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EDITORIAL

As We See It

A good many commentators, each in his own way, have felt it their duty to explain to a somewhat bewildered public the relative tightness that has developed in the money market. More people have wanted to borrow more money than there was to lend, so the story often goes—an explanation which explains little or nothing. Conscious of the insufficiency of this account of what has been going on, many observers have gone a step further. In some cases they have said merely that the Federal Reserve authorities have pursued a policy of restriction and that hence money had become scarce and more costly to borrow. Others with greater insight into the nature of the situation have insisted that a lack of saving and not monetary policy was at the bottom of the current state of affairs, and that the Reserve authorities had done nothing more than to refuse to facilitate the creation of funds to take the place of absent savings.

There is truth in all this, of course, but somehow it seems not to get quite to the root of the matter. The real trouble is that we as a people have set our minds upon having more of the good things of life than we as a people are able or willing to produce. Lacking the means wherewith to buy what we want—the means which in the final analysis comes from the production of the goods and services themselves—we, or all too many of us, have tried and are trying to borrow purchasing power which no one has been willing to surrender. At bottom the discrepancy is between what we demand for ourselves and what we have or produce rather than between

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Economic Key Issues Of Today and Tomorrow

By DR. H. E. LUEDICKE*
Editor, "Journal of Commerce"

Terming inflation as tomorrow's key issue, Dr. Luedicke seeks answer to how long postwar boom will last in view of: (1) it took current capital outlay acceleration and inventory build-up just to maintain industrial production level; (2) possible temporary over-capacity in next few years; (3) growth stock selection is rapidly becoming more complicated; and (4) influence of rising prices on inventory policy and unlikelihood for continued inventory accumulation to support current boom. Author concludes that, while boom is weakening, nothing points to its imminent violent end, and believes difference in government intervention between Democrats and Republicans, in cushioning economic decline, is one of degree rather than basic principle.

In order to recognize the likely problems of tomorrow, it is necessary to understand what is happening today.


Heinz E. Luedicke

The economic key issues of tomorrow have their roots in the economic and social developments of today — just as today's key issues reflect trends and forces that were set in motion all the way back in the hectic days of the war and the immediate postwar period—and even further back in the days of the Great Depression and the New Deal.

I. Investment Problems

Reduced to its simplest terms, the economic key issue today is the fate of the postwar boom. How much longer can it last?

This question actually breaks down into two: Can the postwar boom go on forever under its own steam? And if not, can it be perpetuated by Government intervention? And once

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*An address by Dr. Luedicke before the Trust Division of the New York State Bankers Assn., Albany, N. Y., Oct. 18, 1956.

Gas Industry's Expansion Now and in the Future

By DEAN H. MITCHELL*
President, Northern Indiana Public Service Co.
President, American Gas Association

Citing favorable change in investment appraisal of gas industry since a decade ago, retiring Association President finds support for encouraging outlook in: (1) $5 billion to $17.5 billion rise in gross assets which belies postwar prediction that the future of gas industry was behind it; (2) expectation industry will reach $20 billion by 1960 and quadruple gross assets in decade and a half; (3) record breaking 1956 capital expenditures of $1.6 billion, and $7.3 billion planned for 1956-1959; and (4) staggering potential market for new gas appliance sales. Mr. Mitchell avers gas reserves are ample for "many years to come" and calls attention to progress in achieving unity among all segments of the industry.

Once again our industry has taken great strides forward. New records have been scored in number of customers served, volume of gas sold, and income received. When the final report for 1956 is written, it will show that the Blue Flame, that well known symbol of our great service industry, continued the steady march of progress begun at the close of World War II.


Dean H. Mitchell

Yes—ours is a story of growth, and to many of us it has become almost commonplace. But it is well for us to remember that this growth has been the result of successful planning and aggressive, competitive programs of merchandising and research backed by production, transmission, and distribution know-how and skills. Sometimes success can come upon us so swiftly that we tend to forget the difficult years that

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*An address by Mr. Mitchell before the American Gas Association Convention, Atlantic City, Oct. 15, 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 38.

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

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Lithium Corporation of America—Glenn C. Petersen, of Seligmann & Co., Milwaukee, Wis. (Page 2)

ROBERT C. LEONHARDT

President, McGrath Securities Corp. New York City

Micro-Moisture Controls, Inc.

Micro-Moisture Controls, Inc., is a sturdy young company with an amazing record of growth so far, plus excellent potential for the future. Though it was founded only three years ago, it already has an annual sales volume approaching $5 million a year. Furthermore, it has already paid its first stock dividend—two cents a share cash out of capital surplus and 3% in stock. Its securities, in my opinion, represent both a top-notch capital gain speculation and a sound investment for long-term income.

Robert C. Leonhardt

Micro-Moisture's outstanding characteristic, as I see it, is the fact that it is widely diversified. Its management has adopted diversification as a basic philosophy. I can best explain this situation by delving briefly into the company's history.

Organized under the laws of Delaware on Jan. 16, 1953, the company started out with a small plant in Miami, Fla. Here, it manufactured the product with which the corporate name originated: the Weather-Guard, a moisture-sensitive electric relay system designed for automatic closing of windows, automobile tops and similar protective coverings at the first drop of rain or snow.

In April, 1953, the company made a public offering of 299,000 shares of its common stock at an initial price of $1 per share.

Early in 1954, Micro-Moisture took the first step toward the diversification which marks it today. To augment its manufacture of self-closing windows, it acquired the business and assets of the All-Weather Window Corp., which had an 18,000-square-foot plant in Hollywood, Fla.

In June of that year, the company added another acquisition: Eastern Koolvent Aluminum Awning, Inc., located at 22 Jericho Turnpike, Mineola, N. Y. Micro-Moisture now leases the Koolvent plant and office space, and maintains its headquarters there.

The merger with Koolvent opened doors for still another acquisition. Leasing space in the Koolvent plant, at the time Micro-Moisture moved in, was a manufacturer of a portable air-cooling and de-humidifying unit, Comfort Zone Corp. It made excellent sense that Micro-Moisture should add this product to its growing line, and accordingly, in October of 1954, the company bought 82% of Comfort Zone's outstanding stock.

Two months later, Micro-Moisture acquired all stock of four Canadian corporations: Koolvent Awnings, Ltd., Koolvent Awnings (Western), Ltd., Aluma Roll (Canada), Ltd., and Atlantic Steel Ltd. All but Koolvent (Western) were located in Montreal, Quebec. Thus, the company gained a Canadian outlet for its products, as well as modern manufacturing facilities in Montreal.

Now began a period of consolidation. Micro-Moisture closed down its Florida plants and consolidated into the New York plant. This allowed a saving on overhead costs, and provided for tighter control. In October, 1955, the company sold its New York aluminum awning manufacturing facilities, concentrating this product line in the Montreal plant.

Following this came another period of diversification. Late in 1955, Micro-Moisture exchanged 1,200,000 shares of its common stock for the entire common stock of Plotnick Brothers, Ltd., a corporation engaged in the distribution end of Canada's vast paper industry. In July of this year, Micro-Moisture completed still another Canadian merger, this time with Montreal's Converters Acceptance Corp. This large company was itself diversified, having a fully-owned basic scrap steel industry, a well-established electric appliance manufacturing business, an aluminum window organization, and a real estate development unit.

In addition, the company has secured an exclusive U. S. distributorship for Mellofoam, a synthetic sponge-like material developed in West Germany, with many possible uses from making furniture to making aircraft.

With all these acquisitions, Micro-Moisture's annual sales will certainly be close to or slightly above $5 million this year, with operating profits somewhere near $400,000. Not only does this great variety of holdings provide for large income; it also guarantees tremendous underlying stability. Engaged as it is in many diverse businesses, Micro-Moisture is not likely to be deeply affected by ups and downs in each industry.

Steered by an aggressive, alert management team under President Louis Levin, this eager young company is marked in my book as one of those "most likely to succeed." Mr. Levin and his associates have obviously seen the value of diversification for their company, and they have proceeded promptly to translate their philosophy into profits. There is every reason to believe that they will continue along the same path in the future.

Micro-Moisture Controls common stock is traded in the Over-the-Counter Market.

GLENN C. PETERSEN

Seligmann & Co., Milwaukee, Wis.

Lithium Corporation of America, Inc.

Lithium Corporation of America is one of the two leaders in the field of lithium mining and chemical processing.

Glenn C. Petersen

The field of lithium is in its early infancy, and only its surface has been scratched. The use of lithium has been widening by leaps and bounds, and today it is used in atomic energy, rocket fuels, multi-purpose greases, organic chemistry, pharmaceuticals, heat treating, air conditioning, electric storage batteries, porcelain enamels, ceramics, metallurgy and brazing processes.

The growth of Lithium Corporation of America has been just as outstanding as the growth of the industry. This can readily be seen by a quick look at the sales and earnings for the last two and one-half years.

	6 Mos., 1956	1955	1954
Sales	$5,873,771	$6,381,876	$3,178,206
Earnings per share	$0.72	$0.23	$0.41

Lithium Corporation put into operation last year what is believed to be the largest lithium chemical plant in the world located in Bessemer City, N. C. The non-recurrent start-up expense of the Bessemer City plant amounted to $342,829, or $0.45 per share. This plant is now operating at near optimum capacity. Due to lower production costs and the transference of more of their manufacturing operation from Minneapolis to Bessemer City, it is expected that they will improve their record-breaking first half earnings in the second half of 1956.

Lithium is an element like nickel, aluminum, iron, etc. It is classified as an alkali metal, the same as sodium and potassium. It has the chemical property of being very active and therefore is never found in nature in the free state but always combined chemically with other elements. Lithium is found in a hard rock-like material called spodumene which also contains silicon, aluminum and oxygen.

The company's ore reserves which were proved by drilling and mining operations are estimated at eight million tons, which are distributed as follows: 53% in North Carolina, 39% in Canada and 8% in South Dakota. This estimate represents exploration of less than one-half of the company's properties. In addition, there is a contract with Quebec Lithium for 1,500,000 tons of ore to future guarantee ore supply for the long-term.

A look at the balance sheet shows long-term notes of $4,282,781; convertible debentures due 1960 through 1964 of $1,200,000 and capital and surplus at $2,019,878. There is authorized 1,000,000 shares of common stock, and of these 763,872 shares are outstanding. A 5% stock dividend was paid in December of 1955 and a 3% stock dividend was paid July 1, 1956. A relatively small amount of capital stock is now outstanding, considering the size of the company, which leads me to believe that as the stock appreciates in value it could easily be split.

Sixteen different lithium compounds are produced at the Bessemer City plant, one of which is lithium hydride which is used in the manufacturing of H bombs and rocket fuels. The AEC recently released a report stating that fusing together of atoms of a light material such as hydrogen under millions of degrees of heat releases energy that could be used directly to produce electricity. A fusion reactor of this type promises to be extremely safe because of the small amount of fuel in the machine and there would be no radio-active fission products to escape in case of an accident such as there is in a conventional reactor.

The Armed Forces are beginning to move more rapidly in the development of rocket fuels. These fuels are based on chemical compounds of boron and lithium.

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Changing Times for Banking

By J. STEWART BAKER*
President, The Chase Manhattan Bank

The question of adequate banking growth in order to help assure sound economic progress leads noted Chase Manhattan head to examine: discriminatory reserve practices; harmful merger proposal; increasing competition confronting banks; and current need for more savings and less instalment debt. Mr. Baker avers basic tenets of banking rests upon dual banking system, and as much decentralization of banking control as possible. Suggests: (1) Senate Banking Committee adopt former N. Y. Federal Reserve President Sproul's suggestion of establishing a study survey group; (2) returning to elastic currency based upon rediscounting; (3) lessening strain on N. Y. bank's ability to function on major domestic and international market center; and (4) disseminating facts of increased loans made to small business in past year.

I at first was somewhat puzzled as to what might be most appropriate for me to say to such a distinguished and knowledgeable group. Then it occurred to me that I indeed was faced with a unique opportunity to sit down with you, so to speak, and discuss some of the current developments in banking which are of great importance to bank management, and which are now posing new and vital problems for bank supervisors.

J. Stewart Baker

Of course I tend to look at these developments from the point of view of one who is immersed in the day-to-day problems of a New York bank. Yet the great majority of our own problems seem to be typical of those faced by banks across the country—or at least that is what our correspondent banks tell us. Our bank as it now stands also is the product of a recent merger. But this too is an experience which it shares in common with many others.

After eighteen months of merger, and all the comment that has appeared on that subject, perhaps my first observation should be this: There is no dearth of competition between banks in New York City! I am sure that Mr. Mooney (New York State Banking Superintendent) will bear me out in this. And so far as I can see, healthy competition is a dominant element in banking across the country. Actually, there has been a great deal of misinformation, both written and spoken, about competition in American banking today, and particularly about its relation to bank mergers. I believe one of the problems faced by both banks and supervisors is to put the facts aright before the public.

The truth of the matter is that competition in banking is more alive, more vigorous than at any other time in recent years. And this competition is yielding great benefits to the general public. You may not all know, for example, that in New York City we have 14 banks that belong to the Clearing House Association. In addition, there are 39 other smaller banks in the area. Some of these latter banks, incidentally, have a high degree of skill in certain special lines that adds to their competitive ability. Of the Clearing House group, five banks have city-wide branch systems, and each is doing all it can to attract customers in the various local communities. Moreover, these five banks are in competition with the other nine to serve business not only in New York, but throughout the country.

It is in this national activity that New York City banks also find themselves under heavy pressure from other directions. The day is gone when a large manufacturer in the South or West almost instinctively turned to New York for financing. Today he has his choice of any number of cities where strong banking institutions of substantial size can be found. Today banks in these centers participate in financing the growth of large corporations, both within and without their own regions.

Non-Banking Competition

But competition between banks themselves is not the only pressure that acts to keep bank managements on their toes today. Of no less importance is the drive and intiative shown by other financial institutions—by the mutual savings banks, the savings and loan associations, the sales finance companies and the insurance companies, among others. As a matter of fact, a close look at the pattern of postwar growth suggests that many of these institutions are pressing ahead far more vigorously than commercial banks.

Certainly all of this testifies to the strength and vigor of competition in the financial world today. Yet in assessing this competition, we must not forget that banks, unlike most other businesses, have strict limits within which they must carry on their rivalry. Banks are highly tinged with the public interest, and competition, if allowed to run rampant, could do more harm than good. This is one of the main reasons why our institutions are subject to supervision and regulation to an extent that is unknown by most other businesses.

Competition between banks can

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*An address by Mr. Baker before The National Association of State Bank Supervisors, San Francisco, Calif., Oct. 19, 1956.

