systematic coverage or to handbook presentation.

M. Gottlieb

I Highway commercial freight transportation has emerged through the experimentation of its early years a well-established industry with a settled line-up of firms which have shown real ability to develop cooperative institutions and which under vigorous management have exploited well the fundamental advantages of highway motor transportation and against stubborn rail carrier competition have earned and won growing shipper favor and patronage and a strong place in public regulatory policy.

(1) The statistical record of intercity ton miles carried by rail and by commercial highway carriers eloquently testifies to the strength of the industry and to high shipper favor.

(2) The growth in carrier business has been promoted by the ability of the industry to develop effective instrumentalities for cooperative action needed to cope with regulated status and to promote industry interests. The instrumentalities include the local and regional trade associations, the rate bureaus and in a few instances cooperative arrangements for vehicle interchange and joint terminals.

(3) This growth in carrier business rests primarily not on legal gadgetry or privilege but on the fundamental economics of freight hauling and commercial traffic.

(a) Highway freight haulers benefit from low-cost cost roadways in contrast to high-cost railways. This favorable cost differential is due to the fact that highway freight haulers, private and commercial, pay through user taxes for only 30% of the costs of maintenance and construction of the highways and roads which their vehicles use. Moreover, these costs are pared down since they include no local or Federal tax contribution as do the rails. Highway administration is largely subsidized and all required capital is obtained with tax-exempt bonds underwritten chiefly by state governments with their strong credit position. And these advantages in subsidized roadways tend to be well-established and inherent. The advantages largely grow out of the fact that the freight haulers are a subsidiary user of a roadway planned for local communities and individual motorists, while the general policy of open highways predominantly free of tolls and traffic restrictions and costed on narrow cost-basis is already an American tradition.

Thus commercial freight haulers obtain at moderate charges the use of a magnificent highway network and the use of a dense network of local connecting and feeder roads which connect up with virtually every shipper in the country. The struggle over the allocation of user charges among the various categories of highway users will continue and a larger or smaller share of the highway program may be financed through user charges; it is possible that in this way highway commercial freight haulers will be burdened with higher user charges; but the range of user charges that can presently be contemplated still gives highway carriers a broad and sure basis for operation. And commercial freight haulers are too well established and have won too much shipper support to ever be driven off the highways by penalty taxes.

(b) On these low-cost roadways, the fundamental technology of commercial motor transportation yields inherent traffic advantages. Freight hauling over the rails is conducted with the aim of minimizing fuel and direct labor charges by developing massive pulling power in locomotives which can haul at low fuel and driver charges an immense freight tonnage assembled in a chain of linked cars which because of their bulk and weight cannot operate on spring suspension. These low fuel and driver charges per ton of freight transported are achieved only by subjecting freight movement to (i) relatively long delays while the various cars are loaded and assembled and at the various division points along the way broken up and reassembled to be dispatched in their respective destinations; (ii) relatively high breakage and expensive packing requirements due to fact that freight cars are assembled together and started or stopped by a process of jars and concussions; (iii) congestion and delay at major division points.

Highway commercial freight hauling involves generally much less damage due to operation on spring suspension and rubber tires, because stopping and starting may be much more gentle than on freight trains, and because there is generally less reloading involved. Highway freight carriage is more expensive so far as fuel and driver costs go since a loaded car is dispatched off to its destination on its own power and with its own driver operating engines less efficient than rail diesels. But the goods move much more expeditiously and there is averted all the expense involved in train make-up and break-up at the various division points. Arriving at destination, highway carriage moves more expeditiously at or around terminal stations. Finally, for full truckload shipments there will be only one loading and unloading while rail carriage will involve separate handling for pickup and delivery.

(c) For these reasons bulk products of relatively low value easily loaded and moving over longer distances in carload lots to and from shippers with siding connections can, as a general rule, be moved more economically by water or rail carriage than by truck. But truck transportation will have an assured footing and a strong position in LCL and short-haul carriage except where rail or water carriage is unusually favored; and truck carriage has demonstrated strong superiority even for full carload movement over long distances where expeditious service and careful handling are at premium as in the case of manufactured goods and perishable products.

(d) Many industries and communities have now grown up with primary reliance upon truck transportation and in many cases without adequate rail connection or siding layout. Highway carriage, location and product design and distributive policy have all evolved together; for these shippers, highway carriage no longer competes for patronage.

(e) Highway carriers have the advantage of a young and alert top management which has developed a high level of business ability without the handicap of vested organizational interests and the fixed routines of old-line professional management.

(f) The strength of these advantages in fundamental economics is underscored by the fact that the highway truck haulers have had to take away freight hauling business from rail carriers in the teeth of regulatory policies which on balance have appeared to favor rail carriers which have had certain leeway in protecting their carriage, though of course highway carriers needed regulatory protection against all-out rail price war which could have hurt them badly.

II Strength in its fundamental economic basis joins with marked stability characteristics which mark the operations of the industry as a whole and of its larger common carriers.

The industry tends to be a highly stable one akin to the other utilities since it renders a crucial service, the demand for which grows with general commodity production, which is universally needed in all lines of production and which may not be stored up in advance or deferred over any appreciable period. Like other utilities, industry operations tend to conform only to the average movement of general industrial activity and is relatively free from special trade fluctuations. Unlike other utilities, peak load capacities obtained through the lease system do not strain capital or payroll budgets. Stability in operation grows out of the protection of the franchise afforded by the tender regard of regulatory commissions for the interests of common carriers over their established routes.

Finally, stability in earnings as distinct from stability in overall operations is furthered by the fact that fixed plant and equipment play a moderate role in industry capitalization—this is expressed in the three-to-one ratio of annual revenues to capitalization—and that transport schedules are flexible and may be adjusted to the volume of traffic thus saving fuel and payroll while overhead charges for fixed equipment, terminal facilities, taxes are much less important with highway than with other utilities. It has been estimated that 93% of shipping expense is adjustable to changes in volume. If anything like this is true it testifies to an impressive stability potential in net earnings.

III Investment quality of the industry is heightened by the relative ease with which individual firm operations can be analyzed and assessed with a high degree of reliability.

Partly this ease grows out of standardized reporting and accounting and by the grouping of the industry into relatively homogeneous classifications and to the homogeneous nature of the basic service rendered permitting of description in standard terms of weight and distance. Since exceptionally detailed annual and quarterly reports are available for public examination by all regulated carriers, up-to-date comparisons and investigation is readily permitted isolating a number of important efficiency factors amenable to approximate measurement.

Then too qualitative appraisal of a highway carrier is facilitated since users of the service dispensed include a large number of sophisticated traffic specialists who must rate and gauge carriers in terms of shipper satisfaction and whose judgments could readily be canvassed and mobilized. Moreover, there are or would be available many academic specialists in transportation who could be relied upon for disinterested presentation in any given inquiry and who would be skilled in techniques of general analysis and well-equipped with background knowledge of our transport system.

IV From these three propositions we may conclude that commercial highway motor transportation is solidly established and sufficiently stable and matured so that its larger firms of the necessary quality could and should be given access to capital markets and various forms of public participation of equity investment. But we strongly urge that there are cogent reasons for making this access guarded and for surrounding its use with limitations designed to protect the general investor.

(1) While a growth industry, i.e. one whose volume of output should grow with rising increase in overall national product, rates of growth will be moderate and will tend to be at a slower percentage annual rate of increase than gross national product or even industrial production. Maturing of the market for the industry's services is manifested in the conspicuous fact that since 1951 ton-mile carriage by regulated carriers has been approximately at a level with index performance on a 1947-9 base at 164, 161, 174, 157, 178 (est.) for 1951 and years following. The upward trend here is obviously retarded and readily subject to interruption though private and exempt carriage has steadily risen. Rising standards of living and increasing physical volume of production will tend in the future as in the past not to generate increases in bulk cargo since serv-

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THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market was largely a stalemate again this week with the conviction growing that decisive action either way would have to await the election results now only about two weeks away. There was little in the general run of news, or even in news affecting specific issues, that was able to inspire anything more than momentary ripples. Even a dividend increase in Illinois Central wasn't sufficient to snap the lethargy that has surrounded the rail section for many months.

* * *

Ignored rather completely was the strong upsurge in auto production as the new model year gets under way, as well as the high level of steel activities. The board-room element apparently was more occupied with trying to pinpoint the strike-hurt third quarter earnings reports than in anticipating what has all the earmarks of being a rousing fourth-quarter windup.

The Overhanging Election

The pattern was one of slow, featureless downhill drifting, interrupted by a rally now and then to keep things pretty much at dead center. The indecision reached the point where even a testing of the October lows would be welcome to clear the air and set the stage for a worthwhile advance, but the nearness of the balloting now has pretty well made such a possibility unlikely.

* * *

Coppers were quick to respond to the latest trims in the price of the red metal, although the high average price that it has commanded all year is fairly certain to make the year a good one earnings-wise. Otherwise, the wider swings were in nebulous situations such as American Hawaiian Steamship which ran up sharply on tales of liquidation for the company, only to back up abruptly once such rumors were denied officially.

* * *

There was a trace of following in issues on strength alone, such as Lukens Steel which continued to forge into new high territory even after a sharply higher profit statement was no longer any secret. There was some tinkering with Youngstown Sheet and Bethlehem Steel on rather flimsy reports that a way out of the anti-trust difficulties had been found to permit their merger. There was no confirmation of such talk in official circles, however.

Steels Highly Regarded

Steels generally didn't show any great selling pressure and, in fact, were rather highly recommended in investment circles because of the anticipated good results for this year plus continuing high activities into the new year. Republic Steel, with the added attraction of some consumer lines and its work in titanium, was one of the more highly regarded without having yet discounted the continued improvement in earnings that has been reported steadily.

* * *

Jones & Laughlin, fourth ranking in the industry and following Republic in the ladder, formerly was one of the more cyclical of the steels, largely because of the concentration of its plants in one geographical area. In recent years large expenses have been incurred in diversifying geographically and, in fact, only the top two steel makers spent more for improvement in the last decade than Jones & Laughlin. The stock, market wise, has been somewhat laggard, not reaching the times-earnings average of the other major producers and also ignoring the fact that the company is a candidate for a dividend increase—the result of its large expenditures starting to contribute importantly to profit.

Oils Favored

Oils were still a highly favored group, and fund reports showed that the managements are still sticking to their petroleum hopes despite rather marked market progress in recent years. Getty Oil, formerly Pacific Western, was one of the issues that was rather hard hit by the Suez Canal difficulty and has yet to shake off the doldrums of this trouble spot.

* * *

Nevertheless, Getty seems to have reacted enough to ignore the foreign situation in the future save as a speculative angle added to the basic attractiveness of the issue. Domestic operations fully justify its market price in the view of most market analysts, particularly since the stock has had a rather mundane market life because of the various uncertainties inherent in it. For one, the corporate setup is a confusing one that makes extra work for an analyst since it has important holdings in Tidewater and Skelly Oil through the two Mission companies, Mission Corp. and Mission Development Co.

* * *

Another element of uncertainty is the fact that one family is by far the principal holder with the inevitable screen over the future being plotted for the company by a dominant holder. The company's program in recent years of modernization and exploration has also tended to understate the actual earnings potential. One tabulation places the present market value of Getty at only approximately the market value of its holdings of Tidewater and Skelly with its own activities in both domestic and foreign spheres thrown in for good.

Successful Diversification

Among the cases where diversification is paying off is Eagle Picher which was once closely linked with the erratic zinc and lead industry. Since then the company has emerged as an important auto parts supplier as well as a factor in the food wrapping and plastics fields. Diversification has reached the stage where 70% of sales are outside the zinc-lead circle. Earnings have been expanding as sales increased about a fourth, and the possibility of an end to government stockpiling of zinc and lead is no longer much of a threat to Eagle.

* * *

The company's work in the auto parts field has kept the stock rather suspect market-wise, with the result that it is selling at a conservative times-earnings ratio and offers a yield of around 5%. However, despite the troubles of the auto industry, Eagle Picher's earnings continue to show comfortable leads over those for comparable periods last year when there was a drastic improvement over the 1954 results. Any improvement in auto business in 1957, obviously, would be that much more enhancement for Eagle.

[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.]

Now Ross, Borton Co.

CLEVELAND, Ohio—The firm name of Ross, Borton & Simon, Inc., Euclid Building, has been changed to Ross, Borton & Co., Inc.

Universal Securities

BUFFALO, N. Y. — Universal Securities has been formed with offices in the Rand Building to engage in the investment business. Partners are George T. Argeros, Christ Yianilos and George Vezos. All were formerly with Makris & Kakouris of Miami.

Samuel Franklin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kendall L. Green has been added to the staff of Samuel B. Franklin & Company, 215 West Seventh Street. He was previously with Sterling Securities Co.

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Foreign Aid South of the Equator —Our Policies and Their Reception

the Bank of the Republic without backing of gold or other air-tight collateral, which the Bank there would not furnish. A total of $37 million has been received, mostly in driblets, from the Export-Import Bank since 1942. This they feel is not enough for a country that "has played ball with U. S. democracy." Minister of Foreign Commerce Gonzales expressed himself definitely that "your aid is insufficient"; spelling out the need for roads, the railroads, ports, welfare and sanitation, on a basis of specific projects. Loans from the Export-Import Bank are held insufficient on the ground that being limited to use for machinery, they leave a void in the taking care of labor costs. Such footing of the bill for labor and other "supplementary" expenses applies to the new Baygorria Dam, which $30-billion cost has been financed partly by the World Bank and partly by themselves.

Complaint From Uruguay's Finance Minister

And from Finance Minister Arroyo Torres: "Your aid is always talk, with actually nothing done; and is confined to purposes of production, not consumption. Liberal credits should come from the World Bank, to create a stable money for us." Here, too, was added the "blackmail charge" against us; and the objection to Ex-Imp loans because they want to buy in the European markets, which are cheaper and the destination of most of their exports. It is contended, too, that our farm surpluses should be sent to South America on a long-term basis. And, reiterating the demand made at the Bogota Conference, that loans from our Treasury should be in the form of local currencies, facilitating repayment in the event of future devaluation or other difficulties.

And the distinct impression was given here, on the part of the private citizenry as well as officialdom, of "rich uncle" resentment.

Argentina's Attitude

Argentina, a country still living post-Peron, off its capital, whose influx of private foreign capital has been less than $70 million in the past three years, and which got $125 million from Ex-Imp in 1954 to take care of arrearages to U. S. exporters, and $60 million in 1955 for an iron and steel plant, was at the time of my visit negotiating for a large credit, subsequently consummated.

Finance Minister Blanco, in discussing the "aid" situation with this writer, explained that money needed for transport equipment, durable capital goods, and other needs, should come severally from the Export-Import Bank, the World Bank, as well as from the U. S. Treasury Department for currency stabilization. He expects that Argentina in 1956 and 1957 will have a total deficit in her balance of payments, including foreign debt service, amounting to $200 million; contributing to his country's over-all need for $1¼ billion. He hopes to get $400 million of this from the U. S., during the next five years.

Chile's Aims

Chile, which has received a total of $37.3 million from the World Bank, $20 million of it in 1953 being the latest transaction, wants substantial further millions from the Institution. Although the country's government officials want to stress the fact that they are not "dunners" and in no event want grants (which they feel would be a two-sided mistake), they wish to emphasize the contribution of the vast international copper mining operations to her credit worthiness. They feel that their country must have foreign capital to build up the productivity furnishing the means of payment for her presently necessary imports. Chile stresses that "a good part" must come from Europe in European currencies to avoid transfer difficulties.

More Sought by Peru

Peru, enjoying a convertible currency over the years, which gets from us wheat, fats, and oils under PL 480, as well as Point Four aid ($2.8 million this year), wants more loans from us. Her past loans from the World Bank amount to $36 million. Questioned by this reporter, Finance Minister Juan Pardo stated he would like it understood that he is satisfied with our present aid policy, and that the necessity for businesslike restrictions is thoroughly realized. But I heard complaints from other authoritative Peruvians, indicting us on grounds that our aid is conducted in an involved and bureaucratic manner; that we are "pot-shot firemen"; that we do not back the "right" government and too often do not intervene; that we worry too much about public recognition; and, conversely, that we do not bother enough about identifying ourselves for recognition.

In Ecuador, interviewed at the time of the new President's Inaugural in early September, Minister of Economy Frederico Intriago voiced the need for four to five million dollars from the World Bank for capital goods for industrial and agricultural development puposes. Meanwhile he is negotiating with the United States for surplus commodities under PL 140.

Financial Independence And Harmony

In Panama aid is not an issue. Instead, encouragement by favorable tax and corporation laws are relied on to bring in foreign capital. Successful as this policy has proven in the past, an extra fillip has just been derived from the nearby discovery of oil. Only already oil-rich Venezuela has shown greater independence — uniquely owing nothing, a monetary situation accompanied by an international relationship of harmonious neighborly friendship!

Noyes Elected to NASD District Committee

Blancke Noyes, partner, Hemphill, Noyes & Co., New York, has been elected a member of District Committee No. 13 (New York, New Jersey, Connecticut) of the National Association of Securities Dealers. He will succeed Edgar J. Loftus, W. C. Langley & Co., New York, and finish Mr. Loftus' term which expires Jan. 15, 1958.

Blancke Noyes

With Haseltine, Gilbert

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Eugene N. Sloan is now affiliated with Haseltine, Gilbert & Wilson, Inc., 108 South Ninth Street.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is adjusting itself to the new money raising operation of the Treasury and, despite the tight money conditions and the very large demand for loanable funds, is moving in a rather narrow range. The tone in government securities has improved in the past two months although it is still too soon to predict that it has gone through its worst. The refunding of the Dec. 1, maturity which is a sizable one, as well as the seasonal demand for money, will most likely be another test for the money market unless the powers that be, decide to give additional help in order to keep it from tightening more.

The high yield which is available in Treasury bills is attracting a considerable amount of money, especially some which had been in other forms of investment previously. Competition from new offerings of corporate and tax exempt issues is keeping the government market in the background.

No Respite From Tight Money

The money market is still very tight in spite of purchases by the Federal Reserve Banks of Treasury bills in fairly sizable amounts. It had been expected that the monetary authorities would have to take measures to ease somewhat the restrictive conditions, because the seasonal demand for funds, along with the Treasury new money financing, would have made the money markets so tight that it would have been carrying matters a bit too far at this time. There is no change indicated in the general over-all policy of active restraint, in the light of the modest amount of relief which is being given to the money markets. As long as the inflationary pressures are as strong as they are, there will not be any actions taken by the powers that be, which will encourage an expansion in bank credit. On the other hand, the needs of industry, the farmer and the government will be met, if it has to be done at advancing interest rates.

New Money Bills Used as Buffer

The Treasury was able to obtain $1.600 millions in new money at an average cost of 2.627%, because the payment of the 91-day Treasury bills will be made through the tax and loan account in commercial banks. After the subscriptions had been known, the deposit banks in many cases sold out their new money Treasury bills, with the result that these 91-day obligations also went above the 3% yield basis. This was not a dissimilar performance to what had taken place in the regular weekly offering of Treasury bills. The commercial banks took a loss in the 91-day new money Treasury bills, which were obtained at an average rate of 2.627%, when they were sold out at yields in excess of 3%.

However, these institutions have the government deposit from the new financing, which will probably remain with them long enough to enable them to make sufficient money to more than offset the loss which was taken from the sale of the Treasury bills. If the new money Treasury bills had not been payable through the tax and loan account of the commercial banks the government would also have paid more than 3% for its temporary borrowing, which is definite proof that the money market is still very tight.

Prospective Corporate Borrowing Heavy

Demand for funds is showing no signs of abating and indications are that long-term bororwings will continue to be heavy for the balance of the year at least. There are reports that many industrial concerns which have not been in the market for funds for a long time are about to do so, with bond financing supposedly the way in which the bulk of it will be done. This will result in additions to an already sizable corporate calender. As far as tax-exempt issues are concerned, there is evidently going to be no shortage of these securities, with indications that the coming election in November will result in the approval of financing which will be coming into the tax free market in the future.

Treasury Faced With December Refunding

The next time the government will be in the money market will be to refund the slightly more than $9 billion of 2⅝% certificates which mature on Dec. 1. The Federal Reserve Banks and agencies, according to the latest available figures, were owners of more than $6 billion of the maturing certificates, which is two-thirds of the issue. The remaining one-third is held by other investors. Commercial banks were not important owners of the 2⅝% Dec. 1 notes, since it is indicated they held only $725 millions of them. This operation will be another test for the money market, with the refunding of the holdings outside of the Federal Reserve System most likely to be rather important in the way of the terms that will be offered to the owners of this issue.

James McAnsh Joins Merrill Lynch Firm

CHICAGO, Ill.—James McAnsh has joined Merrill Lynch, Pierce, Fenner & Beane, as Manager of the grain and produce department of the firm's national commodity division, with headquarters in the Chicago Board of Trade Building.

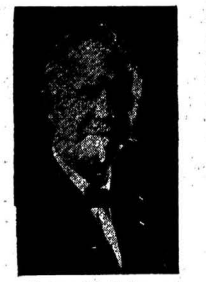
Mr. McAnsh has had a long and varied experience which qualifies him for his new position. Upon being demobilized after World War I, he entered the grain business in Winnipeg and subsequently became associated with the Canadian Wheat Board and also with the Board of Grain Commissioners of Canada. In 1944 he was loaned by the Canadian Government to UNRRA. He became Deputy Director of the Food Division of that organization and traveled throughout the world procuring food supplies for relief purposes. When UNRRA was disbanded in 1948 he transferred to the United Nations Food and Agricultural Organization and was also a Consultant to the World Bank.

In 1951 Mr. McAnsh went back to private business. He became President of Interoceanic Commodities Corporation in New York City, a prominent firm in international commodity trading. For the past year he has been operating his own company in the grain export trade in Vancouver with a branch operation in Winnipeg.

Crop Situation Above Water

By ROGER W. BABSON

Well known securities analyst examines the impact of free farm crop stocks expected to enter the market and anticipates they "need not prove burdensome." Mr. Babson judges the soil bank program to be a temporary, but not ultimate, solution.



Roger W. Babson

As far as crop production is concerned, American farmers have done an outstanding job in recent years, despite acreage controls and in some sections unfavorable growing conditions. Although I do not look for a record total outturn this year, it should not be far under the relatively high level of 1955.

Summer Results

Wheat did somewhat better this season than last, but the total indicated crop was 16% under the 1945-1954 average of 1,148,289,000 bushels. However, we can get along well enough for a while without billion-bushel wheat crops, since the bread grain at present constitutes one of the major surplus farm commodities. The U. S. carryover last July 1 topped one billion bushels, but much of it was in government hands. The loan program will again siphon a substantial portion of the current crop out of commercial channels. This fact is a favorable sign.

Most of the other summer-harvest crops did fairly well, with oats perhaps the major exception. Although the outturn was the smallest since 1945, total supplies should suffice. Ample supplies of barley and flaxseed will be available for the 1956-1957 season. The barley crop was the fourth, and the flaxseed crop the second, largest of record. Farmers this year produced the third largest hay crop ever, but spot supplies in drought-stricken areas may be tight from time to time. I expect grain and hay prices to average higher over the longer term.

Outlook for Corn and Soybeans

There is no question as to the adequacy of corn for the current season. The above-average 1956 crop, plus the large carryover from previous years, spells record total supplies. Since the government owns or controls more than 1,000,000,000 bushels, and since I forecast that a sizeable portion of the 1956 crop will enter the loan, free stocks need not prove burdensome. While moderate price weakness is likely during heavy shipments this fall, the market should average higher as the season advances.

The U. S. 1956 soybean crop is by far the largest on record, and will exceed total requirements by a wide margin. Just how much downward pressure these heavy supplies will exert on prices remains to be seen. The test should come soon, with marketings at their seasonal peak. The government loan, which averages $2.15 a bushel on the farm, could buttress prices. Growers and processors have discussed the problem of heavy soybean supplies with the government, and further government moves may be made to help prices.

Cotton and Other Fall Crops

The 1956 U. S. cotton crop, now being harvested, is not burdensome, since indications are that domestic consumption and exports will exceed it. Although the carryover last August 1 was huge—around 14,500,000 bales—a large part of this reserve was in government hands and will not now glut commercial channels. The good present demand, plus the influence of the CCC loan, could strengthen cotton prices.

The indicated dry bean crop is not far from average and should suffice for needs. The rice outturn is somewhat above average, but need not prove burdensome. I now forecast that prices of both these items will work higher over the longer term. The late potato crop is on the heavy side, but the government's diversion program should prevent any drastic price decline this fall.

A Glance Ahead

The course of farm prices is vital not only to farmers themselves, but to the nation. The trend has been moderately downward for several months, but the drop from mid-August to mid-September was only 0.5%. While further slight near-term weakness is possible, the future is uncertain.

Concerning the problem of farm surpluses, acreage controls and the Soil Bank program could prove quite helpful for a while; but I fear we have not yet found the ultimate solution. I do not know how farmers feel about the coming Presidential election, but I hope they will honor the dictates of their conscience and keep the welfare of the country as a whole clearly in mind.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc., and associates offered yesterday (Oct. 17) $2,715,000 of New York, New Haven & Hartford RR. 5⅛% equipment trust certificates, maturing annually May 1, 1957 to 1971, inclusive.

The certificates are scaled to yield from 4.75% to 5.125%, according to maturity. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The issue is to be secured by 15 Diesel-electric road switching locomotives and 2 Diesel-electric locomotives, estimated to cost $3,408,074.

Associates in the offering are: The Illinois Co., Inc. and McMaster Hutchinson & Co.

America Means Growth For the Long Pull Ahead

By MELVIN H. BAKER*
Chairman of the Board, National Gypsum Company

In predicting fantastic changes and picturing the United States on the brink of its "most dynamic era of expansion and prosperity," National Gypsum Chairman advises business to establish long range growth plans based upon assumptions of increased population, increased earning power and other factors. Mr. Baker recommends that we take the lead in promoting rapid economic development of growth countries abroad, and that we discard our delusion of possessing limitless raw material supplies. Opines that any slow-up that could result from a change in administration would last only a short period.

We are now in the midst of a national election campaign. Contrary to much that you hear, the forces for growth are greater than partisan politics. Any slowup that could result from change in the administration would, in my judgment, cover a comparatively short period. I mention politics merely because it is timely. I am sure you will be relieved to know that my comments will be strictly nonpolitical.


Melvin H. Baker

However, we do take our politics seriously. While it is typically American to joke about politics, it is right that we be concerned about them.

"Typically American." How often do we say this, and yet what do we really mean? What is typical of America? What is the essence of America? What is it, for instance in the heart and soul of this great country that enables us, with only 6% of the land area of the world and 7% of the population to produce 40% of the world's goods?

Is it because of our natural resources, our minerals, our harbors and waterways? Do we thrive because we have the most cosmopolitan population in the world? Can we credit this to our founding fathers, our freedom, our form of government?

To all of these questions we can answer a very definite "yes." But there must be something more. Certainly, through improved technology and productivity, our standard of living has gained enormously. Last year, for instance, the average American family income soared to $5,520. This wide distribution of income provided the means for better living by all our people.

As William Ogburn has observed, "the standard of living, as measured by money, has doubled within the first half of the 20th century." This trend has been described by Arthur F. Burns, Chairman of President Eisenhower's Council of Economic Advisors, as "one of the great social revolutions in history."

Source of Progress

How can we account for this progress? Possibly some of the writers who have studied America's past and present have come to understand what America really is. I think that Malone, Thomas Jefferson's biographer, captured some of the essence of America in Jefferson himself. He described the author of The Declaration of Independence as a man to whom nothing relating to human life was ever static. To Jefferson, the glory of any man's life lay in his personal struggle for something more useful and more beautiful.

And on his travels through the United States, I believe the French writer, Alexis De Tocqueville, captured part of the essence in this comment:

"America is a land of wonders, in which everything is in constant motion and every change seems to be an improvement . . . no natural boundary seems to be set to the efforts of man; and in his eyes what is not yet done is only what he has not yet attempted to do."

Our past, like our future, is not rooted in the soil from which communities sprang. It travels back across the plains, over mountains and seas to a million other places. Likewise, our future may plunge us into uncharted, outer space.

As John Kovwenhoven put it, our history is motion—into and out of cities, a long, complex and sometimes rapid sequence of consecutive change. This sequence and the attitudes, habits and forms which it has bred, is really America.

"America" is not just a synonym for the United States. It is not a rigid ideal toward which the citizens strive. It isn't neat, precise and symmetrical. On the other hand, it isn't a disorganized muddle, although no single mind can comprehend or control its components.

America may be compared to an assembly line. The raw material pours in from many places, and is combined into a substance which grows through each addition, always improving and never quite finished.

We utilize the past, but we are not chained to it. America is growth. Here, the impossible of today is the commonplace of tomorrow.

Coming Fantastic Changes

It is difficult to adequately describe the fantastic changes in the years immediately ahead. We are entering a period defying accurate description. The United States faces its most dynamic era of expansion and prosperity in the two decades ahead.

Twenty years from now, when we celebrate the 200th anniversary of The Declaration of Independence, space travel will have been accomplished. Man-carrying satellites will circle thousands of miles above the earth. Guided missiles may land on other planets. We will be living in a world that by today's standards will be nothing short of fabulous.

By 1976, we will do something about the weather instead of just talking about it. Local rainfall and sunshine will be adjustable and controllable. Nuclear energy will be our principal source of power. Large airplanes, ships, railway locomotives and perhaps automobiles will be driven by nuclear energy.

Automation will reach the home. Many of our citizens will own two homes as well as two automobiles. Air conditioning will become universal and 99% of American families will have television sets.

By 1976, a full education for all will be taken as a matter of course. Infectious diseases will be almost nonexistent. People will live much longer than they do today. People may work six hours less each week and possibly earn 50% more for their labors. The nation, in 20 years, will have 87 million people gainfully employed compared with 67 million at present.

Next Twenty Years

No one questions that the next 20 years will exert a tremendous impact on our economy. Change is the dominant mood of our times. And this growth psychology is a very positive faith in the capacity of the American economy to sustain a long upward trend through expanded expenditures for research, improved production facilities and better marketing.

But this change is not unbridled, ungoverned or undirected. Planning plays a vital role here in America. To an increasing extent, American decisions are made on the basis of long-range considerations instead of a rush to expand when barometers read fair and retreat at the first sign of a cloud.

Most surely our economy will have ups and downs, but our planning is too farsighted to be affected by short-term influences. Business will be satisfied with idle capacity, temporarily, just to assure enough later. We are depending on capital spending to carry us through the months immediately ahead to the prosperous years beyond 1960.

My own company, for instance, is currently engaged in a five-year, $115,000,000 expansion program. We launched this program in February of 1955 and have already made much headway. Our plans will not be influenced by short-term setbacks. We are looking beyond, to America's future.

Growth and the status quo are incompatible. What will happen to business that doesn't follow the current economic growth trend? It will be by-passed; it won't be able to exist. Management must have a long-range plan for the future. It should chart a course based on increased population, increased earning power and other economic factors. And, of course, just as important, must be the source of capital for this expansion.

Greatest Asset

Most important and vital for growth are people. They must have faith and confidence, and recognize no substitute for hard-headedness, imagination and forward thinking in business. Our greatest asset is our people—men of character, loyalty and knowledge, men who started in some minor position and acquired their knowledge by patiently working up through the ranks.

It is hard for people from other countries to understand why these men are willing to reach out and create headaches for themselves. Always seeking a better way, a better product, a new product, an improved standard of living, these men are making America. At National Gypsum, our people might have wasted thousands of dollars out in Indiana trying to locate a previously unknown deposit of gypsum. But they believed it was there, and that it could be found. They proved they were right and were better men because of their achievement. You cannot buy this kind of dedication. From such young men will come seasoned managers essential to our future.

If planning is so important in business, it should be necessary in other aspects of our American life. We must give more attention to other fields, including education, community development, and foreign economic policy.

In education, American colleges and universities will need to double their facilities in the next 20 years. Colleges face staggering problems. High School graduates are crowding campuses in record numbers. Colleges and universities must expand to carry a greater share of growing enrollments.

At present, colleges employ 250,000 teachers. By 1970 they will need 500,000. This means 250,000 new college teachers to be trained. Since 125,000 present personnel will retire or leave before 1970, a total of 375,000 new teachers will be needed. At the present rate, only about 75,000 will be prepared for college teaching by then.

American education must draw up a workable plan to meet this urgent need for more teachers, more college graduates.

Business and Education

Likewise, business must provide much of the necessary cash for expansion of college facilities and improvement of college instruction.

Unfortunately, Congress killed its school construction bill. The defeated bill, which would have provided $1.6 billion for school construction over four years, should be voted on and passed in the next Congress.

In the field of community development, there is much to be done. Blight is a serious condition in our American cities. The downgrading and decay of business centers and residential neighborhoods affect all our citizens. Beyond slums and blights, traffic, streets, playgrounds, recreation centers, congested downtown areas and, too, the problems of mushrooming suburbs are involved in community planning. No longer can communities afford to attack these problems on a hit-or-miss basis.

My work as Chairman of The Puffalo Redevelopment Foundation has brought me into face-to-face contact with many of these problems of urban renewal. Here, we feel that strides are being made toward a better city. Other cities, too, have made great progress. But others are lagging behind. They must face up to the problem or accept disintegration.

Now that our people can afford it, they are no longer content to live in a horse and buggy age. Yes, America has a house to put in order if our constantly growing nation is to benefit from a continuing demand for better living.

And long-range planning is vitally essential in another sphere.

Need Raw Materials

During the next 20 years, the great demand of the American economy will be a supply of raw materials to keep our expanding industrial machine running. A rapidly increasing amount of these raw materials will have to come from foreign countries.

Americans, I am afraid, have long labored under the delusion that our raw material supplies are limitless. Just the opposite is true. For instance, the great Mesabi Iron Range, once the world's largest source of ore, is almost gone. We are shipping in ore from Canada, South America and Africa to feed our steel mills. Crude oil, bauxite, managanese, nickel, wood pulp, chrome and many other items all come largely from outside our borders.

America must take the lead in promoting the rapid economic growth of countries producing raw materials. The goal of our foreign economic policy must be a United States capable of selling in a competitive world market and with enough potential customers for our large volume of goods.