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Mutuality of Problems In Natural Gas Industry

By J. J. HEDRICK*

President, Natural Gas Pipeline Co. of America
Texas Illinois Natural Gas Pipeline Company
Independent National Gas Association of America

Natural Gas Association head depicts current growth and encouraging prospects for natural gas, which "has come into its own." Contends producer, pipeliner, and distributor interdependence upon each other has increased to the point where it inevitably compels realization that they comprise one industry, and appeals for unity and cooperation in meeting common problems to fulfill responsibility to public and nation. Mr. Hedrick queries whether consumers won a victory with Harris-Fulbright Bill veto; ponders supply difficulties arising from new gas-using industries being enticed into producing areas, and increased sale of gas locally; and discusses problem of keeping field price contract commitment intact, and distributors opposition over prices pipelines have to pay for what was formerly a distress product.

In recent years we have often heard our industry described and classified as **divided** into three generalized segments: producers, pipelines, and distributors. The time is long overdue when this description should be changed to three functional segments **united** into one industry. That should in no way interfere with the exercise of vigorous competition in the proper spheres.

J. J. Hedrick

In terms of corporate organization and in terms of functions these three general segments are separate and distinct, but together they make up an essentially single enterprise devoted to finding, transporting, and delivering natural gas to the ultimate consumer. From nature's storehouse directly to the burner tip is a single industry and not three separate ones. We are all in the business of supplying the consumer's needs and are dependent upon a reliable natural gas supply.

Natural Gas Has Come Into Its Own

In the last quarter century, and especially in the last 15 years, natural gas has come into its own. I believe it is not an exaggeration to say that natural gas has revolutionized the habits of the American people. It now supplies 26% of the nation's energy, or 46% of the energy requirements for which gas is competitive. It is vital to the natural defense and the American economy. The growth in volume of natural gas used and in number of customers has been phenomenal. The industry's past is replete with accomplishment—but what of the future? What lies ahead? Federal regulation of the entire industry? Possibly. Competition? Definitely, from electricity for domestic loads, from oil for househeating, and from coal and oil for our off-peak industrial loads. Demands for fuel energy in the nation are growing so rapidly as to be astounding.

While in 1955 we took pride in peak production of 10 trillion cubic feet, we foresee demands for another 20% this year, and learned investigators are estimating that in 1975 demands for natural gas will reach 22 trillion cubic feet and that we will have discovered a goodly portion of the 500 or 600 trillion cubic feet anticipated recoverable reserves now unknown.

Bringing our sights a little closer to tomorrow and of immediate concern are the 3.8 million new househeating installations, new areas to be served and the $7.3 billion construction program for pipeline and distribution facilities to serve these expanded markets in the next three years.

We have been so occupied with this rapid growth and expansion, which is expected to continue for sometime to meet the unprecedented demands, that some of us may have lost sight of the significance of shifts of emphasis within our own industry. As late as 1940 the flaring of natural gas was a widespread practice. Much of the gas produced with oil provided sensational displays at wells far from markets instead of providing the useful energy of which it was capable when properly harnessed. In one instance, the authorities warned airplanes of the danger involved in flying over the Texas Panhandle gas field. Most of this wasteful flaring was not wanton destruction, but was occasioned by the hard economic fact that the sales price of gas did not pay the expense of gathering it. As late as 1943 it was estimated that more than 100 trillion cubic feet of natural gas was waiting to be produced and marketed, largely in the southwest. As late as 1945 approximately 25% of all gas produced in the great prolific Panhandle field was used in carbon black plants, 50% used or blown to air, wasted forever, and only 25% delivered to pipelines. Fortunately, those wasteful practices have been eliminated, and in 1955 only about 8% was used in carbon plants, 9% was used or blown to air, 2% was recycled and 81% was delivered to pipelines.

In the early 1930's there was only a handful of comparatively small diameter pipelines leading out of the southwest to consumption centers. Gas had little or no value for want of a market. Almost anyone who indicated a willingness to build a pipeline could buy all the gas needed from 1 to 4 cents a thousand.

Rising Field Prices

Long-term contracts were entered into at very low prices, from 1 to 3 cents per thousand cubic feet. Many of these contracts were for the life of the field. These old long-term contract prices, some still in effect today, contribute to a relatively low average field price which does not in any way indicate going prices or values in the field. Ten or 12 years ago 5 cents a thousand was a good price in the southwest. Today, when additional supplies become available, they have a value of from 10 to 20 cents per thousand, depending upon location, quality, and other conditions which affect the cost of getting the gas to market.

We have come a long way since the first producing well was dug some 135 years ago in western New York State. The industry has grown. The development of long-distance transmission lines made it possible for the producers to have an outlet for their vast supplies of what used to be surplus and even undesirable gas. The building of the pipeline also made is possible for distribution companies to change over to a better and finer fuel from the older manufacturing operations.

There continues to persist some fairly severe criticism with respect to prices paid by some pipelines to the producers for gas under the old low price contracts. While the pipelines in most instances have been sympathetic to the suppliers, the suppliers themselves have often failed to understand some basic points in relation to those old contracts.

Some very real problems of the pipelines have not been adequately explained or understood. Not only are long-term commitments of gas for pipelines necessary to obtain a certificate of convenience and necessity from the Federal Power Commission, they were necessary before contracts could be made for the sale to distributors and they were essential to the financing of the line initially. Investments and financial commitments were made in the pipeline on the strength of those contracts. Often these financial obligations are such that the pipeline is not free to raise these old prices even though it might be felt that this would increase available supplies.

Pipeline Cannot Go Above Contract Price

A pipeline which voluntarily increases the price under an old contract, and thereby increases its costs, assumes substantial responsibility to the regulatory agencies, its stockholders and to its customers. There is always a real possibility that the pipeline will have to absorb part or all of the increased costs. At best, a rate proceding before the Federal Power Commission is long and costly and the outcome is seldom completely satisfactory. Those old contracts, by drawing off surplus gas which had no outlet, have given to southwest gas a market, and, consequently, a value which it would not otherwise have had. On the other hand, we must remember that these suppliers are the ones to which we must look for future supplies. It is to our best interest and to the best interest of the consumer

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*An address by Mr. Hedrick before the American Gas Association Convention, Atlantic City, Oct. 15, 1956.

Assorted Metals of the Future

By IRA U. COBLEIGH

Author of "How to Gain Security and Financial Independence"

Kaleidoscopic coverage of certain fascinating metals and minerals, some old and some new, with vital or strategic uses in the flight and height of missiles, or a mission in fission.

The history books partition the ages of man by the materials he worked with — stone, copper, bronze, iron, etc. Well, we've gone well past the era of these basic elements. We've seen aluminum, in the past 30 years, move from a shining rarity to a widely used, indispensable and still growing industrial metal; and we've noted the rapid advance of magnesium. Especially since 1945, we've also seen a whole batch of new metals come on the scientific scene, because they were desperately needed to provide the qualities of lightness and strength necessary for high velocity rockets, missiles, and supersonic planes; and to withstand or utilize the tremendous heats generated by fission, fusion and stratospheric flight.

Ira U. Cobleigh

One of these magical elements is thorium; and a company that has done very well in producing this stuff is **Lindsay Chemical Company.** From a special kind of sand, monazite, found in South Africa and N. W. Saskatchewan, Lindsay produces not only thorium compounds but cerium and rare earths. Rare earth elements have many industrial applications in flints for cigarette lighters, motion picture projectors, polishes for glass and stone, aluminum alloys and stainless steel. Thorium is regarded as a vital element in the fusion bomb, and although its applications are top secret, it is known that the Atomic Energy Commission is a major customer of Lindsay. Stockholders here have done fabulously well, as the shares (with adjustment for a 5-for-1 split in 1954) have risen from a low of $1 in 1945 to 57 this week. Earnings per share for first six months of this year were $1.76 — up from 90 cents in the same 1955 period. There are 361,614 common shares traded on Midwest Stock Exchange.

Another company doing a slick job in off-beat metallurgy is **Kawecki Chemical Company.** Founded only six years ago by Henry C. Kawecki (President) and Joseph C. Abeles (Vice-President) and some associates who subscribed the original $30,000 capital, Kawecki netted $182,837 in 1955 and should cross the $300,000 net profit market this year. Kawecki is a metallurgical specialist and has addressed itself to the development and industrial use of five elements in particular — selenium, tantalum, columbium, hafnium and zirconium. Of these, selenium (derived as a by product of the refining of copper) is presently the largest earner. It is principally used in electric rectifiers. Hafnium and zirconium are brother metals, always found together, and the trick has been to separate them cheaply. Kawecki has come upon such a process; and the hafnium, which is far rarer, commands a high price because it can, in atomic reactors, absorb neutrons and control their flow. Zirconium, on the contrary, is useful as a sieve for neutrons in a chain nuclear reaction.

A second Castor and Pollux metal team is tantalum and columbium. Here again Kawecki has developed a separation technique. The resulting tantalum is useful in electric resistors and capacitors; while the columbium, because it does not disintegrate at the highest temperatures, is potentially a very valuable alloy for nucleonics and strato-missiles. Kawecki common, publicly offered last year at $11.50, now sells at 27½ on the American Stock Exchange.

Another spectacular market performer among mineral-slanted enterprises is **Strategic Materials Co.** whose common has risen from 2¼ in 1954 to a high of 48 this year. Present quote, 30 in the Over-the-Counter Market. This company owns Stratmat Ltd., with 1¼ million acres of Canadian mining claims, mostly in nickel/copper. Stratmat Ltd. also owns 80% of Strategic-Udy Metallurgical & Chemical Processes Ltd. which has patented methods for treating manganese, ferrous bauxite, chrome, titanium and mercury. Another subsidiary (50% owned) is Spar-Mica Corp. Ltd., with large deposits of feldspar; and Stratmat also has a substantial interest in a silica company with over four million tons of reserves. Despite corporate coverage of a broad assortment of minerals, metals and processes, Strategic Materials didn't make any money last year and has paid no dividend. As a "romance" company, it has, however, attracted many staunch followers, as the market rise would seem to indicate.

Vitro Corporation of America is another exciting company. It is actually a multi-fold holding company with divisions in research, nuclear engineering, refinery engineering, uranium mining and processing, rare metals and heavy minerals; and ceramic colors and pigments. The major materials bringing profitability to Vitro include uranium, thorium, titanium, zirconium, misch metal, and rare earths. In almost every phase of the development and application of nucleonic energy, Vitro is in their pitching. Seven hundred thirty thousand, five hundred and fifty-three shares are outstanding trading over-the-counter at around 22. Management is quite impressive.

Another metal, a very ancient one that has taken on new import in this age of reactors and rockets is mercury. Used by the Greeks 400 years before the Christian era, mercury was dubbed "liquid silver." This amazing liquid metal is absolutely unique. You can bathe in it without getting wet; and it won't boil till it hits 675 degrees. Originally used in thermometers for clinic and climate, you now find it in silent "mercury" electric switches, in patterns for cold casting of high temperature resistant metals; and as a vapor replacing steam in electric power generation. But these expanding uses are not the dynamic ones. The big "zing" in mercury these days lies in the fact that this shimmering metal has top secret and strategic uses in guided missiles, and as a coolerant and heat exchanger in atomic reactors. In such uses it is believed that the metal is expended and must be continuously replaced. No doubt for reasons such as these the General Services Administration of the U. S. has had mercury on its strategic stock pile list; but the metal is still in very short supply. The U. S. Government is quite obviously anxious to increase its inventory and assure future production, not dependent on Europe. Historically, the major world supply of mercury has come from the Almaden mine in Spain, and from lesser producers in Italy and Jugoslavia.

On North America the industry flagged because the price of $80 a flask (76 pounds) which prevailed as recently as 1950, just wasn't attractive; and many earlier producing mines were closed down. Open market prices, however, ran up to $325 a flask in 1954; the price today is $255. This market activity, plus a government floor price of $225 an ounce, brought many mines back into action. In the United States, **New Idria Mining & Chemical** produces around 400 flasks a month; there's the Sonoma Quicksliver Mine in California; and probably the largest American producer, the Cordero Mine in Jefferson County, Ore., owned by **Sun Oil Company**.

In Alaska, an old mine, The Red Devil, has been reactivated and is turning out over 400 flasks a month. The known reserves here run into several hundred thousand tons, and a new rich vein, running from 3% to 9%, was located last August. The would-be speculator in this property has available 5,000,000 of **DeCoursey, Brewis Mining Ltd.** common listed in Toronto and now selling around 50 cents; a $1,000 6% debenture selling at 85 bearing warrants for the purchase of 1,000 shares of this common at $1 until 12/31/56 and then at $1.50 through 12/31/57. These warrants may be separately bought at around 19 cents apiece.

Another interesting North American property, where shares are publicly available, is **International Metals Corporation.** This was formed in 1954 by a group in Houston, Texas, to look into Mexican mercury properties. Under the expert direction and supervision of Dr. Juan P. Alevizatos, some 58 Mexican mercury properties were examined, with assays made of ore samples. As a result, five properties were acquired and made the basis of the company. Four of these mining properties are located in a district where mercury has been produced since 1869, about five miles from Huitzuco, a town in the State of Guerreo.

On May 14, 1956, 400,000 shares of common of International Metals Corporation were registered; and by the end of August these had been publicly sold, placing $340,000 in the company treasury. One hundred thousand of these shares were purchased at the public subscription price, $1, by officers, directors and their families. Officers and directors serve without pay, believing that company funds should be prudently employed in ore development, and that salaries should await the time of actual production. Due to the quality and extent of the mining properties, the recent addition of two more mining claim areas, some prospects in copper and uranium, as well as mercury, and the integrity of management, International Metals may present an interesting speculation to those patient enough to wait for development to continue, and production to begin. There's a solid demand for mercury and good profit in producing it at present prices.

Here, then, are a few assorted ports of entry for the intrepid buyer of speculative securities. Not a whisper of endorsement or recommendation of any of these companies has been given or intended. You're on your own. If any fascinate you, look into them analytically. Both a good look, and good luck, seem prerequisite to speculative success in ventures of this sort!

The State of Trade and Industry

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

Over-all industrial production in the period ended on Wednesday of last week showed some expansion as output of automobiles and steel increased moderately. Production of electric power, oil and paperboard held at the level of the previous week, while mild decreases were noted in food processing, coal and lumber industries.

With respect to employment the United States Department of Labor's Bureau of Employment Security reported initial claims for unemployment insurance declined to 164,900 during the week ended Oct. 13 from 182,000 the week before and 168,700 a year earlier, largely because of "improvements in employment conditions in a number of industries, notably automobile manufacture."

The agency also noted that insured unemployment — the number of persons claiming benefits for completed weeks of unemployment—declined for the fourth straight week to 887,900 in the week ended Oct. 6 from 914,500 the week before, while insured unemployment topped the year-earlier level of 799,300.

A turn for the better in the auto industry was a key to the drop in insured unemployment, as well as in initial claims, the department's Bureau of Employment Security disclosed.

Initial claims for benefits dipped in 32 states, the agency declared. Michigan, center of the auto industry, had the biggest reduction, 4,900. Insured unemployment declined most in the following states: Michigan, 13,800; New York, 5,700; Missouri, 3,400; New Jersey, 3,200 and Ohio, 2,700.

Benefit rights were exhausted by 7,800 persons in eight large states during the week ended Oct. 6, according to the report. That compared with 8,100 the week before.

Steel producers are waiting anxiously for the automotive shoe to drop. What Detroit does will mean the difference between a "comfortably tight" market and an all-out year-end scramble, states "The Iron Age," national metalworking weekly, this week.

What steel men are afraid of is that the automotive push will play havoc with an already-tight fourth quarter outlook. It would come at a time when practically every other industry will be fighting for a preferred spot on order schedules, this trade journal points out.

The auto makers have been hanging back because of production delays growing out of drastic model changes, hesitancy to load up rebellious dealers and willingness to let the mills be their "warehouse" as was the case before the sellers' market put them on the defensive, this trade authority observes.

Detroit's production problems are merely postponing the automotive tidal wave. As a result of production delays, the industry will make considerably fewer cars in October than was originally planned. When the production kinks are ironed out, this output will be crammed into November and December.

Even with these problems, the auto industry has turned down only minor tonnages offered by the mills. What was left was gratefully gobbled up by other consumers. For some mills, November and December are considered spoken for, from a practical standpoint.

What it adds up to is that a sharp upturn in new car sales, and there are indications that a groundswell is taking shape, will leave many steel consumers holding the short end of the stick, at least for fourth quarter and probably first quarter of 1957, this trade magazine asserts.

Meanwhile, the government's proposed big oil tanker program is confronting steel producers with another worry and that is the possible imposition of controls on plates and structurals. It all depends on whether the tanker program gets the green light. But the linking of controls with the project by some government officials has steel men on tenterhooks.

Giving ship builders a preferred spot on plate and structural order books would aggravate a near-fantastic market situation for these two products, a situation that is forcing cutbacks in fabricator plants and serious delays in the building of schools, churches and plants. Also, it probably would lead to a clamor by other industries for defense ratings.

Falling 15% in September, business failures decreased to 932, the lowest level of the year. However, the toll was at a postwar high for the month of September, and was 13% higher than a year ago. Only in 1939 and 1940 have September casualties been higher, since the depression year of 1933.

The failure rate dipped to 51.4 from 51.7 for each 10,000 enterprises listed in the Dun & Bradstreet reference book, but was 18% above the September 1955 level. Casualties remained below the 65 of the similar level of prewar 1940.

The liabilities of the September casualties declined 29% to $39,000,000. Although the total was the lowest since October 1955, it exceeded by 19% the volume of September a year ago.

Failures of all sizes were less numerous than in August. While a year-to-year rise occurred among casualties of medium size, those with liabilities between $5,000 and $100,000, very small failures with liabilities under $5,000 and large failures with liabilities in excess of $100,000 dipped below their 1955 levels.

While the construction toll remained at the August level, failures in all the other trade groups declined in September. The increase from September a year ago was concentrated in retail trade and construction. However, the manufacturing total fell 17% below the 1955 level.

All geographic regions reported a dip in failures in September, except the Mountain States, where casualties remained at the August level. Seven of the nine regions reported more casualties

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Speculative and Investment Activities in South America

By A. WILFRED MAY

Mr. May describes the investment and speculative operations in the major South American financial centers, domestically on and off the stock exchanges and other markets, as well as their citizens' dealings in New York and Canada. Cites the attending inflation, tax and other economic factors influencing the investor.

The material for this survey was compiled during a recent visit through South America by Mr. May. —*The Editor.*

Activity in securities investment on our Southern continent varies sharply from country to country. One of the determining influences is the degree of soundness of the respective country's currency, with common stocks available to serve as an inflation hedge. Thus in **Venezuela**, activity on the stock exchange and in securities generally has not kept pace with the country's over-all growth and boom prosperity. Her stock market growth has rather been slow and steady, the activity in securities showing a constant growth in an investment atmosphere without bursting out into a great stock exchange boom. This restraint has stemmed partly from the safety and stability of the currency (with the bolivar technically at a 49% premium to the dollar). Also dampening the public's ardor for stock are the competing speculative attractions, principally real estate whose rise appears to be never-ending, and where the staking of the small individual's money is quite simple. Again, stock exchange listings of issues are kept to very low proportions because of the fear of loss of corporate control by private individual and family holders.

A. Wilfred May

It is true that the price of seats on the Caracas Stock Exchange has risen during the past eight years from 1,000 bolivars ($333) to 2,000,000 "B's" ($66,000). But the activity, although growing over the years, is still small. Recent volume of an entire week's trading on the Caracas Stock Exchange totaled only a capital value of 2½ million B's ($8,333) for stocks, and 2 million B's ($600,000) for bonds.

The yield on common stocks varies widely, ranging from 8% to 9% on many issues, down to 3% on some capital gain-pointed stocks.

The prevalent competing profit opportunity situation, together with the absence of a capital market, also inflicts a destructive impact on the Venezuelan bond market. Not only is it strictly limited, but the yields are inordinately high—18% to 19% on government short-term notes, drafts and credit instruments; and on longer term issues, Simon Bolivar, for example, a real estate issue guaranteed by the Venezuelan Government, due in 12 years, sells to yield 12%.

American capital enters the market in several ways. A New York investment banking house may through participating in Exchange membership (through **La Financiera Venozolana**) buy outstanding shares on the Exchange, or engage in the underwriting of new issues. Or American capital may come in through private investing companies, sometimes merely participating in Venezuelan controlled entities. They may buy outstanding shares or go in on a controlling basis to improve management.

Regulation is on a self-imposed basis, with no SEC-like body. One of the important provisions typically laid down by the Exchange authorities is a prohibition against bonds exceeding the amount of common stock capital shown on the balance sheet.

Again owing to the attractive local opportunities for investment and speculation, the American stock market does not offer too much inducement to the Venezuelan investor, although there is some up-flow of funds, largely into the American Blue Chips.

Stock Speculation in an Inflation-Land

In sharp contrast to Venezuela's poised stability, and consistent with our above-stated correlation of national inflation with interest in equity speculation, is **Chile's** very active securities boom.

On the Santiago Stock Exchange (with a secondary Exchange existing in Valparaiso), volume regularly is now running at a two to three hundred thousand share-a-day average, with an occasional peak up to a million shares. The business is conducted by 80 active broker members, of which no more than 10 may be foreigners, now divided among Germans and Britishers without American representation.

Prices on the Exchanges move in big swings without any restrictions imposed. Manifesting the

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Steel Sales Outlook for 1957

By H. V. CLARK*
Executive Vice-President, Detroit Steel Corporation

By calculating major steel consuming industries business prospects, including the much discussed auto industry, Detroit Steel's executive officer anticipates excellent steel business in 1957. Mr. Clark concludes 1957 steel sales will support an ingot rate of 90% of capacity, within a one or two percent range, or 119 to 120 million ingot tons.

During 30 years in the steel industry, I have seen many things happen which would seem to make forecasting for an entire year a hazardous undertaking. Full order books have faded away within weeks to a status where the mills were scraping the bottom of the barrel to accumulate enough tonnage for rolling. On the other hand, the reverse has been true; where very light order books were suddenly flooded with a rush of incoming orders. Most of this type of condition happened prior to World War II although on some products it has happened since that time.

However, to get to the task at hand—"Steel—The Sales Outlook for 1957":

In order to determine what the year 1957 will be so far as steel sales are concerned, I decided that the best place to find out was to contact those industries which are the major consumers of steel. In most of the industries which I shall discuss briefly due to time limitations, I have contacted chief economists, market research heads, purchasing departments, and other executives, both manufacturing and sales, to get a cross-section opinion as to what their business appeared to be for 1957. Also, other sources were used where desired information regarding any particular steel product could be considered reliable. I did find that most industry economists felt that any forecast for more than six months in the future were not considered too reliable from the viewpoint of being sufficiently accurate upon which to base potential sales and therefore potential production.

Therefore, let us look at the following industries:

Export Market

Year	Net Tons
1955	3,500,000
1956	3,500,000

The export demand will continue heavy during 1957, and it is estimated that 4,000,000 N. T. of various semi-finished and finished steel products will be shipped to the various world markets. This is close to what would have been shipped had there been no steel strike. It is interesting to note that during the first half of 1956 a change in the demand for various products took place. Such items as tin plate, sheets, and semi-finished products declined while bars, pipe, structural shapes and plates increased. Export houses, generally, find American prices high compared to European and Japanese prices on a number of products. There is no doubt that much more tonnage could be shipped to world markets temporarily by United States mills than is being shipped but they prefer to take care of the domestic market first.

Farm Equipment

Year	Net Tons
1955	1,336,886
1957	1,403,000

During the year of 1956 the sales of Farm Equipment such as farm tractors, farm implements and their parts declined sharply from the 1955 level. The consensus of opinion seems to be that 1957 sales will be higher than the 1956 level but still below 1955. The fact that the downward trend of farm product prices has been halted and that they are now on the rise is one reason for the improved outlook. Another is the higher prices being realized for cattle and hogs. This means an estimated increase in net farm income of approximately 5%. There is no doubt that the farm equipment manufacturers are faced with higher material costs which may have to be reflected in higher prices. In 1957 this industry should consume about 4 to 5% more steel than in 1956.

*An address by Mr. Clark before the National Industrial Conference Board, New York City, Sept. 21, 1956.

Machinery Industries Including Electrical

The mill shipments of steel to the machinery industries in 1957 is estimated to reach 8.1 million tons or about 2½% above 1956. Machinery shipments have been very strong as have been new orders. Shipments of machinery are expected to increase to the middle of 1957 followed by stabilization or a slight decline in the last half of 1957. As has been stated, these industries should consume more steel in 1957.

Warehouses and Distributors

Year	Net Tons
1955	15,758,005

Not many people realize it outside the steel industry but the second largest customer of the steel mills are the Warehouses and Distributors. Annually, about one-fifth of all finished steel products go to this class of trade. They are the retail stores of the steel industry which specialize in selling small quantities and in giving quick deliveries. I feel that the year of 1957 will be a good year for the warehouses generally. We know that the year of 1956 has been one wherein warehouses selling plates and structural shapes have had excellent business whereas others selling only sheets have had a rather slow turnover. I believe that during 1957 the warehouses and distributors will again take about 20% of the finished steel products from the mills.

Rail Transportation and Car Building

Year	Net Tons
1955	1,600,000
1957	1,800,000

We shall consider first the market demands for rail and track accessories for construction and maintenance. The railroads have been encouraged by the rising trend of revenue freight car loadings and net operating income. The high level of industrial activity and plant expansion programs have meant good earnings recovery for the railroads and equipment producers. During 1954 and 1955 expenditures for track work as compared to previous years resulted in increasing the deferred maintenance already then existing. The result is an anticipated 10% increase in 1957 for the steel products involved.

So far as car building is concerned, it is expected that at least 75,000 freight cars will be constructed in 1957 as compared to an estimated 65,000 in 1956. Continued high industrial activity as well as the strong possibility that more steel will be allocated to this part of the railroad industry indicate increased use of steel.

Gas and Oil Drilling

Year	Net Tons
1955	3,185,000
1957	3,435,000

Oil and gas drilling set a new record each year. The oil producers are in a race to prove up reserves, to maintain their competitive position, and to save penalties on reserve leases which accrue if no drilling is undertaken. While the flow of oil from wells is restricted, such restrictions do not interfere to any great degree with drilling. Steel requirements by this industry have increased annually. Due to the shortage of oil country goods, steel shipments in 1957 will increase about 8% over the 1955 shipment figure, which is the last full year for which figures are available.

In connection with this industry there is, of course, the added requirements for the construction of pipe lines. The demand for this type of construction is very strong. The outlook for 1957 and even 1958 shows a continuation of this high demand. I have been informed by one manufacturer of line pipe that all the steel allocated to his company through 1958 has been sold. Several large mills producing plates state that they cannot yet see the end of a very heavy demand for steel for this purpose. The limiting factor for 1957 is the plate tonnage made available for this purpose. The tight credit situation is not expected to influence the 1957 outlook as the projects undertaken for that year have largely been approved and credit arrangements completed.

Shipbuilding

Year	Net Tons
1955	601,234
1956	1,000,000
1957	1,200,000

Between 1952 and 1955 the shipbuilding industry was on the decline. In 1955 there was a small increase in the amount of steel consumed by this industry. However, the estimated consumption for 1956 shipbuilding is considerably larger than 1955. The shipbuilding industry is gaining strength and it appears that 1957 will be at least 20% larger than 1956. One large company stated to me that in 1957 there will be a ship on every way in their yards. The great increase in world trade has caused a shortage in available bottoms. Increased ocean rates have resulted in making the shipping business an attractive one. Add to this the recent developments regarding the Suez Canal and the potential need of much longer hauls on oil and other cargoes and we can see why the shipbuilding industry is on the increase and therefore steel consumed by it will be in a larger tonnage.

Containers

Year	Net Tons
1955	6,723,074
1957	7,000,000

The container industry so far as the use of steel products is concerned consists chiefly of cans, crown caps and other closures, steel barrels and drums, shipping pails, compressed gas cylinders, cooperage, boxes and strapping. Of these containers by far the most important to the steel industry are cans made from tin plate and black plate. The competition in the container business as between cans, bottles, paper, aluminum, and to some degree plastics, is severe and continuous. However, the year of 1957 will bring a substantial increase in the consumption of tin plate and black plate for cans. Total tin plate and black plate consumption will amount to 7,000,000 net tons.

Five million tons will go into the domestic market for can-making; the balance will go into the export market and the manufacture of crown caps and other closures. While we are discussing cans, a product for which I have a great respect, it may interest you to know that 60% of all cans made are required for food; 18%

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From Washington Ahead of the News

By CARLISLE BARGERON

Carlisle Bargeron

After only recently having become a farm expert by virtue of writing a book in cooperation with Ezra Taft Benson, the phoniest issue in this campaign, in my opinion, is that over a flexible range of parity support prices — from 75 to 90%—or rigid 90% supports. The Democrats insist that in order to help the small family-sized farm we must return to 90% supports.

The Agricultural Secretary, admitting that this controversy is being magnified far beyond its importance to the farm problem, nevertheless fought to the bitter end at the last session of Congress for the flexible system. The rigid system, he say, makes for more production and adds to the huge farm surplus. The Democrats contend the lower supports make for higher production because the farmer has to produce more at the lower prices to make both ends meet.

But on one point the Secretary seems completely right and that is that the difference between flexible supports and rigid 90% supports means little to the small family-sized farm about which all of the political wailing is about.

Take a family-sized farm that has $1,000 worth of production in Commodity Credit loans. Obviously the difference between 80% support and 90% support is less than $100. But to the fellow with $10,000 in loans, the difference is approximately $1,000 and those fellows with $50,000 in loans, the difference is about $5,000.

It is a fact that some farms have received as much as $1,000,000 in crop loans. Some huge loans are made in California, Iowa, in Indiana, and to at least one cotton farmer in Mississippi. But it is apparent that the difference between Benson's scale of supports and those of the Democrats is of concern to the big fellows, not the little fellow whom the politicians are so concerned about.