Our participation in the industrial development of what Peter Drucker has termed "growth" countries must be regarded as an investment in our own future rather than as "aid-to-foreigners." It will demand a long-range commitment—not necessarily to any stated sum of money, but the principles of a continuing program.

We must also contribute American skill in diagnosing growth opportunities and planning economic development. We shall have to provide knowledge, advice, technical assistance and education facilities. Finally, we shall have to give of our own.

In all these areas of modern life, our task is to lift our sights, to gear our thinking and planning to the future. If we do, the future will be a glorious one.

Conclusion

In closing, may I say that while we plan for the future, while we recognize the value of change, we must not lose sight of the basic values upon which our very existence as a nation depends. For of the essence in our way of life are the ideals and values we have evolved, the gift of every man to reach out for a better life under his own religious beliefs.

As Jack Butler, writing in the "Harvard Business Review," put it recently, nobody in America would die for a Cadillac, but they would die for the principles of the system that brings it into existence.

In such dynamic times, it is difficult to stop and quietly reflect on our values. However, if we do not stop occasionally and thoughtfully examine what really counts in our civilization, we could lose perspective, lose these great spiritual values.

They are essential for they provide direction to the change, making a pattern to the growth.

What is America? I suggest that America means growth.

*An address by Mr. Baker before the 25th Annual Meeting of the Controller Institute of America, New York City, Oct. 1, 1956.

Carolina Power & Light Common Stock Offered

Public offering of 500,000 shares of Carolina Power & Light Company common stock at $24.37½ per share is being made today by an investment banking syndicate jointly managed by Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.

Net proceeds from the financing will be used by the company to repay bank loans incurred for construction purposes; for the construction of new facilities and for other corporate purposes. The company estimates that its construction expenditures during 1956 will be $18,000,000, of which approximately $9,800,000 was expended in the seven months ended July 31, 1956.

Carolina Power & Light Co. with its principal offices located in Raleigh, North Carolina, is an operating utility engaged exclusively in the business of generating, purchasing, distributing and selling electric energy. The company is engaged in business in both North Carolina and South Carolina. Territory served includes a substantial portion of the Coastal Plain in North Carolina extending to the Atlantic Coast between the Pamlico River and the South Carolina border, and the lower Piedmont section in North Carolina and in South Carolina, as well as an area in western North Carolina in and around the city of Asheville. The estimated total population of the territory served by the company is in excess of 2,000,000.

For the 12 months ended July 31, 1956 the company reported total operating revenues of $61,728,000 and net income of $9,887,000.

Spencer Trask 25-Year Club Elects Officers

At a recent meeting held by the 25-Year Club of Spencer Trask & Co., the following officers were elected: John J. McNeill, President, Marion Walling, Vice-President, George G. Corgan, Treasurer, Marie G. Bruder, Secretary.

Plans were made for the annual dinner for the 46 club members to be held on Dec. 7, 1956 at the Hotel Sulgrave.

Bank Sees Record Public Spending Jeopardizing Free Enterprise

First National City Bank, in analyzing the present cost and availability of money, deprecates highest Federal appropriations in history by Congress just ended, and programs to encourage "cheap money shoestring" homebuilding; and commends monetary authorities for not attempting to contract available loan funds while discouraging borrowing resting upon Reserve Banks' credit. October "Letter" advocates, as the alternative to big government and the welfare state solution to taxation by perpetual inflation, decreasing the tax load to enlarge private savings flow and individual incentive.

The October monthly "Bank Letter" of The First National City Bank notes that "the shortage of borrowed money and rising interest rates have become objects of widespread public discussion. There are some people, to be sure, who express doubts that the Federal Reserve's restrictive credit policy is strong enough to arrest the enveloping wage-price spiral. But more is heard of the practical difficulties of raising funds. Bankers freely confess to their inability to cover all loan demands. Home-builders, faced by financing problems, have curtailed their planned operations. Industrial leaders are giving their new projects another look, moved by the need to measure the cost and availability of funds against the merits of specific capital undertakings. Government has its problems too, of designing securities to sell in a market supersaturated with credit demands.

"Some fear that the credit brakes are taking hold too hard and may precipitate a general business contraction. This is always a risk in dealing with a boom. But while soft spots are apparent in some areas of business, as noted earlier in this 'Letter,' there are still more evidences of forward momentum in the economy than of contraction. The rising drift of prices gives evidence that the Federal Reserve authorities, in raising discount rates in April and again in August had a correct evaluation of the risks of inflation.

"It is clear from the record that shortage of money is a product, not of any absolute shortage, but of expanded demand. Corporations are raising more money by bond offerings than they did in 1955—or than in any other year. Banks are lending more money to business than ever before—and are increasing their loans to business faster than ever before. What the Federal Reserve is trying to do is skim the froth off the boom and hold credit expansion within limits consistent with a stable economy. There is no question of desiring to precipitate a contraction of available loan funds. The Federal Reserve has no authority to deny people their right to spend their own money as they please. They do have the right and responsibility to discourage borrowings that rest in the final analysis on extensions of credit by the Federal Reserve Banks.

Demands Come From Every Side

"Demands for borrowed dollars come from every side—even from abroad to the extent that borrowers can find access to our comparatively cheap market. The lion's share of the nation's current savings continues to be claimed by the building boom, although the flow of borrowed money into this area has slackened slightly as a result of increased business requirements for credit. While most people who want to buy or build houses find funds available, speculative building has been hard hit. Rates on conventional mortgage loans have tended to move up from a range of 4½%-5% to 5%-5½%. At the same time, reflecting the pressures on them for funds, banks and savings and loan associations are competitively raising the rates they offer the individual saver."

* * *

Reflecting upon the problems of the mortgage market, the National City Bank's "Letter" asserts, "it is time that someone took a good look at the Federal Government's programs to encourage home-building on a cheap money shoestring. It was one thing to stimulate borrowing to build 20 years ago when millions of people were unemployed and savings funds were stagnating in inactivity. It is another thing to carry these programs on full steam when labor is scarce and savings inadequate to the demands."

To accommodate the dynamically expanding business borrowing area of credit demand this year, to finance increased working capital requirements, and enlarged plant-equipment modernization, the "Letter" points out, "banks checked their lending in other directions, and continued to sell U. S. securities, cutting their holdings to the lowest level in 13 years and experiencing substantial losses in the process.

"Thus a congestion of bank loan demands became a congestion of bond offerings, overtaxing the buying power of the market, particularly for corporate issues, and leading to sharp advances in rates of interest offered."

In turn "credit policy cooled bullish enthusiasm in the stock market, partly by subtracting from demand or adding to supply, partly by raising questions as to the availability of money to increase dividends, but most fundamentally by compelling revisions of the outlook for business profits and commodity prices."

Congressional Generosity Prevents Tax Relief

Compounding the credit demand acceleration, the "Letter" points out, in that "no other Congress—in peacetime or cold war—ever appropriated as much money as did the 84th Congress in the session just ended, and none in the past 10 years granted in total so much of what the President requested. Senator Harry F. Byrd, veteran spokesman for government economy, described the performance as a 'Congressional spending spree.'"

* * *

"It is an ill omen that appropriations are rising above expected expenditures once more, permitting unused spending authority to accumulate and eventually loosening Congressional control over Federal spending.

Spending or Tax Cuts

"Clearly this is not the road to the tax cuts everybody wants and the political platforms promise. The plain truth is that expansion in Federal spending programs, appealing as individual programs may seem in themselves, is siphoning off the natural growth of the revenues which otherwise could finance tax rate relief. This is not merely a matter of comfort for individual hard-pressed taxpayers. The striking fact in the United States today is the shortage of capital in relation to demands. To grow, the country needs a larger savings flow. Lightening the crushing burden of taxation could refresh the springs of individual incentive and initiative, enlarge the savings flow and take some of the load off credit policy as a block against inflation.

"The practical alternative is to risk a return to big government, drift once more toward the welfare state where the only relief from taxation is perpetual inflation."

Re-Echoing Eisenhower's Tax-Take Views

Growth in Federal spending leads the "Letter" to conclude that, "in capitalist U. S. Federal revenues are expected to reach $69.8 billion in fiscal '57 and state and local government general revenues should take at least $30 billion more. The roughly $100 billion total will come out of a national income which is currently running around $340 billion. That works out to come 29%."

In presenting his budget for fiscal '56, President Eisenhower said in January 1955:

"'The present tax take of nearly one-fourth of our national income is a serious obstacle to the long-term dynamic growth of the economy which is so necessary for the future. There must be the means for providing more and better jobs not only for those who are working today but also for the millions of young people who will come to working age in future years. The stimulus of further tax reductions is necessary just as soon as they can properly be made.'

"These eloquent words are just as true today."

Joins Edwards & Hanly

BAY SHORE, N. Y.—John F. Hone has become connected with Edwards & Hanly, 67 West Main Street. He was formerly with Waddell & Reed, Inc.

Joins H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Charles F. Marshall is now affiliated with H. L. Jamieson Co., Inc., 2144 El Cajon Boulevard.

With J. D. Creger

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—Harold L. Milke is now with J. D. Creger & Co., 124 North Bright Avenue.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—Douglas L. Adams has been added to the staff of Dempsey-Tegeler & Co., 113 East Philadelphia Street.

New York Group of IBA Elects Officers

The New York Group of the Investment Bankers Association has announced the election as Chairman of Walter H. Steel, partner of Drexel & Co., investment bankers. He succeeds E. Jansen Hunt, partner of White, Weld & Co.


Walter H. Steel


Francis A. Cannon


William S. Renchard

Francis A. Cannon, Vice-President, The First Boston Corporation, was chosen as Vice-Chairman, and William S. Renchard, Executive Vice-President of the Chemical Corn Exchange Bank, as Secretary-Treasurer. The election took place on Wednesday, at the group's Annual Dinner in the Grand Ballroom of the Waldorf-Astoria Hotel.

Dr. Charles A. Thomas, President, Monsanto Chemical Company, and George W. Davis, Davis, Skaggs & Co., San Francisco, President of the Investment Bankers Association, were the principal speakers.

Mackall & Coe and Goodwyn Olds Merging

WASHINGTON, D. C.—William W. Mackall and Edson B. Olds have announced that agreement had been reached to consolidate the investment banking firms of Mackall & Coe and Goodwyn & Olds. The consolidated firm will operate under the name of Mackall & Coe with offices in the Woodward Building, 733 15th Street.

The new arrangement will become effective Jan. 1, 1957. The partners will be William W. Mackall, William C. Coe, Thomas L. Anglin, Robert L. Soper of Mackall & Coe and Edson B. Olds, J. Woodward Redmond, Charles C. Ailes of Goodwyn & Olds.

The merger will combine two local firms that have had a long and prominent role in Washington investment banking activities. Both organizations have been well known and highly regarded for many years, having participated in the financing of Washington's outstanding utility and industrial firms and in the distribution of the securities of nationally known organizations.

The partnership of Mackall & Coe was founded in 1938 to continue the investment business which was established by William W. Mackall in 1930.

Goodwyn & Olds, presently located in the American Security Building, was founded in 1933. In addition to their regular underwriting and brokerage business, the firm negotiated the purchase of a number of local companies, including the Union Trust Company and the United Services Life Insurance Co. The late Wilfred L. Goodwyn, Jr., who died June 8, 1956, was a co-founder of the firm. In addition to serving on various boards of directors, he devoted much of his life to charitable activities and organized the Blood Research Foundation.

The firm of Mackall & Coe holds membership in the New York Stock Exchange, the Philadelphia-Baltimore Stock Exchange and an associate membership in the American Stock Exchange, with a direct wire to their correspondent, Clark, Dodge & Company in New York.

Form First Secs. Co.

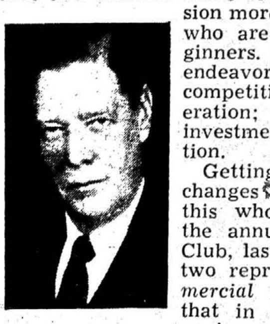
PROVIDENCE, R. I.—First Securities Company has been formed with offices in the Hospital Trust Building to engage in the investment business. Partners are Mrs. I. A. Cunningham and Adin A. Burlinghame. Both were formerly with Barrett Herrick & Co.

The Wall Street That Was

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

Some aspects of the Street as the author first knew it and how in spite of evidence of change he still says "the first 50 years have been fun."

The New York financial district has enjoyed permanence of location since the United States assumed independence and reached economic maturity but within itself there has been constant change, a change not only of physical aspects but in the manner of conducting the investment banking business as well.



Hubert F. Atwater

Once the policy of nearly all established investment banking houses was to emphasize the importance of security of principal and regular income. Hence the public was encouraged to buy bonds or preferred stocks. Periods of general public participation in stock speculation were rare and were in most instances the result of inflation due to wars. While the banker might be a member of one or more exchanges his efforts were devoted to making his clients creditors.

The Federal income tax has had as much to do with the change of investor's habits as has the expansion of the economy. Corporate investors have had to shun debt securities because of the very great tax advantages in stocks.

The result has been that few inquiries are received today from individual investors except for stocks and it has been many years since investment bankers have used the phrase "We recommend these bonds for investment."

In the same vein we should note the rise in the use of the corporate form for investment banking houses and the emphasis that is currently placed upon the opportunities for speculation in stocks.

The older form of endeavor was fun and it was profitable. From his clients among corporations the banker had a call for funds, he prepared the type of security, underwrote it, sold it, qualified its before the Blue Sky commissions, listed it upon a Stock Exchange and then assumed responsibility for the market. Today I look upon the underwriting of senior issues as a risky and at the same time "cut and dried" proposition. Debt securities when offered via competitive bidding can only be bought on the narrowest margin of profit and can only be sold in volume to a limited number of buyers who are well known to everyone.

The prestige that was once the cachet of the investment banking profession seems to have dimmed in the eyes of the younger men who might be attracted to it. There was a time when a young man was proud to be accepted as a student of such a firm and given the opportunity to learn a business. In my own case I glad to accept the modest stipend then offered and work for a firm whose senior was a well-known figure and whose partners were men of ability. I often refer to my term with Redmond & Co. as 20-years of apprenticeship and perhaps it was.

My devotion to the investment banking field is not going to stop at the end of the first 50 years for I can think of no other field of endeavor that could be equally interesting and rewarding.

In these days of almost free higher education it is unfortunate that greater effort is not being made to make this basic profession more attractive to young men who are willing to start as beginners. In nearly every line of endeavor the older members feel competition from the rising generation; today the experienced investment man has no competition.

Getting back to the visual changes in the financial district, this whole charivari started at the annual outing of the Bond Club, last June, when I promised two representatives of the *Commercial & Financial Chronicle* that in observance of the 50th anniversary of Sept. 4, 1906 when I first entered the area known as the Old Slip Precinct for the purpose of learning the investment banking business, I would meet with them beside the statue of George Washington and point out from memory some of the important changes that have taken place in a period they are too young to have experienced.

One who is born in New York and is destined to spend his active days in the Financial District is apt to recall and respect certain valuable landmarks.

The statue of General George Washington which proudly stands in front of the old sub-treasury building commemorates the deeds and success of a great man but more than its tribute to Washington, the location of this statue marks some of the most important events affecting both the financial and commercial life of the city. In the diary of Peter Hone is a description of the Great Fire of 1835 when the "whole area from Wall Street to Coenties Slip, bounded by Broad Street to the river — with the exception of Broad Street and the Wall Street front between William and Broad and the blocks bounded by Broad Street, Pearl Street, the South side of Coenties Slip and South Street, are now a mass of smoking ruins."

Only 10 years later we find in the diaries of George Templeton Strong, an account of another general conflagration that spread through the southern part of the Island reaching both sides of Broadway and destroying about 300 buildings.

During this fire an explosion occurred in Broad Street resulting, as Mr. Strong describes, in having "torn to pieces half a dozen buildings, shattered half the windows in the Exchange, the plate glass in the windows of Griswold's buildings and even the window frames in Atwater's place at the head of Wall Street."

In both of these catastrophes the spot now marked with the statue of Washington escaped injury. At various times this building has been used by the City Government, as Federal Hall, as the United States Sub Treasury and now houses an historical museum. It has undergone little change in 100 years and probably none since 1900. Even the right of way that was left between Federal Hall and the U. S. Assay Office to allow access to a stable on Pine Street still exists as a driveway. The old Assay Office next door has been remodeled for the Seamen's Bank for Savings but the building where Washington first took the oath of office remains unchanged (except for grade).

Of course I never located the exact plot which my forebear was said to occupy but hoped that it would prove to be one of the two corners opposite Trinity Church. The Irving Trust Co. building now occupies the space of several buildings including the Chimney Corner at 1 Wall Street and No. 7 Wall Street. The Chimney Corner was so called because its height of red brick rising from a small lot gave the impression of a huge chimney for some giant smelter. It was one of the first plots in the City to be sold on a square foot basis of quotation and I recall the price was reported at $300. Number 7 will be remembered because of its odd entrance and irregular flight of steps as well as the first home of Merrill, Lynch & Co. and the Bankers Trust Co.

The North side was occupied by the First National Bank, at the Corner, whose building started to crack one Saturday noon due to the work of excavating next door. A rush job was undertaken, tenants were called, and next week business was being done as usual, but in hurriedly rented quarters. Next door the Astor Building and the Schermerhorn Building filled the gap up to the corner building of the Bankers Trust Company. These two buildings, while owned by different families were easily associated because by a series of sky-lighted hallways one could go from Wall Street to Pine Street and from 100 Broadway to Proctor's Restaurant. The present building occupied by the New York Trust Company still has the dog-leg corridor.

The greatest change that I can point out today is at the corner of Wall and Broad Streets. Here the elder J. P. Morgan held forth. The earlier office had a cross corner doorway much narrower than the present banking house and above the door the transom bore in worn gilt, the number 23. The building itself was a sadly yellowed marble and had cut into its face the name "Drexel." Legally, I suppose, it was the Drexel building but in 1906 every one knew who lived there.

Further along some radical changes have taken place. The United Bank Building and one or more individual holdings were consolidated to produce the 40 Wall Street skyscraper and a new Mills Building occupies the site of the original. In some respects the Mills Building was a novelty having entrances on three streets, at varying levels, and housing a garret restaurant. Also in the garret was the office of a dealer in obscure or defunct securities. His diversion was the collection of butterflies and moths from all parts of the world. It was always interesting to have cause to visit him on a rainy day.

One change which nearly every one remembers is the acquisition of the old Custom House as the headquarters of the National City Bank. Moving from 52 to 55 was, of course, an improvement. The former building had an open shaft elevator operated by the usual rope so that a trip to the office of Anaconda was like a ride on a ferris wheel.

Aside from J. P. Morgan & Co. and the Iselins who had their own buildings in Wall Street, the elite of the underwriting houses were located in Pine Street. Here at 27 Pine, Kuhn, Loeb & Co. was about to move to the corner of Pine and William, where they were to remain for 50 years. Speyer & Co. had built the marble building that bears their name; Redmond & Co. had moved into their own building at 33 Pine Street and the offices of N. W. Harris & Co. occupied a red brick building at the corner of Pine and William, now a church. One of the most interesting changes was the purchase of the irregularly shaped building next to Hallgarten & Co. by John Arata, who for years had operated the fruit stand under the grand stair case of the Equitable (Life) Building.

My very earliest recollection was of standing in the doorway of the building then occupied by Kidder, Peabody & Co. in 1896 during a terrible downpour to watch a group of businessmen form in line for the Sound Money Parade. Also the former home of the Equitable Life Assurance Society was a delight to me. Cover-

ing almost all of the block, its great starway, marble wainscoating and heroic statue of its president was enough to impress anyone. Add to this the the restaurants (there were several) the barber shop, the Lawyers Club and law library and the visitor could find a day's entertainment within its walls.

The physical aspects of the District have certainly changed and with them have come bank consolidations, enlargements of the Stock Exchange, the building of a home for the Curb, now the American Stock Exchange, a few failures, many consolidations of security dealers and an influx of humanity necessary to carry on the many activities of the financial world.

Hotel Industry to Issue New Credit Card

The American Hotel Association on Oct. 16 announced plans to fight the "influx into the hotel field of outside credit card schemes that would result in forcing up the prices of lodging and food to the public."

Outside promoters, according to the Association, have been pressing hotels to recognize their new cards and then pay them a commission of 7% of the guest's bill. Hotel leaders have branded this as both high-handed and inflationary. To combat this the hotel industry is launching a vast expansion program of its own 2½ year-old credit card system.

Universal Travelcard is the new name chosen for the single credit card, which is honored by members of the American Hotel Association across the country. This one new card combines all the features of the three hotel credit cards issued during the last two years, and which were differentiated as Company Travelcards, Personal Travelcards and Checkards. The new card will be good for a 12-month period and cost the recipient $5.

To make this possible, the hotel industry's non-profit foundation has purchased the majority stock interest in the American Hotel Credit Corporation of Greenwich, Connecticut, thus giving the hotel industry itself complete control of the new Universal Travelcard.

Under the non-profit Universal Travelcard system, there will be no charge to members of the American Hotel Association for participation in the system. The Universal Travelcard also is honored by Hertz, Avis, and National car rental systems and theatres presenting Cinerama, in addition to leading hotels throughout North America, Hawaii, the Bahamas, Bermuda, Puerto Rico and the Virgin Islands.

Hotel dealers heading the American Hotel Credit Corporation are Arthur J. Packard, Packard Hotels Company, Mount Vernon, Ohio, Chairman of the Board; Seymour Weiss, President and Managing Director of the Roosevelt Hotel, New Orleans, President; Robert P. Williford, Executive Vice-President, Hilton Hotels Corporation, Chicago; C. J. Mack, Vice-President and General Manager, Mayflower Hotel, Washington, D. C.; and Edward E. Carlson, Vice-President, Western Hotels, Inc., Seattle, Washington.

Three With FIF

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Andrew A. Johns, William E. Kane and Robert F. Meder are now affiliated with FIF Management Corporation.

First Boston Group Underwrites Bucyrus-Erie Stock Offering

The Bucyrus-Erie Co. is offering its common stockholders of record Oct. 16, 1956, rights to subscribe for 311,040 additional shares of common stock (par $5) at $42 per share on the basis of one new share for each five shares then held. The First Boston Corp. heads an underwriting group that will purchase any unsubscribed shares at the expiration of the offer Oct. 31, 1956.

Net proceeds from the sale of the new common stock will be used by the company primarily to finance the construction of a new plant in the Indiana-Illinois area to cost approximately $12,000,000. Shipments by the company of drilling machines and tools, which have increased substantially over the last five years, will be concentrated in the new plant. The plant, which is scheduled for completion in the latter part of 1957 or early 1958, together with the release of needed space and equipment in existing plants, is expected to increase the company's overall productive capacity by 18% to 20%.

Bucyrus-Erie, the leading producer of power cranes and excavators in the United States and a leading manufacturer of drilling machines and tools, formed in 1955 a wholly-owned Canadian subsidiary which is building a plant at Guelph, Ontario, Canada, expected to be in operation early in 1957. The company has, since 1929, owned a 50% interest in Ruston-Bucyrus, Limited, which operates a plant in Lincoln, Eng.

For the six months ended June 30, 1956, total income amounted to $45,980,000 and net income to $4,116,000, equal to $2.65 per common share compared with total income of $32,900,000 and net income of $2,694,00, or $1.73 a share, for the same period of 1955. For the full year 1955 total income was $73,005,000 and net income $6,517,000, equal to $4.19 per share.

Carl Hess Joins E. F. Hutton & Co.

Carl M. Hess has become associated with the investment firm of E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, as Manager of the investment research department, it was announced. Formerly Assistant Vice-President in the petroleum department of The Chase Manhattan Bank and prior thereto as financial analyst with Shell Oil Company in Houston and New York, Mr. Hess has had wide trading and experience in the investment field.

Three With Securities, Inc.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Anna R. Giddings, Evelyn M. Bakke and Claude O. Crane have joined the staff of Securities, Inc., Farmer s Union Building.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

GLENS FALLS INSURANCE COMPANY

Until about the time that Glens Falls Insurance Company was organized, in 1849, there had been no general legislative act under which new insurance companies could be incorporated; generally, new units required special legislative acts.

Russell Mack Little, a Methodist Minister, who had been forced to give up this calling because of a throat ailment, became an insurance agent and sparked the idea of establishing a responsible organization to write insurance, for there had been not a few companies that had been unable to meet their commitments and disappeared from the scene leaving worthless policies outstanding. The name of Dividend Mutual Insurance Company was chosen for the new venture, and was retained for 14 years, when the present title was adopted.

The company was set up solely for the policyholders. Premiums to the amount fo $100,000 were ready to go on the books when the charter was issued. This did not represent that much cash, as in that era premiums were paid only partly in cash, with premium notes passing for the balance.

In 1864 an act of the legislature changed the company from its mutual status to a joint stock company with a paid up capital of $100,000.

Glens Falls discontinued writing business in the State of Illinois in 1870 because of the hazardous types of building construction in Chicago. So the company suffered practically no loss when the great Chicago fire occurred in 1871, a conflagration that put 53 companies entirely out of business. From its original capital of $100,000 the company has grown to one with capital funds of $50,176,000 (consolidated).

The company writes all lines of insurance, except life; and it is qualified to do business in all states and in Canada. There are approximately 8,400 agents. It heads a fleet consisting of Glens Falls Indemnity Company and Commerce Insurance Company, Glens Falls shareholders have a pro rata beneficial interest in Glens Falls Corporation, whose assets consist of 3,600 shares Glens Falls Indemnity Company and 100 shares Commercial Insurance, carried at the end of 1955 at over $7,200,000. The parent company at that date held 3,700 shares of the Indemnity company and 39,900 shares of Commerce, while the latter had a 2,700 share interest in the Indemnity company.

Growth of premium volume in the 10 years ended with 1955 was 178%. In the same period the value of the company's assets increased by about $12,500,000.

Consolidated Balance Sheet
December 31, 1955

ASSETS—		LIABILITIES—		
Cash	$7,440 236	Res. for Unearned Prem.		$52,225,689
Premium Receivable	8,169,316	Loss Reserve		35,678,934
U. S. Government Bonds	36,945,370	Reserves, Taxes & Expenses		3,204,336
Canada, State & Municipal Bonds	38,465,211	Reinsurance not Licensed in New York State		694,377
Other Bonds	6,288,722	Funds Held in Reins. Treat's		2,947,945
Preferred Stocks	9,899,491	Miscellaneous Liabilities		981,125
Common Stocks	29,575,896	Capital	$3,750,000	
Real Estate	1,015,612	Surplus	28,079,000	
Miscellaneous Assets	9,108,578	Voluntary Res.	18,347,000	50,176,026
	$146,908,832			$146,908,432

A breakdown of the company's assets into principal categories follows:

Cash	5.1%
U. S. Government Bonds	25.6
Other Bonds	31.0
Preferred Stocks	6.8
Common Stocks	20.4
Other Investments	1.3
All Other Assets	11.4
Market Adjustment	—1.6

Some of the larger common stock holdings at the end of 1955 were: 9,600 Amerada Petroleum, 6,000 du Pont; 18,900 General Motors; 11,657 Gulf Oil; 8,717 Inland Steel; 2,505 International Business Machines; 5,300 Kennecott Copper; 10,712 Scott Paper; 11,064 Standard Oil of New Jersey; 9,600 Union Carbide; 22,000 United Gas.

The average combined loss and expense ratio for the decade ended Dec. 31, 1955, was 95.4%, giving an underwriting profit margin of 4.6%. Net premium writings in the same period increased from $71.99 per share of the company's stock to $110.95, or 54%. Invested assets per share went from $110.07 to $185.80, a gain of 69%.

Ten-Year Statistical Record—Per Share

	Adj. Und. Gain†	Invest. Income	Fed. Taxes	Net Earnings	Liq. Value‡	Invest. Assets	Price High	Range Low
1946	$0.82	$2.63	*$0.36	$3.81	$58.27	$110.07	59	47
1947	2.22	2.25	0.03	4.44	52.58	101.31	51¼	38½
1948	4.77	2.50	1.76	5.51	55.92	106.78	49	40½
1949	7.22	2.59	2.21	7.60	64.24	118.02	55	47¼
1950	6.97	3.16	2.58	7.55	72.02	130.97	56½	45
1951	1.71	3.41	0.67	4.45	74.85	135.02	59½	51½
1952	3.49	3.66	1.03	6.12	80.20	147.45	62	53¼
1953	4.44	4.08	2.36	6.16	83.25	154.00	63½	55
1954	3.26	4.35	2.46	5.15	101.06	174.06	76	62¼
1955	0.87	4.67	0.94	4.60	106.88	185.80	82½	65

*Credit. †Consists of statutory gain or loss, plus equity in change in the year in the unearned premium reserve. ‡Consists of policyholder's surplus and voluntary reserves, plus equity in the unearned premium reserve.

In this tabulation the sharp increase in 1954 over 1953 in both liquidating value and invested assets reflects the strong market in equities in 1954.

The dividend record of Glens Falls goes back to 1866 with no interruption whatever, some 90 years. Since organization cash payments have totaled approximately $33¼ millions; stock dividends $2.6 millions.

Selling at present at about 71¾, the present $2 dividend affords a return of about 2.79%. The dividend is only about 43% of investment income for 1955. The shares are selling at about 15.6 times 1955 total net earnings, and materially below the $106.88 liquidating value.

Announcement has just come from the company that a special meeting of the stockholders has been called for Nov. 16 to act on a proposal to consolidate all insurance operations of the fleet. The proposal calls for the merger of Glens Falls Indemnity and Commerce Insurance into Glens Falls Insurance Company and the liquidation of Glens Falls Corporation. Approval of the plan will bring about the issuance of 650,000 shares of new stock to be distributed among the shareholders, share-for-share in exchange for their beneficial interest in the Glens Falls Corporation. The directors have recommended approval of the plan.

Continued from page 4

The Business Scene Ahead Shaped by Wholesome Changes

hydrogen bombs was not even imagined, let alone latently feared in 1929.

Today our armed forces total about three million, and we are spending at the rate of almost $40 billion annually for national security.

The international situation is presently tense—and there are no apparent signs of easing.

When we appraise the economic future, we must not overlook the unsavory fact that the United States very probably will have to maintain a defense program costing close to $40 billion, maybe more, annually for a long time.

None of us takes delight in the prospect, but it is a cold circumstance that cannot be left out of account. It will keep a minimum of 9,000,000 men and women engaged, directly or indirectly, in defense alone, counting those in the armed forces. It will draw heavily upon our natural resources and upon our industrial capacity.

Legislative Bulwark Against Depression

(2) A second major circumstance differentiating 1956 from 1929 is to be found in our philosophy of government. The role of government in our economic life has changed markedly in this generation — whether you and I like it or not. In 1929 there was no Federal insurance of bank deposits; there was no social security program. FHA mortgage insurance was not even conceived. There was no general maximum-hour and minimum-wage law. Federal crop insurance and farm price support legislation had been advocated from time to time by so-called radical thinkers, but scarcely anybody in 1929 had the faintest idea such laws would ever be enacted. Most people in 1929 regarded unemployment as a normal sort of social problem to be handled locally; only a few social-ist-minded individuals held to the theory that the Federal Government should be empowered to do what Congress authorized in 1946—take any steps necessary "to promote maximum employment, production, and purchasing power."

Yet all of these leigslative changes (and others of a similar import) are in full force and effect right now—and did not exist in 1929.

They have been commonly referred to as built-in economic stabilizers which will work against extreme downward business fluctuations which produce depressions in the nation's economy.

No one knows for sure how effective these stabilizers will be, because there has been no real test yet. But anyone considering the economic outlook must take them into account for the simple reason that they are evidences of the extent to which the nation may become mobilized to fight against serious recession.

Under this changed philosophy of government the American people fully expect every means at hand to be used in the maintenance of reasonably full employment, production, and purchasing power. Any administration unwilling to act in accordance therewith would receive unfavorable support at the ballot box on election day.

Labor is much more strongly organized now than in 1929. Union membership exceeds 17,000,000 today compared with only 3,600,000 in 1929. Union leadership is now far superior to what it was then. Other groups such as farmers and veterans are well organized too—are aggressive and articulate and aware of the effectiveness of political action.

Business Awareness of Depression-Consequence

(3) A third circumstance very worthy of mention grows out of the threat of Communism—and undoubtedly bears heavily upon the minds of those who make decisions in industry today. I refer to the generally known—but little publicized—realization among business leaders that a serious American depression of the magnitude of the one of the 'thirties might be a great victory for the Communists. At least it would very probably send us farther down the leftist road, perhaps far enough to destroy much of what remains of free enterprise.

Anyone who doubts such a risk should recall the revolutionary political and economic changes wrought by the depression of the 'thirties.

Or, better still, he should remember how President Eisenhower has repeatedly summed up his Administration's position: "A high and sustained rate of economic growth is necessary to the welfare, if not the survival, of America and the free world."

In effect the President said to the American people that it is every bit as essential that this nation remain economically strong as that she remain militarily strong.

I am convinced that able business leadership in America is fully aware of what another depression might mean, and that we shall see industry, if need be, take the initiative in fighting depression without leaving the job to government.

Wise management today does not hold to the theory that depressions are inevitable; or that we should sit by awaiting the return of prosperity. Likewise, top management today, unlike its counterpart in 1929, realizes the role of the consumer-function in our economy and believes in the philosophy of "jobs mean sales." In 1929 a philophy of "sales mean jobs" prevailed. The change is significant, because our internal markets have been strengthened by a proportionately greater income share going to middle and lower groups, bringing a more stable balance in our economic system. In 1955 wage and salary disbursements constituted 73.3% of the country's personal income, compared with 50.4% in 1929—mute testimony to the fact that the benefits of America's great technological progress are being shared to an increasing extent by the masses of people who in turn have improved their living standards and sustained the highest retail market levels we have ever known.

Gold Standard No Longer Restrains

(4) Now let me refer to a fourth circumstance. It is financial.

In 1929 the Federal debt was only $16.9 billion. Today it is $273 billion. Interest charges alone on our present debt are about $6.9 billion. The entire Federal budget in 1929 was only about $3 billion.

In the debt and in the cost of government you find a condition making it imperative that the nation's economy operate at a high level. The U. S. Government derives 82% of its revenues from taxes on corporate and personal incomes. Any decline in income must, of necessity, be reflected in an even proportionately greater decline in Federal revenues under the progressive rates of the present tax structure.