Another observation on the passing scene: Where is that tremendous military and industrial might of Russia now that it is faced with revolution in Poland and Hungary? There is a country which overnight, we have been told, can destroy us and to defend ourselves against that contingency, we have spent unlimited billions of dollars. Indeed, we have had to change our traditional modes in many instances because the Russians would not understand us.

Why is Russia not able to squelch Poland and Hungary in 20 or 30 minutes, in the time in which it is claimed they could destroy us? Why, as a matter of fact, was Yugoslavia permitted for so long to sit there and thumb its nose at the mighty Russians and even now maintains its independence, although having renewed its diplomatic relationship? It really baffles me.

Now, it may be that mighty Russia like ourselves has become too powerful to fight. Followed to its logical conclusion it means that in the not too distant future, the two "mightiest" nations of the world will find themselves impotent and the little nations will kick both in the face every time they feel cocky. It offers an interesting contemplation to say the least.

There are those in this country, of course, who contend there is no difference between Russia and Yugoslavia and the new order in Poland and Russia and the possible new order in Hungary and Russia. They are all Communist governments.

But our State Department takes the very logical position, I think, that it is none of our business what kind of government a country has, so long as it is an independent government and not a satellite. I should hate to see the Russian federation broken up because we could not possibly justify the silly shenanigans of the USIA or the spending of so much money on the military and foreign aid.

Yates, Heitner & Woods Mergers

ST. LOUIS, Mo.—Paul Brown & Co. and Yates, Heitner & Woods announce the formation of a new partnership to be known as Yates, Heitner & Woods, conducting a general investment business as successor to Paul Brown & Co. Partners are James A. Yates, Jr., Norman E. Heitner, James H. Woods and Sumner Shapiro general partners, and Walter C. Haeussler, limited partner.

Announcement is also made that O. H. Wibbing & Co. and Redden and Company are now associated with Yates, Heitner & Woods, Tarleton L. Redden, Ray H. Wibbing, Oscar H. Wibbing, Joseph L. Kealty, Adolph W. Juen, Lambert O. Siesener, and Herbert M. Roach joining their staff.

Yates, Heitner & Woods is now located at 819-21 Pine Street.

Mr. Heitner will continue as Manager of the municipal sales department; Mr. Roach will be Manager of the trading department and Mr. Shapiro will be in charge of the commodity department.

A. C. Allyn Elects Two New V.-Ps.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—C. Allyn, and Company, 122 South La Salle St., have announced that J. Palmer Crawford and Robert L. Creek have been elected Vice-Presidents of the firm.

Schirmer, Atherton to Admit John Porteous II

BOSTON, Mass. — Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges, on Nov. 1 will admit John Porteous II, member of the New York Stock Exchange, to partnership.

With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Frederick J. Brannan, Jr., is now affiliated with Hayden, Stone & Co., 10 Post Office Square.

Two With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Nelson E. Benedict and Oscar C. Sjodin are now with Investors Planning Corporation of New England Inc., 68 Devonshire Street.

The Outlook's Promise And Problems

By ELEANOR S. DANIEL*
Director of Economic Research
The Mutual Life Insurance Company of New York

Noting early 1956 downward-drifting outlook has shifted to present general view of prosperity at least through end of 1957, insurance economist offers frank analysis of encouraging and cloudy factors now operating, making equally valid the conclusions that the near future is pretty well assured, or that several considerations call for caution in present commitments. Mrs. Daniel recapitulates underlying forces contributing to past decade's remarkable economic stability; describes present propulsive forces now operating; and foresees rising pressures on profits, continuation of some sore spots, increased competitive selling, and emergence of Federal spending rise for first time in several years.

To judge where our economy may be going one should look first at where we have been — over the long term, and over the more immediate past as well.

Over the "Long Term"

Eleanor S. Daniel

In the 15 years since 1940, our last true prewar year, we have witnessed a prodigious increase in this country's national product and standard of living. In dollar terms our gross output has almost quadrupled; price increases aside, it has virtually doubled. Even if the record is qualified because population has risen by some forty-odd millions in the meantime, or about one-quarter, it is still overwhelmingly impressive. We have produced enough to give all these new babies brought into the world the same average real standard of living as their parents and have then raised the average by almost 50%. Even if Uncle Sam takes more from us now in taxes, we have some 40% higher real spending power on the average than we did just 16 years ago.

The economic revolution we have seen in this last decade has made Henry Wallace with his "Sixty Million Jobs" look like a "piker." The only trouble with Henry Wallace was that he wasn't starry-eyed enough in that respect, despite what we thought in 1945! In the last 10 years we have reached goals that didn't seem attainable in twice that time. We reached 60 million jobs in 1950, 65 million last year and 66.7 million just last month. The only reason there haven't been more jobs is that our problem has not been too few jobs, as we thought it was going to be, but too few people to fill them. We have recently seen a slower growth in people of working age, reflecting the delayed effects of low birth rates during the depression.

Market potentials have expanded much more than even the averages given above would indicate. We all know that you can calculate an average income of $25,000 by adding 49,000 and 1,000 and dividing by two, but you still have only one customer—the man with the $49,000! In the last 10 years, however, many families have shared in the increase of income, and income is more widely distributed now than it was in prewar days. In 1929, perhaps one-fifth of all family units earned as much as $4,000 and we had only climbed back to that proportion again by 1945. Now 60% over $4,000 is a conservative estimated. Another way to look at this broadening of the income base and markets is to point out that in 1929 one-third of all income after taxes was received by the top 5% of the population. Even in 1939 it was one-quarter. Now, only some 15% of all income after taxes goes to the top 5%.

*An address by Mrs. Daniel before the New York Chapter, National Society for Business Budgeting, Sept. 18, 1956.

Fabulous Economic Stability

This has been a period not only of fabulous growth, but also of fabulous stability. The two recognized business adjustments which took place in 1948-1949 and 1953-1954 were extraordinarily mild. In each case the decline in output from peak to low point was no more than about 3%. If the economy has been almost depression-proof on the down side, it has also proved itself unusually resistant to excessive inflation on the up side. Despite sharply rising wage rates, prices have been fairly stable when you leave out of the picture the sharp rises which occurred in 1946, representing the delayed effects of World War II and the abolition of price controls, and those which followed the outbreak of war in Korea.

You might compare this boom we have been seeing to an unusually strong and fast-growing baby with sufficient spunk to rock its own cradle pretty vigorously. The baby has had an assortment of governmental nurses and professional economic practitioners watching over it anxiously, expecting the worst for a full 10 years now, and thinking, "we certainly won't weather this one!," every time the baby veers sharply in one direction or the other. Actually, we have weathered some amazingly sharp shifts in demand from different quarters in the economy, without turning the boom out on its head, or doing more than temporarily interrupting its growth. Between 1944 and 1947, Federal government spending on goods and service plummeted downward from a $90 billion annual rate to one closer to $15 billion, a drop of some 80%. In just the last three years, it has dropped from a $60 billion rate to the present figure of about $45 billion. Inventories have fluctuated by smaller amounts dollarwise, but the fluctuations have been more violent, concentrated in a shorter period of time, and even greater relatively. Even business spending on fixed assets, and residential construction have varied appreciably. Despite all of the adjustments implicit in this milling around, however, the national product has declined in only one year since 1946: that year was 1954 and the drop was less than 1%.

How was all this achieved? Did we really "plan it that way?" Or have we, as is so often the case, merely been "right for the wrong reasons?" Certainly, at least in the last several years, wide government policies have helped by keeping a hand on the regulators. However, government officials, including members of the Board of Governors of the Federal Reserve System, make it clear that they would claim less credit for the happy results than their more extreme disciples would like to claim for them. As equally cogent answer is that we have been passing through an era in which our economy has had unusually strong underpinnings; on top of this, we have been extraordinarily lucky.

A Basic Momentum

Such underlying forces may seem pretty remote from the day-to-day concerns of your business and mine. However, it may still profit us to refresh our memories on what they are. I have a suspicion that the reason we have all been such "nervous Annies" about the current business situation each year—and have all been so wrong on so many occasions—lies in the fact that we have forgotten the very existence of these underlying forces, or, at least have tended to underestimate their persistence and forward thrust. By the same token, as time goes on, and these facts are accepted as part of the general environment in which we live and work, we may tend to take their future continuance too much for granted.

Here are some of the basic factors which have been operating in our favor:

(1) We had the real basis for a rapid major economic upsurge in a slack labor force and excess capacity as we came out of the Great Depression. Unemployment averaged some eight million persons in 1940, but 15 years later five and one-half million of these had been drawn into productive endeavor. Another 10 million were added to the civilian labor force as the result of population growth and the greater participation of women and older workers. Thus we had the sheer numbers of people—largely in the prime of their working lives—first to man the machines, and second to consume their product when wartime demands stopped pre-empting the output.

(2) The urge to consume is always present, but it has been greatly intensified as the result of deferred demands for all kinds of commodities built up during the depression and the war. After all, however, demand as business knows it, must be registered through "what tinkles in the cash register"—it must be made effective. During the war, deficit financing through the banks generated a rapid increase in money income. Under rationing and price controls, neither individuals nor business could spend a normal proportion of their newly acquired purchasing power. From 1940 to 1945, therefore, individuals' liquid assets more than tripled and business holdings rose even more. This means that people who never had more than a few dollars to rub together at any time in their lives found themselves in 1946 in an unexpectedly flush financial position.

(3) With this groundwork of people and money, almost anything could be sold at a profit in the immediate postwar years. Once the upswing got under way, several reinforcing elements came in to make it cumulative.

(a) Once price controls were removed in 1946, prices rose rapidly to a level more nearly reflecting the true demand-supply situation. Such price increases have accompanied every great war in American history; the only difference is that this time the lid was kept on during the war and abruptly removed thereafter. The repercussions of such a major price level adjustment take time to ramify and spread the throughout the economy. Their immediate impact is on consumer expenditures for current purposes. Much more far-reaching, however, is their ultimate effect in producing an upward revaluation of capital assets as the basis for debt extension and further spending. We all have, in our circle of friends, some homeowner who may have purchased a house for $6,000 in 1940 but has since sold it for $18,000 and parlayed the proceeds into something much bigger and better. In the process, of course, someone incurred a new mortgage to finance the purchase. Perhaps half of last year's historic $13 billion increase in home mortgage debt represented this process. On the business level, the same thing has been accomplished through corporate mergers and acquisition of one firm by another. Since only a small portion of the capital assets of the country turn over in any one year—and some never do for all practical purposes—it takes a considerable span of time for this upward revaluation to enter the debt and income structure. How long the process takes, on the average, to exhaust itself is one of the unsolved mysteries of economics. It is certain that when it does play out, one very substantial source of support will be pulled out from under our economic structure.

(b) Another factor which has unquestionably reinforced the basic momentum of our growing economy in the last 10 years is the upgrading of standards of living which always occurs when incomes rise. This time, the upgrading has been even more pronounced than in some earlier years because consumer credit has been readily available on favorable terms.

On every side we can see evidence of the insatiable demand of consumers for something better. Cadillacs have seen no slump in sales this year. The average cost of dwelling units has more than doubled in 10 years, although construction costs have risen only some 75%. In retail stores, the physical volume of sales in the last five years has lagged behind dollar volume—and all in a period of comparative price stability.

This is another influence which has the honest economists scratching his head. Does it represent a permanent and enduring raising

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Dealer-Broker Investment Recommendations & Literature

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

Area Resources Book—Explaining the industrial advantages of the area served — Dept. K., Utah Power & Light Co., Box 899, Salt Lake City 10, Utah.

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

Autos—Bulletin with particular reference to **Chrysler, Ford and General Motors**—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a review of the market and bulletins on **Standard Brands, Cooper-Bessemer** and **National Malleable & Steel Castings.**

Bank & Insurance Stocks—98th consecutive quarterly comparison of leading banks and trust companies of the United States —New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Business Opinion Digest—Monthly summary of opinions held by leading business commentators, newsletters and periodicals—Federal Investment Co., 901 Sixteenth Street, N. W., Washington 6, D. C.

Canadian Financial Facts and Comments—Bulletin—Gardiner, Annett Limited, 330 Bay Street, Toronto 1, Ont., Canada.

Cement Stocks and the Highway Program—Analysis—Pershing & Co., 120 Broadway, New York 5, N. Y.

Chessie, Peake and their family—Portfolio of pictures—Chesapeake and Ohio Railway, 3809 Terminal Tower, Cleveland 1, Ohio.

Interest Rates—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

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

Petroleum Situation—Review—Chase Manhattan Bank, Petroleum Department, 18 Pine Street, New York 15, 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.

Portfolio—For investment—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Portfolio for Growth & Income—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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Sale-and-Lease-Back Technique To Finance Industry Expansion

By LOUIS J. GLICKMAN*
Chairman, Glickman Corporation, New York City

Real estate head expounds on the advantages of the sale-and-lease-back technique for industrial concerns desiring to expand, handicapped by lack of cash, and possessing real estate capable of financing such expansion. Avers ready funds are available for such transactions in today's tight money market; and advises investors what to look for in real estate investment

The first element in any piece of real estate is its location. The best constructed property could be close to worthless if it were improperly located. So, as real estate men, the first consideration in your minds in considering an investment, is the location of the offering.

Louis Glickman

If it is a location which we like, then the second question is whether the property on the site is suited to it. Very often it is not suited to the location, but if the property can be converted by a surgical operation, so to speak, into the proper usage, and the site be given its best economic usage, then we would consider it further. So, first we have location and next we have adequacy of improvement.

From here on varied considerations come into play. As we all know, the very best tenants get the lowest rents, while the lowest rents by the very best tenants make the safest investments. No one makes an investment without the opportunity of increment. So, the question of tenancy can be related to our investment only at the time the investment is being made. If, in our portfolio, we have at the moment an abundance of high-grade security, we are more inclined to be a little more risky as to our investment.

In any event, the third consideration in our minds is growth potential. Next comes available income from property, and that, of course, is part of the growth potential.

After these things have been weighed, consideration must be given to the amount of cash required for the investment and we then relate the return on the property as a whole to the return on the equity, and in the process of doing that we must consider the financing that can be accomplished under the credit conditions that exist at the time the investment is being weighed. The mortgagee feels about the investment as we do. The amount of the mortgage and its rate depend upon both the going rate at the time and judgment of the risk involved, and as I said before, tenancy and risk go hand in hand.

Since all locations are different and each property is different, each one presents a different problem, but if I were compelled to say which consideration is upper most in my mind, I think I would put it upon growth potential after all other considerations have been gone into.

Of course, in my office we have made a great speciality of sale and lease-back deals. I find this one of the most fruitful fields for investment in these times.

Desirability of Sale-and-Lease-Back

I am always glad to talk on the subject of sale-and-lease-back, not merely because it is a basic element of my business, but because the technique lends itself to so many variations that it makes a subject of intense interest to real estate men whenever it comes up. Some statisticians say that in Glickman Corporation we have used the technique in deals totalling more dollars of valuation than anyone else. Be that as it may, I can assert that we have used sale-and-lease-back to solve a greater variety of complex real estate problems than any other method of which I have heard in a lifetime spent in the real estate business.

This occasion is one upon which I am glad to talk about sale-and-lease-back once again, principally because I think it is a technique that could be of immense value right now to numberless business corporations in Canada as well as in the United States, especially manufacturers who are curtailing their plans for expansion and promotion because of the current tightening in the money market and the rise in interest rates in the country.

There is no question but that many businesses should expand and promote at this time, because the competitive situations in their own industries make it advisable for them to do so. A broad policy of credit stringency cannot be applied by any central bank in a discriminating way. The bank must act, on the contrary, in the broadest possible way. The result is that these corporations are being unfortunately handicapped today. It is up to those who suffer from the policy because of their individual situations to find their own way out.

Accordingly, I want to suggest the way out for many industrial corporations, especially manufacturers, for new money at this time is to look into their own real estate portfolios. There they may find assets which can be turned quickly into cash without affecting their right to tenure in their own buildings. They may even find that by a change of real estate policy, in addition to placing their hands on needed cash, they may also improve their earnings situation by proper application of the tax laws of Canada or the United States to their individual situations. All they may need to do is to sell the property and lease it back from the new owner, and to do so, of course, in a single transaction — a "sale-and-lease-back" transaction.

No Sin to Pay Rent

In my opinion there is no more reason for a manufacturing corporation to own the skyscraper in New York in which it may occupy space for headquarters office, or a regional office. It is no sin to pay rent when by doing so you free huge sums of money for new operations. There are investors who prefer, for reasons sound to them, to put their money into real estate, but that investor does not need to be a manufacturing company.

Not every manufacturer could make a sale-and-lease-back deal on its real estate. Some industrial buildings are so constructed, or so located that salability is too limited. I am talking of properties that have only one use, or very restricted, or specialized potentials. But there are many properties that do have the element of convertibility to other uses which makes them proper subjects for real estate investment, especially where the present tenant is a sound corporation with the highest credit rating.

Funds Are Available

Naturally the interest rate on the mortgage end of financing in a sale-and-lease-back deal today is bound to reflect the rise in the interest rate generally. When the demand for money is greater than the ready supply it affects all interest rates—on mortgages, on government bonds, on time loans and bond issues. But the sources of mortgage credit should have an ampler supply than the sources of commercial credit, since there are many institutions which must invest in suitable mortgages, if such are available, and these institutions have a steady inflow of funds from savings, from premiums, and from amortization and interest on current mortgages. I do not imply that mortgage money should be plentiful. But ingenious real estate men, accustomed to solving problems, will know where to lay their hands on it.

As far as equity money goes for such sale-and-lease-back transactions, I think that there is plenty of it available. In the judgment of many investors, especially those who have accumulated wealth through their own savings and hard work, real estate is a preferred investment at any time, all other things being equal, and thousands of them are standing by with ready funds, waiting to invest in sound purchases.

*From an address by Mr. Glickman before the Annual Convention of the Canadian Association of Real Estate Boards, Halifax, Nova Scotia, Oct. 3, 1956.

Francis I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Henry E. Gundlin has been added to the staff of Francis I. du Pont & Co., 317 Montgomery Street. He was formerly with Hannaford & Talbot.

Outlook for Interest Rates

By ROBERT VAN CLEAVE*

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

Forecasting a gradually and irregularly rising interest rate outlook; finding business conditions look good and that our best hope is money supply restraint to keep the dollar valuable, Mr. Van Cleave probes many possible causes that might break the spiral, and concludes that should such a temporary turn come, it will last long enough to produce some profits in bond accounts. Such a lower trend yield is expected to last a year or so and find commercial paper and Treasury bills especially sensitive compared to prime loan and mortgage rates. Believes Federal Reserve restraints have been extremely gentle, and cites welfare-state acceptance by both political parties.

Like others, I have been struck by the self-contradictory nature of the criticisms which have been leveled against Federal Reserve policy. It is argued, for example, that policy has been almost completely ineffective. Bank loans keep on going up, billions of new securities are being floated, spending continues in all sectors, and business remains prosperous. Therefore "tight money" and high interest rates have accomplished nothing.

Robert Van Cleave

On the other hand—and not infrequently in the same article or speech—the critic will insist that policy has been much too harsh. Money is tight; credit is unavailable. It is dangerous; the Federal Reserve System is monkeying with forces about which it knows little; it is risking deflation and depression which, once started, it will be powerless to reverse. Moreover, in forcing interest rates upward, it is adding to the costs of doing business. Isn't this inflationary, actually? If interest rates were not so high, the cost of carrying the Federal debt might be cut in half; this would make possible a tax reduction which, by implication, would be of itself a desirable thing.

Credit Has Been Available

Now, as to all the new loans that banks are making, and all the new securities that are being absorbed. This group needs no reminding that bank loans are being made at the expense of investments. Loan portfolios have been going up without significant interruption since the third quarter of 1954; their rise has been accompanied almost precisely by an inverse trend in government securities holdings.

The result has been that savings have had to cover a large part of capital investment, and it hardly can be denied that this is as it should be. The Federal Government has been a saver on balance—its $12.5 billion cash surplus in the first half will not be nearly offset by the deficit in the second—but State and local government debt has been growing strongly. Corporate debt securities have been coming along at an even greater rate than last year. Mortgage debt, despite a lower rate of housing starts this year than last, rose in the first half by an only slightly smaller amount than last year—$7.8 billion this year against $8.3 billion last year. Even consumer credit, in which many people believed repayments this year would overtake extensions, has continued to grow. Through July the increase has been $0.9 billion, which of course is much smaller than the $2.8 billion in the same period last year.

So it hardly can be argued that credit has been "unavailable," since if it had been this tremendous volume of loans and securities could not have been floated. But, undeniably, it has cost the borrowers more than it would have a few years ago.

Previous Liquidity Makes Restraint Seem Slow

Now the critic says that if rising interest rates had been effective, the borrowers would have canceled their borrowing plans. This is a modern example of the old broken window in the baker's shop, which Bastiat used as an illustration in his book "Things Seen and Things Not Seen." We have no statistics on loans not made — either because the loan was refused or the borrower changed his mind — and only sketchy reports on securities issues planned but withdrawn. Even here, as we are all aware, the issues withdrawn so far have been merely deferred. Some of them have been deferred several times before finally coming to market, and it is a fairly safe bet that any noticeable recovery in the bond market would bring on a flood of others. In the meantime, recourse has been had to bank loans, so that there has been little interference with plans for spending.

One answer to this is the condition of super-liquidity with which the economy entered the postwar period, and which only now is being reduced a little — though enough so that at last over-all restrictive monetary policy gradually is beginning to be felt. There are two aspects to this.

First, it explains in a measure why the charge of ineffectiveness has some foundation. As has been often pointed out—particularly by the critics of over-all restraint—when banks and businesses hold large quantities of very short-term government securities they are to a very large extent independent, and immune to Federal Reserve System control. If they cannot sell the securities, they have only to wait a few days, weeks or months, and the Treasury then will provide them with cash. Now, at least with respect to banks, this is no longer the condition.

Danger in Reduced Liquidity Doubtful

Second, this matter of reduced liquidity now is pointed to as a danger stemming from present and recent policy—a danger which I confess I am unable to recognize. The very fact that liquidity has been so high as to make the economy impervious to central bank operations for so long a time is, it seems to me, a powerful indicator of how excessive—how far above normal needs—the previous state of liquidity was.

Moreover, though cash holdings of persons and business have not grown very much, there has been some growth in every recent year, just as there will be some growth this year. In the four years ended last December the average increase was about 3.4%. There is still a tremendous amount of short-term government securities outstanding in the market, and there are some $57 billion or so of savings bonds which can be converted into cash on little or no notice. The real change that has taken place is that it is no longer possible to convert securities—particularly government securities—into cash in the market place at a profit or at a very small loss.

As I understand it, you as bankers consider it desirable to have a certain part of your assets in short-term governments. This provides liquidity for two purposes, (a) as a source of funds when the demand for loans goes up, and (b) as an available resource with which to meet a large or unexpected withdrawal of deposits.

The demand for loans has gone up, and you have met it nobly—even to the extent of practically denuding yourselves of short-term governments. They served their purpose. My impression is that it was almost universally expected last year that the loan demand could not continue through 1956; therefore the proper thing to do was to make loans by selling governments, in the expectation of replacing them when loans declined this year.

The other reason for short-term investments is to meet deposit withdrawals. I don't believe that bank liquidity in this respect has been impaired at all as far as the depositor is concerned. To help meet deposit withdrawals is one of the stated purposes for which the Federal Reserve discount window exists, and I suppose there is no practical limit on the amount of advance the System would approve for this purpose.

Business corporations' need for liquidity is more difficult to judge, but even here I doubt that recent monetary policy has produced a significant shrinkage in liquidity. As reported by the SEC, their cash holdings have held about level during recent years. Their government holdings have been reduced below the all-time February high by about $6.0 billion, a substantial drop, but they still held nearly $18.0 billion at the end of June, about $1 billion below a year ago. Inventories and accounts receivable have gone up, which may be regarded as a lowering in the quality of current assets. Over-all, however, net working capital maintains a steep rise, with current assets more than twice current liabilities, as they have been during most postwar years.

High Taxes Reduce Impact of Small Rate Rises

It is often remarked that the forcing of interest rates up through Federal Reserve restraint cannot be effective because Uncle Sam pays more than half the borrower's interest cost. The same might be said of the saver and lender — Uncle Sam takes more than half of his interest income. It seems to me that this is no real criticism of over-all monetary restraint; it merely means that advances in interest rates have to be twice as great as would be necessary in the absence of high tax rates in order to produce a corresponding impact. In this light the rises which have taken place seem even more modest.

High Rates Inflationary?

Then, there is the argument that higher interest rates are bad because they are actually inflationary, in that they add to costs of doing business. This reflects the habit of thinking of cost inflation, price inflation, wage inflation, and other special types of inflation. It confuses the symptom with the cause. None of these forms of "inflation" would be possible in the long run without inflation of the money supply. In the short run they can take place through acceleration in the turnover of existing money, and this is what has been happening. In six big cities demand deposits lately have been turned over at the rate of about 30 times a year as compared with about 16 times in 1945; in other leading cities the rate now is about 23 against 12. In short, money is moving about twice as rapidly as it was 10 years ago.

Reduce Rates and Cut Taxes?

Finally, some people hold that if interest rates were pushed down, the cost of carrying the Federal debt might be cut by as much as half, and this would be sufficient to justify a cut in taxes. In the first place, nominal rates on much of the debt already are about one-half of current market rates; in the second place the debt can be refunded only as it becomes due or callable, which would mean that a substantial lowering of the debt service charge would take many years; and in the third place, the only practical means of forcing rates down is by immensely increasing the money supply—something not to be recommended in an era of inflation.

Not a Defense of Reserve Policy

Now, even though it may appear to you that I am here to speak in defense of the Federal Reserve System and its current policies, that is really not the case even though I believe they are good. I have taken up so much of your time on this topic because I believe that these things are essential to the outlook for interest rates. They are not well or widely understood even yet, and we here in this group can do much to help widen an understanding which will make their accept-

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*A talk by Mr. Van Cleave before the Middlesex-Somerset-Union Bankers' Association, Martinsville, N. J., Oct. 17, 1956.

A True Growth Activity— Security Analysts' Societies

By CAROL JOAN RAYNOR

Security Analyst, Bache & Co., New York City

The accelerated growth and recognition of N. Y. Society of Security Analysts—now 2,200 strong—accompanied by willingness of business firms to make known more and more about themselves as investment outlets, is set forth by Miss Raynor in the course of describing the developing importance of the N. Y. S. S. A. Writer concurs with N. Y. Stock Exchange President's observation that the influential profession has been both a cause and effect of broadened stock ownership. Stresses strategic role played by analysts in: deciding attractiveness of new issues; serving as a forum to top industry heads at daily luncheons during the business week; and the funneling of the economy's lifeblood; i. e., the free flow of capital from savings into investments.

Many remarkable changes have taken place in Wall Street since the days of Jesse Livermore, William C. Durant and others in the roaring bull markets of yesteryear, but probably the most outstanding transformation of all has been that of corporate management's attitude toward the investing public. A generation ago stockholders knew little or nothing of contemporary developments in their companies' doings; today enlightened executives eagerly welcome every opportunity to inform their fellow stockholders as well as the public of progress toward well defined goals.

Carol Joan Raynor

This striking reversal in policy has coincided closely with the dramatic growth of the New York Society of Security Analysts and similar organizations in important business centers. The fact that managements have come to see the advantage of cultivating wholesome stockholder relations concurrently with the rapid development of the profession of security analysis is not simply a coincidence. Closer cooperation and understanding between managers of leading corporations and trained security analysts acting as advisors to investors owning stocks and bonds has proved constructive for all concerned.

It is little wonder then that virtually all executives respond willingly to invitations to address regular forums and to participate in periodic conventions that bring together hundreds of analysts intent on becoming better acquainted with the prospects for individual companies. The New York Society has pioneered the practice of holding regular luncheon meetings at which top corporate representatives in all industries are invited to present their stories and to answer pertinent questions. Occasional regional meetings are held in New York at which elaborate conferences are prepared and at which analysts from many other cities are present.

The Society's fourth eastern regional convention will be held Nov. 8 in the Waldorf-Astoria Hotel. The program for the two-day affair includes an impressive array of top corporate management, including the presidents of Aluminum Company of America, Cerro de Pasco, National Lead, American Gas & Electric and Consolidated Edison. Other financial and industry specialists will discuss topics such as atomic energy, construction and transportation and their practical relationships to investments. In addition, field trips have been arranged for groups of analysts to visit several companies having facilities in or near the New York area, including Bethlehem Steel, International Business Machines, Long Island Lighting, Texas Company, Thomas A. Edison and Bell Laboratories. Perhaps a thousand or more analysts and guests from all over the country will attend.

Many oldtimers can scarcely believe there are more than 5,000 analysts belonging to one or more of the score of societies now organized. There are few financial, banking and insurance institutions, however, that do not employ the services of the Security Analyst in the continual search for attractive investment media. But it was not always so. Twenty years ago when the Society was organized with an original membership of some 20 men, "analyst" was a seldom used term on Wall Street and even "statisticians" (those "keepers of the statistical manuals") were often regarded as anything but experts in analysis.

Today the N.Y.S.S.A. has the distinction of being a group whose ear is eagerly sought by leading companies. For proof, one need only peak in at the third floor dining room of Schwartz's Restaurant on Broad Street at 1 o'clock on any day of the week. For there, in an unending stream, come top level executives representing American industry — of such industrial giants as American Telephone & Telegraph, General Motors, General Electric, Bethlehem Steel, Sears, Roebuck, etc., as well as numerous smaller concerns. As an interesting example, witness the luncheon last March when the head of Montgomery Ward was the guest speaker of the day. When Mr. John A. Barr, recently elected Board Chairman and President spoke, he set a precedent, for Montgomery Ward had belonged to a dwindling group of corporations still undisposed to cooperate with security analysts. This happy circumstance was only another example of the striking contrast with reticent policies of the past.