A depression would so drastically reduce government receipts that Uncle Sam would be forced into greater and greater deficits, inevitable releasing more and more inflationary forces.

Here is another impelling reason why we must stay economically strong and prosperous. It is also the principal explanation of why the dollar cannot become dearer, but must remain as it is—a condition made easier by the fact that the gold standard no longer restrains the managers of our currency.

Equally impelling is the indebtedness of individuals and businesses, much of which was contracted in a period of high prices. A depression with millions of unemployed would destroy debt-paying ability to such an extent that our entire financial structure would be threatened—not only commercial banks, but savings and loan associations, mortgage companies, savings banks, and insurance companies.

Sounder Security Market

(5) My fifth point relates to the securities market today as compared with 1929. Today's market

is in much sounder condition than was the one of 1929.

Speculative forces today play a comparatively smaller role in price movements. Margin regulations work against speculation and in favor of investment. The thin 10% margins of the old days exposed the market to far wider fluctuations than now exist. Forced liquidation is much less now. Pension funds and investment trust funds with a relatively steady flow of money to be put to work lend greater stability in today's market.

I mention these differences because the break in the market in October, 1929, heralded what was to come. No one can say for sure that it caused the depression. It probably did not, but a falling market contributes an adverse psychology—a fear psychosis, not conducive to a wholesome business atmosphere.

For those, then, who contend that history is about to repeat itself we can point to a different set of circumstances. Some of the important ones we have just laid out.

Sees No Serious Economic Recession

I see no prospects of a serious economic recession—not even distant prospects—and certainly none whatsoever that would cause a depression.

We have a population of around 167,000,000 people—good American people accustomed to having more goods and services than any other people in the world. That is about 44,000,000 more than we had in 1929.

Buying power in consumer hands is tremendous. The flow of disposable personal income is at a rate substantially ahead of a year ago. And in addition to the flow of current income, there is a backlog of liquid assets at the disposal of our people in the amount of not less than $300 billion. This is in the form of bank deposits, U. S. savings bonds, and savings and loan accounts, insurance value, etc.

Total construction in dollar volume is actually ahead of last year; and it is now held likely that 1956 will set an all-time record in construction, despite a decline in residential construction.

For approximately a decade and a half, the United States has not maintained her public works standards. Because war and defense had to take top priority, we fell behind to such an extent that we must now spend billions of dollars on schools, hospitals, highways, streets, sanitary sewers, and police and fire protection in order to catch up.

Although dwelling construction has boomed for several years, authoritative estimates indicate that a minimum of more than a million units a year will have to be built between now and 1960 to maintain our present housing supply, to provide standard housing for our growing population, and to eliminate at least half of our present substandard housing.

We are nearing the time when the rate of new family formations will reflect the high-birth rates of World War II years. To those who fear that we may have seen the greatest period of residential construction, I say that it is more than an even bet that we have not seen anything yet.

On the industrial front, science has provided our economy with undreamed of opportunities—challenged American business to develop fields unheard of in 1929; petrochemicals, electronics, ultrasonics, and atomic energy. Some of these words were not to be found in the dictionary of 1929.

In Midst of Tremendous Growth

As I see our economy today—as I look ahead on the business scene, I am more and more convinced that we are in the midst of tremendous economic growth and expansion which easily could last a quarter of a century. Unlike the Federal Reserve authority, I do not see a "boom and bust" situation at all. Instead, we must recognize the monetary and credit needs of a progressive economy, made healthy by virtue of the wholesome changes that have been wrought in our way of life.

Form Colbert & Maury

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky.—Richard J. Colbert, Jr. and Hill Maury have formed Colbert and Maury with offices in the Bank of Commerce Building to engage in a securities business. Mr. Colbert was previously with Waddell & Reed, Inc. Mr. Maury was with W. L. Lyons & Co.

Kindley Opens in Ore.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Wendell E. Kindley is engaging in the securities business from offices in the Corbett Building under the firm name of Wendell Kindley Co. Mr. Kindley formerly conducted his own investment business from Rapid City, S. Dak.

N. Y. & Chic. Meetings Re Dallas Airport Bonds

DALLAS, Tex.—E. Lynn Crossley, City Auditor, Dallas, Texas has announced that the City of Dallas will call for bids Oct. 29, 1956 on an issue of $6,500,000 Airport Revenue Bonds. Mr. Crossley stated that complete information concerning the issue has been mailed to all prospective bidders and interested institutions.

To fully acquaint dealers and investors with the details of the issue, information meetings will be held at the Bankers Club, New York City on Thursday, Oct. 18 at 3:00 o'clock P. M. and in Chicago, Friday, Oct. 19 in the Assembly Room (1552) of the Field Building at 10:00 o'clock A. M. All interested parties are invited to attend these meetings.

Van Vechten Director

NEW BRUNSWICK, N. J.—Schuyler Van Vechten has been elected a director of Triangle Conduit and Cable Co. Inc., it was announced by J. E. McAuliffe, President. Mr. VanVechten is a Vice-President of Lee Higginson Corporation, securities underwriting and investment firm.

Ineffective High Interest Rate Has Come to Stay in Britain

By PAUL EINZIG

Ineffectiveness of the British Interest Rate, now 5½%, to achieve results originally anticipated, and the conclusion, now accepted even by Socialists, that the high interest rate, nevertheless, is here to stay, is set forth and examined by British economist Einzig.

LONDON, Eng.—The Chancellor of the Exchequer, Mr. Macmillan, and the Governor of the Bank of England, Mr. Cobbold, recently laid stress on the limitations of the influence of monetary devices. It is indeed high time to take stock of the situation in the light of Britain's experience during the past two years. For eight months the British Bank Rate has now been at the crisis level of 5½%. In the past the bank rate at that figure was expected to produce dramatic results, in the form of a sharp setback in business activity and in prices. In 1956 no such results have occurred. The extent to which business activity has actually declined has been negligible, with the exception of the automobile industry where special conditions prevail. As for prices, it is true they have remained stable since April, but the effect of the impending round of wages increases is yet to be seen.

Dr. Paul Einzig

Ineffectiveness of Interest Rate

On the basis of this experience, businessmen have indeed good reason for being unimpressed by the effectiveness of the bank rate weapon. In the past the mere possibility of high bank rate induced them to reduce their inventories, partly because the cost of carrying them with the aid of borrowed money would be higher, partly because the value of those inventories was expected to decline as a result of the effect of the bank rate on prices, and partly because consumer demand was expected to fall. In existing conditions none of these three facts operate.

Increases in the cost of financing production can usually be passed on to the buyer through adding them to the selling price of manufactures. Even in instances in which this is not possible the reduction in the profit margin through the higher interest rate inflicts more losses on the Treasury than on the ultimate recipients of the profits owing to the high level of taxation. Moreover, so long as the postwar rise in prices continues, debtors are compensated for the higher cost of their loans by the rise in the book value of their inventory. If they pay an interest of 6% to their bank and the prices of their goods rise at the rate of 6% per annum then for all practical purposes they enjoy interest free loans.

Producers have no reason to fear that the high bank rate would inflict on them losses through the depreciation of their inventories or through a decline of demand. It is the Government's declared policy to maintain full employment at all costs and, so long as full employment is maintained, consumer demand at prevailing prices is ensured. In the circumstances it is not surprising if the bank rate has ceased to be looked upon as a formidable weapon.

High Interest Rate Must Stay

In 1955, when the bank rate was raised to 4½%, everybody expected that, surely, such a high rate could not remain in force for more than a few months. Again when the rate was raised further to 5½% in February last it was widely believed that this stern measure would produce its full effect in a month or two. Today most people in Britain have reluctantly come to the conclusion that dear money has come to stay. Quite obviously, even with such a high bank rate, it is barely possible to hold the economy precariously balanced. There is no safety margin and the Government is not expected to be able to afford to lower the bank rate in the foreseeable future. The economy is still overloaded and the gold reserve is still to near the danger point. To point out these facts does not mean to minimize the Government's achievements in bringing the situation under control. But is quite obvious that the situation will have to improve very considerably before Mr. Macmillan could afford to lower the bank rate at the risk of bringing about thereby an unwanted rise in prices and an outflow of gold.

One of the main reasons why dear money has come to stay is that the British public is becoming increasingly conscious of the depreciating trend of their money. To induce the public to save and to invest, it is necessary to make it worth their while to do so. On the basis of postwar experience the yields obtainable until recently on most forms of reasonably safe investments have come to be considered grossly inadequate. Holders of Government Loans, and even of equities, have been earning for many years less than the depreciation of the real value of their investments through the rise in prices. In order to attract sums into conservative investment, such as life insurance, it is necessary for the insurance companies to be able to afford to offer much more attractive terms than they have been offering. This is only possible if the yield on Government Loans remains high.

Socialists Favor High Rate

The idea that it would be possible to run the British economy once more on a basis of a 2% bank rate has been discarded even by the Socialists. On the basis of Dr. Dalton's disastrous experience in the early postwar years, they realize that such a low bank rate necessarily accentuates the progress of inflation. They have many other inflationary policies in mind, and could ill afford to aggravate the effect of such policies by reverting to cheap money policy. In order that such policy could safely be undertaken it would be necessary first of all to maintain the value of the currency over a period of years and thereby to restore public confidence in the stability of money.

Alan K. Browne Heads San Francisco Airport Improvem't Committee

Alan K. Browne, Vice-President of the Bank of America National Trust & Savings Association, San Francisco, is Chairman of the City-Wide Committee which was formed for the purpose of enlisting the electorate's support on Nov. 6 of a proposed issue of $25,000,000 bonds to pay for modernization and improvement of the facilities of the San Francisco International Airport. The Committee, headed by Mayor George Christopher, is informing the voters of the importance of providing the needed facilities so that the airport may share in the economic benefits of the Jet Age now at hand and to meet the demands of the giant jet transports that will be in service in less than three years. The bonds, the Committee points out, will be self-liquidating, and within four years at the latest the airport will become wholly free of tax support. Thereafter, it will provide the City with net profits averaging more than $1,000,000 annually. Within 15 years, all of the airport bonds, including those now outstanding as well as the contemplated issue of $25,000,000 will have been redeemed, it is stated. The volume of business done at the airport in 1955, according to the Committee exceeded the figure projected for 1960 when the master plan was adopted in 1949.

Alan K. Browne

McInnes Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Abe Aranoff, Daniel T. Cropp, William E. Faulk, Joseph Holtzman and Virginia B. Rothwell have been added to the staff of McInnes & Co., Inc., Huntington Building.

Geo. S. Channer Jr. Opens Own Office

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — George S. Channer, Jr. has opened offices at 208 South La Salle Street to engage in the investment business. Mr. Channer was formerly with Barcus, Kindred & Co. in charge of the dealer and institutional sales department.

Julius Keller Opens

FLUSHING, N. Y.—Julius L. Keller is engaging in a securities business from offices at 144-41 77th Road.

W. L. Jenkins Opens

LUBBOCK, Texas — William L. Jenkins is engaging in a securities business from offices at 2306 20th Street. He was formerly local representative for Reed & Sloan Company.

With United Investors

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Lloyd T. Gould has been added to the staff of United Investors, Inc., U. S. National Bank Building, Mile High Center.

Joins American Secs.

(Special to THE FINANCIAL CHRONICLE)

GREELEY, Colo. — Hugh B. Hitchcock has become connected with American Securities Company, 1515 Eighth Avenue.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—Adolph C. Biese has been added to the staff of King Merritt & Co., Inc., 24 Julia Street. He was formerly with A. M. Kidder & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Continued from first page

What Government Must Do To Widen Social Progress

we face the tasks of the future.

Spreading Economic Opportunities

Let me cite a few facts on the diffusion of economic opportunity and well-being in recent times.

First, jobs have been generally plentiful during the past decade. Women as well as men, the elderly as well as the young, even the physically handicapped, have found larger opportunities for useful work. Total civilian employment, which rose from 55¼ to 61¼ million between 1946 and 1952, is averaging 65 million this year. At present women constitute 31% of the nation's work force, which exceeds the highest percentage reached during the war.

Second, a progressive shift has taken place from low-paid and unskilled occupations to better-paid and more interesting work. Ordinary laborers, who constituted 17% of the work force in 1940 and 12% in 1950, number less than 10% now. On the other hand, the professional and managerial group currently accounts for 19% of the work force, in contrast to 14% in 1940.

Third, small and independent business continues to be an important gateway of economic opportunity, despite the spread of giant corporations. Over 4 million independent concerns are presently engaged in various types of business and their number is growing. Indeed, there are more independent business firms today, in relation to the size of the nation's work force, than there were in 1929 or in 1939.

Fourth, our progressively rising national income is being shared widely. In 1955, 54% of American families had a money income of $4,000 or higher, in contrast to 42% with equivalent real incomes in 1947 and 48% in 1952. Labor income—that is, wages, salaries, social security benefits, and related payments—constituted 70% of total personal income in 1946, rose to 74% in 1952, and is now 76%—the highest it has ever been.

Fifth, the average price level has been nearly stable in consumer markets since the early months of 1952. In consequence, the savings recently accumulated by people through bank accounts, life insurance policies, pension funds, and savings bonds have remained virtually intact for meeting life's contingencies and opportunities.

Impulse to Improvement

With a high level of employment sustained and with income rising, most of us have been able to work, spend, save, and invest in an atmosphere of confidence in the economic future. The ownership of a good home, an automobile, a refrigerator, an electric washer, even a television set, has become the rule rather than the exception in American family life. At no time in our history have people generally been so eager to raise their level of living and to work hard to attain the incomes they need to live as they feel they should.

This impulse to improvement on the part of people is being powerfully reinforced by industrial research and investment. Recent technological marvels in electronics, jet and rocket flight, atomic energy and radioisotopes, metallurgy, plastics, and synthetic fibers are widely known. But the fruits of research and development have not been confined to these dramatic achievements. In virtually every branch of industry, scientists and engineers have been busy—devising new materials, new products, new processes. This year, business firms and the universities are spending about $3 billion on research and development, and the Federal Government is spending perhaps another $3 billion, in contrast to a combined total of $3 billion in 1950. Last year, business expenditures on plant and equipment, made partly to replace outmoded facilities and partly for new or expanding ventures, reached the record figure of $29 billion. This year such expenditures will probably reach $35 billion.

I cite these facts to suggest that the spread of economic opportunity and well-being, which has revolutionized social life in our generation, may be expected to continue in the years ahead. As the number of jobs increases, both working conditions and rates of pay will improve. In another ten years, our nation's total output of goods and services, which is currently proceeding at an annual rate of about $414 billion, may approach the $600 billion mark.

Aiding Farm and Urban Labor

We should not, however, permit this favorable outlook to lull us into the belief that the future will necessarily unfold ever-widening opportunities for people. Economic progress does not come automatically. It requires intelligence, effort, and enterprise on the part of individual citizens. It requires encouragement of private initiative and protection of incentives on the part of government. It requires both private and public policies for resisting such tendencies as may develop toward either economic recession or inflation. And it requires the vision to realize that not only is the general welfare enhanced, but the base of future prosperity itself is strengthened when we draw into the stream of progress those who have been left behind by its onrush.

I shall not dwell on the problems of commercial farmers, which are known to all of you, except to say that promising steps are being taken to improve farm incomes by bringing agricultural production into better adjustment to current markets. Problems which have received less public attention, but of which we should be increasingly mindful, are the persistence of unemployment in scattered localities, the persistence of low incomes for large numbers of people in rural areas, and the accumulating pressures under which many small businesses operate. Let me say just a few words on each of these problems.

Although the nation at large is enjoying full employment and great prosperity, there are some communities in different parts of the country in which substantial unemployment is continuing. The difficulties of these depressed areas are usually traceable to a shrinking market for the product in which the community had specialized or to outward migration of one or more of its key firms.

It is only proper that the rebuilding of a local economy should depend largely on the initiative of the local citizenry. Yet there is much that the Federal Government can do to help depressed communities to help themselves. It can render technical assistance to local groups in drawing up plans for rehabilitating their economy. It can join the state or locality in extending loans for industrial projects that promise to improve a community's long-range economic outlook. It can contribute to the cost of rebuilding the blighted commercial or industrial sections of a depressed community, just as it is now contributing to the cost of clearing residential slums. To make substantial progress along these lines, new legislation is needed. Wisely administered, it will serve to ease the harsh adjustments that are often forced on people by our changing economic environment and at the same time add to the resilience of the economy.

Technical and Vocational Guidance Aid

A more difficult and more serious problem than the chronic unemployment in a few of our cities is the ineffectiveness of human effort in many of our rural areas. Here we find numerous families struggling on farms that are too small or too poor for efficient operation. Here we find inadequate skills on the part of people and inadequate opportunities for off-farm employment. The remaining poverty in America largely centers in these areas, which are heavily concentrated in the South. Price supports yield little benefit to the small farmer.

The most constructive way of aiding the low-income families in rural areas is to improve their basic education, and their working abilities and opportunities. Vocational training and guidance programs must be greatly expanded for the young people growing up there. Agricultural extension work must be adapted to meet the needs of low-income farmers and part-time farmers. Credit for production loans must be enlarged. Improved health and nutrition must be promoted. Information services on job opportunities must be established. Off-farm jobs must be created through increased industrialization. The Federal Government, acting in cooperation with state, local and private groups, has recently established a Rural Development Program along these lines. This program should be expanded, as experience accumulates on ways of improving the level of living in our underdeveloped rural areas.

Small Business Problems

The economic position of the small businessman also requires attention. During the past generation certain basic changes in the economic environment—particularly, rising taxes, the accelerating pace of technology, and the growth of national advertising—have complicated the problems of organization, survival, and growth of smaller businesses. Small firms have always had little or no access to the public markets for capital. In the past, however, they were able to expand their plant, equipment, and markets by ploughing profits back into their businesses. The extent to which that can be done nowadays is severely limited by the heavy burdens of taxation.

We must recognize this and other impediments facing smaller businesses. Some tax relief for small businesses is long overdue. The procurement policies of government need to be simplified with a view to facilitating and extending the participation of small business in government contracts. The credit needs of sound small businesses should be met more fully. Legislation to enable closer scrutiny of mergers should be enacted. The burden of paperwork imposed on small enterprises should be reduced. Such measures are desirable in the interest of improving the opportunities of small businesses to thrive and in time to become larger, so that they may challenge the primacy of old established, and often overgrown businesses.

Achieving Growth and Balance

In these remarks I have tried to sketch a few ways in which the base of our nation's prosperity can be strengthened. There is room, indeed considerable room, for widening economic opportunity and improving the workings of our economy. But as we bend our energies toward this high objective, we must steer clear of creating pockets of special privilege in the name of widening opportunity. We must keep before us always the great truth that the largest contribution that the government can make to a widely shared prosperity is by fostering competitive markets and a high level of employment, by encouraging investment in new tools of production, and by improving general education and vocational guidance. When jobs are readily available and the productivity of labor is rising, the most powerful of all forces are already operating to lift low incomes and spread prosperity.

The workshops of America are humming today with the energy of a progressive people. The creative forces of free and competitive enterprise, on which earlier generations dwelt justly but somewhat too exclusively, are deriving new strength from the humanitarian impulses released by our own times. Governmental policies in recent years have encouraged individual initiative, innovation, and investment, and yet have been ever mindful of the needs of the individual for protection against the hazards of unemployment, inflation, old age, illness, and blighted neighborhoods. It is in the articulation and balance of these policies that a large part of our current and future economic strength lies. There are grounds for confidence that this balance will be continued and that, although there may be pauses in the advance of prosperity, our economic and social progress will be maintained and extended.

Toronto Bond Traders Elect New Executives

TORONTO, Canada—C. W. McBride, of Midland Securities Corporation Ltd. was elected President of the Toronto Bond Traders' Association for the 1956-57 season at the Annual Meeting of the Association. Other members of the new executive are: E. P. Jarvis, Wisener & Co. Ltd., Vice-President: P. S. Crysdale, Anderson & Co. Ltd., Secretary, and J. A. Lascelles, Dominion Securities Corpn. Ltd., Treasurer.

C. W. McBride

E. A. Williiams, The Canadian Bank of Commerce; L. E. Mayhew, Harris & Partners Ltd.; S. A. Spidle, Collier, Norris & Quinlan Ltd.; T. G. Mulligan, Nesbitt, Thomson & Co. Ltd.; and G. I. Ryan, Ross, Knowles & Co. Ltd., will serve as Committee members on the new executive.

L. W. Virtue, James Richardson & Sons, Past-President and S. Cox, Bankers Bond Corp. Ltd., past Vice-President, are the ex-officio members for the ensuing year.

The Association is made up of 93 Investment firms and Chartered Banks in Toronto and this year is celebrating its 25th anniversary.

With Edwards & Hanly

JACKSON HEIGHTS, N. Y.—Frederic S. Ritchie has joined the staff of Edwards & Hanly, 83-18 37th Avenue. Mr. Ritchie, who in the past was a member of the New York Stock Exchange, has recently been with Lee Higginson Corporation.

New Ways and Means Needed For Raising Federal Revenues

By WILLIAM JACKMAN*

President, Investors League Inc.

Investors League head urges both investors and taxpayers to take immediate political action favoring creation by Congress of non-political commission to undertake objective study of Federal taxation.

The rising national clamor for a complete change in methods of Federal taxation might well provide some unexpected developments during the course of the hearings to be undertaken shortly by the Mills Sub-Committee on Internal Revenue Taxation of the House Committee on Ways and Means. Much will be heard from a gentleman named T. Coleman Andrews, former Commissioner of Internal Revenue, who seems to be all out for the complete abolishment of the individual Federal income tax and substitution in its place of a new method of taxation to be determined by a nonpolitical commission of experts based on a thorough job of intelligent and nonpartisan research.

William Jackman

Our Constitution provides that all revenue bills must originate in the House of Representatives. By House Rule, they are always referred to the House Committee on Ways and Means. As its name implies, the members of this Committee are supposed to be responsible for the *ways and means* of raising revenues necessary to pay for the cost of our government. It was never the intention of the creators of this committee that it should become a vehicle of administering social or economic reforms, but this latter is exactly what it has been doing for years. It has deliberately conceived and recommended tax laws that are unfair, unenforceable, and not understandable even to some of its own members. These same committee members are now about to investigate the unfairness of the very laws they so unfairly themselves created! Presumably, their hearings will result in some new kind of patchwork tax bill to be introduced in the next session of Congress.

If there was ever an area in government, or an era in history, where or when, new, clean, intelligent and *unbiased nonpolitical* action was needed, it is right now in the field of taxation.

The Ways and Means Committee in the 84th Congress comprised 15 Democrats and only 10 Republicans. Chairmen of this Committee succeed each other on a seniority basis—not on a merit basis.

How can partisan party politics help but to dominate such a group? The members of this Committee should be the first ones to champion the proposals of such eminent and unbiased authorities as T. Coleman Andrews and tax expert J. S. Seidman, Chairman of the Tax Policy Committee of the American Institute of Accountants.

Says Mr. Andrews, "What I'd like to see would be a commission appointed by Congress, without any deadline, without any instructions as to what to come up with—except one, and that is that the whole revenue system be thoroughly studied out and that the income tax in particular be given a real going over, with the idea that a substitute be found for it if it cannot be made generally understandable, fair, and compatible with our ideals of freedom. . . . I don't think it can be made even generally understandable, let alone fair and compatible with our tradition of freedom but I am willing to wait and abide by the verdict of such a group as I have suggested, provided, of course, that it is a clearly honest verdict."

Says Mr. Seidman, "Only a nonpartisan commission, with official status and sponsorship from Congress, can make the type of study that will command public confidence and respect. There must be no taint of party politics, and the commission must be prepared to challenge the most fundamental principles of the law in the face of criticism from groups now favored by the law—the long range objectives of the commission should be a tax law that will enjoy unquestioned public respect, confidence and compliance."

*From a speech by Mr. Jackman at the Annual Meeting of the Investors League, New York City, Oct. 16, 1956.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—James E. Bredenberg is now with King Merritt & Co., Inc.

With Renyx Field

COLORADO SPRINGS, Colo.—John G. Bash and Dorothy Trainor are now affiliated with Renyx, Field & Co., Inc.

Continued from first page

As We See It

tration to date and there is not the slightest reason to expect change should it be established in office for another four years. If we fare as well under Mr. Stevenson we should count ourselves fortunate.

Continued Paternalism

This means, among other things, that there will be no turning away from or even modification of the theory that the national government must assume full responsibility for preventing another major depression, and by implication at least for a continuing growth of the economy of the country. It means, accordingly, that the powers that be at Washington will proceed with highly dubious tactics of one sort or another if or when there seems to them to be a serious danger of a downturn in business of large proportions. It means that for at least another four years the government of the country will substitute its power and its doubtful wisdom for the individual initiative and private ingenuity and energy that have given us the blessings we now enjoy. It means, moreover, that serious danger remains that bungling will make a bad situation infinitely worse if and when anything in the nature of a business or financial crisis looms on the horizon.

It is now evident also that no matter who is elected we shall have no early end of reckless financial management of our affairs. To be sure the present regime has been curtailing outlays here and there and apparently trying to bring something in the nature of orderly management of public funds into being. It has in one degree or another succeeded. The fact remains, however, that huge sums have been laid out in the name of the embattled farmer — and more are being promised him. It is likewise true—and this is of far more importance than usually realized or understood—that the government in Washington has been entering into commitments involving future payments which simply stagger the imagination, and that contingent liabilities of one sort or another have grown to incalculable amounts.

Not only that, but the President has been promising more and better spending if he is returned to office and can get the consent of Congress. Certainly one can not reasonably hope for anything better from Mr. Stevenson. The whole course of his campaign oratory and the general tenor of the Democratic platform strongly suggest that much greater abandon in dealing with the taxpayer and his funds would be the order of the day were the opposition to be returned the winner on Nov. 6. In point of fact, it would not be difficult to build up out of the speeches of Mr. Stevenson a case for believing that he would return to the financial recklessness of the earlier days of the New Deal. Of course, one must make some allowance for the utterances of an apparently desperate candidate for high public office, but if what he has been saying is not to be taken seriously there may presently have to be an answering to a great many who think they are being promised the earth and everything that's in it.

And Those Securities Acts

There has not even been a mention of those laws which have placed the securities business of the country in shackles. We must assume that the Securities Act of 1933 and the Securities Exchange Act of 1934, to say nothing of a number of related statutes, will remain without ameliorating modification for at least another four years quite regardless of the count of votes next month. Unfortunately, so little has of late been heard of this subject and its importance not only to the securities business as such but to the country at large that probably the great rank and file of the people have all but forgotten the existence of statutes of this sort. If they think, as doubtless a good many of them do, that this is a matter which is of concern only to a few or to the securities business they are badly mistaken. They and the country will, however, have to wait at least until another election rolls around before even a good start can be made in correcting this situation.

Nothing has happened to suggest any probability of a thorough rewriting of the tax laws of the country to eliminate the "soak-the-rich" notion that at present permeates these statutes. The Eisenhower Administration did rewrite the statute extensively soon after it came into office. We shall not undertake to say whether the present version is better or worse than the one it replaced. What we do say is that so far as the distribution of the tax load among the various elements in the community obtains, the present statute is as one with the older one—and for that matter with a long series of older ones which were the product of New Deal thinking. Of course, one could hardly expect the Democratic party, no matter under whose leadership, to make any fundamental change in this state of affairs.

The list might be extended almost indefinitely, but nothing is to be gained by laboring the point. The party platforms this year, the record of the present Administration, the oratory of the Democratic candidates and all the rest make it painfully clear that no progress is being made, indeed that none is even being considered, to save the country from further injury originating in New Deal and Fair Deal unsoundness. Mr. Stevenson, orginally the apostle of moderation, is now going from one extreme to another leaving the impression that he would revert to the worst of the wildness and irresponsibility of the Roosevelt regime. Some of the spokesmen of the party in power have not been models of moderation, either, but nothing any of them have said suggests that they are much less New Dealers than many of the New Dealers themselves. It is all quite disheartening, but it is the truth and we may as well face it.

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Difference In Past and Present Tight Money Market Situations

As a consequence, the average corporation which borrows today at 4% or 5% is in effect paying only 2% or 2½%, and this is still easy money from a rate standpoint. Similarly, the lender, unless he has special tax shelter, receives net after taxes, not the coupon rate on the bond he may own, but only a part of it depending upon his tax bracket.

Because of our tax laws, borrowing is still by far the cheapest, though not necessarily the wisest, way of raising money today. It still would be the cheapest way even if interest rates went considerably higher.

Current Inflexible Savings

I should like to point out one other factor which I think differentiates our present situation from earlier periods of stringency. In the first three decades of this century, according to the best available figures, approximately 60% of personal savings going into so-called intangibles such as bonds, mortgages and stocks, was handled directly by the people who saved. At the present time, only approximately 20% is so handled. The other 80% is now going to financial institutions such as savings banks, life insurance companies and pension funds. Furthermore, a very substantial part of this 80% of savings going to institutions is on a contractual basis, as for instance life insurance. These contractual relations are not susceptible to rapid change, nor are they influenced more than infinitesimally by prevailing rates of interest. Thus, it seems to me in the field of long-term capital there is a certain rigidity not present in earlier periods and that we do not have as much flexibility for changing the supply of capital to meet demands.

Now what does this tightness in our money market mean for business in general and for mortgage bankers in particular? If I am correct in my analysis, the present stringency is due not to the Federal Reserve's policy nor the Government's fiscal policy. It is a reflection of prosperity and of the fact that the people of America as consumers and home owners, or would-be homeowners; the businesses of America as producers, distributors or suppliers of services; and the governmental units of America have already borrowed the available savings of the country and are currently seeking to borrow at a rate that is higher than the creation of new savings. Money is therefore going to remain tight and very likely will get tighter until there is some change in the demand-supply relationship.

Credit Will Not Relieve Shortages

It is not just that we are short of money. We are short of skilled labor, we are short of steel, the world is short of coal and shipping, to mention only a few critical items. A reversal of Federal Reserve policy, or the manufacture of more credit will not relieve these shortages. It will only raise the prices of the things that are available and particularly the things in short supply, including labor.

If there aren't enough savings to go around then some of the people, some of the businesses and very likely some of the governmental units that want to borrow in order that they may spend will have to postpone part of their plans. In some cases a high rate of interest may prove a mild deterrent to anticipated borrowing, but as I have previously pointed out, I believe this deterrent will be very small in most cases because of our income tax structure. The deterrent will be not the price of money but the availability of money.

Unless there is a change in the relationship between the supply of and demand for savings, competition for what savings are available is certain to continue, if not to increase. You have already noticed it in your business, for recently bonds have been getting more attractive to many institutional investors as compared to real estate mortgages, particularly in more speculative types of building ventures.

It may well be, particularly in the field of corporate business, that those who find it impossible or too costly to raise money by borrowing will decide to raise money by selling stock. This taps a different area of savings than the bond market. I believe we are already witnessing instances where corporations are going to the stock market rather than to the bond market for new money.

Using Equities Instead of Bonds

Even if the equity market does relieve some of the strain in the credit market, there are going to be both individuals and businesses who will find it impossible to get funds they desire. Undoubtedly, as in the past, borrowers who are turned down will look to the Government for relief. It seems inevitable that sooner or later this will become a political issue as it has so many times in the past. The great question is whether we will have the political courage to resist specific pressure groups who for the sake of temporary advantage would have the government resort to inflationary policies which would further cut the value of the dollar. Surely we have seen enough of the evil results of inflation in the world around us to want to resist inflation as a way out of temporary inconvenience.

Conclusion

After all, it does not spell disaster if some of the plans of the public to spend on borrowed money and some of the plans of business to proceed with nonnecessitous expansion or improvement have to be postponed for lack of money to finance them. We have never been able, either as individuals or as a nation, to do all the things we should like to do. If we have to postpone some of our plans and hopes rather than to attempt to accomplish them all in the immediate future, that may be the best insurance for spreading out our prosperity over many years ahead. Certainly this is preferable to creating an unsustainable boom and a rise in prices which could only lead to collapse later on.

Women Investors To Hear Prominent Group of Speakers

"The Intelligent Woman Investor in 1957" will be presented in a series of "money matinees" with an all star cast of Wall Street analysts and instructors Oct. 15 through Nov. 12 at the Madison Room, Roosevelt Hotel, under the auspices of the Public Foundation for the Economic Education of Women, Inc., of which Wilma Soss is President.

Wilma Soss

Among those participating will be: A. Wilfred May of the Commercial and Financial Chronicle; Miss Dorothy Armbruster, Vice-President, Bank of New York; Harold X. Schreder, Executive Vice-President, Distributors Group, Inc.; W. Sturgis Macomber, senior analyst, Reynolds & Co., President, New York Society of Security Analysts; Elijah N. Jones, Francis I. Du Pont & Co., member, Executive Committee, Customers Brokers Association; Edmund W. Tabell, Walston & Co.; Harnold W. Clayton, Hemphill Noyes & Co.; F. B. Wadelton, partner and Vice-President in charge of investments, Lord Abbett & Co., fund managers; Joseph M. Galanis, of Tucker, Anthony & R. L. Day; and Lewis Gilbert, author "Dividends and Democracy." Wilma Soss, President, Federation of Women Shareholders in American Business, Inc. will be moderator.

The series will have a current events approach to the principles of investing. The matinees will be held on five successive Monday afternoons. Proceeds will be used to combat financial illiteracy among women.

Join White Co. Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William J. Huether, Joseph A. McGrath, Eugene A. Miller, Bernard E. Mohr, Henry M. Smith, Curt M. Vogel, Edwin G. Volz and William P. Young have become associated with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange. All were previously with Barrett Herrick & Co.

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A Look at the Basic Factors Determining Output and Price

mates for cost increases it gives is quite interesting. It assumes, by the way, an American population of only 193 million in 1975 as compared with the Census Bureau's low of 207 and a high of 229 million.

Resource Shortage?

This does not mean selling science short. Of course, Americans will have more of many things over the years to come. However, they will also find that some items will have become scarcer and dearer. From here on, many a price increase will reflect higher costs of finding, producing or shipping it over longer distances. Petroleum products are a good illustration of this.