In the 1920s and 1930s, about the only way to pry any information out of managements was to be an "insider" or a friend of an officer. Getting a corporation executive to address a small group comprising the NYSSA in the first few years of its existence was really an achievement and often the result of a personal friendship between the executive and an individual analyst. Indeed, in those days of uninformative annual reports and widespread negative or indifferent management - stockholder attitudes, getting any kind of material on which to base a reasoned analytical opinion was difficult, if not impossible.

In fact, the paucity of information available to practicing security analysts was a major reason for organization of the New York Society. It was felt by several younger Wall Street men that as a group, their attempts to reach corporate management would be more fruitful than as individuals. Like other events of history for which records are sketchy, actual details of the formalizing of the group in 1937 are shrouded in the mists of time. Early members interviewed today are not entirely in agreement as to how things got started. If we may rely upon the Society's first year book from 1938-39, however, the organization luncheon was held at the Chamber of Commerce Restaurant in downtown Manhattan. Later, on Oct. 14, 1937, Mr. Richard C. Campbell was elected first president, and a formal list of the Society's objectives was adopted. These included:

(1) Establishment and maintenance of a high standard of professional ethics.

(2) The improvement of analytical techniques.

(3) The interchange of ideas and information among analysts.

(4) The promotion of a proper public understanding of the function of security analysis and the operation of the securities markets.

These objectives remain virtually unchanged today. Additions to the original group of 20 began almost immediately as members invited friends and actively canvassed for new associates. By December, 1937, the roster contained 66 names and by the summer of 1939, 82 had become members. Times have changed and now the Society restricts admissions each year to 10% of the existing membership. In addition, entrance requirements have been raised. Nevertheless, old-time member James Hughes recalls that the majority of analysts in its very early days were younger men who sometimes found it difficult to persuade senior analysts to join. At one point some senior members joined when the Society opened the Luncheon Club in a private dining room of Oscar's Old Delmonico in 1940.

Following Oscar's, the group held informal luncheon meetings and more formal dinner meetings at different locales, including the I. T. & T. Restaurant and the Lawyers Club, finally moving to Schwartz's Restaurant. Genial Henry Schwartz proprietor of that venerable institution, in looking back remembers that at first there would be 10-15 members at an average meeting. This, of course, is much different from today when attendance averages around 125 or so.

Again, if the memories of oldtimers serve correctly, it was not until after the Society became established at Schwartz's that it began to make real progress. This does not mean, of course, that earlier years did not witness the appearance of some very timely guest speakers. They did, and notable among them was the Buffet Supper Meeting at Fraunces Tavern on July 11, 1939. The circular for that meeting which has been preserved by Mr. Richard B. Jones, who was then President of the Society, states calmly that admission for members was 75 cents, including dinner, if paid in advance and $1 if paid at the door! The guest speaker at that meeting in 1939 was Dr. Joseph George Davidson, in charge of the plastics division of Union Carbide & Carbon. The topic discussed was "Latest Developments in the Plastic Field and Possibilities for the Future." One interesting question raised at this meeting was whether duPont's nylon or Union Carbide's vinyon would be the successful synthetic medium for hosiery. Dr. Davidson and his associates had brought along an experimental pair of stockings which had come out of the laboratory and which he demonstrated as probably the most expensive ever produced.

A combination of circumstances beginning around 1941-42 gave the Society a series of "lifts" which provided impetus for its expansion. Stimulated by periodic membership drives, the Society was able to show substantial gains in its membership—by May, 1943, members numbered 425. The number and caliber of speakers mounted; the value of membership in the Society increased. Importantly contributing to the expansion was the changing condition of the securities markets. From that low point in April 1942, the stock market picture began to brighten. According to **Fortune** Magazine, the value of stocks listed on the New York Stock Exchange rose from $31 billion in April, 1942 to $55 billion at the end of 1944. Accompanying this phenomenon was an upsurge in public interest. People wanted to know the reasons for the rise in stock prices. The Security Analysts assumed greater importance, and by November, 1945, the membership of the Society was listed at 803.

In January, 1945, the **Analysts Journal**, a quarterly devoted to the advancement of the interests of the profession first appeared. The publication, instituted when Charles Tatham, Jr. was President, has been a most successful enterprise. It is now the property of the National Federation of Financial Analysts Societies. Formation of the National Federation in 1947, provided another stimulus to the growing influence of the New York Society. The organizational meetings for the Federation were held at Schwartz's and several members of the New York Society played an important part in its formation.

The period since the end of World War II has marked a third major phase of growth. Keith Funston, President of the New York Stock Exchange, said a few years ago that the growth of financial analysts into influential professions has been both a cause and an effect of the broadening base of security ownership. Mr. Funston's reference is, perhaps, the best way to describe what has happened in security analysis since 1946. First, not only do more than eight million individuals own stock, a much greater number have an indirect participation in securities through ownership of insurance policies of one sort or another. In addition to a material increase in institutional investors of all types. The post-war period has witnessed a tremendous expansion by corporations. The security analyst is most often the individual who makes the decision as to the attractiveness of new issues. These and other reasons have all been reflected in a vastly changed attitude toward security analysts. The popularity of the now daily luncheon meetings at Schwartz's has grown tremendously.

Special management forums, held at dinner meetings, have been instituted, at which analysts have the opportunity to meet many top executives instead of just one or two, of large well-known companies like Cities Service, Phillips Petroleum, Republic Steel and Union Pacific. Other educational endeavors such as the recent series of lectures at the Federal Reserve Bank on various aspects of Federal Reserve operations, mark the Society's preoccupation with keeping its 2,200 members well-informed. Perhaps the best testimonial to the splendid achievement of the NYSSA over its brief lifetime may be found in comments such as the one by Paul Kayser, President of El Paso Natural Gas Company, at a recent meeting at Schwartz's:

"We regard the opportunity to appear before you on such an occasion as this as an event of prime importance to the company. We have long recognized that truly the lifeblood of our whole economy is the free flow of capital from the savings of the masses of the people into various enterprises for the production of goods and services for those same masses. This, in fact, is the genius of our free economy. And you—of all organizations — come more nearly working at that job all day long than anyone else in the country. By reason of the fact that New York is the capital of the capital world, your Society is obviously the leader in this most important service to our economy."

In the sunshine of such praise, and with an expansion of over 1400% in 20 years, truly, the New York Society has been a perfect example of what is dear to the hearts of Security Analysts everywhere—a dynamic growth situation.

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The Security I Like Best

Lithium Corporation expects to get a substantial contract for one of the ingredients, lithium hydride. They have already expanded their manufacturing facilities to produce lithium metal and its derivatives for high energy fuels by approximately 80%.

Another one of the fast growing fields for lithium is in lubricants. The production of lithium-based lubricants in 1951 was 54 million pounds, compared to 244 million pounds in 1955, an increase of over 400%. One steel company tested lithium-based lubricants in 3,000 of the 7,000 lubrication points in the mill and found that they could reduce the number of lubricants used from 17 to less than 10 types. The use of this type of lubricant facilitates a considerable saving in lubricant consumption and reduced the number of breakdowns for change of bearings. Lithium-based lubricants are used under conditions of heat, speed, shock loads and water.

In addition to the company's own fine research program it is interesting to note that a considerable number of large industrial firms are becoming actively engaged in research work directed toward the introduction of lithium into their manufacturing processes; and with the development of the H bomb power for peaceful use, the possibilities for Lithium Corporation of America are unlimited. In a very short time the stock has appreciated from $5 per share in 1953 to a high of $40 in 1955, and as I have said before the lithium industry is still in the early stage of its infancy, and I see no reason why the future appreciation of Lithium Corporation should not equal that of the past. The stock is traded in the Over-the-Counter Market.

S. D. Fuller Admits Davis to Partnership

Martin Davis, manager of the trading department of S. D. Fuller & Co., 39 Broadway, New York City, has been admitted to partnership in the firm, it is announced.

Mr. Davis joined the investment banking organization in May of this year.

Joins Jesse Wood

(Special to THE FINANCIAL CHRONICLE)

WARRINGTON, Fla.—James D. MacWilliams, Jr. has joined the staff of Jesse Wood, Jr., 542 South Barrancas Avenue.

Joins Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Dorothy A. Doherty has joined the staff of Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Non-Postponable America's Role In A Seething, Changing World

By HERMAN W. STEINKRAUS*
President and Chairman of the Board, Bridgeport Brass Co.

Based upon world-wide tour, Bridgeport Brass head believes American businessmen can no longer put off their share of world leadership mantle fallen on our shoulders in view of great seething renaissance taken place in every continent and tremendous surge of backward peoples wanting modern civilization. Mr. Steinkraus sees emphasis in this new role as not one of money being needed but one to retain peace, for the "world cannot stand another war." Urges 100% better world public relations program to dispel false views that our only concern is the almighty dollar, or that we want bigger and bigger bombs. Praises start of commendable contacts made abroad and, in urging this extension, includes greater need for investments and enterprises abroad.

Whether we want it or not, what happens abroad has a direct effect on us, and perhaps even our own business. Changes take place faster than we are able to realize, so our opinions are too often based on the conditions that used to exist, but not as they are today.

H. W. Steinkraus

To be specific, let me take you down a certain street of a certain city, one that you used to read about in your books at school. It is an ancient city, so most of its streets are dark, narrow, and congested. But a second glance reveals something different —here and there are modern shops, some not unlike our latest American supermarkets. We notice familiar brand names of American canned goods, along with delicacies from many other countries, displays of air conditioners, TV sets, push-button kitchen ranges. Over there is an agency for the sale of American farm machinery, and just beyond, other agencies, selling the latest German, British, and Dutch models.

There goes an American car! And here comes a group of people who have flown in on a new Vickers Viscount turbo-prop passenger plane, flying on a network connecting major cities. What used to be a slow journey of weeks is now a mere matter of hours.

Where is this? Some place in South America? One of our own military outposts? Or an European city, rebuilding from the ravages of war? None of these; it is ancient Baghdad, that sun-baked city on the Tigris River, awakening to new life. The people who crowd in and out of the stores have money to spend, and are willing to spend it. A rich Bedouin chief, right off the desert, goes in and comes out with a TV set.

The magic word is of course oil. Oil is giving this small country with its population of only 6 million people an annual revenue of $200 million a year. They have wealth; they can pay their own bills; they do not have to borrow. Some of our best engineers are over there, helping them develop a variety of projects. Two-thirds of all the oil revenue is earmarked for national development. The money is dispersed by a governing board on which sits one American adviser, and one British. Already two large dams have been completed on the Tigris River, and another is nearing completion.

Imagine the changes that will take place when their vast irrigation projects for the Tigris and the Euphrates valley begin to function! Iraq is right now one of the most favored underdeveloped countries in the world. So Baghdad, remote Baghdad — the Baghdad of magic carpets and poetry and legend — emerges as a vital part of our new world. Its oil reserves could well become a factor in the preservation of our own freedom, and our national safety.

Potential Africa

Now let us turn to another part of the world, where a vast country is awakening like a huge giant from his slumbers. I refer to Africa. Here is an incredibly rich land with a wealth of natural resources as yet unmeasured. It is big as all of the United States with Western Europe, India, and all of China added. It produces 55% of all the world's gold, 22% of all the world's copper, and many other metals that we regard as "strategic," like manganese, uranium, and bauxite. And it has great reserves of water power.

Our fathers knew Africa mainly as "the dark continent," where the British explorer Stanley uttered those famous words, "Dr. Livingstone, I presume," and where later Theodore Roosevelt went on safari to hunt wild animals. That was but a generation ago. Since then 40 million natives have left their tribes to become absorbed in industry or agriculture, and to live in cities and towns instead of the bush.

Three years ago the 20th Century Fund, of which I happen to be a trustee, decided to make a comprehensive study of whatever part of the world would probably influence our nation's future the most, and about which we were poorest informed. They choose Africa, and that study, the most complete ever made of this country, will soon be published.

I asked one of their researchers what impressed him most in his studies so far. He said, "The City of Leopoldville, in the Belgian Congo (The city is so-named from King Leopold, the father of King Albert of Belgium, and is the center of the industrial growth of the Belgian Congo.) It looks like any modern American city, with skyscrapers, new schools, hospitals, sidewalk cafes, and almost every other aspect of a modern city. Many working people own their own homes. They have just built their own university. There is no color bar."

My friend told me that when he arrived there, he took a taxi, and the African driver said, in perfect English, "So you are an American! Tell me, what do your people think of Anthony Eden?" They talked on, and my friend asked, "Where did you learn to speak such excellent English?" He said, "Oh, I went to London University." "Where you born here," my friend asked? "Well, not far away," he said, "about 30 miles from here. My father is a tribal chief."

Think of it! A jump from tribal living to modern civilization, not in two generations, or three, or four, but in one generation. Industrially, Leopoldville is mushrooming; business is booming. But no wonder it has social and political problems.

In all Africa the ties of colonialism are loosening, as they are in the rest of the world. John Gunther put it simply and clearly when he said, "There are just two things about colonialism in Africa: first, it did a great deal of good; second, it is dying." This is a new Africa emerging in our time.

May I give you one more illustration, in still another part of the world? China.

China's Progress and Hatred For U. S. A.

We talk of Russia's iron curtain today. For centuries China had an iron curtain. The Great Wall of China and her closed ports shut her off for 5,000 years from the Western World, until 1842 when her ports were opened up, and world trade followed. Today, that curtain, so briefly lifted, has descended once again. The outside world has little knowledge of what is going on in China today. But France was granted a rare permission this last spring.

One of the leading French magazines, "Realitées," was allowed to send Pierre and Renée Gosset, France's leading journalists, to visit China and report. They also sent along Jean-Philippe Charbonnier, well known photographer.

Their keenly analytical report, recently published, is the first large-scale appraisal of the impact of Communism on China's 600,000,000 people. They not only saw the front of the Chinese Republic officially, but they reported on behind the scenes, on how the Chinese people really live. Incidentally, their colored pictures are some of the finest I have ever seen of any country; they caught not only gripping scenes of human interest, but those of great beauty as well. These reporters covered the industrial progress of the country, and also collectivization, hygiene, model homes, and the morale of the people.

These are the first words of their report, "A new world is being born in China." They go on to show how ancient, traditional Asia is dying, and Marxism is becoming entrenched. It is in great part a disturbing picture.

Here are some of the things they found out.

Chinese Industrial Drive

First, a great unified industrial drive, or as they put it, "a relentless march toward industrialization," a 5-year plan running from 1953 to 1958, increasing steel production, 250%; coal, 60%; electricity, 100%; also construction of 455 new factories, some with Soviet aid, and top priority for transportation, forging an overland link with the Soviet Union. Already they have a link from Pekin to Siberia. Three new lines will make links from Hanoi to Moscow.

Main mineral resources of China are bauxite, tin, manganese, copper, and tungsten, and for this latter they hold half the world's supply.

They don't want war. Their people are usually shown on posters as peaceful, while pictures of cannon are labelled "War-mongering Americans!" Last year the Chinese Government put $2,250,000,000 into their northwest—what we know as Manchuria. In Pekin they have a textile factory with all "made-in-China" machinery. China is now producing her first automobile, also her first truck, modelled after one of General Motors. This factory development is in Manchuria, and also includes a housing project for workers, department stores, parks, theatres, and a technical school for 1,000 apprentices.

U. S. A. Is the Norm

Their plans are all long-range. They claim, "By the year 2000 we will equal the United States in industrial power." (Always there seems to be the inevitable comparison with the United States.) As their rate of population growth is now 2% a year, and assuming it continues at that rate, there will be one thousand million Chinese by 1980. Today, one out of

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*An address by Mr. Steinkraus before the Annual Convention of the American Gas Association, Atlantic City, Oct. 16, 1956.

World Economy Stronger, but Inflation Must Be Watched

By IVAR ROOTH*

Managing Director and Chairman of the Executive Board, International Monetary Fund

Mr. Rooth, discussing the work of the International Monetary Fund, notes that attempts to meet early postwar expectations of increased consumption and investment led to strong inflationary pressures, intensified by easy money policies; but that great change has developed in recent years, with world economy now better balanced than in prewar years. Asserts danger of inflation has been minimized but not entirely removed, and that with wage rises exceeding increases in productivity, greatest danger is of persistent rise in prices and costs rather than of runaway inflation. Strongly urges small countries build up gold and foreign exchange reserves at times of high export earnings.

For a great part of the past ten years, many members of the International Monetary Fund have been primarily concerned with problems of reconstruction and recovery. The early postwar economic difficulties arose from the fact that production in countries adversely affected by the war was not adequate to maintain a tolerable standard of living and at the same time to provide the real resources necessary for reconstruction. The attempt to meet such expectations of increased consumption and investment inevitably led to inflationary pressures, intensified by the easy money policy which was a remnant of war finance. The additional resources necessary for reconstruction were acquired through the large excess of imports in the early postwar years. The balance of payments deficits that this entailed were met by drawing down reserves and by aid from the United States and other countries.

Ivar Rooth

While it is not possible to set any precise time for the completion of reconstruction, a significant change in the world economic situation was evident by 1950. By that time many countries were more and more placing development in the forefront of their economic programs. In most of Europe both production and trade were greater than before the war. It was more difficult and took longer to restore the economy of countries in the Far East. In a few countries, production and trade are still below the prewar level; but this deficiency is being rapidly remedied. Even in countries outside the areas of active warfare, as in Latin America, the attempt to offset quickly the investment deficiencies of the war period resulted in inflation and large payments deficits. With the restoration of production, the moderation of investment and the revival of flexible monetary policy, inflationary pressures were greatly reduced. Countries found that they could deal with their payments difficulties as ordinary economic problems that could be met through fiscal and credit policy.

An important objective of the Fund during the reconstruction period was to minimize exchange disorders in a world of large payments deficits, inconvertible currencies, and persistent inflation. In the field of monetary policy, the Fund was among the first to present the payments problem as one aspect of the economic disorder that grows out of inflation. As the period of reconstruction was drawing to an end, our Annual Report for 1949 discussed the need for devaluation as part of a program to strengthen international payments and to restore international balance. In September 1949, countries accounting for two-thirds of world trade devalued their currencies to reflect the far-reaching changes that had taken place in the world economy during and after the war. On this and on other occasions, the Fund has made it clear that it does not stand for rigid exchange rates, but for orderly changes in parities when they become necessary.

The Fund began exchange operations very early in the reconstruction period. The Executive Directors were aware that this involved risks; but they believed that it was necessary for the Fund to assume these risks. The nearly $800 million of exchange resources provided by the Fund from 1947 to 1949 was small compared with either the problems to be met or the aid provided by the United States and other countries. The Fund's help came, however, at an opportune time, after reserves had been drawn down to very low levels and before aid on a massive scale became available through the Marshall Plan in 1948 and later in other forms.

Recovery and Development

The mere attainment of the prewar volume of production and trade could not be regarded as satisfactory. A great expansion in production and exports was necessary to enable the industrial countries to put their economies on a self-sustaining basis and to establish a better balanced payments position. For many underdeveloped countries, the basic problem was even more difficult. For them a large increase in output was necessary to maintain minimum consumption standards for their growing populations and to provide savings to develop the economy. In this task of recovery and development, great progress has been made, despite the handicaps imposed by sporadic war and large defense expenditures.

In the past few years, production has expanded rapidly. Most industrial countries have overcome the adverse effects on production which had been left by the war. In many underdeveloped countries, the economy has begun to acquire a momentum that should facilitate future growth. There has also been a striking recovery in trade and in the reserves of many countries. The value of world trade has increased by about 60% since 1950. For several years, the payments of the rest of the world with the United States have been in surplus if receipts from U. S. aid are included. Since 1950, the gold and dollar reserves of the rest of the world have increased by more than $10 billion. It should be borne in mind, however, that extraordinary U. S. Government financing may not continue indefinitely, and that despite the increase in gold and dollar holdings, the reserves of some countries are still inadequate.

Much of the improvement in world payments has been the result of financial policies that have minimized but not entirely removed the danger of inflation. In some countries in all parts of the world, government and private expenditures on investment are still in excess of their own savings and the capital inflow from other countries. In many countries, the increase in wages has been exceeding the increase in productivity. Nevertheless, the problem of inflation is of a different order from that of the early postwar years. The danger now is not one of runaway inflation, but of a persistent rise in prices and costs. There may continue to be pressure for more investment or more consumption, but the solution of these basic problems cannot be found in inflation.

The Fund has always placed great stress on the role of a flexible financial policy in dealing with payments difficulties as they emerge. The Fund has made special efforts to encourage a policy of development with stability. Although aware of the need for sound financial policies, many underdeveloped countries seem unable to resist the temptation to finance development with bank credit when their own savings and the flow of capital from abroad are not adequate for urgent requirements. Such a policy is self-destructive. It destroys the incentive to save and the ability to attract foreign capital, both of which ultimately depend upon the adoption of policies that create confidence.

Current Economic Problems

This brief survey of the postwar period is intended to emphasize the vast changes that have taken place during the last ten years. The economic problems with which members of the Fund are confronted are, with few exceptions, no longer those arising from the destruction and disruption caused by the war. The world economy is stronger and better balanced now than in the years before the war. If a peaceful environment can be created and arms expenditure reduced, economic growth and development in the next decade may be far beyond the hopes of the last generation. Even under present conditions, production will probably grow at a satisfactory rate in the industrial countries and may be accelerated in many of the less developed countries.

While the expansion of production and trade has been interrupted for brief periods from time to time, the danger of deep and prolonged depression has so far been averted. At the end of last year, there was a pause in the growth of industrial production in the United States and Canada and in nearly all countries in Western Europe. There has been no recession in any of these countries, and in several, the expansion of industrial production has been resumed. World trade has not been affected by the slowing down of industrial production. In fact, the expansion of world trade has been an important element of economic strength during recent months, although it is regrettable that in many countries there has recently been increasing group pressure for protection in various forms, and the tendency toward free trade is not so strong as it was some years ago.

The effect of economic fluctuations on international payments is especially significant to raw materials exporting countries. Generally speaking, changes in industrial production are accompanied by changes in the volume of raw materials exports and in their prices. For countries whose foreign exchange receipts depend

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*Statement of Mr. Rooth in presenting the Annual Report of the Executive Directors to the Board of Governors of the Fund; Washington.

Inflation and Promises to Pay

By ROGER W. BABSON

After defining inflation and the effects of inflation, Mr. Babson concludes that both parties should "teach the American voter the honest truth about *inflation*," and that our paper money contains promise to pay "but the government will not give us anything for it, except the same kind of money."

According to an apocryphal story, a legislator in Mexico moved that Gresham's Law (that bad money drives out good money) be annulled. When told that it was a natural law and could not be annulled, he then suggested that it be suspended for a time. The question of value has been a problem ever since money was invented, — and, in fact, even before that time, no matter what commodity was used as the medium of exchange—tobacco or wives. Money has always had a tendency to depreciate in value, and it has at some time or other met with disaster in practically every nation — as in Germany when the mark went to zero in 1923, **spelling the end of inflation for Germany.**

Roger W. Babson

What Is Inflation

One cause of inflation is a much greater increase in the **quantity** of money in circulation relative to the increase in the volume of goods and services. This forces the price level upwards. Price indexes for a period of years show that there have been great fluctuations in the value of money in practically every country. When the purchasing power of the dollar has decreased too much, injury has been done to the investors and creditors as a group.

Kinds of Inflation

Credit inflation can be generated by confidence; and monetary inflation can be caused by lack of confidence. Inflation results from a combination of two things: Oversupply of money and/or under supply of the nation's goods and services. National debt figures in that it creates bank deposits. It is not how far the debt goes that makes people lose confidence; it is how low production goes. If production keeps up with debt, there is no harm except psychologically. Lack of production means that the value of money is under suspicion. Inflation is always an attempt to escape heavy burdens; —debt is often the core of the problem. The principal force making for price inflation is a huge expanded stream of income —purchasing power—which beats against a diminished supply of civilian goods and services.

Effect of Inflation

The tragedy of inflation is the loss of purchasing power on the part of those who have been the most thrifty in saving money and building up assets and income for a rainy day. These are the holders of bonds and preferred stocks, the holders of insurance annuities, and those who have amassed large cash assets. It is characteristic of inflation that the time required for it to take hold is much longer than most people imagine. The most dangerous period is usually when the general public has been lulled into a false sense of security. It must be remembered that today we have a 52-cent dollar and that the cost of living is still going up. It is quite possible that within the next 10 years prices may be much higher than they are today.

Inflation and Government

Ever since the inception of our national government, money and its value has been a concern of various administrations. It is one of our major problems at the present time. There are numerous opinions as regards the value of money. The late Senator Long's campaign slogan, "Every Man A Millionaire," did not take into account the fact that if all men were millionaires no one would be willing to work. The problem today is the effect of inflation on business. Politically, one party wants business to remain good until after election; while the other party is not so anxious to see good business before election.

Good Money!

The Mexican legislator was not far off in wanting to annul Gresham's Law. We would like to accomplish it in the U. S., but no political party can succeed in doing so. Practically all of our paper money has on its face a promise to pay, but the government will not give us anything for it, except the same kind of money! Printed promises by any government mean little. The great financial need today is a national educational campaign by both parties combined, to teach the American Voter the honest truth about INFLATION.

With Shearson, Hammill

Shearson, Hammill & Co., members of the New York Stock Exchange and other leading stock and commodity exchanges, announces the appointment of the following registered representatives in New York. Edwin Stafford Morgan, W. Edward Tague and Noel J. Wesley will be located at the firm's office at 14 Wall Street, and Albert E. Any, Harold I. Baker, Henry M. Mason and James A. Saddy will work out of the company's office at 115 Broadway.

Form Reed & Sloan Investment Company

DALLAS, Tex.—Reed and Sloan Investment Co. has been formed with offices at 405 Adolphus to engage in a securities business. Officers are Myron Hauser, President; Bentley R. Murdock, Vice-President; Thresher A. Rippey III, Secretary-Treasurer; and George A. Kent, Jr., Assistant Secretary. All were formerly associated with Reed & Sloan Co.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Meyer K. Epstein is now with King Merritt & Co., Inc., Chamber of Commerce Building.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Thomas M. Cook is now with Merrill Lynch, Pierce, Fenner & Beane, 216 Superior Avenue, Northeast.

Joins Suburban Secs.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Albert H. Thomas has become affiliated with Suburban Securities Co., 732 East 200th Street.

With Continental Secs.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Mrs. Edna R. Pate has joined the staff of The Continental Securities Corporation, 207 East Michigan Avenue.

Federal Power Commissioner Looks at the Gas Industry

By JEROME K. KUYKENDALL*
Chairman, Federal Power Commission

FPC Chairman asks Gas Industry to eliminate voluminous unnecessary litigation arising from duplication of intervenors to a dispute and from needless review petitions on "identical" issues, and advises applications contain full and complete disclosure of all pertinent facts. Mr. Kuykendall praises Hinshaw amendment for money and work saved without detriment to public interest; supports efforts to enact uniform gas transmission safety standards; and admits old questions as to what constitutes just and reasonable rates, and public convenience and necessity, "are still with us. . . ."

The past three years have been times of dynamic growth in the gas industry and a period when the Federal Power Commission's work and problems have multiplied. It is doubtful if any period in the history of the industry has been so eventful.

J. K. Kuykendall

Permit me to cite a few statistics to give you some slight understanding of the changes within the Federal Power Commission which have occurred between the fiscal years 1953 and 1956. Perhaps I should explain that a fiscal year in the Federal Government commences on July 1 of one year and ends on June 30 of the following year. Each fiscal year is designated by the year in which it ends.

The number of applications for certificates of public convenience and necessity increased by 667%. The number of gas rate filings increased by 549%. In 1953 we issued 1,324 notices, orders, decisions, and opinions. In 1956 we issued 4,060. In 1953 we distributed 78,000 copies of those documents and in 1956 we issued 809,000. In 1953, an average of 45 persons visited our public reference room daily. In 1956, the daily average was 75.

The Federal Power Commission is confronted with a workload which is not only tremendous, but also presents novel and perplexing problems as well. Obviously, it is necessary for the Commission to make the best use possible of its funds, manpower-skills, and combined intelligence.

Unlike many privately owned businesses, the Commission cannot refuse new business. It has no control over the volume of work it must do. Furthermore, the Commission cannot solve its problems merely by hiring more employees. Very few qualified personnel are available at the salary scales paid by the Federal Government, despite the fact that several constructive steps have been taken recently by the Government to rectify this condition. Despite the sustained and vigorous recruiting program we have been conducting during the last two years, we have only 10% more employees now than we had three years ago. Perhaps I should add that the Congress has been most considerate and understanding of this problem of the Commission and has increased our appropriations in each of the last two fiscal years to assist us in overcoming, so far as possible, our shortage in personnel.

The best method of solving our problem, and the first method that should be employed under any conditions, is to endeavor to perform more work, without reducing the quality of it, by increasing our efficiency. We are meeting with considerable success in this endeavor.

Sound Organization

Many organizational changes have been made in the last two years. These, in my opinion, have been of great benefit, but there is no magic in mere shifting and changing of personnel and redrafting of organizational charts. The work still has to be done by the efforts of human beings. Organizational changes do not create any form of perpetual motion whereby the work flows smoothly and continuously until it is completed, nor do such changes supply answers to difficult problems. Nevertheless, a properly organized Commission can do much more, with a given number of men, than can a poorly organized Commission. We believe we are attaining the advantages which are possible from a sound organizational structure.