In March of 1953, Dr. Byron T. Shaw, head of the Agricultural Research Administration, said that he felt the present abundance of food was only temporary. He took an estimate of 190 million people by 1975 and 1950 yields per acre and rates of consumption. Under such assumption, Dr. Shaw felt, U. S. farmers would have to produce almost one-third more than in 1950 to keep living standards from falling. To do that, he added, would require over 100 million additional acres of cropland for food and fiber production. That would be 70 million more acres than farmers could economically bring into use. In other words, science will have to get busy to increase productivity to make up for this 70-million-acre deficiency.

Can it do that? The First National City Bank, reporting Dr. Shaw's talk in its September, 1953 monthly letter, quoted him as saying that "the U. S. is using up scientific information faster than we are producing it. The science cupboard is getting bare." Dr. Shaw concluded: "Certainly no one believes that scientific advance in agriculture has come to an end. But that American farming is on the threshold of any such revolutionary upsurge in productivity as occurred during the past three decades remains to be demonstrated."

In this connection, one might cite the drop in agricultural enrollments in many of our agricultural schools. Dr. Willard William's one of the nation's outstanding agricultural experts at Texas A & M, wrote recently: "Agriculture faces a drying up of trained leadership at its source. There just simply are not nearly enough young men and women entering the agricultural and home-economics fields."

Survey of Basic Shortages

The country over the more or less immediate years ahead will be faced with a shortage in the labor force, a persistent demand for a higher standard of living for more people, increasing demands on its resources and on its production of food stuffs, raw materials, and capital goods as well as consumer goods. That is a tall order to fill.

There are some additional factors which complicate the picture even more. Professor Oscar Handlin of Harvard sees a need for about 750,000 additional teachers for the elementary and secondary schools, including replacements for retirement, and resignations, by 1959. Says he: "The enlistment of 200,000 or more new teachers a year between now and 1959 would absorb about half the total recipients of bachelor degrees in that period." Dr. Handlin also calls attention to a need for 25,000 new faculty members annually in the nation's colleges and universities.

What will be the outcome? Apparently these: larger classes, a lower quality of instruction and probably some subjects won't be taught at all. Dr. Handlin points to the 46% of public high schools which offer today no foreign language; to the 23% without chemistry or physics; and, the 24% without geometry.

Purdue University recently undertook a sampling of 15,000 high school students in all parts of the country. It shows two things: a large majority of the students shuns a scientific career and on grounds which should arrest our attention. The girls voted largely for the housewife role. The boys put medicine as their top choice. Then came chemistry, electrical engineering, high school science teaching followed by the trade of the mechanic, sales clerk, storekeeper and, at the bottom, there came the atomic scientist. The psychologist managed to squeeze in between the sales clerk and the storekeeper. Forty-five per cent of the students believe their school background is too poor to permit them to choose science as a career. The survey also shows that scientists are doing a poor public relations job with the youngsters. Twenty-eight per cent say scientists don't have time to enjoy life; 25% think scientists as a group are more than a little "odd"; 14% think there is something "evil" about science.

Business meanwhile is working hard to conserve and create more brain power. Employees with only a high schol degree are upgraded from routine assignments such as testing electronic tubes or checking electric meters to perform some of the tasks of a professional engineer. Several months of intensive special training accomplish these miracles. But one is tempted to ask: To what degree are such possibilities limited by the type of scientific training obtained in high school? And, how far will such action go in filling the shortages of technical talent?

To talk about measures of relieving a labor shortage is one thing. Wherever successfully employed, they will help to increase output per worker. But one must not lose sight of another condition which invariably sneaks into the picture during conditions of very high employment. Full employment will mean for some businesses a reduction in efficiency. There are the "floaters" who won't stick for long to the job; the fellows who don't want to learn step-by-step operations or the girls who don't like to do rountine work.

Human Factor Is Future Problem

One prediction can be made: Of the four factors of production, the human factor will present to us great and continuous problems over the years ahead. If one adds to a strictly national economic problem the exigences created by the international situation, one may be forgiven for saying that the emergency of the problem is hardly less than the challenges presented by the advent of nuclear fission and fusion. In the one case, an Atomic Energy Commission was established. Is there not now a equally pressing emergency for establishing a national commission that could deal with the problems that will bedevil us as the nation faces increased pressures on its resources, greater demands on public and social services, shortages of labor in general and shortages in skilled labor? The country is doing a lot of economic flying by the seat of its pants.

As regards the other factors of production needed to increase output, several items deserve mentioning as conditioning elements of the economic outlook. Shortages of new talent for management teams will become more pronounced. This is part of the general over-all human problem. Natural resources will undoubtedly reflect the pressure of a sharply rising population. Its manifestations will be rising costs, not connected with monetary problems, and certain inconveniences such as traffic congestions and, no doubt, rising local and state tax burdens.

Looking thusly at the economy, one is forced to make certain deductions: The powers that the Federal Reserve authorities have are limited to the monetary, credit and, within limitations, to the fiscal variables. Even within this limited field, there are certain areas over which the money managers possess no control. Selective controls are applicable only to stock market loans. Considering the conditions we are almost surely to face, should selective controls not be (again) extended to include consumer and housing loans?

Are Our Banking Laws Up to Date?

The entire question of the adequacy of controls over the money and credit area of the economy will have to be thoroughly reexamined. After all, more than 20 years have passed since the Banking Act of 1935. There will be those who will point out that under the Constitution the Congress has the power "to coin money and regulate the value thereof" and that "value" here means purchasing power. The forefathers certainly did not understand it thusly. If the "purchasing power" theory is accepted, the distinction between Federal and state governments ceases to exist. It is the same argument in substance that was made in regard to the Employment Act of 1946. There were those who saw in it the launching of the Federal Government on a comprehensive and continuous program to achieve optimum performance by the economy. Others, such as Dr. Edwin G. Nourse, saw in it an Act which merely states "a broad objective or ideal goal toward which effort should be directed and as introducing additions to our executive and legislative institutions which would aid the economy . . . in moving more competently toward that goal." Unemployment and full employment will find the advocates of measures which would fundamentally alter our Federal governmental structure. If price increases caused by population pressures are interprted as being caused by monetary factors, such interpretation can lead to very unwise steps.

But even if we disregard the price increases which will come as a rapidly rising population presses on resources as being beyond the control or power of the Federal Reserve authorities, there are still other qualifications which must be made. The monetary authorities seem to find themselves today is this position: Selective credit controls are applicable only to one sector, namely the stock market. Reserve requirements also lack the power of uniform application. They are based on the old geographical distinctions made originally by the National Bank Act which was in reality a "currency" act. Reserve requirements are not uniform and they do not apply to several thousand non-member banks: In view of the distribution of bank deposits which we have experienced over the recent past, present requirements penalize the lending powers of the New York City and Chicago banks when compared to the many cities whose banks have large correspondent banking business. Perhaps we ought to dust off the Report of the Committee on Bank Reserves of the Federal Reserve System on "Member Bank Reserves" of 1931. A flexible reserve requirement based primarily on the velocity of deposits would overcome a rather questionable distinction between time and demand deposits and between geographic areas. The persistent increase in the turnover rate of deposits would also favor such a step.

The Wage-Price Cycle

Periodic wage contracts in key industries are made which, in turn, become more or less patterns for the country as a whole. Even if one grants that wage increases in the bigger firms within a key industry have not been in excess of productivity increases, there still remains the problem that firms closer to the margin cannot pay these increases unless they raise their prices. The same applies, of course, to marginal products of a company which in the production of other items may be a supra-marginal producer. Should such firms withdraw from production, the prevailing demand, now in disequilibrium with a reduced supply, would push up the price anyhow. It is probably better for management in the marginal firms to raise their prices at once, for the pain costs involved in a temporary reduction in production followed by a subsequent production step up as demand pushes up prices, can be considerable.

One wonders what will happen if periodically upward revised wage contracts, agricultural developments, pressure on resources by an ever-rising population, push prices higher. Is the Federal Reserve now to exercise moral suasion on industrial managements to keep them from (unduly) raising prices? Certainly, once such price increases have occurred, restrictive credit policies can have but one effect. They will hurt since it will be difficult to keep going on the higher price level unless the money managers make the funds available to keep prices up.

It does not take much imagination to see ahead price rises with which monetary authorities can deal only in one way, namely make the funds available lest insufficiency of credit to do business on this higher price level will cause a reduction in business activity and employment and income. This forces the monetary authorities to recognize price rises by increasing the money supply to keep the price level steady on this new, higher plane. The thought of a misinterpretation by the public of such an apparent easing of credit leads one to unpleasant conclusions.

Raise the Prime Rate

In short, a distinction must be made between price pressures with which monetary management can effectively deal and those with which it cannot or should not deal such as pressures arising from temporary supply shortages, from negotiations of wage contracts and so on. This then makes it even more important to insist that the production of new capital goods be financed out of savings. This increasing demand for capital goods, public and private, which we shall certainly witness, can only be met by an increase in savings. If the Federal Reserve authorities wish to curtail business borrowing for plant expansion from commercial banks, then the present relationship between the prime rate, discount rate and the long-term bond rate would seem to be not very realistic. On the basis of economic advisability or necessity, a good case seemingly can be made for a further increase in the prime rate. An equally good case can be made for a higher reward for the saver by permitting rates on time deposits to rise.

Farcical Tax Laws

There then remains the question of organized society, the state, as a conditioning factor in the output picture. It takes little imagination to see the retarding and unfavorable effects of present tax laws on production. Rates on individual incomes rise too steeply and there are too many loopholes in the picture. Our present tax laws have in many instances prevented transactions which would have increased the output of goods. Would it not be more appropriate to reduce the excessive gradation of the individual income tax in return for the plugging of some of the loopholes? In a sense, there is something farcical about our tax laws. Revenue is not collected because of the existing loopholes and great damage is done to the assertion of incentive in general and to small business in particular. Nowhere is this matter better illustrated than in the case of depreciation and depletion rules.

Recent government actions leave the observer with only one impression: The Government itself realizes how faulty these rules are and, therefore, in the name of defense engages in what is in fact an executive rewriting of the tax laws. The procedure smacks of arbitrariness. What criteria are used to deny such acceleration of amortization to one business and grant it to another? Even with the best of intentions, such a "system" is bound to lead to a mis- and mal-allocation of resources or, in plain language, to a lopsided economy.

Small Business Hurt by Tax Laws

The depletion allowance is another story. The present 27½% was a political compromise at the time. No one knew what figure was correct. We are now faced with a population pressure on resources which urgently suggests a re-examination of the adequacy of depletion allowances. Rising prices create problems when depreciating property on the basis of original cost. Under such conditions, costs are understated and a corporate income tax is paid which is in reality a tax on capital. Depreciation charges based on original cost under conditions of rising prices can bring any business into trouble in the end, for it will be able to finance itself less and less out of internal sources. The Government has recognized the problem by permitting certain changes in the rules of depreciating assets, but the answer given so far to the problem is most inadequate. Small(er) business, which cannot fall back on depreciation allowances to finance itself, should be given other considerations to enable it to grow through internal financing. Today small business is, unintentionally, being discriminated against. It is entitled to a change in the rules.

Americans are sitting today at their banquet table enjoying the highest standard of living yet madea vailable to man. Never had so many had it so good. But as at the Babylonian king's banquet, the writing on the wall is beginning to make its appearance. These problems need attention—now. Apparently, it is still true that reform is not desired in times of prosperity. As the story of deposit insurance shows, half the laundry has to go down the river first before somebody will notice that something is missing.

Forms Wm. Norton Co.

NORTH BELLMORE, N. Y.—William Norton is engaging in the securities business from offices at 2773 Beatrice Lane under the firm name of William Norton & Co. He was previously with A. J. Grayson & Co. and First Investors Corp.

Securities Salesman's Corner

By JOHN DUTTON

The Analytical, Advisory Method of Security Salesmanship

ARTICLE IV

The success of competent salesmen is primarily one of attitude. If you are going to build a clientele based upon the premise that you are an advisor who will take an over-all approach to your client's investment requirements, and that you will consider every proposal you make from the viewpoint of what is best for him, you will establish the confidence that is necessary to achieve satisfactory results.

These are not idle words. Only too often you see thoughts such as these expressed in statements of policy, in articles and studies on salesmanship, and you hear them in speeches at conventions and other places where securities men congregate. It is not an easy thing to do. Personal interest and the desire to place a commission ahead of a client's welfare is always present, and the temptation to split a hair when the odds are pretty even (as to what is best and what is not quite the best) for the client is often a strong factor in your decision making. But this need not be so. The securities salesman who is equipped with knowledge and with a broad list of available securities, is in an enviable position to conduct a highly ethical and productive business as well.

Confidence

It is illustrative of the power of a constructive attitude toward the client to relate the following incident. One of my earliest experiences in using the "Client First" technique had to do with an evening appointment with a doctor client with whom I had done business over a three-year period. I knew that I was one of several investment men with whom he did business. One day he said to me, "I wish I could find someone that would help me set up my estate." I arranged this conference at his office and the first meeting lasted three hours. He called for me at my home around 8 p.m. and we finally ended up near midnight. He told me of his health, his becoming tired of working so hard and keeping so little, his 62% tax bracket; his wife's serious health problem, the worries that his only daughter, now aged 10, might someday inherit too much from him and her grandparents. He gave me a list of all of his insurance policies, with cash values, with ownership stated, and his wife's insurance as well. He told me of a real estate holding corporation and what it owned and owed. He told me which of his properties he expected to sell soon and their cost and the expected realization value. He told me of all joint tenancies. He went over his will and his wife's will and he gave me copies for study. He gave me a list of all his savings accounts, commercial accounts, government bonds, municipal bonds, and stocks, with costs and date of purchase thereon.

When we finished this discussion he said to me, "You are the first person that has given me this time, and this interest. You are approaching this problem of mine from my side of the desk. Now look at these." And with this he pulled several letters out of his files. They were from trust departments of banks and every one was written in a terse, concise manner. You could just feel the idea jumping right out at you from the typewritten page that someone had made a quick "look see" at this man's estate and all they wanted to do was to let him turn over his assets to them so they could SELL HIM A TRUST. Then he told me of some Mutual Fund salesmen who told him they had all the answers. All they wanted to do was sell him some Mutual Fund shares. Then came the insurance men. They had the answers, too. All he needed to accomplish a perfect job of estate planning was to buy more insurance and sell off more of his assets. All these people had one idea — SELL THEIR PRODUCT, NOT DO THE BEST JOB FOR HIM. There is no Mutual Fund that will answer all the needs of an investor, no testamentary trust, or any other kind of trust, and no over-all insurance plan. There is no perfect investment. There ARE ONLY INDICATED USES FOR EACH OF THESE WORTHWHILE METHODS OF INVESTING AND SETTING UP AN ESTATE.

None of these people spent three hours listening to this man's involved and highly intricate and personal problem. None of them let him open up his mind (and his hopes and plans). None of them said to him, "If it is a trust you need for all of your estate let us use it; if you should use Mutual Funds, change or add to your insurance, or realign your real estate and cash, governments, and stocks, let us do that. But by all means, let us first spend some time in a study of the facts and circumstances now before us. Then let us sit down again, and possibly several times more, with your lawyer if necessary, and a good accountant, and I will sit at your side as your advisor and consultant and let us do this job so that when we get through, it will be the best thing we can do for you and your family."

Does it pay? Do you think anyone else will have this man's investment account after a job such as this has been done? When you sell Mutual Funds, bonds, stocks, you don't need a real estate license or have one to sell life insurance too — there is plenty of business for everyone AND FOR YOU. Just stick to your own business and put your client's welfare first.

Commonwealth Edison 4.64% Preferred Stock Offered by Bankers

The First Boston Corp. and Glore, Forgan & Co. are joint managers of the group that offered yesterday (Oct. 17) 400,000 shares of Commonwealth Edison Co. 4.64% cumulative preferred stock at par ($100 per share). No other preferred stock is outstanding, and the new preferred stock being sold represents the company's first non-convertible preferred stock financing.

Net proceeds from the sale of this new preferred will be added to working capital to be used toward additions to the company's electric utility properties. The present construction program now calls for expenditures of approximately $600,000,000 over the four-year period 1956-59, of which $275,000,000 will be for electric generating facilities, $310,000,000 for electric transmission and distribution facilities, and $15,000,000 for general plant.

The new preferred will be redeemable at prices ranging from $106½ until Nov. 1, 1964 at $102 on or after Nov. 1, 1973.

Commonwealth Edison is engaged in the production, purchase, transmission, distribution and sale of electricity. The territory served by the company and its affiliates covers approximately 11,000 square miles with an estimated population of 6,100,000, including Chicago, which has an area of about 221 square miles and an estimated population of 3,700,000. The company, at July 31, 1956, had approximately 1,873,000 customers.

For the 12 months ended July 31, 1956, gross income of the company amounted to $64,189,203 and net income to $48,830,492, equal to $2.73 per common share. This compares with gross income of $60,406,971 and net income of $46,460,734, or $2.262 per share, for the calendar year 1955.

Named Directors

Holly Corporation has announced the addition of two directors to its board to fill existing vacancies, Thomas J. Boodell and Fred W. Fairman, Jr.

Mr. Fairman is a Chicago resident partner of Bache & Co., investment brokers, and Mr. Boodell is a partner in the Chicago law firm of Nelson, Boodell & Will.

With Eastman, Dillon

CARLISLE, Pa.—Eastman Dillon, Union Securities & Co., 100 West High Street, members of the New York and other leading exchanges, announce that Cole B. Price, Jr., is now associated with them as a registered representative.

New Walston Branch

ALLENTOWN, Pa.—Walston & Co., Inc., members of the New York Stock Exchange, have opened a branch office at 842 Hamilton Street under the management of Holmes S. Gangewer. Harry McAndrew is associated with the new office as registered representative.

Continued from page 15

Investment and Growth Outlook For Highway Freight Haulers

ices take a growing slice of income and since increased output is taking the form of higher quality and additional service but not necessarily greater bulk or increased numbers. Rail carriers have felt this law of retarded transport growth which commercial truck carriers may now be facing for the first time.

(2) There appears little opportunity here for a "strike" or for any spectacular growth in earnings or dividends. Truck haulers provide a stable service with a settled technology giving promise or showing indications of no unusual development. Technological improvement in power units, now that they are dieselized, will be relatively small; improvements in trailer design have raised tonnage to the maximum loads generally permitted by highway safety codes; and improvements in terminal facilities are already available and for their further application depend chiefly upon ability of the industry to achieve the volume needed for mechanization.

In terms of such basic efficiency factors as average load carried, average trip-distance, ton-miles per car-day the record shows steady progress rounding out to a plateau level which apparently reflects what the industry can develop out of basic commercial highway transport technology within the limits of present day traffic volumes and needs. Thus the average haul which in 1953-4 averaged 241 miles was some 30% higher than the 1944-46 average; but the average nine ton load in 1953-4 was only some 7% above 1944-46 averages; while tonnage transported per power unit has fallen from war levels of peak loading and miles operated per year has increased over war levels but has remained stable since 1950 at about 55,000.

Moderate Profit Stability

The hauling service afforded by the industry competes at every stage with private carriage free from official regulation and carriage restrictions and with rail carrier competition fighting for its very life. The vigor of this competition has thus far prevented both rail and highway carriers from recouping through rate increases the great increase in operating costs and plant replacement expense of the last 15 years. Thus profit margins in the future give every promise of being as moderate as they have been in the past.

These profit margins, expressed as a percentage of operating revenues after deducting operating expenses but before non-operating items and income taxes, have run to about five cents on the dollar, both before and after the war while regulatory policy regards seven cents as target adequacy. Net profit margins for 1939-41 average about 5%, the average for the 10 postwar years through to 1955 was 4.7% with a tendency for margins to improve through to 1950 and to deteriorate since within a high-low range of 6.5% to 3.5%.

These figures are of course industry averages and reflect the operations of marginal and profitable segments of the industry. The larger firms tend to be more profitable. This may be due to a tendency for the smaller firms which, though organized in corporate form, are dominated by owner-manager interests, to take the profits which are not scheduled for reinvestment in the firm in the form of executive salaries or bonus payments rather than formal dividends. Routing earnings via executive salaries permits big tax savings. But in any case, profit margins though narrow are remunerative since capital investment runs only to a third of annual operating incomes. A five cent operating margin magnifies into a 15% return on investment.

Bargain Issue Recommended

(3) Caution would also be indicated by the fate of the some 10 underwritings which have occurred in the history of the industry. Relevant data for the seven which are reported in Standard and Poor's are set forth in Table I. The record shows that the firms are somewhat more profitable currently in terms of operating margins than the industry generally, that only one of the seven has been a flop so far as dividend payout is concerned though earnings have been moderate and a strong working capital position has been built up. Three of the companies show net operating profit margins during 1954-5 of around 8% or better. Yet only one of the flotations, Pacific Intermountain Express, has made a marked success and has emerged with a striking record of growth and profit making.

Besides these seven firms now listed in Standard and Poor's flotations are indicated elsewhere for three other concerns which have fared indifferently. As the financial manual for the industry has asserted, "market performance of the outstanding shares of motor carrier companies has not been such as to create widespread enthusiasm." We would also echo the advice which the manual offers: any new issue should be offered to the public at a price that would be "an unmistakable bargain."

V **But though guarded in access, the resources of the capital market should be made available to well-established larger firms showing a consistent record of strong management and profit performance, particularly if a firm is operating in an area in which growth through merger and consolidation is feasible leading to a more integrated pattern of operations, improvement in use of terminal facilities and in improved service offering for shippers and a more balanced traffic flow.**

The enormous number of undercapitalized pigmy undertakings in almost every region certainly creates a potential profit to be achieved in a well-designed campaign of consolidation which the ICC views in favorable terms and for which the corporate instrumentality with its public market in equity participations is the main precondition. Any increase in traffic volume would widen the possibilities for working out more balanced traffic flows and for developing more intensive use of terminal facilities while at the same time it would make available the funds for needed terminal construction or equipment acquisition. The resultant improvement in service would improve shipper following and loyalty.

SELECTED FINANCIAL DATA 1939-1955—PUBLIC CORPORATIONS IN MOTOR FREIGHT CARRIER INDUSTRY

	Public Offering Year	Price	Gross Revenues (Million $) Year of Offering	1946	1950	1954	1955	Cost/Oprtg. Ratio 1954	1955	Earnings 1953	1954	1955	Dividends 1953	1954	1955	Price 1953	1954	1955
Associated Transport	1945	$2.25	17.9	19.6	35.3	47.9	49.5	97.08%	100.43%	0.02	0.33	—.13	nil	nil	nil	5	5½	6¼
U. S. Truck Lines	1939	10.00	17.0	14.9	22.5	35.8	40.9		92.5	2.33	2.22		1.20	1.20	1.20	14	14½	14½
Pacific Intermt. Express	1947	3.20*	9.1		16.3	31.9	44.2	89.9	94.1	1.17	1.30	1.35	.55	.58	.64	8¾	13¼	17½
McLean Trucking	1952	4.50	15.1			19.5	21.0			3.45	1.29	1.93	.30	.40	.40	5¼	7	8½
Cons. Freightways	1951	6.25	28.7			37.4	36.7	95.17	96.44	1.42	1.15		.60	.60	.67½	7¼	8¼	12
Interstate Motor Freight	1950	11.75	19.7			24.7	29.0	95.43	95.42	2.41	1.81		1.10	1.00	1.00	12	11¼	13⅛
Denver-Chicago Trucking	1951	11.75	17.8			19.4	20.8	91.94	93.64	2.19	1.74		1.00	1.00	1.00	11⅝	12½	13½

*Approximate. SOURCE: Standard & Poor's and Moody's.

Forty-Fifth Annual Convention of Investment Bankers Association of America

Meeting to be held at Hollywood, Fla., during the period November 25-November 30. New slate of officers to be voted on.


Robert H. Craft


Andrew M. Baird


William S. Hughes


W. C. Jackson, Jr.


William H. Morton


W. Carroll Mead

The 1956 Annual Convention of the Association will be held at the Hollywood Beach Hotel, Hollywood, Florida, beginning on Sunday, Nov. 25, and ending on Friday, Nov. 30.

The first business session of the convention will be a Municipal Forum on Sunday afternoon. There will then be convention sessions each morning from Monday through Thursday. In addition there will be meetings of the Board of Governors and many of the national committees of the Association will hold meetings during the convention and will present their annual reports at that time. With the exception of a meeting of the incoming Board of Governors, and possibly certain committee meetings, no business sessions are planned for Friday.

In addition to President George W. Davis, the speakers at the convention will be:

J. Sinclair Armstrong, Chairman of the Securities and Exchange Commission.

Robert L. Garner, President of the International Finance Corp.

Arthur B. Homer, President of the Bethlehem Steel Corp.

Eugene E. Trefethen, Jr., Executive Vice-President of the Kaiser Industries Corp.

It is hoped very much that each member organization will impress upon its representatives the importance of attending the convention sessions.

Regular Ticket

The Board of Governors, pursuant to Article Six, Section 7, of the Constitution, will submit to the convention the Regular Ticket for 1956-57. This ticket will be voted on at the convention session on Nov. 29 and will be as follows:

For President—Robert H. Craft, The Chase Manhattan Bank, N. Y.

For Vice-Presidents — Andrew M. Baird, A. G. Becker & Co., Inc., Chicago; William S. Hughes, Wagenseller & Durst, Inc., Los Angeles; William C. Jackson, Jr., First Southwest Co., Dallas; W. Carroll Mead, Mead, Miller & Co., Baltimore; William H. Morton, W. H. Morton & Co., Inc., N. Y.

Convention Registration Fee

The registration fee for the convention will be $40 per person. It will apply to each man and woman registered for the convention with the exception noted above under "Attendance at the Convention," and with the exception of Past Presidents of the Association and their wives. Checks covering registration fees should be made payable to the Association and forwarded to its office in Washington with the form for convention registration and hotel reservations.

Hotel Arrangements

All reservations for rooms at the convention hotels should be made through the Association's office in Washington on the form for convention registration and hotel reservations.

Convention Transportation
New York Special Train

The route of the train in both directions will be Pennsylvania Railroad between New York and Washington, R. F. & P. Railroad between Washington and Richmond, Atlantic Coast Line between Richmond and Jacksonville, and Florida East Coast Railway between Jacksonville and Hollywood. It is anticipated that there will be two sections on the going trip and one on the return.

Pullman Reservations—Pullman reservations for the going trip should be made through the New York Transportation Committee, of which Avery Rockefeller, Jr., Dominick & Dominick, 14 Wall Street, New York 5, N. Y., is Chairman.

Pullman reservations for the return trip of the special train should be made at Hollywood through the railroad representatives who will be present at the Hollywood Beach Hotel during the convention. Such reservations should be arranged as promptly as possible after arrival at Hollywood.

Pittsburgh Special Car

If there are sufficient reservations, a special car will be operated via the Pennsylvania Railroad from Pittsburgh to Washington, where it will be attached to the New York special train.

Pullman reservations should be made through A. Lowrie Applegate, Hulme, Applegate & Humphrey, Inc., Union Trust Building, Pittsburgh 19, Pa.

No special car is planned for the return trip. Pittsburgh passengers may, however, travel on the New York special train to Washington and there transfer to regular trans or planes for Pittsburgh. Railroad tickets should be purchased from local ticket agents.

Chicago Special Train
Detroit-St. Louis Special Cars

A special train from Chicago to Hollywood, with special cars from Detroit and St. Louis to be attached at Cincinnati, will be operated provided there are sufficient reservations. Its route will be New York Central System from Chicago to Cincinnati, Southern Railway from Cincinnati to Jacksonville, and Florida East Coast Railway from Jacksonville to Hollywood. The route of the Detroit and St. Louis cars to Cincinnati will likewise be New York Central System.

Pullman Reservations

Chicago Special Train — Reservations for the going trip (with the exception of the Detroit and St. Louis cars, for which see below) should be made through George B. Wendt, The First National Bank of Chicago, Dearborn, Monroe & Clark Sts., Chicago 90, Illinois.

Pullman tickets will be mailed if applications are received promptly. Otherwise they may be picked up at the office of George B. Wendt prior to 5 p.m. on Friday, Nov. 23.

Detroit Special Car—Reservations for the going trip should be made through Ralph Fordon, Fordon, Aldinger & Co., Penobscot Bldg., Detroit 26, Mich. Drawing rooms, compartments and bedrooms will be available.

St. Louis Special Cars—Reservations for the going trip should be made through Harry Theis, Albert Theis & Sons, Inc., 314 N. Fourth St., St. Louis 2, Mo. Drawing rooms, compartments, and bedrooms will be available.

Return Arrangements

No special train has been scheduled for the return trip. Pullman reservations on regular trains may be made prior to departure for Hollywood—or they may be made at Hollywood through the railroad representatives who will be present at the Hollywood Beach Hotel during the convention and who have made arrangements for space on the regular trains.

Air Transportation

Special section flights, using the latest type Douglas DC-7B equipment, have been arranged between New York and Miami via Eastern Air Lines and National Airlines.

Reservations for the flights should be made through Harold H. Sherburne, Bacon, Whipple & Co., 1 Wall Street, New York 5, N. Y.

With McCormick Co.

(Special to The Financial Chronicle)

LONG BEACH, Calif. — Leo R. Albright has been added to the staff of McCormick and Company, Security Building. He was formerly with California Investors.

Calif. Investors Add

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Phillip Mael is now with California Investors, 3932 Wilshire Boulevard.

Joins E. T. Cronin

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—George T. Whitson has joined the staff of Edward T. Cronin Company, 548 South Spring Street.

Continued from page 14

News About Banks and Bankers

Carlisle, Pa. and the **Dauphin Deposit Trust Company of Harrisburg, Pa.**, was rejected on Sept. 13 by the State Banking Department, according to Associated Press advices in the Philadelphia "Inquirer" of Sept. 14 from which we also quote the following—

"Robert Myers, State Banking Secretary, said the merger was disapproved because 'there is no apparent need for the establishment of a branch . . . in Carlisle.'

"The Cumberland-Perry County Bankers Association and 15 banks opposed the merger at public hearings held by the Department.

"The Department's opinion said the merger 'would not be in the best interest of the banking public of Carlisle and of the banking structure of Cumberland County.'"

* * *

The sale of new stock to the amount of $250,000 has brought about an increase in the capital of the **Northwestern National Bank of Rochester Minn.** from $250,000 to $500,000. The enlarged capital became effective Sep. 17.

* * *

James I. Byerly and Joseph W. Lederle have been named Assistant Comptrollers of **First National Bank in St. Louis**, according to an announcement made Sept. 26 by William A. McDonnell, President. At the same time, Frank W. Gresoski was named Assistant Auditor of First National.

* * *

Plans to increase the capital of the **First National Bank of Atlanta, Ga.** have been announced in an offering to its shareholders of record Sept. 25 to subscribe to 200,000 shares (par $10 per share) of capital stock at $35 per share, at the rate of 2 new shares for each 7 shares held. Subscription rights will expire on Oct. 15. A group of underwriters is headed by The Robinson-Humphrey Co., Inc., Atlanta; Merrill Lynch, Pierce, Fenner & Beane of New York and Courts & Co., Atlanta.

* * *

As of Sept. 18 the **National Bank of Athens, Ga.** increased its capital from $100,000 to $300,000 as a result of a stock dividend of $200,000.

* * *

Plans for the development of a new bank in **Miami, Florida**, are indicated in the issuance of a charter for the **Miami National Bank** by the Comptroller of the Currency on Sept. 18. The Treasury Department circular of Sept. 24, which reports the charter's issuance, indicates that the bank's capital is fixed at $900,000, and the surplus at $1,300,000. The primary organization consists of Louis E. Goldman, at President, and D. B. Hudson as Cashier.

* * *

An addition of $250,000 to the capital of the **Longview National Bank of Longview, Texas**, by the sale of that amount of new stock, has increased the bank's capital from $750,000 to $1,000,000, effective Oct. 1.

* * *

Plans for the payment of a stock dividend and for increasing the capital and surplus of the **Republic National Bank of Dallas, Texas**, from $70,000,000 to $75,000,000, and its total capital funds, including reserves, to approximately $87,000,000, were announced on Oct. 9 by Karl Hoblitzelle, Chairman of the Board, and Fred F. Florence, President of the bank. Announcement of the planned increase followed the Oct. 9 meeting of the bank's directors, at which time is was voted to submit the proposals to the shareholders at a special meeting on Nov. 5. Simultaneously with the effective date of the proposals, The Howard Corporation and other affiliates wholly owned and held in trust for the benefit of the shareholders will pay a cash dividend of $2,000,000 to the bank. Issuance of the stock dividend and completion of the increase in capital stock will be effective upon approval by the Comptroller of the Currency.

The proposals provide for issuance of 127,500 additional shares of stock of the par $12 each, to be distributed as a stock dividend pro rata to shareholders of record on Nov. 5, at no cost to them. This stock dividend would have a present market value equivalent to approximately $7,000,000. Issuance of the stock would be on the basis of one additional share for each 20 shares outstanding. The bank's capital stock will be increased from $30,600,000 to $32,130,000 and surplus from $39,400,000 to $42,870,000. The stock dividend, being 5% of the 2,550,000 shares presently outstanding, or 127,500 shares of the par value of $12 each, will amount to an increase in the capital stock of $1,530,000. An additional $3,470,000 would be transferred from undivided profits to the surplus account. Upon completion of the increase, the bank would have 2,677,500 shares of stock outstanding.

* * *

The **Union Bank & Trust Co. of Los Angeles, Cal.**, is offering to shareholders of record Oct. 5 rights to subscribe to an additional 114,000 shares of $10 par value capital stock at $35 a share. Stockholders will be entitled to subscribe for one new share for each five held. Rights expire on Oct. 26. An investment banking syndicate headed by Blyth & Co., Inc., has agreed to purchase any unsubscribed shares from the bank. The $3,990,000 to be realized through the sale of the new shares will be added to capital funds; $1,140,000 to the capital stock account and $2,850,000 to surplus. Upon completion of the financing, the capital funds account will be: 684,000 shares of $10 par value capital stock; surplus $11,785,000 and undivided profits $1,746,128. Total capital funds will be $20,371,128 and book value per share will be $29.78.

Organized in 1914, total assets of the bank in the last ten years have grown from approximately $157,000,000 in 1946 to $321,000,000 at the end of 1955. As of Sept. 30, 1956, total resources were reported at $331,783,253.

* * *

As of Sept. 11 the Comptroller of the Currency approved a merger certificate making effective at the close of business Sept. 28 the merger of the **Farmers & Merchants National Bank of Los Angeles, Cal.**, with common stock of $9,000,000, into the **Security-First National Bank of Los Angeles**, with common stock of $50,000,000. The merger was effected under the charter and title of the **Security-First National Bank of Los Angeles.** At the effective date of the merger the latter had a capital stock of $59,000,000 in 4,720,000 shares of common stock, par $12.50 each; surplus of $59,000,000 and undivided profits of not less than $54,770,077. The latter will continue to operate the 102 branches which have already been in operation since Feb. 25, 1927.

Form Great Southern Co.

ATLANTA, Ga. — Great Southern Co. has been formed with offices at 756 West Peachtree Street, Northwest. Thomas W. Jackson is President; C. E. Waller, Vice-President; and Doris L. Waller, Secretary and Treasurer.

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The American Securities Industry And Forces Acting Upon It

ganized labor to get from the rest of the community increased wages without regard to productivity. Inflation nowadays is a more serious economic disease than ever, because a larger proportion of the population are now savers through pension funds and life insurance than ever before in our history, and the number of annuitants among us from pension plans and Social Security is constantly increasing. The market for stocks in inflationary times properly evaluates corporate earnings and dividends at a lower multiple than in times of general price stability.

Deflation is also bad; although it benefits many owners of debt at the expense of owners of property, it also creates conditions under which many borrowers can no longer meet their obligations, thereby harming owners of debt as well. Our experience with the disastrous effects of panicky deflation in the early 1930's has strongly colored all our economic activities in this country from that day to this, and now leads many responsible people to believe that a mild and continuous inflation is a desirable alternative to even the **risk** of deflation.

I've described a number of economically harmful environmental factors or trends, what are some good ones? In an overall sense anything that stimulates enterprise and invention is good. Competition in its various forms is the most powerful stimulant of all—and of course adequate rewards and incentives for risk-taking or commercial adventure are profoundly important. Sound government is good, from it flows peace, a stable price level, equitable taxation and all the other aspects of a good economic environment.

Unsoundness of Taxes

These are some of the things that financial men think about in relation to the prices of stocks and bonds, how about our thoughts in connection with our own business? In answer I think it fair to say that aside from the matter of carrying out routine transactions we think more than anything else about taxes. Our income fluctuates widely from year to year, mainly for reasons entirely beyond our control, and the punitive rates in our present highly progressive income tax structure make it extremely difficult for us to accumulate capital in the good years. We think it's unfair that because of the inherent arithmetic of progressive taxation a man earning a given amount of money over a period of years in irregular amounts must pay more taxes than a man earning the same amount in regular annual instalments—there should be some provision in the law for averaging of income. Incidentally writers, ball-players and teen-age tenors have this problem too.

Although there are many who don't agree, we also think it's basically unsound in peacetime for a situation to exist in which the energies of productive people are better rewarded by seeking means of tax avoidance than by further creative effort, and yet that's what happens when rates exceed 50%—and under this country's present tax structure rates go up to 90%. In the State of New York the combined rate of tax on the last dollar of earned income leaves only 6.3 cents.

Our Transfer Rate Tax

The foregoing comments about taxes apply, of course, with equal force to almost all small business men, and to professional men, but there is one tax that we are specially concerned with, and the harmful effects of which we are in a particularly good position to see. This is the capital gains tax. This tax is a favorite of some politicians, yet it produces relatively little revenue and is so bad in theory and so economically harmful in practice that most countries, including even socialist England, have refused to adopt it. We object to the capital gains tax because it acts as a high rate transfer tax. It is economically bad because it inhibits the mobility of venture capital. Most capital gains originate in inflation and are, therefore, illusory, but even if that were not so, it is obviously not good for a growing country to penalize capital flexibility. To illustrate this penalty, or locking-up effect, let's take the case of a man who long ago bought stock in U. S. Steel and now wants to help finance a new steel business. If his stock cost him 25 and he sells it at 65 he has 40 points of gain and may have ten points of tax liability. Thus the act of selling out causes him to incur a tax liability equal to 15% of his capital! He can avoid tax indefinitely simply by doing nothing—and yet some politicians call the capital gains tax a "loophole." We think the tax should be greatly lowered, and that provision should be made for tax-free capital transfers—this would stimulate the economy, and, by unfreezing capital would, according to the Treasury, increase revenues from the tax. It also would greatly benefit our business!

Speculators Aid Economy

I think I should now turn to some other things worth thinking about in connection with our business. The mention of the phrase "venture capital" leads me to take up the subject of speculation. "Speculation" is sometimes a bad word, yet in the broadest sense it could be said that it was speculators who built our country. Speculators bought the first stock in the Bank of the United States, which, after its formation in 1788, provided much of the financing required for early enterprises. It was speculators who long ago bought from the State of New York stock in the Erie Canal, which was so effective in accelerating the opening of the west. It was speculators from Holland and France who, lured by generous returns, bought the first securities in our railroads.

Unhappily, there have been many times in our history when the boldness, imagination and spirit of adventure, which provide the creative aspects of speculation, have been obscured by greed and the gambling fever that seems always to be latent in many parts of our population. At these times the normal price-making functioning of the securities markets and the securities business have been impaired, and invariably these periods of speculative excess have been followed by painful intervals of collapse and slow reconstruction. In this century these periods of speculative excess occurred in 1903, 1907, 1920 and 1929. Very recently, in certain sectors of our country, a rampant speculation in uranium shares was in progress. Needless to say, responsible elements in our industry have steadily fought the tipsters, the unscrupulous promoters, and others who have catered to the get-rich-quick urge. Moreover, at the present time, vigorous campaigns are in progress embodying such slogans as "investigate before you invest," "hold savings before you buy stocks" and the like.

For a long time these periods of speculative excess, or gambling mania, were looked upon in this country and abroad as unavoidable evils, and little was done to prevent their reoccurrence. However, following the near-lunacy of 1929 in securities and real estate and its bitter aftermath, we in this country took steps to see that it should not occur again. An organization was set up to regulate both the security markets themselves and the issuance of new securities. In the more than 20 years since it was set up, the Securities and Exchange Commission has functioned remarkably effectively. Its establishment was opposed by many sectors of our industry, and we have criticized parts of the laws which it administers; moreover its requirements have vastly complicated certain aspects of our business. Today, however, I think it safe to say there is no thoughtful person in our industry who would wish to go back to pre-SEC days. Parenthetically, self-regulation of the sectors of the industry which are members of organized exchanges is in many respects sterner than that imposed by government.

Having talked about some of the problems which we have faced, and having given you a general description of what we do and our relations with government, I think it is time for us to take stock of our present position, and then look at the future.

Events Shaping Our Economy

Historically I would say that the important events that have shaped the present position of the securities business in our economy are the following:

The passage of the Federal Reserve Act in 1913, which has given us a flexible credit mechanism.

The panic of 1929-32 which has given us a deep and abiding dread of deflation.

Passage of the Securities and Exchange Acts of 1933 and 1934 which provided for regulation of the exchanges and the issuance of new securities.

The 1934 Act directing the Federal Reserve Board to regulate use of credit for buying or carrying securities.

The Banking Act of the same year which removed the banks from the underwriting business (except for prime municipal credits).

The action of the New York Legislature in 1950 authorizing life insurance companies to buy stocks —thus making stocks "respectable" for even the most conservative types of investors.

The contract terms of the steel strike settlement of 1950, providing for pension funds for hourly rated workers — and creating an enormous new class of savers and indirect investors.

Amendment of the tax laws at various times to permit the issuance to corporate employees of so-called "restricted stock options," thereby giving them a direct interest in the market price of their employees' securities, plus a host of other activities which are resulting in a rapid broadening in the nation's list of holders of stocks.

As you can readily see all these developments are directly or indirectly favorable for our business and our customers, and have helped enlarge the demand for the merchandise in which we deal.

But what of the future? Here I think we had better take account of some general considerations:

The Future

To begin with, we as a nation are becoming progressively better educated. More and more emphasis is being placed on education, and this education, in turn, means a more informed and alert electorate, less subject to the blandishments of reckless politicians than in the past. Moreover, TV has provided a means by which the electroate can form its own estimate of the personal character of those seeking office. I think the high character of the two opposing candidates in next month's election is evidence of improving high level political standards. This, in turn, means that unwise and harmful government intervention in the operations of the business community as a whole, such as that which produced the depression of 1938, are less likely in the future than in the past.

Secondly, as standards of living rise in this country, an increasing proportion of our population holds a stake in its capitalist form of social organization. Directly and indirectly more people now than ever before own securities. In a social sense this increasing property ownership is a strong stabilizing factor for the long term. In an economic sense, the increasing savings habits of our people mean, I think, that the capital required to finance further increases in living standards will be forthcoming—if appropriate incentives are maintained.

In addition, one of the most powerful factors in our overall social stability, and in the ability of our population as a whole to perform well in the modern world, is our high (though admittedly not perfect) degree of social fluidity, which permits men of ability, regardless of their social origin, to rise in the world and contribute to the community as a whole the maximum of which they are capable. This is the substance of democracy, and hand-in-hand with it is what might be called the economic democracy represented by the fact that in our country, as in no other, any saver may have access, through the facilities of the securities business, to ownership in the nation's productive machinery.

Finally, we come to the overriding consideration of war and peace. War is the great destroyer of capital and of social equilibrium. Fortunately, although we are faced across the world with a deadly enemy, openly committed to destroying our form of civilization, we have on our side a number of weapons, which, if we use them properly, seem to be strong enough to assure the maintenance of peace for practical purposes for an indefinite period. The first of these weapons is the tangible demonstration of success which our country offers to the world in its working democracy, and in its high and rising standard of living. Second is our willingness, tested three times in the last 42 years, to fight, if need be, for what we consider to be morally right. Third, and most important, is our evident willingness at this moment to bear the enormous burdens imposed upon us by the twin obligations of, on one hand maintaining a large and effective military machine, and, on the other, furnishing both military and financial aid to those peoples all over the free world who need it.

These considerations of a general nature may seem to you to be high-flown, but, after all, they contribute the basic structure of confidence, and it is confidence that gives people the moral strength to resist expenditure and save, and savings are the merchandise with which we deal. Moreover, confidence is the most powerful determinant of the price which the marketplace accords to the largest sector of our merchandise, the nation's common stocks. Therefore, these considerations are eminently practical.

And now, to conclude our effort at perspective-seeking, I think I can possibly best summarize the securities industry by saying that the **merchandise** with which we deal covers the full and fascinating range of economic activity in this country and abroad, and the **people** with whom we deal constitute a broad cross-section of the country's constructive elements. To the minds of most of us who are in it, it is the most interesting business in the world.

Continued from page 5

The State of Trade and Industry

According to this trade journal, it looks as though United States steel demand will become progressively tighter through the fourth quarter and carry over into first quarter of 1957.

The situation in plates and structurals is so desperate that the mills are feeling pressure from Congressmen and other government people to do something about it. The proposed construction of a United States fleet of large oil tankers compounds the worries of plate producers, concludes "The Iron Age."

In the automotive industry last week, a 22.4% increase in production pushed cumulative assembly of the 1957 model cars to the 185,000-unit mark.

"Ward's Automotive Reports" counted 72,664 car completions for United States plants the past week, compared with 59,351 the week before. In the same period of 1955 output totaled 101,581 units.

The statistical agency cautioned, however, that new model production problems are eating a deep hole in October production schedules and thus are delaying reemployment of idled workers.

"Ward's" stated that the 184,962 new 1957 model cars produced thus far consist of 102,255 by Ford Motor Co., 40,760 by General Motors Corp., 23,652 by Chrysler Corp. and 18,295 by remaining producers.

The leading producer last week was Ford Motor Co. with nearly 29,000 car completions scheduled. General Motors Corp. was held to some 27,400 as Pontiac, Oldsmobile and Buick assembled the last of their 1956 models, ending the 1956 model year for the industry.

This week "Ward's" said, will find all car producers excepting Packard in production of the 1957 cars. The new Packards are scheduled to enter production in December.

Truck assemblies in the United States last week totaled 20,845 trucks as against 19,926, in the prior week.

Thus far in 1956 a total of 4,366,809 cars and 874,293 trucks have been produced making for a combined total of 5,241,102 units.

Steel Production Estimated to Yield 101.7% of Capacity This Week

Steelmakers are well on their way to making October a peak production month, "Steel" magazine reported on Monday of the current week. With 17 days left, 5,009,821 tons of steel have been produced. The previous top production month was last March which yielded 10,924,788 tons of steel.

Output in the week ended Oct. 14 was 11,000 tons over the preceding week's record output, 2,500,000 tons, working at 101.5% of Jan. 1 rated capacity.

The record production was made to help fill orders on the books, according to the magazine. It said everyone's watching the automobile industry for clues about the future strength of steel demand.

About 20% of the steel output normally goes to the auto industry, but its take has been light for several months. Not only would a sharply accelerated demand by the auto makers fill the gap in the steel market, but it would spur others to do protective buying.

A surge of buying by auto makers would hit lighter forms of steel, such as cold-rolled carbon sheets, a product in fairly easy supply the last several months. Heavier forms of steel, like structural shapes, plates, large bars and large sizes of seamless tubing, have been in strong demand for quite a while.

The publication said the auto industry has programmed more than 511,000 passenger cars for October—the best since April's output of 547,766. Industry talk of 1,700,000 to 1,800,000 for this quarter would require a step-up in November and December production, this trade weekly observed.

In some areas, auto companies have signified they will take as much steel as the mills have alloted them for November and December deliveries. Some have indicated they would like to have more.

Steel producers are beginning to take orders on major products for the first quarter of next year, this trade magazine declared.

It reported that the end of this month should see mills accepting first quarter tonnage, either on a month-to-month basis or for the entire quarter, depending upon the product. On some of the items in weak demand, like cold-finished carbon bars, alloy bars, certain wire products and sheet specialties, mills have been taking any first quarter orders offered.

Except for a few minor fluctuations, steel prices are steady, "Steel" magazine concluded.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 101.7% of capacity for the week beginning Oct. 15, 1956, equivalent to 2,504,000 of ingot and steel for castings as compared with 100.9% of capacity, and 2,483,000 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 100.6% and production 2,477,000 tons. A year ago the actual weekly production was placed at 2,386,000 tons or 98.9%. 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 Continued Downward Trend the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 13, 1956, was estimated at 11,300,000,000 kwh., a decrease below the week ended Oct. 6, 1956, according to the Edison Electric Institute.

This week's output fell 42,000,000 kwh. under that of the previous week; it increased 701,000,000 kwh. or 6 6% above the comparable 1955 week and 2,183,000,000 kwh. over the like week in 1954.

Car Loadings in Week Ended Oct. 6th Declined 2% Below Prior Period

Loadings of revenue freight for the week ended Oct. 6, 1956 declined 16,434 cars or 2% under the preceding week, the Association of American Railroads reports.

Loadings for the week ended Oct. 6, 1956, totaled 815,004 cars, an increase of 13,445 cars or 1.7% above the corresponding 1955 week and an increase of 112,094 cars, or 15.9% above the corresponding week in 1954.

U. S. Car Output Established Further Gains Last Week Advancing 22.4% Over Prior Week

Car output for the latest week ended Oct. 12, 1956, according to "Ward's Automotive Reports," rose 22.4% above that of the preceding week as car manufacturers turned to the construction of 1957 models.

Last week the industry assembled an estimated 72,664 cars, compared with 59,351 (revised) in the previous week. The past week's production total of cars and trucks amounted to 93,509 units, or an increase of 14,232 units ahead of the preceding week's output, states "Ward's."

Last week's car output rose above that of the previous week by 13,313 cars, while truck output advanced by 919 vehicles during the week. In the corresponding week last year 101,581 cars and 24,585 trucks were assembled.

Last week the agency reported there were 20,845 trucks made in the United States. This compared with 19,926 in the previous week and 24,585 a year ago.

Canadian output last week was placed at 4,350 cars and 1,148 trucks. In the previous week Dominion plants built 3,619 cars and 1,201 trucks and for the comparable 1955 week 3,947 cars and 665 trucks.

Business Failures Point Slightly Higher for Week and Exceed By 9% the Pre-War Level of 1939

Commercial and industrial failures increased slightly to 259 in the week ended Oct. 11 from 253 in the preceding week, Dun & Bradstreet, Inc., reports. Tolls were considerably higher than the 203 a year ago and the 152 in 1954. Casualties exceeded by 9% the pre-war level of 237 in the comparable week of 1939.

Failures with liabilities of $5,000 or more edged to 219 from 218 last week and were up noticeably from the 176 of this size a year ago. Among small failures involving liabilities under $5,000, there was an increase to 40 from 35 in the previous week and 27 in the similar week of 1955. Twenty-one of the concerns failing had liabilities in excess of $100,000 as against 23 last week.

Wholesale Food Price Index Holds to Moderate Decline of Preceding Week

Continuing the decline of the preceding period, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell to $5.97 on Oct. 9, from $6.00 one week earlier. The current level contrasts with $6.11 a year ago, or a drop of 2.3%. The 1956 high was $6.18 on June 5, while the low point was reached on Jan. 17 at $5.86.

Higher in wholesale cost last week were flour, wheat, oats, lard, butter, sugar, cottonseed oil and tea. Down in price were corn, rye, barley, beef, hams, bellies, cocoa, eggs, steers, hogs 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 Continues Mild Recession Begun a Week or More Ago

The mild recession in the general commodity price level that started a week or so ago continued into the past week. The Dun & Bradstreet daily wholesale commodity price index dipped to 294.69 on Oct. 9, from 297.29 a week earlier. At this time a year ago the index stood at 278.32.

Grain prices generally tended to weaken last week with trading slower than in recent weeks. Although wheat finished slightly higher, the prolonged drought conditions in the West and Southwest failed to bring out any active buying in the trade, and export business, which is now in the hands of the private trade, did not materialize to any extent. The Department of Agriculture reported that up to Sept. 28 Winter wheat farmers had put 4,335,555 acres of land into the Soil Bank.

Corn prices declined sharply with the lowering of premium bases on the first of the month. Weather conditions have been ideal for completing the growth of corn and soybeans, and corn picking is progressing rapidly with the crop said to be in unusually good condition.

Trading in grain and soybean futures on the Chicago Board of Trade last week slowed down to a daily average of 39,500,000 bushels from 45,100,000 the week before and 53,200,000 bushels a year ago.

Dullness continued to characterize trade in the domestic bakery flour market. Buying incentives were absent and there was little prospect of any material early expansion in demand. Shipping directions on bakery types were moderate to fair, but semolina and family flours continued to move satisfactorily.

Business in the green coffee market was slow as roasters were still working off part of the heavy inventories accumulated in September.

Coffee shipments from Brazil for the week ended last Saturday totaled 295,000 bags, of which 180,000 bags were destined for the United States.

Cocoa prices again moved downward, reflecting continued weakness in the London market and only routine interest on the part of manufacturers. Total cocoa grindings for the third quarter of this year were reported to have reached 98,431,615 pounds as compared with 92,885,278 pounds for the same period last year. Lard prices showed moderate improvement aided by a substantial recovery in vegetable oils. Domestic consumption of lard was reported quite satisfactory but export business remained only fair.

Spot cotton prices held steady through most of the past week. Factors tending to sustain values included a marked improvement in the cotton goods market and favorable loan and solid bank aspects.

Reported purchases in the 14 spot markets last week totaled 403,300 bales, somewhat less than the 454,200 bales reported in the previous week, but well above the 253,500 in the same week last year.

The Department of Agriculture estimate as of Oct. 1 placed this year's cotton yield at 13,268,000 bales. This was in line with general trade expectations. It compared with 14,721,000 bales produced last year and a 10-year average of 13,098,000 bales.

Trade Volume in Latest Week Held High and Steady and Surpassed That of a Year Ago

Consumer buying centered primarily on women's Fall and Winter apparel last week, while the call for housewares and furniture remained at the level of the previous week. Total retail sales continued high and steady and were moderately above those of a year ago.

Purchases of new and used passenger cars dipped somewhat, but dealer inventories were well below those of last year.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 1% to 5% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England +5 to +9; East +4 to +8; South +2 to +6; Middle West and Northwest +1 to +5 and Southwest and Pacific Coast —2 to +2%.

Increased purchasing of textiles, women's apparel and furniture boosted the total dollar volume of wholesale trade a week ago. Deliveries in some lines of apparel and textiles were behind schedule.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 6, 1956, increased 9% above those of the like period last year. In the preceding week, Sept. 29, 1956, an increase of 3% was reported. For the four weeks ended Oct. 6, 1956, an increase of 4% was recorded. For the period Jan. 1, 1956 to Oct. 6, 1956, a gain of 4% was registered above that of 1955.

Retail trade volume in New York City last week advanced 10% to 12% ahead of the similar week of 1955, according to trade observers. Sales were stimulated to a great degree by abnormally cool weather.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Oct. 6, 1956, increased 9% above those of the like period last year. In the preceding week, Sept. 29, 1956, an increase of 11% was recorded. For the four weeks ending Oct. 6, 1956, an increase of 10% was registered. For the period Jan. 1, 1956 to Oct. 6, 1956 the index recorded a rise of 5% above that of the corresponding period in 1955.

First National City Group Marketing Massachusetts Bonds

The First National City Bank of New York; The First National Bank of Chicago; Bankers Trust Company and The First Boston Corporation are joint managers of an underwriting syndicate which was awarded $57,600,000 Commonwealth of Massachusetts, Various Purpose Bonds, due Nov. 1, 1957 to 1996, inclusive.

The group submitted the best bid of 100.1916 for 6s and 2.90s, representing a net interest cost of 2.9298%, at the sale conducted on Oct. 17.

The bonds are being reoffered at prices scaled to yield from 1.90% to 2.95%, according to maturity.

Other members of the offering group include: Harriman Ripley & Co. Incorporated; Smith, Barney & Co.; Harris Trust and Savings Bank; Glore, Forgan & Co.; C. J. Devine & Co.; Kidder, Peabody & Co.; Drexel & Co.; L. F. Rothschild & Co.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co.; F. S. Moseley & Co.; Stone & Webster Securities Corp. - Continental Illinois National Bank and Trust Company of Chicago; The First National Bank of Portland, Oregon; Paine, Webber, Jackson & Curtis; Coffin & Burr Incorporated; Barr Brothers & Co.; Baxter, Williams & Co.; A. G. Becker & Co. Incorporated; J. C. Bradford & Co.; Braun, Bosworth & Co. Incorporated; Alex. Brown & Sons; Clark,, Dodge & Co.; Dominick & Dominick; Estabrook & Co.; Ira Haupt & Co.

Hayden, Stone & Co.; Laidlaw & Co.; Lee Higginson Corporation; The Marine Trust Company of Western New York; Reynolds & Co.; Roosevelt & Cross Incorporated; Shearson, Hammill & Co.; F. S. Smithers & Co.; Tucker Anthony & R. L. Day; Wood, Struthers & Co.; Branch Banking & Trust Co.; Heller, Bruce & Co.; King, Quirk & Co Incorporated; Spencer Trask & Co.

Gold Seal Dairy Class A Stock Offered

Offering of 200,000 shares of Gold Seal Dairy Products Corp. class A stock (10 cent par value) is being made by All States Securities Dealers, Inc. The stock is priced at $5 per share.

The proceeds from the sale will be used for general corporate purposes. It is the intention of the company to allot $150,000 for expansion of plant and warehouse facilities; $375,000 for acquisition of new companies and $66,100 for repayment of loans.

Outstanding capitalization of the company upon completion of this financing will consist of 200,-000 shares of class A stock (10 cents par value) and 365,000 shares of class B stock (10 cents par value).

Gold Seal Dairy Products Corp. and its subsidiaries are engaged in the purchase, processing and distribution of milk, ice cream, cream butter, skimmed milk powder and an increasing diversity of related dairy products.

Its area of business includes Metropolitan New York, New York State, New Jersey and Connecticut.

3 With Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert F. Casey, Ronald M. Hofman and Leland W. Scarlett are now with Samuel B. Franklin & Company, Crocker Building.

Joins Allen Inv.

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Milton J. Mastalir has joined the staff of Allen Investment Company, 1334 Pearl Street.

Railroad Securities

By GERALD D. McKEEVER

Monon Railroad

One of the smallest among the nation's railroads, the Monon does not often get into the limelight, but it has made news on two occasions within the past 12 months. First was the announcement that it would change its real name which it had borne since 1897 to its nickname and, accordingly, the former Chicago, Indianapolis & Louisville became officially the Monon Railroad on Jan. 11 of the present year. The second development was the announcement on Oct. 11 that the road's board of directors, after several weeks' study, had approved two alternative offers to exchange 5½% 50-year income debentures or a combination of the debentures and Class B common for all or part of the 343,714 shares of its $1.25 dividend preference participating common stock now outstanding.

The change in the road's name is a matter of only casual interest, but the pending exchange offer has a great deal of significance. It has therefore focused a great deal of attention on the two stock issues of the Monon, the Class A and the Class B, which sell around 22 and 20, respectively. While the offer will be made only to holders of the Class A and concerns only this issue directly, the Class B stock is also involved because of the great benefit it would receive upon entire elimination of the Class A stock. Including the tax benefit arising from the increase in fixed charges by substituting debt for the Class A stock, it is estimated that earnings on the Class B stock would be doubled or more by the elimination of the participating feature of the Class A. This stock shares equally in any balance of net income remaining after the payment of $1.25 on Class A in any year. One alternative would give each Class A share of $25 par value $35 principal value of the 5½% debentures, while the other would replace the Class A by the same $25 par value plus ¼ share of Class B. The latter would increase the outstanding Class B from 195,746 shares to 281,674 shares. It is thus too early to try to make any close estimate of Class B earnings potentialities until it is known how much of either alternative is elected and to what extent the offer is accepted in toto. Needing both ICC and stockholder approval, this will not be for some time.

A further benefit to Monon B from either substantial or complete acceptance of the offer would be the clearing away of the barrier to dividends on the "B" stock because of arrears on the Class A stock which still amounts to $2.50 per share, or a total of about $860,000. While Monon Class A stock is designated as a common stock, it has the attributes of a preferred in that its $1.25 annual dividend preference must be met before anything can be paid on the Class B together with all accumulations for prior years to the extent that these back dividends were earned in the respective years. These Class A dividends have been fully earned in each year since 1949 and therefore must be paid in full. The Class A stock also has the unusual feature for a so-called common stock of having a callable price, namely $25 per share.

Earnings on a participating basis on Monon B have averaged $2.30 per share annually for the 1949-1955 period and the average available earnings have averaged $1.30 per share annually over this same period, the latter figure being "after funds" as provided by the road's reorganization which was consummated in 1946, and the lowest figures in this period were $2.11 and $1.04, respectively. Although the results for the first eight months of the present year leave some room for doubt, it is nevertheless estimated that the 1956 full year result may be about in line with the 1949-55 average as against $2.58 net and $1.53 available for 1955. Net earnings applicable to Monon B for the first eight months of 1956 amounted to 94 cents as against $1.51 for the corresponding 1955 period and available earnings were 21 cents and 82 cents, respectively, for the 1956 and 1955 periods.

This year's less favorable results were due to the usual combination of higher wages and less than average increase in revenues as compared with 1955. The Monon, again in company with many roads, failed to carry through its outstanding growth performance of 1955 and of several preceding years in which it substantially outdistanced both the Central Eastern District and the Class I totals as to upward trend of both revenues and ton-mileage.

No discussion of the Monon situation can be called complete without giving consideration to the possibility of its merger with the Chicago & Eastern Illinois. This has not yet developed beyond the stage of generalities and probably will not be promoted by the Monon until it improves its already strong bargaining position by strengthening its capital position and clearing away the Class A arrears. The proposed exchange plan to do away with the Class A stock may be one step in this direction.

Otherwise, the Monon appears to be well situated to make a deal. While the Monon has only a slightly lower debt per mile, making due allowance for the increase of some $12.3 million in the debt of Chicago & Eastern Illinois by reason of the exchange last year of the greater part of its Class A stock for debentures, the total debt of the Monon has been steadily reduced, while that of the Chicago & Eastern Illinois has increased sharply due to the creation of equipment trust obligations. Again eliminating the $12.3 million increase in 1955 for comparative purposes, and particularly since the Monon now proposes to create a similar increase, the over-all debt of the Chicago & Eastern Illinois increased by $7.2 million between the 1949-1955 year-ends, while that of the Monon was reduced by $2.5 million. The Chicago & Eastern Illinois reduced its mortgage debt by some $300,000 in this period but showed a net increase of $7.5 million in equipment trust obligations.

In spite of this heavy outlay for equipment, the freight car fleet of the Chicago & Eastern Illinois is much older on the average than that of the Monon, and this would seem to be another bargaining point in favor of the Monon. Over 88% of the freight cars of the Monon have been installed since 1940 as against only 57% in the case of the Chicago & Eastern Illinois, and some 23% date back prior to the 20's. It is true on the other hand, that the total car ownership of the Monon is lower in proportion to its business volume, but a step toward correcting this is contemplated in the 1956 improvement budget of the road which, among other things, earmarks $1.5 million for 200 new freight cars. It is hoped to finance 80% of this outlay with the result of at least a temporary reversal in the downtrend of the senior debt total of the Monon.

Other factors in which the Monon holds superiority are in traffic density, low though it is, and in a stronger growth trend of revenues, and, in a somewhat greater degree, of gain in physical operating efficiency as measured by gross ton-miles per freight train hour. This is in spite of the fact that both roads have been completely dieselized for several years.

The 512-mile Monon and the 750-mile Chicago & Eastern Illinois are so similar in many respects that, at first glance, a merger might seem to be a "natural." Both roads extend predominantly from North to South and both depend heavily on connected traffic —about 64% in the case of the Monon and 57% for the Chicago & Eastern Illinois—based on tonage on the average for the past five years. A large source of this interchange traffic for the Monon is its former co-owners, the Southern and the Louisville & Nashville which gave up their joint control when the Monon went into bankruptcy. A further point of similarity between the two roads is that they largely parallel each other and not too distantly between Chicago (and Michigan City, in the case of the Monon) and the Ohio River, but with the Monon contributing a line to Indianapolis and the Chicago & Eastern Illinois its line to St. Louis. Possibly the service on the North-South parallel lines could be coordinated with considerable savings under unified operation.

Van Alstyne, Noel Group Offers Burndy Stk. at $10.25 a Sh.

Van Alstyne, Noel & Co. and associates are offering 225,000 shares of common stock of Burndy Corp. at $10.25 per share.

Net proceeds from the sale of these shares will be added to general funds of the company to be available for general corporate purposes. The company contemplates that substantial portions of these proceeds shall be utilized to finance expansion of manufacturing facilities and the acquisition of additional machinery and equipment for these additional facilities. The company also intends to allocate approximately $400,000 for the development of new product lines. Any excess of the proceeds will be used to provide additional working capital.

Outstanding funded debt and capitalization of the company, upon completion of this financing, will consist of $1,697,865 of funded debt and 949,405 shares of $1 par value common stock out of a total authorized issue of 2,500,000 shares.

Burndy Corp. was organized in 1924 and was a pioneer in the manufacture and supply of electrical connectors for use by electric utilities in the construction and maintenance of generating plants, transmission lines and distribution systems. Beginning with one class of electrical connectors for substation construction, activities of the company have grown to a point where it offers thousands of sizes and types of connectors, as well as the tools for installing them. The company's present scope of operations cover a wide range of customer classifications, including manufacturers of electrical appliances, electrical control equipment, electronic equipment, diesel-electric locomotives, aircraft, machine tools, automobiles and motor trucks, electrical wholesalers, electrical contractors, shipyards, paper mills and chemical plants.

Continued from first page

Are We Growing Too Fast?

weather eye out for possible heavy economic sailing ahead.

The Record Since 1938

A brief look at our economic history emphasizes the importance of attempting to keep the economic picture in perspective. Our economy is very prosperous today, measured by any normal standards. Moreover, we have enjoyed a long period of economic expansion. In fact, the general trend of production has been upward since 1938, a period of eighteen years. In that period, we have had only two relatively mild recessions—one in 1949 and the other in 1953-54.

The nation has enjoyed four similar periods of prosperity and expansion in the past century. None of them has lasted as long as the current period. Even more significant is this sober fact—each of the past periods of general growth ended in a period of over-expansion or speculation that was followed by a depression.

In making comparisons with past trends, I do not wish to suggest that history necessarily will repeat itself. Historical parallels can, of course, be quite misleading. Yet I do think that past experience justifies our being increasingly alert, as the boom continues, to any signs that our prosperity is unhealthy or out of balance. And I think that everyone concerned with investment has a special responsibility for making sure that we avoid the type of excess that contributed to business downturns in the past.

In carrying out this responsibility, all members of the financial community must try to determine whether our economy is, in fact, growing too fast. Our goal is the maximum rate of growth that the nation can sustain without generating an unhealthy and, therefore, unstable expansion. What is wanted is a balanced growth that is capable of sustaining itself. If we try to grow too rapidly, we risk a repetition of the boom and bust pattern of the past. Moreover, if our growth is unbalanced as between important segments of the economy, we may also be in for serious trouble.

There has been some evidence in the recent past that we were suffering from unbalanced growth. We moved ahead very rapidly from mid-1954 through the end of 1955, spurred on by extraordinary sales of autos and new homes as well as by inventory building on the part of business. With the benefit of hindsight, it seems clear that these fields were then expanding at a pace which could not be maintained, and that an overly generous use of credit contributed to unbalanced growth.

This year, however, we have had a substantial drop in auto production as well as in residential construction; and, fortunately, the over-all impact of these declines has been offset by a remarkable expansion in business investment, and by an increase in consumer purchases of other items. In short, we have gone through what the commentators have termed a "rolling readjustment."

Can We Sustain Balanced Growth?

Now, once again, we face the question as to whether we are experiencing the sort of balanced growth that can be sustained. Business capital expenditures are continuing their advance, and are moving onto new high ground. Government outlays are beginning to rise again, as more is scheduled to be spent on highways, schools, farm programs and defense. Spending by consumers has been increasing, too. With wages and salaries rising, and new auto models coming on the market, the prospects for consumer buying look extremely favorable.

But currently, one answer to the question of whether we are growing too fast revolves around our ability to meet all these demands without generating an inflationary movement. The increasing demands on the part of consumers, business and government come at a time when our economy is operating at close to capacity. Employment is at a record level of about 67 million, so there is little leeway to expand production by putting more people to work. Output of many basic materials is pressing against capacity. Thus, it will be more and more difficult to increase the supply of goods and services to satisfy rising demand.

The situation is complicated by the fact that, in a number of industries, wage and salary payments have been advancing more rapidly than the increase in output per man-hour. Experience shows that whenever this happens, prices of industrial products tend to rise. In the long run, industry must raise prices if the cost of labor per unit of output is increased.

Industrial Prices Increased 4%

This is precisely what has been happening in the past year. Industrial prices have been rising as wage rates have advanced faster than productivity. The average of industrial prices has increased 4% in the past 12 months. Until recently, the cost of living had exhibited greater stability because of a decline in farm prices. However, farm prices have now moved up 8% from their low last December. As a result, the cost of living has climbed 2% since the spring of this year.

It would appear then that we have reached a point where we stand on the verge of trying to grow too fast, if indeed we have not already started. The behavior of prices certainly sounds a sharp warning note. If business were to try to spend more on inventories and capital expansion, if consumers should spend more on autos and other items, and if government tries to spend more on defense, roads and other programs, we certainly will run the risk of over-taxing our economic resources.

Under the circumstances, there is much to be said for the Federal Reserve's policy of credit restraint. Painful though it may be in many respects, the alternative is even more painful. With today's conditions, easy credit might well lead to heavy speculation and over-expansion — distortions that could only be squeezed out through the wringer of a depression.

On the other hand, if we are successful in containing the over-all forces of inflation in the period immediately ahead, we shall have made a very substantial contribution toward keeping our economic growth on a sound basis. But the problem is not only one of maintaining an over-all stability in the sense that we avoid inflation, it is also one of maintaining an appropriate balance between the growth in key sectors of our economy.

Dramatic Business Capital Investment

Today, this question of balanced growth is posed most sharply in the crucial area of business capital investment. Business expenditures for new plant and equipment have been climbing steadily. The current rate of spending—$46 billion for all business—represents a 25% increase in 18 months. This dramatic rise in investment brings up the very important question of whether we are expanding our capacity too rapidly—whether, in effect, we are beginning to build too far ahead of the market.

Business capital investment is one of the most significant spark plugs to economic growth. It is by putting to use more capital that we have been able to multiply the efficiency of our production and thus raise living standards. At the same time, business investment has in past been one of the most unstable elements in our economy. The traditional pattern has been for business investment to move ahead with great vigor in good years, only to be cut back very sharply when the business curve turned down.

Happily, the postwar record shows definite signs of greater stability in this crucial area. One of the reasons the recessions of 1949 and 1953-54 turned out to be relatively mild, is that the declines in business-spending on plant and equipment were relatively moderate and short-lived. The fact that more and more companies are drawing up investment plans, which are geared to the long-term growth of the economy rather than to short-term ups and downs in business, is an important reason for this greater stability in our investment pattern.

However, the immediate problem is not instability which is threatening a decline. It is, on the contrary, a question as to whether we may not be trying to invest too much—to build ahead our capacity to a point where we shall later have to stop short and wait for demand to catch up. In trying to arrive at some judgment on this important matter, it is useful to compare the current level of business investment with trends in the past.

Comparing Past and Present Investment Trends

First, consider the relationship between business investment and the nation's total production of goods and services, that is, the Gross National Product. On the average since the turn of the century, the United States has invested about 9% of its total production in new plants and equipment. If you rule out the years of the great depression when investment was abnormally low, the rate is 9½%.

At present, the ratio of business capital investment to Gross National Product works out to slightly more than 11%. By this method of measurement, then, the current rate of investment is somewhat above its long-term relationship to our total national production, but not drastically so.

Still another way to look at this question of whether capital investment is too high is to see how rapidly our productive capacity is expanding. A considerable part of the money business spends each year on new plant and equipment goes for replacement and modernization, rather than for expansion. Currently, replacement accounts for about 39% of the total and expansion for 61%. As our industrial machine grows, the amount that has to be spent to replace worn-out and obsolete facilities, of course, increases.

On an over-all basis, then, we will add about $28 billion to the value of all business plant and equipment during 1956. Since we had the huge total of $725 billion invested in productive capacity at the beginning of the year, current expenditures for expansion will increase our capacity by 4% this year.

In the postwar period, the nation's total production of goods and services has been rising at an average rate of 4% per year. Thus, on an over-all basis, the current rate of increase in productive capacity seems in line with the nation's needs.

Rapid Expansion Aided by Rolling Adjustments

Notwithstanding this over-all balance, it does seem clear that a number of major industries are in the middle of expansion programs that will raise their own capacity at a rate faster than their sales can be expected to grow in the near future. In some cases, this may be a catching-up process, but in others companies may be trying to build today the capacity they think they will need to meet the requirements set by growing markets in the years ahead. For example, the McGraw-Hill survey of business investment plans for 1956 showed that the manufacturing companies surveyed planned to increase their capacity by 8%. That is well above even the most optimistic estimate of the average long-term growth in sales. Expansion plans are known to be particularly large in relation to the past growth in sales in such major fields as steel, automobiles, machinery and paper.

But, the fact that a number of industries are expanding rapidly is not necessarily a sign that in itself points to trouble ahead. In the very nature of our economy, growth seldom takes place in all industries at an even pace. As a matter of fact, experience since the end of World War II shows that there have been waves of expansion in such key industries as autos, steel, non-ferrous metals and chemicals, followed by periods of consolidation. Fortunately, the timing of these periods of growth and consolidation in individual industries has not coincided. In other words, some industries have been expanding their capacity while others were cutting back investment expenditures. In this manner, we have had "rolling adjustments" in the investment field as well as in the economy generally.

Avoid Bunching in 1957

Our economy can adjust to the shifting expansion requirements of different industries if we can avoid a "bunching" of periods of very rapid growth in individual industries and if, at the same time, we can keep the over-all growth of our economy on a sound footing. Nevertheless, the very large increase in capacity currently being developed in certain of our leading industries does cause one to wonder whether we may not be trying to grow too fast in certain lines. Certainly, a further acceleration of the rate of expansion in 1957 might well be questioned on grounds that it **would** represent the sort of "bunching" of growth that could lead to very difficult adjustments for the economy as a whole.

Before passing judgment on the current level of business investment, however, it seems to me that we need to consider two other very fundamental questions. In a sense they are interrelated, yet it is useful to look at each one separately. The first question is: "Can we expect consumer demand to rise rapidly enough to absorb the output of the new capacity that is now being installed?" And the second question: "Is investment now beginning to outrun the nation's savings?"

To a considerable extent, a high level of business investment automatically lays the basis for the heavier consumer demand required to make the investment pay out. This is so because a high level of investment tends to increase output per man-hour, or productivity, thereby lowering unit costs, making it possible to increase wages without pushing up prices. When output per man-hour is rising, therefore, consumer purchasing power expands. Even after adjustment for higher prices caused by inflation, consumer purchasing power has gone up by more than 50% in the past 10 years, a rise of slightly more than 4% per year. Thus, in the recent past, consumer demand has fully matched the 4% increase in industry's capacity to produce and the 4% annual rise in the economy's total production.

Will Consumer Demand Continue?

But, will consumer demand **continue** to rise this rapidly? It seems to me that the effort so many businesses are making these days to expand capacity by increasing efficiency, thus reducing costs, is a favorable straw in the wind. When so many businessmen envisage a continued rise in their sales and are straining their resources to make that vision a reality, there are powerful forces at work to keep markets growing rapidly. The traditional American genius for effective salesmanship is one of these powerful influences.

Another such influence is the fabulous growth in expenditures for research and development. This year American industry is spending $5½ billion to develop new and better products—that is something like 20 times the amount spent each year during the 1930's. Research may well be our secret weapon against business downturns in that it could produce a flow of new and attractive products at a rate that could keep consumer markets expanding. The development of color television, home air-conditioning, and the host of improvements in automobiles, are examples of how research and development can operate to keep particular markets in an expanding phase.

In addition to these factors, consumer markets are under the influence of the upward pressures exerted by our recent and amazing population growth and by the even more dramatic shift in income patterns. In the past five years, the number of families in the middle income market has grown 36%, while the number of all families has increased only 5%. It is significant that a very high proportion of the increase in business capital investment can be traced directly to the ability of more and more families to afford new automobiles, new homes and other items that make for a richer life.

Considering all these factors, it seems to me that the evidence fails to support those who take a pessimistic view of our ability to expand consumption. If we can continue to increase the productivity of our economy and thus raise consumer purchasing power, the growth of this vast middle-income market can be sustained. The maintenance of recent trends in over-all purchasing power, and its heavy concentration in the hands of families with incomes of $4,000 to $10,000, could produce a most striking rise in our ability to consume the products industry is planning to turn out in larger volume.

Can We Save Enough?

Now, let us ask, "Can our economy also continue to save enough to support the very high level of investment now underway?" This is a second fundamental question that is relevant in reaching a judgment as to whether we are trying to grow too fast. In exploring this question, it is necessary to look not only at business investment, but also at consumer investment. To achieve a balanced growth, our savings must support both our investment in business plant and equipment and our investment in capital equipment for consumer use. Actually, consumer investment in automobiles, new homes and other durable goods is about as large in absolute volume as business investment. Hence, variations in investment by consumers can affect general business activity fully as much as ups and downs in business spending.

Consumer investment can also have a very heavy impact on the market for investment funds. During 1955, consumers invested $52 billion in houses, autos and other durable goods. In doing so, consumers went further into debt to the huge total of $18 billion. This means that 35% of consumer investment during 1955 was financed by a net increase in outstanding debt.

Consumer Debt

It seems clear that during 1955 consumer debt was rising at a rate that could not be sustained. We could not go on for long expanding mortgage debt by 17% per year, and installment debt by 20% per year. To do so, would have meant keeping some of our most important industries — and specifically housing and autos—under forced draft. We would be growing too fast.

Fortunately, the increase in consumer debt has slowed this year. Recently it has risen at a rate of 5%, at a time when consumer income also rose 5%. Moreover, the over-all financial position of consumers still seems remarkably sound. The total of mortgage and other consumer debt amounts to only 37% of today's value of the homes, autos and other durable goods owned by consumers. Fully 60% of all families spend less than one-fifth of their income on the so-called contractual payments; that is, on rent or mortgage payments, installment payments and the like. Only 11% of our families spend 40% or more of their current income on these payments. This is the group where such payments constitute a substantial drain on the family budget. It is fortunate that only about one family in 10 falls in this group, but it would be healthier to reduce the number still further.

Keep From Growing Too Rapidly

Nevertheless, it seems clear that it isn't the absolute level of mortgage debt or of installment debt that is a source of widespread concern today. If our economy can continue its rapid economic progress, there would seem to be no reason why mortgage and installment debt should not also continue to grow moderately in the years ahead. Our problem is to keep it from growing too rapidly, as it did during 1955.

Actually, consumers have made a considerable contribution to general economic stability in the past year. The decline in new housing and in automobile purchases has helped make room for the rise in business investment. If you look at the grand total of our investment—that is, at both business and consumer investment —the current rate is about $6 billion higher than the 1955 average. It would have gone up far more had consumers continued to buy houses and automobiles at the rate they did in 1955.

In the same period, savings have also increased by about $6 billion. This has been due in good measure to a rise in the rate of personal savings from 6% of income after taxes in 1955 to around 7½% now. In addition, depreciation allowances have grown and the Federal Government is running a larger cash surplus. Both of these developments can help supply funds to support current investment.

In over-all terms, therefore, the rise in the dollar amount of savings has about matched the increase in investment. That a reasonable balance has been held is due in large measure to the Federal Reserve's policy of restraint. If we had had easy credit during the past year, the demand for investment funds would undoubtedly have increased much more rapidly than the community's savings, thereby making it much more difficult to contain inflation.

To my mind, the period immediately ahead promises to be one of the most interesting and important in the nation's economic history. We are undergoing a major test of our ability to keep our economy prosperous without the artificial stimulus of inflation. In other words, our problem is to keep the economy growing but, at the same time, keep it from growing too rapidly.

Performance Warrants Cautious Optimism

Our performance so far seems to me to warrant cautious optimism. In the past year, we have successfully negotiated an adjustment in the fields of mortgage and installment debt. We have achieved a level of capital expenditures on the part of business that is fully large enough to support a continued growth in the capacity and efficiency of our productive machine. And we have national economic policies—particularly in the monetary and fiscal fields—that are designed to held hold our over-all growth to a sustainable pace as well as to keep it balanced.

All of us in the financial community must shoulder a heavy responsibility if we are to help keep the economy's growth on a sound and balanced basis. When the demand for investment funds threatens to outrun the supply generated by the community's savings, it is up to insurance companies, banks and other lending institutions to make sure that funds are reserved for the most productive and least inflationary uses. At all times, lenders have a vital responsibility in establishing and maintaining sound standards of lending, a responsibility which must be exercised both in their own interest and in the interest of borrowers.

Challenge to Financial Community

As I mentioned earlier, our history shows that each period of extended prosperity during the past century has ended in a period of over-expansion or speculation followed by a depression. The challenge we in the financial community now face is to make sure that in this case history does not repeat itself. Our chance of success will be greater if we continue to maintain the highest standards of quality in our lending and investing operation.

If we can maintain moderate growth without a speculative spurt, I believe we can make a very considerable contribution to the future prosperity and growth of our economy. For, if we can avoid the excesses that tend to make us grow too fast, particularly the excesses born of a too-generous use of credit, we multiply many times the chances that we can continue to grow at a solid rate without either inflation or deflation.

With wisdom and restraint, we will be able, a few years from now, to look back at this period with satisfaction, in that we went through a time of major stress with success—that we did not allow ourselves to grow too fast.

Two With Federated Plans

ORLANDO, Fla. — Edward S. Dailey and Thomas A. Ford have joined the staff of Federated Plans, Inc., 509 Magnolia Avenue.

Forms Capital Sec. Co.

LONG ISLAND CITY, N. Y.— Joseph B. Mule is engaging in a securities business under the firm name of Capital Security Co. from offices at 23-12 31st Avenue.

D. J. Risser Branch

FT. LAUDERDALE, Fla.—D. J. Risser Co. of Peoria has opened a branch office at 1513 Northeast 26th Street.

With John J. O'Brien

(Special to The Financial Chronicle)

CHICAGO, Ill.—John C. Stewart is now connected with John J. O'Brien & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was formerly with Hayden, Stone & Co.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ ACF-Wrigley Stores, Inc. (10/29-31)
Oct. 9 filed $4,000,000 of convertible subordinated sinking fund debentures due April 30, 1972. **Price**—At par. **Proceeds** — From sale of debentures, together with $5,000,000 from private sale of 4¾% 15-year notes, to be used to repay about $8,000,000 of short-term bank loans and for general corporate purposes. **Underwriter**—Allen & Co., New York.

★ Allied Stores Corp. (11/1)
Oct. 11 filed $15,000,000 of 20-year sinking fund debentures due 1976. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Lehman Brothers, New York.

● American Discount Co. of Georgia (10/25)
Oct. 3 filed $1,000,000 of 20-year capital debentures, 5.75% series of 1956, due Nov. 1, 1976. **Price**—At par (in units of $1,000 each). **Proceeds**—For working capital. **Underwriters** — Interstate Securities Corp., Charlotte, N. C.; Johnson, Lane, Space & Co., Savannah, Ga.; and A. M. Law & Co., Inc., Spartanburg, S. C.

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 & Foreign Power Co., Inc. (10/31)
Oct. 5 filed 185,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To Electric Bond & Share Co., which will continue to hold 3,856,985 shares, 53.4% of the total outstanding Foreign Power stock. **Underwriters**—Lazard Freres & Co. and The First Boston Corp., both of New York.

● American Petrofina, Inc., New York
Sept. 26 filed 1,049,093 shares of class A common stock (par $1), of which 50,000 shares are being offered to directors, officers and employees and the remaining 999,093 shares are being 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**—$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 Reserve Oil & Mining Corp.
Oct. 8 (letter of notification) 300,0000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil and gas properties. **Office**—139 North Virginia St., Reno, Nev. **Underwriter**—None.

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 indefinitely.

★ Ansul Chemical Co. (10/19-22)
Oct. 5 (letter of notification) 12,000 shares of common stock (par $3). **Price**—$25 per share. **Proceeds** — For capital expenditures and working capital. **Office**—Stanton St., Marinette, Wis. **Underwriter** — Paine, Webber, Jackson & Curtis, Milwaukee, Wis.

Ashtabula Telephone Co.
Sept. 5 (letter of notification) 10,000 shares of common stock (par $25) being offered to stockholders of record Sept. 20 on the basis of one new share for each five shares held (with an oversubscription privilege); rights to expire on Oct. 31. **Proceeds**—For general corporate purposes. **Office** — 4616 Park Ave., Ashtabula, Ohio. **Underwriter**—None.

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.

★ Beckjord Manufacturing Corp.
Oct. 12 (letter of notification) $50,000 of series A 6% debenture bonds, $50,000 of series B 6% debenture bonds and 207,500 shares of common stock (par 10 cents) to be offered in units as follows: 100 "A" units (each consisting of a $500 "A" bond and 50 shares of stock); 100 "B" units (each consisting of a $500 "B" bond and 50 shares of stock); and 1,975 "C" units (each consisting of 100 shares of stock). **Price**: Of series "A" and "B" units, $500 each; and of series "C" units, $100 each. **Proceeds**—To acquire or lease plant; for dies and machinery; production equipment and materials; inventory; and working capital. **Business**—Manufactures "Unit-Inch" electric convector heaters. **Office**—7 West Water Street, Toms River, N. J. **Underwriter**—Berry & Co., Newark, N. J.

● Beneficial Standard Life Insurance Co. (10/24)
Oct. 4 filed 290,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — Lehman Brothers, New York.

Bentonite Corp. of America
June 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For mining expenses. **Office**—290 N. University Ave., Provo, Utah. **Underwriter**—Thomas Loop Co., New Orleans, La.

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.

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.

● Bucyrus-Erie Co.
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**—$42 per share. **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.

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**—To be received up to 10:30 a.m. (CDT) on Oct. 23.

Century Controls Corp., Farmnigdale, 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. **Offering** — Expected in November.

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 Controls Corp.
Oct. 4 (letter of notification) $150,000 of 6% subordinate convertible debentures. **Price**—90% of principal amount (in denominations of $100 each). **Proceeds** — To pay notes payable, reduce accounts payable and to pay other current liabilities; also for working capital. **Office**—Allen Boulevard, Farmingdale, L. I., N. Y. **Underwriter**—None.

● Century Food Markets Co. (10/22-24)
Aug. 30 filed $2,000,000 of 6% 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. (10/29-30)
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), being offered for subscription by stockholders of record July 31 at rate of one new share for each 25 shares held; rights to expire on or about Oct. 24. **Price**—$17 per share. **Proceeds**—For working capital, etc. **Underwriter**—The Matthew Corp., Washington, D. C.

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. **Offering**—Postponed.

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 up to 11 a.m. (EDT) 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.

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. Rainier, 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.

★ **Dodge Manufacturing Corp., Mishawaka, Ind. (11/5-9)**
Oct. 15 filed not to exceed 72,000 shares of cumulative convertible preferred stock (no par value). **Price**—To provide a net to the company of approximately $2,000,000. **Proceeds**—For expansion and working capital. **Underwriter**—Central Republic Co. Inc., Chicago, Ill.

NEW-ISSUE CALENDAR

October 18 (Thursday)
Minneapolis, St. Paul & Sault Ste. Marie RR. ---- **Equip. Trust Ctfs.**
(Bids noon CST) $2,640,000

October 19 (Friday)
Ansul Chemical Co. ---- **Common**
(Paine, Webber, Jackson & Curtis) $50.,000
Standard Pressed Steel Co. ---- **Common**
(Kidder, Peabody & Co.) 25,800 shares

October 22 (Monday)
Century Food Markets Co. ---- **Debentures & Com.**
(H. M. Byllesby & Co., Inc.) $2,000,000 of debentures and 40,000 shares of stock
International Bank of Washington, D. C. ---- **Ctfs.**
(Johnston, Lemon & Co.) $1,000,000
Loyal American Life Insurance Co., Inc. ---- **Common**
(Offering to stockholders—to be underwritten by J. H. Goddard & Co., Inc. and Thornton, Mohr & Farish) 230,000 shares

October 23 (Tuesday)
Central Illinois Public Service Co. ---- **Common**
(Bids 10:30 CDT) 170,000 shares
Consolidated Edison Co. of New York, Inc. ---- **Bonds**
(Bids 11 a.m. EDT) $40,000,000
Hawaii (Territory of) ---- **Bonds**
(Bids 10 a.m. EDT) $12,000,000

October 24 (Wednesday)
Beneficial Standard Life Insurance Co. ---- **Common**
(Lehman Brothers) 2:0,000 shares
Central of Georgia Ry. ---- **Equip. Trust Ctfs.**
(Bids noon EDT) $840,000
Houston Natural Gas Corp. ---- **Preference**
(The First Boston Corp.) $10,000,000
National Steel Corp. ---- **Bonds**
(Kuhn, Loeb & Co.; The First Boston Corp.; and Harriman Ripley & Co. Inc.) $55,000,000
TEMCO Aircraft Corp. ---- **Debentures**
(A. C. Allyn & Co. Inc. and Keith Reed & Co.) $5,000,000

October 25 (Thursday)
American Discount Co. of Georgia ---- **Debentures**
(Interstate Securities Corp.; Johnson, Lane, Space & Co.; and A. M. Law & Co., Inc.) $1,000,000
Holiday Oil & Gas Corp. ---- **Common**
(Whitehall Securities Corp.) $1,500,000
Lithium Developments, Inc. ---- **Common**
(George A. Searight) $600,000
Underwood Corp. ---- **Debentures**
(Lehman Brothers) $5,000,000

October 29 (Monday)
ACF-Wrigley Stores, Inc. ---- **Debentures**
(Allen & Co.) $4,000,000
Christiana Oil Corp. ---- **Common**
(Laird & Co. Corp. and Model, Roland & Stone) 400,000 shares
Hartfield Stores, Inc. ---- **Common**
(Van Alstyne, Noel & Co. and Johnston, Lemon & Co.) $2,160,000
Miami Window Corp. ---- **Debentures & Common**
(Arthur M. Krensky & Co., Inc.) $1,125,000
Standard Register Co. ---- **Common**
(Merrill Lynch, Pierce Fenner & Beane) 300,000 shares
United Cuban Oil, Inc. ---- **Common**
(S. D. Fuller & Co.) $1,250,000

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
Pacific Lighting Corp. ---- **Preferred**
(Blyth & Co., Inc.) $20,000,000
Schick, Inc. ---- **Common**
(Merrill Lynch, Pierce, Fenner & Beane and Hayden, Stone & Co.) 500,000 shares

October 31 (Wednesday)
American & Foreign Power Co., Inc. ---- **Common**
(Lazard Freres & Co. and The First Boston Corp.) 185,000 shares
Freiberg Mahogany Co. ---- **Debentures & Common**
(Howard, Weil, Labouisse, Friedrichs & Co., Rauscher, Pierce & Co., Inc.; and Russ & Co.) $1,500,000 of debentures and 450,000 shares of stock
Los Angeles Drug Co. ---- **Debentures**
(Quincy Cass Associates) $500,000
Quebec Hydro-Electric Commission ---- **Debentures**
(The First Boston Corp. and A. E. Ames & Co., Inc.) $35,000,000
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)
Allied Stores Corp. ---- **Debentures**
(Lehman Brothers) $15,000,000
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 5 (Monday)
Dodge Manufacturing Corp. ---- **Preferred**
(Central Republic Co. Inc.) 72,000 shares
National City Bank of Cleveland ---- **Common**
(Offering to stockholders—to be underwritten by Merrill, Turben & Co., Inc.) $5,000,000

November 7 (Wednesday)
Peerless Life Insurance Co. ---- **Common**
(Newburg & Co.) $287,500

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
Eversweet, Inc. ---- **Common**
(Burton J. Vincent & Co.) 100,000 shares

November 14 (Wednesday)
Public Service Electric & Gas Co. ---- **Bonds**
(Bids 11 a.m. EST) $50,000,000
Sierra Pacific Power Co. ---- **Bonds**
(Bids 11 a.m. EST) $3,000,000

November 15 (Thursday)
Lucky Stores, Inc. ---- **Common**
(Offering to stockholders of Foremost Dairies, Inc—underwritten by Allen & Co. and Dean Witter & Co.) 650,000 shares
Sinclair Oil Corp. ---- **Debentures**
(Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane) about $165,000,000

November 16 (Friday)
Chase Manhattan Bank ---- **Common**
(Offering to stockholders—to be underwritten) $1,000,000 shares

November 20 (Tuesday)
Texas Power & Light Co. ---- **Bonds**
(Bids to be invited) $10,000,000

November 27 (Tuesday)
Carolina Power & Light Co. ---- **Bonds**
(Bids to be invited) $15,000,000

December 3 (Monday)
Dallas Power & Light Co. ---- **Bonds**
(Bids to be invited) between $12,500,000 and $15,000,000

December 4 (Tuesday)
Michigan Bell Telephone Co. ---- **Debentures**
(Bids to be invited) $30,000,000

December 10 (Monday)
Texas Eastern Transmission Corp. ---- **Debentures**
(Dillon, Read & Co. Inc.) $40,000,000

December 11 (Tuesday)
Florida Power & Light Co. ---- **Bonds**
(Bids to be invited) between $15,000,000 and $20,000,000

January 8, 1957 (Tuesday)
New England Tel. & Tel. Co. ---- **Debentures**
(Bids to be invited) $35,000,000

January 15, 1957 (Tuesday)
Louisiana Power & Light Co. ---- **Bonds**
(Bids to be invited) about $20,000,000

Douglas Corp., Fort Collins, Colo.
July 27 filed 4,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For exploration, development and acquisition of properties and for working capital. **Underwriter**—Columbia Securities Co., Denver, Colo.

Dow Chemical Co., Midland, Mich.
Aug. 27 filed 150,000 shares of common stock (par $5) to be offered for subscription by employees of the company and certain subsidiaries and associated companies. Subscriptions will be received by the company Oct. 1 through Oct. 26. **Price**—$60 per share. **Proceeds**—For expansion, etc. **Underwriter**—None.

Eastern-Northern Explorations, Ltd.
June 4 (regulation "D") 500,000 shares of common stock (par $1). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—Foster-Mann, Inc., New York.

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.

Excelsior Insurance Co. of New York
Oct. 3 (letter of notification) 25,000 shares of common stock (par $6) to be offered for subscription by stockholders of record Oct. 10, 1956 at the rate of one new share for each seven shares held; rights expire on Nov. 15, 1956. **Price**—$10 per share. **Proceeds**—For working capital. **Office** — 123 Erie Boulevard East, Syracuse, N. Y. **Underwriter**—None.

Federal Manufacturing & Engineering Corp.
Oct. 1 (letter of notification) 198,900 shares of class B capital stock to be offered for subscription by stockholders on the basis of 85 shares for every 100 shares of class A stock held; rights to expire 30 days after date of offering. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Office**—1055 Stewart Ave., Garden City, N. Y. **Underwriter**—None.

★ **Financial Industrial Fund, Inc., Denver, Colo.**
Oct. 10 filed (by amendment) an additional 62,500 Systematic (period payment) Investment Plans, aggregating $75,000,000, and 12,000 Cumulative (fully-paid) Investment Certificates, aggregating $12,000,000.

★ **Florida Fiber Processors, Inc.**
Oct. 8 (letter of notification) 399 shares of common stock (no par). **Price**—$500 per share. **Proceeds**—To purchase or lease building; for machinery and equipment, and for working capital, etc. **Office**—Newburgh, N. Y. **Underwriter**—None.

Food Mart, Inc., El Paso, Texas
Sept. 18 filed 90,337 shares of common stock (par $2) being 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** — $17.50 per share. **Proceeds** — For expansion, equipment and working capital. **Underwriter**—Shearson, Hammill & Co., New York.

★ **Freiberg Mahogany Co. (10/31)**
Oct. 11 filed $2,000,000 of subordinated debentures due 1971 and 450,000 shares of common stock (par 10 cents), of which $1,500,000 of debentures and all of the stock are to be offered publicly in units of $500 of debentures and 150 shares of stock; the remaining $500,000 of debentures to be sold to Texas Industries, Inc., which owns about 75% of Freiberg's outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units to retire short-term loans and for working capital, etc., and from sale of debentures to Texas Industries to retire a subordinated promissory note payable to the latter firm. **Office**—New Orleans, La. **Underwriters**—Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.; Rauscher, Pierce & Co., Inc., Dallas, Texas; and Russ & Co., Inc., San Antonio, Texas.

Genco Oil Co., Inc.
Aug. 24 (letter of notification) 55,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For oil development expenses. **Office** — 1907 Broadway Ave., Scottsbluff, Neb. **Underwriter** — Edward C. Colling, Scottsbluff, Neb.

General Credit, Inc., Washington, D. C.
Aug. 17 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working captal. **Underwriter** — None named. Offering to be made through selected dealers.

General Tire & Rubber Co., Akron, Ohio
July 27 filed 26,068 shares of $5 cumulative preference stock (par $100) to be offered in exchange for common stock and 6% promissory notes of Carlon Products Corp. The exchange offer will be subject to acceptance by owners of all of the outstanding $1,060,000 notes and by not less than 39,400 of the 68,837 shares of Carlon stock. **Underwriter**—None.

General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

Gold 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

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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.

★ Great Basin Uranium Corp.
Sept. 28 (letter of notification) 600,000 shares of common stock (par $1). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—25 Fremont St., Las Vegas, Nev. **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.

● Hartfield Stores, Inc. (10/29-11/2)
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) being offered for subscription by common stockholders at rate of one new share for each 10 shares held as of Oct. 1; rights to expire on Nov. 5. **Price**—$20 per share. **Proceeds**—For plant expansion program. **Underwriter**—None.

● Holiday Oil & Gas Corp. (10/25)
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.

★ Incorporated Investors, Boston, Mass.
Oct. 11 filed (by amendment) 2,400,000 additional shares of common stock. **Price** — At market. **Proceeds**—For investment.

★ Indian Valley Chemical Co.
Oct. 8 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Office**—400 Montgomey St., San Francisco 4, Calif. **Undewriter**—None.

International Bank of Washington, D. C. (10/22-26)
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.

Jacobs (F. L.) Co.
Oct. 4 filed $3,000,000 of 6% convertible debentures due Nov. 1, 1966. **Price**—100% of principal amount. **Proceeds**—To pay short-term loans and for working capital. **Underwriters**—McLaughlin, Cryan & Co. and Gearhart & Otis, Inc., both of New York.

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.

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.

★ Lenahan Aluminum Window Corp.
Oct. 9 (letter of notification) 150,000 shares of common stock (par 50 cents) to be offered to stockholders. **Price**—$2 per share. **Proceeds**—For purchase of and installation of an extrusion press and working capital. **Office**—1612 E. 8th St., Jacksonville, Fla. **Underwriter**—None.

★ Life Insurance Co. of South Carolina
Oct. 15 filed 339,600 shares of common stock (no par) to be offered for subscription by stockholders of record Sept. 12, 1956 at the rate of two shares of new stock for each share held. **Price**—To stockholders, $10 per share; and to public, $15 per share. **Proceeds**—For expansion and working capital. **Underwriter**—None. Public offering will be made by employees of the company and qualified licensed dealers.

Lincoln Telephone & Telegraph Co.
Oct. 1 (letter of notification) 6,653 shares of common stock (par $16⅔) to be offered to common stockholders of record Sept. 17, 1956 on the basis of one new share for each 30 shares held. **Price**—$40 per share. **Proceeds**—For working capital, etc. **Office**—1342 M St., Lincoln, Neb. **Underwriter**—None.

● Lithium Developments, Inc. (10/25)
June 21 filed 600,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration and development and other general corporate purposes. **Office**—Cleveland, Ohio. **Underwriter**—George A. Searight, New York City.

Lorain Telephone Co.
Oct. 1 (letter of notification) 4,994 shares of common stock (no par) to be offered to stockholders on the basis of one share for each 20 shares now held. **Price**—$25 per share. **Proceeds**—To reimburse company for additions to property in Ohio and for other corporate purposes. **Office**—203 West Ninth St., Lorain, Ohio. **Underwriter**—None.

★ Los Angeles Drug Co. (10/31)
Oct. 11 filed $500,000 of 6% convertible subordinated debentures due Aug. 1, 1971. **Price**—At par (indenominations of $500 and $1,000 each). **Proceeds**—For equipment, inventory and working capital. **Underwriter**—Quincy Cass Associates, Los Angeles, Calif.

● Loyal American Life Insurance Co., Inc. (10/22)
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.

★ Lucky Stores, Inc., San Leandro, Calif. (11/15)
Oct. 11 filed 630,000 shares of common stock (par $1.25) to be offered for subscription by common stockholders of Foremost Dairies, Inc., in the ratio of one Lucky Stores share for each 12½ shares of Foremost common stock held. **Price**—To be supplied by amendment. **Proceeds**—To Foremost Dairies, Inc., the selling stockholder. **Underwriters**—Allen & Co., New York, and Dean Witter & Co., San Francisco, Calif.

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) being 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**—$40 per share. **Proceeds** — For construction program. **Underwriter**—None.

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.

★ Matheson Co., Inc.
Oct. 8 (letter of notification) 13,375 shares of 6% cumulative preferred stock. **Price**—At par ($20 per share), plus accrued dividends. **Proceeds**—For expansion, equipment and working capital. **Office**—932 Paterson Plank Road, East Rutherford, N. J. **Underwriters** — Mohawk Valley Investing Co., Inc., Utica, N. Y., and Security and Bond Co., Lexington, Ky.

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.

★ Mobile Gas Service Corp., Mobile, Ala. (11/1)
Oct. 11 filed 30,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record Oct. 30 on the basis of one new share for each 10 shares held; rights to expire on Nov. 20. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter**—None.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

National By-Products, Inc.
June 19 (letter of notification) 2,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay Federal estate taxes. **Office**—800 Bankers Trust Bldg., Des Moines, Iowa. **Underwriter**—T. C. Henderson & Co., Inc., Des Moines, Iowa.

National Life of America, Mitchell, S. Dak.
Sept. 21 filed 86,784.7 shares of common stock (par $5) to be offered for subscription by each of the company's 23,279 policyholders on and as of July 31, 1956 at the rate of 1½ shares of such stock and the balance of the shares to be exchangeable for Founders certificates and coupons issued by National Life as a part or feature of certain life insurance policies. **Price**—$7.50 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15, 1955 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Little Rock, Ark. **Underwriter** — Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. **Offering** — Indefinitely postponed.

National Steel Corp. (10/24)
Oct. 4 filed $55,000,000 of first mortgage bonds due 1986. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—Kuhn, Loeb & Co., The First Boston Corp. and Harriman Ripley & Co. Inc., all of New York.

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 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.

★ Nucelonics, Chemistry & Electronics Shares, Inc.
Oct. 9 filed 800 monthly investment plan certificates, aggregating $2,400,000. **Underwriter** — N. C. E. Shares Distributor, of New York.

Ocean City Pier Corp., Berlin, Md.
Oct. 4 filed $2,000,000 of 6% debenture bonds due July 1, 1976, and 4,000,000 shares of common stock (par one cent) to be offered in units of one $100 bond and 200 shares of stock. **Price**—$300 per unit. **Proceeds** — For construction and operation of amusement pier. **Underwriter** — Paul Korns, a director, of Johnstown, Pa. Lt. Col. James A. Grazier of Whaleysville and Ocean City, Md., is Chairman of the Board.

Ohio Power Co. (10/30)
Sept. 20 filed $28,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—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**—To be received up to 11 a.m. (EST) on Oct. 30.

★ Orefield Mining Corp., Montreal, Canada
Oct. 15 filed 900,000 shares of capital stock (par $1), of which 200,000 shares are now outstanding. **Price**—To be supplied by amendment. **Proceeds** — For exploration costs. **Underwriter**—To be named later. Michael Tzopanakis, of Miami, Fla., and Denis Colivas, of Montreal, Canada, are large stockholders.

Oxford Loan Co.
Sept. 17 (letter of notification) $250,000 of 6% renewable debentures payable (upon demand) Sept. 10, 1961. **Price**—At face amount (in denominations of $100 and $500 each). **Proceeds** — For working capital. **Office** — 2233 North Broad St., Philadelphia, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

★ Pacific Lighting Corp. (10/30)
Oct. 10 filed 200,000 shares of cumulative convertible preferred stock (no par). **Price** — To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Pari-Mutuel Equipment Corp.
Aug. 24 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For construction of 250 race ticket machines; for purchase of 40 machines for issuance of semi-blank race tickets; and for working capital and general corporate purposes. **Office**—527 Madison Avenue, New York 17, N. Y. **Underwriter**—Wistor R. Smith & Co., 40 East 54th Street, New York 22, N. Y.

★ Peace River Petroleums, Ltd.
Sept. 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil and gas property. **Office**—850 West Hastings St., Vancouver, B. C., Canada. **Underwriter**—None.

● Peerless Life Insurance Co. (11/7-9)
Oct. 8 (letter of notification) 11,500 shares of common stock (no par). **Price**—$25 per share. **Proceeds** — For general corporate purposes. **Office** — 1310 Gulf States Bldg., 109 North Akard St., Dallas, Tex. **Underwriter**—Newborg & Co., New York.

Pittsburgh Consolidation Coal Co.
Oct. 3 filed 2,678,697 shares of common stock (par $1) to be offered in exchange for common stock of Pocahontas Fuel Co. on the basis of 2⅝ shares of Pittsburgh for each Pocahontas common share. The offer will be declared effective if at least 85% of the latter shares have been deposited for exchange by Nov. 30.

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.

★ Procter & Gamble Co.
Oct. 11 filed 3,500 participations in the company's Profit Sharing Dividend Plan, 3,500 participations in the Stock Purchase Plan, and 100,000 shares of common stock (par $2).

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.

★ Public Service Electric & Gas Co. (11/14)
Oct. 16 filed $50,000,000 first and refunding mortgage bonds due Nov. 1, 1986. **Proceeds**—To reduce bank loans and for 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**—Expected to be received up to 11 a.m. (EST) on Nov. 14.

● Puerto Rican Jai Alai, Inc.
July 27 filed $1,500,000 of 12-year 6% first mortgage bonds due 1968, and 300,000 shares of common stock (par $1) to be offered in units of a $500 bond and 100 shares of stock. **Price**—May be $675 per unit. **Proceeds** — For construction of fronton and related activities. **Office**—San Juan, Puerto 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.

● Quebec Hydro-Electric Commission (10/31)
Oct. 10 filed $35,000,000 of series P debentures due Dec. 1, 1981. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriters** — The First Boston Corp. and A. E. Ames & Co., Inc., both of New York.

★ Redi-Food Co., Inc.
Oct. 8 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To purchase plant and equipment. **Office**—2505 Butler Place, New York City. **Underwriter**—Hopp & Co., Passaic, N. J.

★ Re-Mark Chemical Co., Inc.
Oct. 4 (letter of notification) 99,630 shares of class A cumulative participating preference stock (par 80 cents). **Price**—$1.75 per share. **Proceeds**—For completion of a sulphur mill; working capital, etc. **Office**—64 N. E. 73rd St., Miami, Fla. **Underwriter**—Frank L. Edenfield & Co., Miami, Fla.

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 being offered first to stockholders on a pro rata basis; rights to expire on Oct. 19. **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. Statement effective Oct. 3.

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.

Sandura Co., Inc., Philadelphia, Pa.
Oct. 8 filed 150,000 shares of preferred stock (par $7.50) and 50,000 shares of common stock (par five cents) to be issued in connection with the merger of Paulsboro Manufacturing Co. into Sandura Co., Inc. **Price**—$10 per share. **Proceeds** — For expansion, equipment and working capital. **Underwriter** — Butcher & Sherrerd, Philadelphia, Pa.

● Schick Inc. (10/30)
Oct. 9 filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To Florence Schick Gifford, the selling stockholder. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Hayden, Stone & Co., both of New York.

● Seaboard Finance Co.
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. **Offering**—Temporarily postponed.

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.

★ Sierra Pacific Power Co. (11/14)
Oct. 11 filed $3,000,000 of first mortgage bonds due Nov. 1, 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 up to 11 a.m. (EST) on Nov. 14 at 49 Federal St., Boston, Mass.

★ Smith Mines, Inc., Lewiston, Idaho
Oct. 11 (letter of notification) 200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Address**—P. O. Box 496, Lewiston, Ida. **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. **Offering**—Date indefinite.

Southern New England Telephone Co.
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. **Offering**—Delayed indefinitely by company on Oct. 4. (See also next paragraph.)

Southern New England Telephone Co.
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**—Had been expected to be received up to 11 a.m. (EDT) on Oct. 10. (See also preceding paragraph.)

● Southern Union Gas Co., Dallas, Texas
Sept. 14 filed 171,187 shares of common stock (par $1) being 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.

Southwest 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.

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. **Underwriter**—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. (10/19)
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.

★ Standard Register Co., Dayton, Ohio (10/29)
Oct. 10 filed 340,000 shares of common stock (par $1), of which 300,000 shares are to be offered to public and 40,000 shares to officers and employees. **Price**—To be supplied by amendment. **Proceeds**—From about 150,000 shares to selling stockholders; and from about 190,000 shares to company to be used for expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, 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. Statement withdrawn on Oct. 5.

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 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.

★ Sun Castle, Inc., Pompano Beach, Fla.
Oct. 15 filed 1,598 shares of common stock (par $5) and 800 registered 6% mortgage bonds due March 15, 1972 (of $1,000 principal amount each). **Price**—At par. **Pro-**

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ceeds—To construct and operate a resort motel and club upon property in Broward County, Fla. **Underwriter**—None. Ernest C. Cassill is President and Treasurer.

● **Temco Aircraft Corp., Dallas, Texas (10/24)**
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 Power & Light Co. (11/20)**
Oct. 16 filed $10,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay advances and for construction program. **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. **Bids**—Expected on or about Nov. 20.

★ **Texas Power & Light Co. (10/31)**
Oct. 16 filed 100,000 shares of cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Beane; all of 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.

● **Underwood Corp., New York (10/25)**
Oct. 4 filed $5,000,000 of convertible subordinated debentures due Oct. 1, 1971. **Price**—To be supplied by amendment. **Proceeds** — For expansion and working capital. **Underwriter**—Lehman Brothers, New York.

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. (10/29-11/2)**
Aug. 29 filed 2,573,625 shares of common stock (par 10 cents), of which 2,000,000 shares are to be offered publicly and 573,625 shares will be issued in exchange for stock of Compania de Formento Petrolero Ted Jones, S. A. (amendment filed Oct. 16 reducing proposed offering to 1,000,000 shares). **Price**—$1.25 per share. **Proceeds**—For development and exploration costs. **Office**—Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

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
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. **Office**—Fresno, Calif. **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 now plans stock offering to shareholders. (See under "Prospective Offerings.")

★ **Washington Ytong Corp.**
Oct. 3 (letetr of notification) 3,000 units called "Escrow Receipts." **Price**—$100 per unit. **Proceeds**—For corporate purposes. **Office**—1700 21st Ave., South, Seattle 44, Wash. **Underwriter**—None.

Western States Natural Gas Co.
Aug. 24 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For development of oil and gas. **Office**—Felt Bldg., Salt Lake City, Utah. **Underwriter**—Us-Can Securities, Inc., Jersey City, N. J.

Wheland Co., Chattanooga, Tenn.
May 23 filed $2,000,000 of convertible subordinated debentures due June 1, 1976, and 136,000 shares of common the company's account and 61,000 shares for a selling stockholder. **Price** — To be supplied by amendment. **Proceeds**—Together with proceeds from private sale of $1,500,000 4¾% first mortgage bonds and $900,000 of 3-year unsecured 4½% notes to a group of banks, will be used to retire outstanding series A and series B 5% first mortgage bonds, and for expansion program. **Underwriters**—Hemphill, Noyes & Co., New York; Courts & Co., Atlanta, Ga.; and Equitable Securities Corp., Nashville, Tenn. **Offering** — Temporarily postponed. Not expected until sometime this Fall.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Wildcat Mountain Corp., Boston, Mass.
Aug. 13 filed $800,000 of 6% subordinated cumulative debentures due Dec. 1, 1976, and 6,000 shares of common stock (no par) to be offered in units of a $400 debenture and three shares of stock. **Price** — $500 per unit. **Proceeds**—For construction and working capital. **Business**—Mountain recreation center. **Underwriter**—None; offering to be made by officers and agents of company.

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.

Prospective Offerings

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.

★ **Associated Truck Lines, Inc.**
Oct. 11 it was announced corporation plans to issue and sell $1,000,000 of 6% convertible subordinated debentures due Oct. 1, 1971 at par and 75,000 shares of common stock (par $3) at $11 per share (the latter for the account of selling stockholders). **Proceeds**—From sale of debentures, for expansion and working capital. **Business**—A short haul motor common carrier operating over 3,300 miles or routes in Illinois, Indiana, Michigan and Ohio. **Office**—Grand Rapids, Mich. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass., and New York, N. Y. **Offering**—Indefinitely postponed.

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 of Georgia Ry. (10/24)
Bids will be received by the company, at the office of J. P. Morgan & Co. Incorporated, 23 Wall St., New York 8, N. Y., up to noon (EDT) on Oct. 24 for the purchase from it of $840,000 equipment trust certificates, series C, to mature in 30 equal semi-annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

Chase Manhattan Bank, New York (11/16)
Oct. 3 it was announced stockholders will vote Nov. 13 on increasing the authorized capital stock (par $12.50) from 12,000,000 shares to 13,000,000 shares, the additional 1,000,000 shares to be offered for subscription by stockholders of record Nov. 15, 1956 on the basis of one new share for each 12 shares held. **Underwriter**—Previous offering to stockholders of Bank of the Manhattan Company was underwritten by The First Boston Corp., New York.

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.

● **Cosden Petroleum Corp.**
Sept. 20 it was announced company has agreed to purchase Col-Tex Refining Co. from Anderson-Prichard Oil Co. and Standard Oil Co. of Texas, a subsidiary of Standard Oil Co. of California, for 550,000 shares of Cosden common stock. The purchase is subject to SEC registration of the stock which will require about 60 days. As part of the contract, Anderson-Prichard and Standard of Texas have agreed to sell the Cosden common stock to the public. **Underwriters**—Dean Witter & Co. and Glore, Forgan & Co., New York.

★ **Dallas Power & Light Co. (12/3)**
Oct. 10 it was reported company plans to issue and sell between $12,500,000 and $15,000,000 first mortgage 30-year bonds. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co.; Equitable Securities Corp.; Blair & Co. Incorporated and Baxter, Williams & Co. (jointly); Lehman Brothers. **Bids**—Expected to be received on Dec. 3.

Delaware Power & Light Co.
Aug. 13 it was reported company plans to raise about $8,000,000 through the sale of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by comeptitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; W. C. Langley & Co. and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp(jointly). **Offering**—Not expected until early in 1957.

★ Eversweet, Inc. (11/12-16)
Oct. 15 it was reported that this company (a consolidation of Vita-Fresh Corp. and John H. King & Co.) plans early registration of 100,000 shares of common stock. **Price**—$5 per share. **Business**—Producers of fresh orange juice. **Underwriter**—Burton J. Vincent & Co., Chicago, Ill.

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.

★ Florida Power & Light Co. (12/11)
Oct. 15 it was reported company plans to issue and sell between $15,000,000 and $20,000,000 30-year first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Blyth & Co., Inc.; White, Weld & Co.; Lehman Brothers. **Bids**—Tentatively expected to be received on Dec. 11.

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, 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.
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) (10/23)
Bids will be received up to 10 a.m. (EDT) on Oct. 23 by the Treasurer, of the Territory, at the Bankers Trust Co., 46 Wall St., New York, N. Y., for the purchase from the Territory of $12,000,000 public improvement bonds, series B, dated Oct. 15, 1956 and due annually on Oct. 15 from 1959 to 1976, 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 $5,000,000. **Underwriter**—Probably Kidder, Peabody & Co., New York.

Herold Radio & Television Corp.
July 25 it was announced stockholders on Aug. 10 will vote on increasing the authorized common stock from 400,000 shares to 1,000,000 shares, in order to provide options (to officers and employees) and for future financing. **Underwriters**—Weill, Blauner & Co., New York, and Hallowell, Sulzberger & Co., Philadelphia, Pa.

High Authority of the European Coal and Steel Community, Luxembourg
July 9 this Authority announced that an American banking group consisting of Kuhn, Loeb & Co., The First Boston Corp. and Lazard Freres & Co. has been appointed to study the possibility of a loan to be issued on the American market. The time, amount and terms will depend on market conditions. **Proceeds** — To be loaned to firms in the Community for expansion of coal mines, coking plants, power plants and iron ore mines.

Hudson Pulp & Paper Corp.
June 25 it was reported company may in the Fall do some public financing. **Proceeds**—For expansion. **Underwriter**—Lee Higginson Corp., New York.

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. **Underwriter**—None. **Offering**—Expected in November.

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).

Kansas City Power & Light Co.
April 24 stockholders approved a proposal increasing bonded indebtedness of the company by $20,000,000. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined (probably not until first half of 1957).

Lee Offshore Drilling Co., Tulsa, Okla.
Aug. 20 it was reported company plans registration in September of $2,500,000 of convertible class A stock. **Underwriter**—Rauscher, Pierce & Co., Dallas, Texas.

★ Libby, McNeill & Libby
Oct. 15 it was reported that the company is said to be considering new financing in the neighborhood of between $15,000,000 to $20,000,000. **Underwriter**—May be Glore, Forgan & Co., New York.

Louisiana Power & Light Co. (1/15)
Oct. 4 it was reported that the company plans the issuance and sale of between $18,000,000 and $20,000,000 first mortgage bonds due 1987. **Proceeds**—For reduction of bank loans and construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Harriman Ripley & Co. Inc. (jointly); Salomon Bros. & Hutzler; The First Boston Corp., and Glore, Forgan & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly). **Bids**—Expected to be received about Jan. 15, 1957.

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.

National Bank of Detroit (11/1)
Sept. 10 it was announced Bank plans to offer 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 City Bank of Cleveland, Ohio (11/5)
Oct. 8 it was announced Bank proposes to offer to its stockholders of record Oct. 24, 1956 the right to subscribe for 100,000 additional shares of capital stock (par $16) on the basis of one new share for each 10 shares held. **Price**—$50 per share. **Proceeds** — To increase capital and surplus accounts. **Underwriter**—Merrill, Turben & Co., Inc., Cleveland, O.

National Newark & Essex Banking Co. of Newark (N. J.)
Oct. 5 it was announced bank is offering 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. **Price**—$57 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly).

New England Electric System
Jan. 3, 1956, it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Offering**—Expected in first half of 1957.

New England Power Co.
Jan. 3 it was announced company now plans to issue and sell $10,000,000 of first mortgage bonds early in 1957. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

★ New England Telephone & Telegraph Co. (1/8)
Oct. 16 it was announced that the company plans to issue and sell $35,000,000 of 29-year debentures. **Proceeds**—To repay temporary borrowings. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids** — Expected to be received on Jan. 8, 1957.

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.

★ Niagara Mohawk Power Corp.
Oct. 17, Earle J. Machold, President, announced that the company plans to sell in the near future $50,000,000 of convertible debentures. The stockholders on Dec. 4 will vote on approving this issue. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly).

Northern Natural Gas Co.
July 19 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debentures and treasury funds in latter part of year. **Underwriter**—Probably Blyth & Co., Inc.

Offshore Gathering Corp., Houston, Texas
Nov. 18, 1955, David C. Bintliff, Pres., announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Oklahoma Corp., Oklahoma City, Okla.
July 26 it was announced company has been authorized by the Oklahoma Securities Commission to issue and sell in the State of Oklahoma $20,000,000 of its capital stock ($10,000,000 within organization and $10,000,000 publicly). **Proceeds**—To organize or acquire seven subsidiaries. **Business**—A holding company. **Underwriter**—None.

Pacific Northwest Pipeline Corp.
March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par $1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—$10 per share. **Proceeds**—Together with funds from private sale of $35,000,000 additional first mortgage bonds, and $10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Eastman Dillon, Union Securities & Co. **Registration**—Expected soon.

Pacific Northwest Power Co.
Aug. 13 it was reported company plans to sell about $32,000,000 of common stock to the organizing companies and that arrangements are expected to be made to borrow up to $60,000,000 on a revolving bank loan which will be reduced through the sale of bonds to institutional investors as well as the general public. **Proceeds**—To pay, in part, for cost of new power project to cost an estimated $217,400,000.

Palisades Amusement Park, Fort Lee, N. J.
Aug. 21, Irving Rosenthal, President, announced that company plans to purchase another amusement park and merge the two and then sell stock to public.

Pan Cuba Oil & Metals Corp. (Del.)
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

Pennsylvania Electric Co.
Sept. 12 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable

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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 Colorado**
Oct. 8 it was reported company plans the issue and sale of $30,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Lehman Brothers; Harriman Ripley & Co. Inc. **Bids**—Expected to be received early in 1957.

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). Offering postponed.

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.

★ **Reichhold Chemicals, Inc.**
Oct. 15 it was reported company plans to sell some additional common stock, sufficient to raise approximately $6,000,000. **Underwriter**—Blyth & Co., Inc., San Francisco and New York. **Offering**—Expected before the end of this year.

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.

Seiberling Rubber Co.
Sept. 10 it was reported that the company plans long-term debt financing and/or issuance of additional common stock. **Proceeds**—To redeem preferred stocks and for expansion program, etc. **Underwriter** — Probably Blair & Co. Incorporated, New York.

● **Sinclair Oil Corp. (11/15)**
Sept. 10 it was announced that company is considering offering of about $165,000,000 of convertible subordinated debentures for subscription by common stockholders on basis of $100 of debentures for each nine shares of stock held. Stockholders are scheduled to vote on the financing on Oct. 30. **Proceeds**—For expansion program and general corporate purposes. **Underwriter**—Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Electric Generating Co.
May 18, it was announced that this company, 50% owned by Alabama Power Co. and 50% by Georgia Power Co., subsidiaries of Southern Co., plans to issue debt securities. **Proceeds**—Together with other funds, to construct and operate a $150,000,000 steam electric generating plant on the Coosa River in Alabama. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman, Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly); Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.

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.

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 Eastern Transmission Corp. (12/10-21)**
Oct. 9 it was announced plans to issue and sell, subject to market conditions, $40,000,000 of debentures due 1976. **Proceeds**—For expansion program. **Underwriter**—Dillon, Read & Co. Inc., New York.

Union Bank & Trust Co., Los Angeles, Calif.
Oct. 8 stockholders of record Oct. 5 were 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 capital 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. **Proceeds** — To selling stockholders. **Underwriters** — Cruttenden & Co., Chicago, Ill., The First Trust Co. of Lincoln, Neb.; and Wachob Bender Corp., Omaha, Neb.

Our Reporter's Report

The investment market appears to have been gripped by pre-election indifference judging from its behavior of the last few weeks. Institutional investors who had been showing signs of reawakened interest in new corporate debt issues are once again disposed to hold aloof.

Some people had been of the opinion that the outcome of the Treasury's special bill sale last week, if it proved favorable, would give the market a lift. But even though the results doubtless were better than had been anticipated, the corporate market failed to respond.

The Treasury received an average bid of 2.627% for its $1.6 billion of special 91-day bills against an average rate of 3.013% on the weekly rollover just preceding the special offering.

This was substantially better than the 2.80% to 2.90% which market observers would have been inclined to regard as favorable prior to the sale of the issue. It had been opinion in some quarters that a rate somewhere around the foregoing levels would suggest the possibility of improvement in the corporate market.

But nothing of the sort developed and now the thinking is that the market probably will drift along in something of a groove at least until after election day and possibly through the period of corporate borrowing for inventory building etc.

Divergent Views

Evidently one's views on the cost of money depend in a large measure on how things are going in his particular field. C. A. Major, President of Lehigh Valley RR., for example, says "it just doesn't make sense for the railroads to borrow money for improvements at 5% and then get a return on their investment of only 4%."

Mr. Major, of course, is speaking for one of the country's industries whose income is controlled in important measure by the rate making bodies of State and Federal governments.

Ralph J. Cordiner, President of General Electric Co., which is not subject to such regulation, does not feel nearly so exercised about the situation. Noting the 3.5% which the company paid for its most recent financing, against 2.45% paid 10 years earlier, he declared the rise in interest rates was an "insignificant part of costs compared with the effect of taxes and wages."

The Week Ahead

Unless the prospective issuers should decide to postpone such undertakings, and they have been inclined to do just that on occasion recently, investors will get a chance at two large issues next week.

The major undertaking in prospect is National Steel Co.'s $55 million of new bonds. This financing, being done via the negotiated route, very likely will come to market on schedule. Proceeds will be used to finance planned construction of new facilities.

Consolidated Edison Co. of New York has $40 million of series M bonds, due in 30-years, scheduled up for bids on Tuesday. The big utility has not hesitated, in the past, to postpone a scheduled bond offering when it thought conditions were not right.

A smaller issue, $10 million of Houston Natural Gas Corp. convertible preferred stock $100 par value, is slated for offering at midweek. Proceeds would be used to pay for purchases of the stock of the Houston Pipe Line Co. which is being acquired from Atlantic Refining Co.

Blyth Group Offers Georgia-Pacific Stk.

An underwriting group headed by Blyth & Co., Inc. offered publicly yesterday (Oct. 17) an issue of 497,100 shares of Georgia-Pacific Corp. $1 par value common stock at $32 per share.

The net proceeds to the company from the common stock offering will be about $15,000,000. Of this amount, approximately $8,000,000 will be used along with other funds to acquire, through a subsidiary, the assets of Hammond Lumber Co., and the balance will be available for general corporate purposes. The net purchase price for Hammond Lumber will be about $75,388,800, of which $60,000,000 will be paid in cash and the remainder by the issue of $15,388,800 of 5% subordinated debentures due 1976. The $60,000,000 cash portion of the payment will be made up of: $8,000,000 from this sale of common stock, $5,500,000 from securities owned by Hammond Lumber, and the balance of $46,500,000 from the sale of notes and term loans of a subsidiary to two insurance companies.

Georgia-Pacific Corp. is a leading producer of Douglas fir plywood and other forest and lumber products. Major mills and plants are located in the Southeast and the Pacific Northwest. With the acquisition of Hammond, the company will own more than 400,000 acres of West Coast timberlands containing over 12 billion feet of lumber.

Sales of the corporation and subsidiaries in the six months ended June 30, 1956, were $48,509,000 compared with sales of $45,190,000 in the 1955 six months. Net profit after preferred dividends in the 1956 six months was $3,535,000 as against $2,935,000 in 1955. In the calendar year 1955, sales were $91,966,000 and net profit after preferred dividends was $6,099,000. These figures do not include the operations of Coos Bay Lumber Company which was acquired in July. In 1955, Coos Bay had sales of $25,914,000 and pro forma net profit was $2,630,000. In 1955, Hammond Lumber sales amounted to $48,544,000 and pro forma net profit to $2,021,000.

In 1955, the corporation paid common stock dividends per share, adjusted for a 2-for-1 stock split, of 50 cents in cash and 6% in stock. In the first three quarters of this year, cash dividends aggregating 57½ cents per share were paid. In each quarter a 2% stock dividend was also declared.

With Peters, Writer

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Sam C. Mozer has become connected with Peters, Writer & Christensen, Inc., 724 17th Street. He was previously with Dempsey-Tegeler & Co.

Three With Securities Inc.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Mrs. Peggy Forrester, James F. Reynolds and Robert C. Wolff have been added to the staff of Securities, Inc., Farmer's Union Building.

With United Investors

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Arthur C. Jones and Stewart K. Tubbs have become affiliated with United Investors, Inc., U. S. National Bank Building.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William R. Schmitz is now with FIF Management Corporation.

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:

	Date	Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Oct. 21	§101.7	*100.9	100.6	98.9
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 21	§2,504,000	*2,483,000	2,477,000	2,386,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 5	7,021,650	7,044,100	7,036,650	6,690,150
Crude runs to stills—daily average (bbls.)	Oct. 5	¶7,697,000	*7,912,000	8,187,000	7,131,000
Gasoline output (bbls.)	Oct. 5	26,687,000	27,093,000	28,353,000	25,353,000
Kerosene output (bbls.)	Oct. 5	2,096,000	2,484,000	2,293,000	2,066,000
Distillate fuel oil output (bbls.)	Oct. 5	13,268,000	12,744,000	13,080,000	10,468,000
Residual fuel oil output (bbls.)	Oct. 5	7,718,000	7,622,000	7,820,000	7,712,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 5	176,000,000	174,720,000	175,955,000	151,006,000
Kerosene (bbls.) at	Oct. 5	33,243,000	33,817,000	32,698,000	36,355,000
Distillate fuel oil (bbls.) at	Oct. 5	151,805,000	150,367,000	142,731,000	145,598,000
Residual fuel oil (bbls.) at	Oct. 5	47,299,000	47,499,000	47,198,000	47,021,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 6	815,004	831,438	679,611	801,559
Revenue freight received from connections (no. of cars)	Oct. 6	683,329	692,324	603,882	682,200
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 11	$390,230,000	$491,008,000	$372,488,000	$345,812,000
Private construction	Oct. 11	211,356,000	245,050,000	232,973,000	228,694,000
Public construction	Oct. 11	178,874,000	245,958,000	139,515,000	117,118,000
State and municipal	Oct. 11	151,207,000	199,356,000	112,817,000	84,757,000
Federal	Oct. 11	27,667,000	46,602,000	26,698,000	32,361,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 6	10,410,000	*10,510,000	8,730,000	9,844,000
Pennsylvania anthracite (tons)	Oct. 6	640,000	656,000	491,000	568,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 6	127	130	112	125
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 13	11,300,000	11,342,000	11,339,000	10,593,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 11	259	253	203	203
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 9	5.622c	5.622c	5.622c	5.174c
Pig iron (per gross ton)	Oct. 9	$63.04	$63.04	$63.04	$59.09
Scrap steel (per gross ton)	Oct. 9	$56.17	$57.33	$58.83	$44.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 10	39.700c	39.700c	39.550c	43.125c
Export refinery at	Oct. 10	36.450c	37.550c	37.850c	42.975c
Straits tin (New York) at	Oct. 10	104.500c	103.000c	101.250c	96.000c
Lead (New York) at	Oct. 10	16.000c	16.000c	16.000c	15.500c
Lead (St. Louis) at	Oct. 10	15.800c	15.800c	15.800c	15.300c
Zinc (East St. Louis) at	Oct. 10	13.500c	13.500c	13.500c	13.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 16	91.86	91.98	91.27	95.82
Average corporate	Oct. 16	99.04	99.20	100.16	107.62
Aaa	Oct. 16	103.13	102.96	103.30	111.25
Aa	Oct. 16	100.98	101.31	102.13	109.60
A	Oct. 16	98.88	99.36	100.16	107.62
Baa	Oct. 16	93.67	93.82	95.16	102.63
Railroad Group	Oct. 16	98.25	98.25	98.88	106.21
Public Utilities Group	Oct. 16	98.88	99.20	100.32	108.16
Industrials Group	Oct. 16	100.00	100.16	101.14	108.70
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 16	3.16	3.15	3.20	2.82
Average corporate	Oct. 16	3.81	3.80	3.74	3.30
Aaa	Oct. 16	3.56	3.57	3.55	3.10
Aa	Oct. 16	3.69	3.67	3.62	3.19
A	Oct. 16	3.82	3.79	3.74	3.30
Baa	Oct. 16	4.16	4.15	4.06	3.59
Railroad Group	Oct. 16	3.86	3.86	3.82	3.38
Public Utilities Group	Oct. 16	3.82	3.80	3.73	3.27
Industrials Group	Oct. 16	3.75	3.74	3.68	3.24
MOODY'S COMMODITY INDEX	Oct. 16	418.0	417.8	425.5	405.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 6	376,835	249,859	266,557	379,667
Production (tons)	Oct. 6	280,809	271,570	202,337	289,693
Percentage of activity	Oct. 6	95	95	71	102
Unfilled orders (tons) at end of period	Oct. 6	503,380	410,178	480,810	677,874
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 12	109.18	109.15	108.65	106.83
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. 22	1,326,602	1,214,066	1,106,685	1,205,959
Dollar value	Sept. 22	$72,812,006	$70,236,768	$61,196,163	$67,876,525
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 22	918,082	917,060	788,504	1,083,527
Customers' short sales	Sept. 22	6,282	4,857	12,136	3,866
Customers' other sales	Sept. 22	911,800	912,203	776,368	1,079,661
Dollar value	Sept. 22	$47,355,344	$45,892,432	$40,015,653	$57,097,900
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 22	228,610	234,960	200,370	306,870
Short sales	Sept. 22	------	------	------	------
Other sales	Sept. 22	228,610	234,960	200,370	306,870
Round-lot purchases by dealers—					
Number of shares	Sept. 22	604,320	551,120	493,170	428,510
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. 22	418,940	420,140	447,090	522,700
Other sales	Sept. 22	10,768,540	10,073,690	7,769,830	12,087,740
Total sales	Sept. 22	11,187,480	10,493,830	9,216,920	12,610,440
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 22	1,386,190	1,304,100	1,201,780	1,534,960
Short sales	Sept. 22	237,430	214,230	197,020	220,050
Other sales	Sept. 22	1,227,810	1,021,780	1,028,180	1,282,870
Total sales	Sept. 22	1,465,240	1,236,010	1,225,200	1,502,920
Other transactions initiated on the floor—					
Total purchases	Sept. 22	311,300	280,780	221,870	342,220
Short sales	Sept. 22	26,300	25,100	38,500	20,800
Other sales	Sept. 22	318,640	290,450	208,410	303,210
Total sales	Sept. 22	344,940	315,550	246,910	324,010
Other transactions initiated off the floor—					
Total purchases	Sept. 22	611,563	580,405	402,618	552,780
Short sales	Sept. 22	64,720	79,330	84,650	140,230
Other sales	Sept. 22	531,835	586,645	510,675	680,290
Total sales	Sept. 22	596,555	665,975	595,325	820,520
Total round-lot transactions for account of members—					
Total purchases	Sept. 22	2,309,053	2,165,285	1,826,268	2,429,960
Short sales	Sept. 22	328,450	318,660	320,170	381,080
Other sales	Sept. 22	2,078,285	1,898,875	1,747,265	2,266,370
Total sales	Sept. 22	2,406,735	2,217,535	2,067,435	2,647,450
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 9	115.0	*115.2	114.8	111.4
Farm products	Oct. 9	88.0	*88.9	89.2	87.5
Processed foods	Oct. 9	103.3	*104.1	103.6	101.1
Meats	Oct. 9	84.8	87.6	87.5	80.9
All commodities other than farm and foods	Oct. 9	123.0	*122.9	122.4	118.6

*Revised figure. ¶Includes 1,044,000 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
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of August	92,406	151,624	133,551
Stocks of aluminum (short tons) end of Aug.	35,717	34,925	13,417
AMERICAN GAS ASSOCIATION—For month of August:			
Total gas (M therms)	4,460,871	4,272,133	4,300,500
Natural gas sales (M therms)	4,339,257	4,106,224	4,125,600
Manufactured gas sales (M therms)	17,080	16,837	23,700
Mixed gas sales (M therms)	104,534	149,072	151,200
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of September	10,445,000	8,122,597	9,882,325
Shipments of steel products (net tons)—Month of August	5,539,915	1,288,988	7,053,615
AMERICAN PETROLEUM INSTITUTE—Month of July:			
Total domestic production (barrels of 42 gallons each)	242,940,000	235,823,000	226,683,000
Domestic crude oil output (barrels)	219,805,000	212,997,000	205,600,000
Natural gasoline output (barrels)	23,093,000	22,773,000	21,053,000
Benzol output (barrels)	42,000	53,000	30,000
Crude oil imports (barrels)	33,593,000	29,606,000	25,788,000
Refined products imports (barrels)	11,769,000	13,159,000	9,050,000
Indicated consumption domestic and export (barrels)	255,245,000	262,235,000	245,332,000
Increase all stocks (barrels)	33,057,000	16,353,000	16,189,000
AMERICAN RAILWAY CAR INSTITUTE—Month of August:			
Orders for new freight cars	3,949	2,575	3,228
New freight cars delivered	3,444	5,364	3,118
AMERICAN ZINC INSTITUTE, INC.—Month of September:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	90,235	*89,549	83,448
Shipments (tons of 2,000 pounds)	92,377	*88,017	87,365
Stocks at end of period (tons)	102,165	*104,307	42,167
Unfilled orders at end of period (tons)	64,450	*55,769	52,278
COAL OUTPUT (BUREAU OF MINES)—Month of September:			
Bituminous coal and lignite (net tons)	40,320,000	44,610,000	40,807,000
Pennsylvania anthracite (net tons)	2,671,000	2,699,000	2,468,000
COKE (BUREAU OF MINES)—Month of Aug.:			
Production (net tons)	5,614,830	2,301,442	6,404,900
Oven coke (net tons)	5,496,368	2,252,651	6,240,600
Beehive coke (net tons)	118,462	48,791	164,300
Oven coke stock at end of month (net tons)	2,962,937	2,634,534	2,055,795
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100—Month of September:			
Adjusted for seasonal variations	128	*128	121
Without seasonal adjustment	130	*113	123
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of July (000's omitted)	43,009,663	43,075,287	39,654,320
Revenue from ultimate customers—month of July	$719,799,000	$710,990,000	$661,381,000
Number of ultimate customers at July 31	53,368,640	53,246,057	51,976,145
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION—Month of August:			
Contracts closed (tonnage)—estimated	268,273	288,166	312,338
Shipments (tonnage)—estimated	213,495	165,470	268,362
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of September:			
Copper (per pound)—			
Domestic refinery	39.597c	39.625c	44.052c
Export refinery	37.511c	37.667c	44.339c
Lead—			
Common, New York (per pound)	16.000c	16.000c	15.100c
Common, East St. Louis (per pound)	15.800c	15.800c	14.940c
‡‡Prompt, London (per long ton)	£117.175	£116.063	£107.568
††Three months, London (per long ton)	£115.144	£114.489	£107.293
Zinc (per pound)—East St. Louis	13.500c	13.500c	12.928c
§§Zinc, Prime Western, delivered (per lb.)	14.000c	14.000c	13.428c
††Zinc, London, prompt (per long ton)	£96.344	£95.597	£91.686
††Zinc, London, three months (per long ton)	£94.288	£94.017	£91.480
Silver and Sterling Exchange—			
Silver, New York (per ounce)	90.750c	90.614c	90.804c
Silver, London (pence per ounce)	78.869d	78.773d	79.483d
Sterling Exchange (check)	$2.78304	$2.78306	$2.78583
Tin, New York Straits	103.734c	98.944c	96.245c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$255.000	$255.000	$263.400
¶Antimony, New York boxed	36.470c	36.470c	36.470c
Antimony (per pound), bulk, Laredo	33.000c	33.000c	33.000c
Antimony (per pound), boxed, Laredo	33.500c	33.500c	33.500c
Platinum, refined (per ounce)	$104.000	$104.037	$92.780
†Cadmium, refined (per pound)	$1.70000	$1.70000	$1.70000
‡Cadmium (per pound)	$1.70000	$1.70000	$1.70000
§Cadmium (per pound)	$1.70000	$1.70000	$1.70000
Cobalt, 97% grade	$2.60000	$2.60000	$2.60000
Aluminum, 99% plus ingot (per pound)	27.100c	26.699c	24.400c
Aluminum, 99% grade, primary pig	25.000c	24.665c	Not Avail.
Magnesium ingot (per pound)	35.250c	34.694c	32.500c
**Nickel	64.500c	64.500c	64.500c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURERS' ASSN.—Month of August:			
Total number of vehicles	503,276	522,123	716,163
Number of passenger cars	417,020	440,980	620,610
Number of motor trucks	85,827	80,836	95,119
Number of buses	429	307	434
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of August:			
Total operating revenues	$907,294,469	$807,640,567	$905,117,482
Total operating expenses	679,722,658	654,404,870	669,383,959
Operating ratio	74.92	81.03	73.96
Taxes	$102,301,829	$70,022,843	$105,558,267
Net railway operating income before charges	103,590,536	61,432,982	109,611,044
Net income after charges (estimated)	87,000,000	43,000,000	90,000,000
U. S. GOVT. STATUTORY DEBT LIMITATION—As of Sept. 30 (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	274,260,859	275,564,737	277,476,106
Guaranteed obligations not owned by the Treasury	85,023	79,428	47,725
Total gross public debt and guaranteed obligations	$274,345,882	$275,644,165	$277,523,832
Deduct—other outstanding public debt obligations not subject to debt limitation	459,423	460,906	478,855
Grand total outstanding	$273,886,458	$275,183,259	$277,044,977
Balance face amount of obligations, issuable under above authority	4,113,542	2,816,740	3,955,022

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from E. St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. duty included. ‡‡Average of daily mean and bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from East St. Louis exceeds 0.5c.

Mutual Funds

By ROBERT R. RICH

Selected American Reports New High In Assets and Shs.

Total net assets of Selected American Shares at Sept. 30, 1956, as reported by Edward P. Rubin, President, were $58,574,116, equal to $9.51 a share, compared with $47,259,726, or $9.34 a share on Sept. 30, 1955. In addition to the gain in asset value per share, a 61-cent capital gain distribution was paid in January, 1956. Dividends from investment income paid to shareholders of record in the first nine months totaled 21 cents a share vs. 20 cents in 1955. Outstanding shares at Sept. 30 of 6,160,012 compared with 5,059,118 a year ago.

At Sept. 30 common stocks represented 90.5% of assets, corporate bonds 0.4%, U. S. Governments and cash 9.1%. The company had investments in 107 companies, the five largest holdings, of common stocks, by industry being oil 16.1%, steel 9.7%, building 7%, aviation, 6.7%, electric utility, 6.4%.

During the third quarter the company added stocks of these companies to its portfolio: American Airlines 5,000 shares, Atlantic Coast Line 1,100 Central Louisiana Electric 3,000, Goodyear Tire 2,000, Joy Manufacturing 2,000, Kroger 5,800, Long-Bell Lumber 9,386, National Cash Register 2,000, Ohio Edison 5,000, Pan American Airways 5,000, and United Aircraft 1,100. It also added $62,500 par amount of Allegheny Ludlum's convertible debentures. Larger purchases (2,000 or more shares) in stocks previously owned were: Allegheny Ludlum 2,000 Armco 2,000, B & O 2,500, Boeing 3,000, Chesapeake & Ohio 5,000, Eastern Air Lines 5,000, Grand Union 2,750, Jones & Laughlin 15,000, Minneapolis-Honeywell 3,300, North American Aviation 4,000, Public Service of Indiana 14,000, United Airlines 2,000, and U. S. Rubber 9,900.

Companies eliminated from the portfolio were American Cyanamid, Santa Fe, Canadian Pacific, duPont, Kennecott and Owens-Corning Fiberglas. Sales of 2,000 or more shares included Anaconda 10,000, International Harvester 2,000, International Paper 4,000.

Harry L. Sebel, President of the fund's sponsor, reports for the first nine months new investments in the fund amounted to $8,101,068, the highest for the first three quarters of any year in the company's 24-year history. This compares with $5,383,964 in the first nine months of 1955. Sales in the month of September 1956 were $764,950, the largest September in the company's history, and this compares with $677,063 in September 1955.

Largest changes in industry holdings of common stocks in the first nine months were: Increases—oil 5%, machinery 2.4%, electric utility 2.2%, and aviation and railroad 1.4% each. Decreases: metal (non-ferrous) 3.8%, automobile 2.7%, chemical & drug 2%, finance 1.6%, gas & gas utility 1.2%.

National Shares Corp. Reports for 3rd Quarter

National Shares Corporation, a closed-end investment company, managed by Dominick & Dominick, reports a net asset value of $23.16 per share on Sept. 30, 1956, after deducting a quarterly dividend of 12 cents per share payable Oct. 15, 1956. This asset value per share compares with $23.33 on June 30, 1956, and with $21.39 per share on Sept. 30, 1955, in each case based on the 1,080,000 shares of capital stock outstanding.

Holdings of common stocks on Sept. 30 represented 87.7% of total net assets, Government securities and cash receivables 11.5%, and preferred stock and debentures 0.8%.

FIF Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Douglas C. Fletcher, Ray M. Frey and Robert G. Neill are now affiliated with FIF Management Corporation, 950 Broadway.

Energy Fd. Reports Assets Gain of 162%

Energy Fund reported an increase of 162% in total assets in the year ended Sept. 30, 1956. Total assets rose to $2,579,155 from $981,545 on Sept. 30, 1955. Net assets per share increased 15.6% during the same period and were equal to $143.28 against $123.94 one year ago. Shares outstanding stood at 18,001 at year's end compared to 7,920 at the beginning of the period, an increase of 127%.

Ralph E. Samuel, President of Energy Fund Incorporated, attributes the fund's record to ". . . the continuance of the amazing growth of energy usage and the progress of the principal companies connected therewith." Mr. Samuel further stated that, "As far as we can see, energy usage in the United States and throughout the western world will go ahead by leaps and bounds, and it is on this thesis that the investment policy of the Energy Fund is based. Estimates for the next quarter century indicate that by 1970 America will be using three times as much electric power, twice as much natural gas, and half again as much petroleum as was consumed in 1955. Further, by 1970 Western Europe's petroleum requirement will be three times that of 1955. And, during the next quarter century, fulfillment of the expectations for useful energy from nuclear, and possibly solar and hydrogen sources, may be realized."

Energy Fund is an open-end investment company specializing in the energy industries, both the familiar sources as well as nuclear. The fund's investment program concentrates in those companies active in energy production, generation, transmission, marketing, control and measurement as well as those companies whose operations indicate the adoption and application of new energy developments.

Energy Fund shares are sold at net asset value without sales or loading charges of any kind, and the fund is managed and distributed by Ralph E. Samuel & Co. of New York City.

Holdings as of Sept. 30, 1956 were:

Oils & Gas: (27%) 8,000 shares British Petroleum, 1,200 Colorado Interstate Gas, 2,500 Royal Dutch Petroleum, 1,600 Skelly Oil, 2,000 Union Oil & Gas "A."

Utilities: (11%) 1,500 American Natural Gas, 2,000 Florida Power & Light, 2,000 Houston Light & Power.

Manufacturing: (41%) 5,000 Babcock & Wilson, 4,500 Combustion Engineering, 2,000 Cutler Hammer, 3,000 General Cable, 1,000 General Electric, 1,500 Joy Mfg., 4,500 Machlett Lab., 2,000 Newport News Shipbuilding, 2,500 North American Aviation, 1,000 United Aircraft.

Materials: (21%) 2,000 Algom Uranium, wts., 500 Anaconda Copper, 1,500 Borax (Holdings) Co., 3,500 Consolidated Denison, 1,000 Consolidated Denison wts., 1,000 Foote Mineral, 1,500 Lindsay Chemical, 600 Magma Copper, 500 O'Okiep Copper, 3,000 Ventures Ltd.

Keystone Fund Bond Holdings Yield Over 6%

Keystone Income Fund, in its report for the fiscal year ended Aug. 31, reports it has $5,000,000 of its $41,000,000 assets in nine income bonds, which are currently paying over 6% in interest.

The bonds are American & Foreign Power Co. junior debentures 4.8s of 1987; Missouri Pacific general income "B" 4¾s, 2030; New York Central collateral trust 6s of 1980; Budget Finance Plan subordinated 6% debentures of 1971; Pittston Co. 5¼ and 6¼ notes of 1976; Suntide Refining Co. subordinated 5½% income debentures of 1962; Venezuelan Centro Simon Bolivar, series 5-8, 6% bonds, due serially 1961 to 1962; Republic of Chile external sinking fund 3% bonds of 1993; and Republic of Peru external sinking fund 3% bonds of 1997.

Including realized security profits of 41 cents a share, net asset value per share decreased in six months from $9.73 to $8.95. Total net assets, on Aug. 31 last were $42,078,459, compared with $41,228,123 a year ago.

In its report, the Keystone Fund commented, "During the past few months, money rates have undergone a substantial rise, and while the securities held by the fund have not been immune to these trends, yet they have been less seriously affected than the so-called money rate securities such as government bonds and certain highest-grade preferred stocks. The rapid rise in interest rates and its effect on the market for income preferreds are the principal reasons for the moderate decline in the net asset value of the fund during the past fiscal year.

"While the increase in money rates has had minor adverse effects of the prices of certain of the securities in the fund, yet it has also created favorable investment opportunities. We have accordingly been able to invest new money, and also money realized from the sale of securities on a much more attractive yield basis than was possible a year ago."

Three Free Investment Lectures to Be Held

The limitless opportunity of today's investor will be described by a noted investment specialist Thursday, Oct 18, at 8 p.m. at 83—18 37th Ave., the Jackson Heights office of Edwards & Hanly, the Long Island brokerage firm. The lecture is free to the public.

The speaker, Frank L. Valenta, is well known in financial circles as a pioneer in the mutual fund field. He will discuss the importance of basic wealth during inflationary periods and investment opportunities in international natural resource companies.

Mr. Valenta, who heads his own company and serves as a director of International Resources Fund, Inc., is known for his supervision in the successful investment of more than one-half billion dollars of other people's funds. His lecture will be followed by a film on the Kitimat project of Aluminium Ltd., the Canadian aluminum producer with huge hydroelectric resources.

Mr. Valenta will discuss the same topic at another public meeting Wednesday, Oct. 24, at 8 p.m. in the Hempstead office of Edwards & Hanly, 100 North Franklin St. The film on the Kitimat project will also be shown.

On Tuesday, Oct. 23, the first in a series of public investment lectures will be held in Edwards & Hanly's Valley Stream office, 1 Sunrise Plaza. This lecture entitled "The Current Outlook for Stock Prices" will begin at 8 p.m.

Institutional Investors Hold $500 Million in Mutual Fund Shares; Average Account Is $8,941

More than half-a-billion dollars worth of open-end (mutual fund) investment company shares are currently held by institutional investors according to a study released today (Oct. 18) by the National Association of Investment Companies.

The study is based upon a survey of the shareholder accounts of 65 open-end investment companies representing 70.3% of the Association's 125 open-end member companies' assets as of June 30, 1956.

The 65 reporting companies have a total of 61,494 institutional accounts with a market value of $549,812,000. This is a substantial increase, both in number of accounts and dollar value, over data from a similar survey conducted by the NAIC in October, 1954. A total of 35,821 institutional accounts, valued at $283,445,000, was reported in the 1954 survey.

The earlier study was based upon reports of 58 open-end companies, representing 65.9% of the Association's 111 open-end members' assets at mid-year 1954.

The average institutional account in the latest study amounted to $8,941, compared with $7,913 two years ago. Between the two dates, the value of institutional holdings as a percentage of the assets of the reporting companies showed little change; being 9.3% and 10.5% for the 1956 and 1954 studies, respectively.

A breakdown among the types of institutions holding mutual fund shares reveals that fiduciaries—banks and individuals serving as trustees, guardians and administrators—continue to make up the largest category. Of total institutional accounts in the latest study, 44,123 or 71.8% are held in the name of fiduciaries. These holdings are valued at $284,786,000, representing 51.8% of all mutual fund investments by institutions.

Two years ago there were 24,232 fiduciary accounts worth $150,387,000, accounting for 53.1% of all institutional holdings.

The broad classification of institutions and foundations—including churches and religious organizations; fraternal, welfare and other public associations; hospitals, sanitariums, orphanages and schools and colleges—accounted for a total of 8,770 mutual fund accounts in the latest study worth $104,184,000 or 19% of all institutional holdings. In 1954 this group had 6,986 accounts valued at $54,341,000.

The number of accounts held by business organizations increased from 3,026 to 5,633 over the two-year period. Included in this classification are business corporations, employee pension and profit sharing funds, unions, insurance companies and other financial institutions. This group's mutual fund investments totaled $110,855,000, or 20.1% of all institutional holdings in the 1956 report, compared with $47,450,000 or 16.7% in 1954.

INSTITUTIONAL INVESTORS OF MUTUAL FUNDS

	1956 SURVEY*					1954 SURVEY‡				
	Accounts		Holdings			Accounts		Holdings		
	No.	%	Value	%	Avg. Holding	No.	%	Value	%	Avg. Holding
Total Institutional Accounts	61,494	100.0	$549,812,000	100.0	$8,941	35,821	100.0	$283445,000	100.0	$7.913
Fiduciaries†	44,123	71.8	284,786,000	51.8	6,454	24,232	67.6	150,387,000	53.1	6,206
Business Organizations	5,633	9.1	110,855,000	20.1	19,680	3,026	8.5	47,450,000	16.7	15,681
Institutions & Foundations	8,770	14.3	104,184,000	19.0	11,880	6,986	19.5	54,341,000	19.2	7,779
Other Institutional Investors not Classified	2,968	4.8	49,987,000	9.1	17,852	1,577	4.4	31,267,000	11.0	19,827

*1956 Survey based on reports of 65 Open-End Companies representing 70.3% of the NAIC's 125 Open-End Members' assets on June 30, 1956.

‡1954 Survey based on reports of 58 Open-End Companies representing 65.9% of the NAIC's 111 Open-End Members' assets on June 30, 1954.

†Banks and Individuals serving as Trustees, Guardians and Administrators.

Continued from page 4

How to Tackle the Problem of High Employment Sans Inflation

should not be permitted to grow faster during periods of maximum production and employment than the growth in the national product.

More than a year ago the Federal Reserve recognized the accelerated economic activity that was developing and adopted an increasingly restrictive credit policy by raising the discount rate five times from 1½ to 3%. This action, together with the open market operations, kept the growth of the money supply (demand deposits and currency) during the past year to about 1½%; whereas, the growth in the national product was 6%. But, this increase was more than compensated for by a growth in the velocity of existing funds of nearly 7%, making an increase of about 8½% in effective use of the existing money supply.

The turnover of demand deposits at present is more than 22 times a year, and I believe this is a record and has about reached the maximum. It reflects the extreme tightness of the money market.

The real deterrent to member banks using the Federal Reserve discount window freely is not the 3% discount rate but the pressure by the Federal Reserve Banks to make certain that the effectiveness of their restrictive policy isn't being undercut at the discount window. Banks which are using Federal Reserve funds to make capital loans of any kind are likely to be denied Federal Reserve credit if they continue making such loans.

Present Restraints and Selective Controls

I agree fully with the restrictive monetary policy being carried out by the Federal Reserve. In the face of much opposition and inadequate powers available to it, I feel the Federal Reserve has done a very creditable and courageous job in curbing the strong inflationary pressures.

The Federal Reserve, as the fiscal agent for the government, must take into account, through its open market operations, the Treasury's needs brought about by new borrowings or refunding operations. With more than $50 billion in War Savings Bonds held by the public, paying interest of 3% or less, it must also find itself restricted in further increasing the discount rate.

If the Federal Reserve had had the authority in 1955 to selectively control consumer and mortgage credit as it did stock market credit, it could have curbed the excessive growth of these types of credit and avoided the abnormal automobile production and housing construction. I believe this stimulated the entire market for capital goods which, at the present time, is the greatest source of inflationary pressure. As an example, annual capital expenditures being made by manufacturing and mining are $35 billion, whereas a year ago they were $28 billion, which is an increase of 25%.

If the Federal Reserve is to make its greatest contribution toward maintaining economic stability with maximum employment and production, it should be given broader powers over the use of credit than the indirect overall powers it now has—change of reserve requirements of member banks, open market operations, and changes in the discount rate. These are general in their effect and are usually either too slow or too drastic in reaching the segment of the economy that should be curbed or stimulated, or they affect adversely the other areas of the economy where the use of credit is necessary and desirable.

The huge demand for credit to pay for immense capital investments during the past year, in spite of the Federal Reserve's tight money policy, seems to indicate that more than present credit controls are needed to combat inflationary forces.

Full Employment Without Inflation

British Chancellor Macmillan recently said: "With governments' pledged to full employment and production, they cannot push their fiscal and monetary policies to the point of deflation. Therefore, these policies are not sufficient to control the booming economy in Great Britain, and other countries as well may have to learn that additional and more selective measures are necessary to deal with all of the problems of a buoyant economy."

One of the most difficult problems of monetary management is in the adoption of monetary controls sufficient to curb inflation but not so severe as to create deflation.

The principal credit restraint at the present time is not the interest rate or the cost of money, but is the lack of its availability. The savings of the country are entirely inadequate to meet the demand for mortgage money and capital investments, and with the restrictive monetary policy of the Federal Reserve, practically the only credit available from the commercial banks is the financing of current production. The principal reason why high interest costs is not a sufficient deterrent to curb business borrowing is because it is deductible from Federal Income Taxes. This means that an increase in the rate of 1% costs less than a half of one per cent; or, the business borrower who pays a rate of 6% is actually out-of-pocket less than 3%, after taxes.

To maintain economic stability the fiscal policy of the government is as important as the monetary and credit policy of the Federal Reserve. Budgetary cash surpluses reduce the spending power of the public and are, therefore, deflationary in their effect. While, on the other hand, budgetary deficits are inflationary as they add to the purchasing power of the private economy. Under present conditions of booming economic activity, I feel that the government could contribute more toward reducing the inflationary pressures by cutting its own expenditures which, in my opinion, are altogether too large for peace-time economy.

Government Can Cut Military and Foreign Aid Costs

I understand that routine government expenditures will have expanded 28% in the past four years. Although there should be some room for substantial cuts in these expenditures, if effective reductions are to be made they must be in military and foreign aid programs. I believe at least $5 billion could be cut off these expenditures and the country could have more effective defense if our military concepts were brought up-to-date with the jet, guided missile, atomic and hydrogen bomb age in which we live. Our military expenditures should be used solely for the prevention of war.

In the past 10 years we have spent nearly $60 billion for foreign aid. We are gaining neither friends nor influence by a continuation of many of these expenditures. Yugoslavia and Indo-china are recent examples.

These huge military and foreign aid expenditures greatly reduce the goods and services available to the civilian economy. We cannot afford to continue them at present levels and at the same time supply the growing demands of the public for capital and consumer goods. The inflationary pressures would be materially reduced if the government's budgetary surplus was increased by cutting these expenditures; or, if these cuts were used to reduce corporation taxes, investment funds (which are in short supply) would be increased accordingly. Either of these actions would have the effect of increasing savings and thus reducing inflationary pressures.

Under present conditions, unless the government substantially decreases its expenditures, or the public increases its savings by reducing its expenditures, or the capital expenditures of business decrease, a continuation of the Federal Reserve's very tight credit policy is necessary to keep inflation under control.

4% Annual Inflation in Rate

Since March there has been an increase of about 2% in the cost of living. At this rate the dollar's purchasing power is declining at 4% per year. Had it not been for a drop of 10.7% in the farmers' income during the past four years the purchasing power of the dollar would have declined much more than it has. The cost of building and equipment has increased even faster than the cost of living. During the past 8 years, the cost of living has increased about 15%, whereas the cost of most consumer durable and capital goods, including housing, has increased from 25 to more than 100%. This is largely due to the increased cost of labor, composed of wages and fringe benefits. In the case of organized labor, costs have increased generally from 40 to 50%. This is more than the increased productivity of labor and, therefore, results in increased costs. At the same time the earnings of the larger businesses have been high. However, these larger earnings have made available a substantial portion of the funds used for the huge capital expenditures which provide our great increase in production as well as productivity.

Wage and Dividend Share of Output

According to a recent study of the Twentieth Century Fund, wages and salary disbursements which were 50% of the national personal income in 1929, in 1955 were 73%; whereas, dividends decreased in the same period from 5.8% to 3.9%. The same study states:

"It is especially striking to realize that the immense changes which technology has wrought have benefited the great mass of people. In every past age and civilization only the favored few were able to enjoy a high standard of living, because they alone could command the lavish personal service to make it possible. But today Americans share the highest standard of living the world has ever known.

"Worth mentioning is the fact that this momentous development has been taking place not in Communist Russia but in Capitalist America. 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."

My sympathies are with the real interests of labor. I fully realize the importance, both from the social and economic point of view, in having continuous employment of labor at as high a real wage as national income will permit. In fact, maximum employment with adequate consumer buying power is the central objective toward which our national economic policy should be directed. However, wage advances and fringe benefits must, in general, be paid out of increased productivity of labor. It should be obvious, from an economic point of view, that there is no other continuous source out of which these costs can be met.

Disappointed with Both Political Parties

As a result of the labor contracts which have been and are being made, an alarming wage-price spiral is developing. If the present situation is permitted to go unchecked, further price inflation is inevitable. Under these conditions the difficulty of stopping inflation by the use of monetary and fiscal policies should be apparent. To stop the growth of the money supply would stop the growth of the economy. This would soon stop the growth of production and employment. To permit the money supply to grow, so as to finance wage-price spiral, would be feeding inflation.

I am disappointed that both of our political parties are encouraging rather than dispelling economic illusions. As an example—the Republicans are talking loosely about a four-day working week, which would greatly reduce the supply of goods and services. While, at the same time, the Democrats are talking about maintaining those eligible for retirement on Federal bounties equal to the past living standards, which would substantially increase the demands for goods and services. These programs would greatly accentuate the present inflation problem.

Recommended Program

It should be apparent from what I have said that under present conditions our problem is to control inflationary developments if we are to maintain economic stability. This situation calls for a continuation of the restrictive monetary and credit policy by the Federal Reserve; a continuation at present levels of consumer and personal income taxes; and reduced spending by the Federal Government, particularly in the field of military and foreign aid programs.

Furthermore, the public must save more—spend and borrow less.

Further increases in wages, salaries and fringe benefits by labor must depend on increased productivity and not upon the pressures of organized monopolistic groups.

The unjustified price increases of big business, made possible by present shortages, must be curbed.

We can't have cheap money and easy credit, which nearly everyone seems to want, without a further increase in the cost of living, which no one seems to want.

We can't have lower taxes while at the same time maintaining present government expenditures and reducing the public debt.

Increases in wages and salaries must follow and not lead an increase in productivity if there is not to be an increase in the cost of living.

In view of the paradoxes with which we are confronted, I am sure you will feel as I do, that if we are going to have the growth of which we are capable, without inflation, **something has to give.**

As I see it, next to maintaining the peace, the most important problem is to prevent inflation. It injures most the aged, the pensioner, the widows, the disabled, the most helpless members of our society. It diminishes the desire to work, to save and to plan for the future. It imperils the very existence of our capitalistic democracy that all of our efforts are designed to preserve. As Senator Douglas has said:

"It can be a destroyer almost as evil as war itself.

For those who want to destroy democracy and capitalistic institutions it is a cheap way of achieving their collapse."

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Now comes the Budget Bureau with a procedural feather to sweep back the engulfing tide of Federal spending.

It all boils down to accounting. Percival F. Brundage, the Director of the Budget has, in his own words, "called upon all Federal agencies to establish a systematic program for the improvement of financial management, designed to give effect to recent budget and accounting legislation and to include other improvements needed in individual agencies."

One of the proposals pending before the last session, growing out of the Hoover Commission reports, was that all budgets should be kept on an accrual basis and all appropriations should be limited to the amounts spent in any one year.

This was designed to do away with the practice of appropriating literally tens of billions to Federal agencies, these billions to remain on hand for years until spent. The amount appropriated in any one year, after the new system got going eventually some years hence, would limit the amount that could be spent in that year.

Subsidiary to this was the idea that the books of the government should be kept on a cost and accrual accounting system. The Democratic Congress knocked out the scheme to provide for the eventual relation of the amounts appropriated to the amounts spent.

But it kept what amounted to an admonition that government accounting should be figured hereafter on cost and accrual bases. The "implementation" of the latter concepts was what Mr. Brundage ordered in an imposing, 52-page set of pamphlet instructions resoundingly entitled, "Improvement of Financial Management in the Federal Government."

Concept Limited

Even if Congress had passed the original Hoover Commission recommendation, it would have resulted in no substantive economies for years. For gimmicks, accounting or otherwise, offer no substitute for a flat determination of both the Congress and the Administration to save money. The determination of both Congress and the Administration, instead, is to spend money.

There is an organization here which tabulates the success of the Hoover Commission recommendations. It recently issued a press release saying a given percentage of the Commission's recommendations had been adopted. Coincidentally, prospective Federal expenditures have risen a couple of billion.

This is not to infer that the Commission's recommendations do the reverse of what they are intended. It is just that scores and scores of alleged Hoover Commission recommendations can be adopted with no restraining upon the present upward surge of Federal spending, when there is no will in either Congress or the Administration to make genuine economies.

In the light of the almost universal commitment to extravagance, the Commission's recommendations serve only two functions: (1) They keep the ancient tradition of economy alive in a hostile political world, and (2) they provide a magnificent form of escapism for those, like the Eisenhower Administration, who would like to promote the fiction that economies are being made, before the electorate.

Wants Economy

As for the staff of the Budget Bureau which worked long and arduously, its work is not deprecated by observers. By and large the staff men in the Budget Bureau have an occupational commitment toward economy in government. If they had their unfettered way they would achieve economies. They do not have their way, however. They are the employees of the White House, from whom they take their directions.

Furthermore, even though the latest effort is intentionally being over-sold to create the illusion the present Administration still thinks of economy, it is nonetheless a solid and gigantic effort of the Budget Bureau staff representing many hours of patient effort. If, and only IF there occurred a simultaneous desire on the part of the Administration and the Congress to save money, even this little procedural feather of economy would prove, it is believed, of great utility.

Appropriations-Spending Record

In the following two tables, in millions of dollars, is disclosed how the Eisenhower Administration (1) reduced outstanding "obligational authority" or accumulating unspent appropriations, and (2) actual expenditures from fiscal 1953 to fiscals 1954 and 1955, only to reverse the whole trend of appropriations and spending in fiscals 1956 and 1957, the present year.

While the Budget Bureau now brags (probably at White House instigation) of the new program for "improvement of financial management in the Federal government," it does not disclose that in the programs of surplus sales of farm crops accumulated under price supports, (1) in the new highway program, (2) in the government-guaranteed and insured loans programs, Congress virtually has surrendered control over appropriations and expenditures.

Congress virtually has relinquished control over highway expenditures during the 16-year period in which the permanent program diverting excise taxes to the highway trust fund will remain in effect. While Congress will theoretically make appropriations from the highway trust fund, its actions in this respect will become largely meaningless in view of the diversion of funds from the budget under the permanent appropriations.

Furthermore, the Administration will be able to do nothing to improve the budgetary situation by slowing down the highway program. Any amounts remaining in the trust fund would be invested in "special" Treasury securities with the result that the budget would be charged with the interest on the money thus invested for ordinary expenditures.

Trust Fund

There follows a table of prospective receipts, expenditures, authorizations, and trust fund status under the 16-year highway program:

BUDGET TRENDS

(From mid-year review of Budget Bureau issued after adjournment of Congress)
(In millions)

New Obligational Authority—	Fiscal 1953 Actual	Fiscal 1955 Actual	Fiscal 1957 Ests.	Incr. or Decrease 1953-55	Incr. or Decrease 1955-57	Incr. or Decrease 1953-57
Major national security	$57,298	$33,656	$40,327	—$23,642	+ $6,671	—$16,971
International affairs	2,149	2,304	2,231	+ 155	— 73	+ 82
Interest	6,583	6,438	7,156	— 145	+ 718	+ 573
Domestic non-defense (six groups)	14,278	14,678	19,804	+ 400	+ 5,126	+ 5,526
Total new oblg. auth.	$80,308	$57,076	$69,743	—$23,232	+$12,667	—$10,565
Budget Expenditures—						
Major national security	$50.363	$40.626	$40,824	— $9,737	+ $198	— $9,539
International affairs	2,216	2,181	2,144	— 35	— 42	— 77
Interest	6,583	6,438	7,156	— 145	+ 718	+ 573
Domestic non-defense (six groups)	15,110	15,324	18,768	+ 214	+ 3,444	+ 3,658
Total budget expend.	$72,274	$64,570	$69,093	— $9,704	+ $4,523	— $5,181

Highway Trust Fund

(In millions)

(From estimates in report of Senate Finance Committee in advance of enactment)

	Tax Receipts Allocated to Trust Fund			Authorizations for Approps. to Trust Fund	Estimated Expenditures	Trust Fund Balance End of Year
	Present Law	New or Increased	Total			
1957	$868	$597	$1,465	$2,000	$1,150	$420
1958	1,223	748	1,971	2,550	1,600	805
1959	1,268	780	2,048	3,075	2,050	821
1960	1,299	792	2.091	----	2,600	325
1972	1,979	1,180	3,159	----	575	---
16-year total, 1957-72	23,684	14,518	38,202	----	38,206	---

[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

"Miss Ploop, I prefer 'We just signed up another client' to 'We just hooked another fish'!"

Business Man's Bookshelf

Business Forecasting in Practice — Adolph G. Abramson and Russell H. Mack—John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y. —$6.50.

How to Gain Security & Financial Independence — Panoramic and expanding program for personal prosperity from the first piggy bank to the last bequest — Ira U. Cobleigh—Hawthorn Books, Inc., 70 Fifth Avenue, New York 11, N. Y.(Cloth) $4.95.

Over the Counter Securities Handbook — Guide to 550 unlisted corporations—Over-the-Counter Securities Review, Dept. 13, Jenkintown, Pa. — $4.

Over the Counter Securities Review — Monthly magazine analyzing unlisted securities—$4.50 per year—Department 13, Over-the-Counter Securities Review, Jenkintown, Pa.

Role of Factoring in Modern Business Finance — Clyde William Phelps—Educational Division, Commercial Credit Company, 14 Light Street, Baltimore, Md. (Paper)

Wood Pulp Statistics — 1956 Edition — United States Pulp Producers Association, Inc., 122 East 42nd Street, New York 17, N. Y. (Paper) $10.

World Time Chart — Showing time differences in effect from Oct. 28, 1956 to March 31, 1957 in over 100 countries throughout the world as compared with Eastern Standard Time in New York City—also included is a map of the standard time variations in the United States—International Banking Department, Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.