Along with sound organization, there must be clear lines of authority and responsibility, sufficient but not excessive supervision, and an unending effort to simplify and improve procedures and methods. We are indeed far from the point where it could be said that we had established a perfect organization which used the best possible procedures and methods in all situations. In fact, that time will never come. There will always be room for improvement. Nevertheless, we will continue to seek to improve the internal administration of the Commission, and know we are on the right path.

Appeals for Industry's Assistance

At this point, would you permit me to point out some ways in which you members of the industry can assist in lightening our load a little bit, without any detriment to your companies or your customers.

The Natural Gas Act requires the Commission to hold a hearing on all applications for certificates of public convenience and necessity. The Commission's rules provide for an abridged hearing in cases where there is no opposition to the granting of the certificate. This procedure complies fully with the mandatory requirement for a hearing, yet saves the staff a considerable amount of time, and is particularly beneficial to the applicant. The facts of record in the docket constitute the evidence presented at the hearing, and the applicant need not even appear in person.

If petitions to intervene in the certificate proceedings are filed and a dispute, or elements of uncertainty, are thereby presented, a full formal hearing is then required, and the procedure for an abridged hearing becomes unavailable.

In cases where interventions are necessary, it is highly desirable to limit the number of them as much as possible, so that hearings do not become unnecessarily long and unwieldy due to the participation of unnecessary parties.

Examples of Unnecessary Intervention

We have found that many of the interventions sought are not necessary and that others are improper. They accomplish nothing except to delay our processing the application. I am not questioning the motives of these would-be intervenors. I am only pointing out that, regardless of motives, they cause a great amount of unnecessary trouble and delay. Let me cite a few examples:

One pipeline company filed an application to serve a new customer in the general service area of an existing customer of the pipeline. The pipeline company had previously discussed the matter with its existing customer and was assured that there was no objection to the proposal. Yet, the existing customer petitioned to intervene in the proceedings to "protect its interest," while also stating that it did not oppose the application. This petition to intervene was unnecessary and merely added to the already heavy workload of the Commission's staff.

In many cases the Commission has granted petitions to intervene because of some claimed interest of the petitioner, and yet, the petitioner, after intervening, will not make an appearance at the hearing. This too places an unnecessary imposition on the applicant, the Commission, and its staff.

In another case, a petition for intervention stated certain facts that could have been more appropriately set forth in a letter to the Commission. This petition almost necessitated a formal hearing, but the staff was able, eventually, to resolve the problem otherwise.

One pipeline company petitioned to intervene in the application of another pipeline company because of the remote possibility that the second company might someday be a competitor for the gas supplies the first company proposed to purchase. The petition was denied, of course.

Other Needless Intervenors

In other cases, "paper" or "would be" pipeline companies, with no gas, no pipeline, and no market, have petitioned to intervene against the concrete proposals of other companies, claiming their embryonic ideas would be more in the public interest than definite, concrete projects. Such petitions also were necessarily denied.

In another case, a town petitioned to intervene and requested the Commission to require the applicant to supply gas to a third party for delivery to the petitioner, even though the third party was unwilling to render the service. The Commission could not grant such a request under the Natural Gas Act, so it denied the petition.

In still other cases, petitions to intervene by customers of the applicants have been followed by petitions of customers of customers. It would seem that the

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*An address by Mr. Kuykendall before the American Gas Association, Atlantic City, Oct. 15, 1956.

A Banker Looks at Inflation In the United States Today

By H. FREDERICK HAGEMANN, JR.*
President, Rockland-Atlas National Bank, Boston

Boston banker appeals to all commercial bank heads, directors and trustees, as custodians of the people's money, to mobilize themselves in the fight against inflation by disabusing erroneous views of Congress and the electorate so that they may understand that the inflationary road means ultimate disaster and thus, would be willing to make the necessary sacrifices to maintain dollar's stability. Mr. Hagemann cites reports from fellow bankers of instances of money fleeing into things just prior to increased effectiveness of credit restraint program. Defines, explains origin and cure for inflation; lists economic laws violated in past 23 years; refutes claims advanced by inflation protagonists; and reminds those taking a dim view of gold standard of current functions and views of indispensable gold.

Introduction

If I were to tell you that with uncontrolled inflation in this country the number of dollar bills could increase to the point where there would be sufficient to paper the entire surface of the earth with 17 layers of them, you would think it completely preposterous. Such an extreme inflation is inconceivable for this country, but an inflation of similar proportion did happen in Hungary between 1938-1946. It took 828 octillion paper money units to equal the buying power of one original unit before the inflation began.

H. F. Hagemann, Jr.

Germany in the early 1920's is another extreme example of where the mild inflation eventually got out of control. For all practical purposes her currency was completely destroyed in that inflation period. The dilution figures are just about as fantastic as in Hungary. To me it is inconceivable that any central bank, such as our Federal Reserve, could ever get itself as far away from sound financial policy as did the German Reichsbank. Prior to 1920 this German Central Bank was highly regarded as conservative and had the same relative reputation as our own Federal Reserve Banks.

A quotation from "Economics of Inflation," by Turroni, a leading European Economist, will show far off the beam the Reichsbank was seduced—"The Reichsbank—having adopted the fatalistic idea that the increase in the note-issues was the inevitable consequence of the depreciation of the mark — considered as its principal task, not the regulation of the circulation, but the preparation for the German economy of the continually increasing quantities of paper money which the rise in prices required. It devoted itself especially to the organization, on a large scale, of the production of paper marks.

"Towards the end of October, 1923, the special paper used for the notes was made in 30 paper mills. The printing works of the Reich, in spite of its great equipment, were no longer sufficient for the needs of the Reichsbank; about a hundred private presses, in Berlin and the provinces, were continually printing notes for the Reichsbank."

Definition of Inflation and Suggested Cure

At this time I think it would be a good idea to define inflation in simple terms. I would define it as a situation in which there are too many dollars chasing too few goods and would like to suggest three principal ways to cure inflation:

(1) By a decrease in consumer spending brought about by a real, determined and effective reduction in government spending, combined with a stimulated program of savings encouraged by increasing rewards for thrift.

(2) By an increase in worker productivity and an increase in the supply of goods brought about by the encouragement of the retention of earnings for the financing of modernization and expansion of production facilities, rather than financing through borrowing.

(3) By reduction of the money supply, or at least stabilizing the money supply outstanding adjusted to seasonal needs. This could be done by the elimination of government deficits and substituting therefor government surpluses which could be used for debt reduction. A further step would be the continued maintenance of the independence of the Federal Reserve Banks in order to enable them to carry out the functions which they were designed to do and to use the ample powers at their command for the control and stopping of inflation.

The carrying out of the program for stopping inflation can only be brought about with public support. Congress will respond to the demand for economy whenever there is a demand by the electorate for such a move. At the moment the rank and file seem to be still on a spending spree and still are only mildly concerned with the deterioration of the purchasing power of their money.

Currency Depreciation Throughout the World

A table compiled by Franz Pick provides an idea of what has been happening to the currency of many countries including our own:

"Loss of Purchasing Power, 1946-55"

	%		%
Portuguese	0	El Salvador	32
Dominican	2	Turkish	32
Egyptian	2	Hong Kong	33
Haitian	3	Thailand	33
Indian	10	Malayan	34
Pakistan	10	New Zealand	34
Ceylon	11	British	35
Lebanese	16	Colombian	46
Belgian	19	Uruguayan	46
Swiss	19	Iceland	48
German	22	Mexican	48
Honduran	24	Nicaraguan	49
Irish	24	Australian	50
Italian	24	Finnish	52
Guatemalan	25	Austrian	54
U. S.	27	Peruvian	59
Costa Rican	27	Brazilian	60
Danish	27	Greek	61
Ecuadoran	27	French	66
Canadian	28	Japanese	67
Netherlands	29	Israel	68
Norwegian	29	Indonesian	69
Iranian	30	New Taiwan	85
Venezuelan	30	Chilean	91
S. African	31	Paraguayan	91
Spanish	31	Bolivian	95
Swedish	31	Korean	99

We can shrug our shoulders at Hungary and Germany, we can fail to be impressed by the currency inflation in France at the time of the Assignats so ably portrayed in Andrew Dickson White's pamphlet "Fiat Money Inflation in France" covering the period in France from 1789-1795, we can ignore the inflationary period of our own colonial days from which monetary period we still have the expression "Not Worth a Continental," but we cannot dodge the fact that we are currently in an inflationary boom, that our dollar has depreciated substantially, and that the cost of living has hit a new all time high. Furthermore, we should not shirk our responsibility, as citizens of the leading nation in the world today, to learn all we can about the meaning of inflation and its possible disastrous moral, social and economic consequences. We can learn much from the past and from the experiences of other nations. We can ill afford to ignore the danger of possible extreme inflation in this country if we continue over the years to break fundamental economic laws. If we go on blindly, it can happen here.

Economic Laws Violated

During the last 23 years we have violated many basic economic laws. Here are the main ones:

(1) We have internally gone in for irredeemable paper money, beginning in 1933.

(2) We have gone in for unbalanced budgets and deficit financing over an extended period of years.

(3) We have gone in for price control and wage controls over extended periods, and these controls have tried to stop the effects of inflation without getting at the cause.

(4) We have gone in for government subsidies in a big way with some hand-outs for almost everyone.

(5) We had rigidly controlled interest rates and pegged bond prices for an extended period and we have been emerging into a freer market interest rate just in the last few years.

(6) We have over the last 23 years not only heavily increased our national debt, but also the proportion of the debt that is short or redeemable at the option of the holder. Furthermore the governments contingent liabilities are enormous and continually increasing.

(7) We have ceased to press seriously for Federal debt reduction.

(8) We have been using large amounts of commercial bank deposits for long term plant expansion.

(9) We have not taken seriously the decline over the years in the Federal Reserve Banks gold ratio and the increase in our short term obligations to foreigners, resulting in a possible strain on the Federal Reserve Banks themselves. Just for perspective this gold ratio was 52% in June 1933; rose to 96% in December 1941 and at the present time is around 45%. The legal minimum is now a straight 25% but prior to the change, the legal gold per cent requirement was 35% against deposits of the Federal Reserve Banks and 40% against Federal Reserve notes outstanding.

Gold Retains Value

I am fully aware that there are a great many people who ridicule gold and take a dim view of its value in the world economy. This viewpoint is not founded on good judgment or past experience—

(1) Mr. Bernard Baruch when asked how he felt about gold, replied that as long as people had fought, bled, and died to obtain it for the last 5,000 years or more, he was going to assume that it would continue to hold its value in the world economy.

(2) Gold still is the only international currency and the way governments settle debts between themselves.

(3) Have you noticed that at any time there is an argument over gold that the government always takes the gold and leaves the paper money with the people?

(4) I have always been conscious of the fact that gold coins, no matter when they were minted, continue to have value while history is strewn with bales of worthless paper money, of government administrations that have come and gone.

(5) I notice also that whenever a country wants to devalue its paper money, it has to turn to something of real value against which to cut the stated value of its paper money, so that no matter how much politicians dislike gold, they always have to use it as a means of comparison in cheapening the outstanding paper currency.

An interesting sidelight on gold came about in World War II in the invasion of North Africa. Our parachute troops were furnished with gold coins in order that when they landed they could get the cooperation and help of the native population. Our previous investigations had revealed that the natives would not respond to paper money—even dollar bills—as they had been burnt too badly and too often on previous occasions by their own paper money. General Eisenhower was intrigued by this gold incident and as a souvenir of the North African Compaign wanted ot acquire a $20 gold piece. He was chagrined to find that it took 35 American dollars to purchase a $20 American gold piece. This was a dramatic illustration to him that over a period of years the idea that "a dollar is a dollar" is not so even though many people seem to believe it.

Origin of Inflations

When we have all the history of the failures and the dire consequences of previous attempts at controlled inflation, you may rightly inquire why do we even expose ourselves to the risk of such a calamity?

The answer lies in political expedience and in the various inflationary practices that have popular appeal until shown up as the fallacies they really are.

Inflations usually have their beginning, as did our current inflation, in periods of business stagnation. Depressions have usually been the result of too much easy money and credit expansion in the previous periods of prosperity, resulting in a business cycle of a boom and then a bust. People tend to think that depressions are the cause of their troubles, rather than to think that their troubles are the result of the mistakes and misuse of funds they made during the previous boom. It is the mistakes and excesses of the boom period which make a period of correction inevitable. After each such round trip of the business cycle, as far back as the records go, we can find a firm resolve to keep credit expansion on a very conservative basis and to avoid excessive amounts of debt, but, as the memories of the depressions and their causes have faded and new generations have come into control, the lessons and resolutions of the past have been forgotten.

Benjamin Franklin stated "The way to wealth is as plain as the way to market. It depends chiefly on two words — industry and frugality; that is, waste neither time nor money, but make the best use of both. Without industry and fragality nothing will do; with them, everything!"

In our own case with patience and self-denial, we would, undoubtedly, have recovered from the 1932 depression without having had to devalue the dollar by 40% and go on an internal irredeemable paper money basis. Patience and self-denial, however, are rare virtues and political expediency took the place of wisdom. [illegible] the 30s, we chose to [illegible] short cut to prosperity [illegible]creasing the money supply through deficit financing and inflating our way out. This was done in spite of the dismal, long range record of all previous attempts to create prosperity through this means.

So far, considering the World War II costs and Korean War costs, the value of the dollar has held up better, under the circumstances, than expected by many students of money. Maybe we will be the exceptional case and be able to stop inflating and return to sound policies before more harm is done. Maybe we can inflate 3% a year and keep the inflation under control indefinitely, but it has never been done before.

Nine Inflation Fallacies

Here is a list of inflation fallacies as they proved to be fallacies in other countries. These are the quack remedies that have popular appeal but lack economic soundness:

(1) Inflation Promotes Full Employment, and True General Welfare for all Employees. FALSE.

It promotes employment for the short pull, but as the tempo of inflation has increased, in the experience of other countries, unemployment increased and wages actually decreased in real purchasing power. Under extreme inflation, with rapid price increases, it became impossible to plan ahead, and most long range projects were cancelled. Employees from the heavy industries who were laid off soon came over to compete with the consumer and service industries employees. With many more people looking for jobs than there were jobs available wages came down and came down regardless of unions. At the peak of the German inflation over 19% of the working force was idle.

(2) Inflation Means Higher Actual Wages. FALSE.

It may for a short time (many times only in terms of paper money) and for some people, but ultimately it means lower actual wages as previously explained. The unions who were for inflation in Germany did not see the light until it was too late. The International Bureau of Labor arrived at the similar conclusion that the real income of workers, which increased from 1920 to 1921, decreased in the course of 1922 and 1923 as the inflation reached its peak.

(3) Inflation Brings Continued Profits for Business. FALSE.

It brings profits for awhile but not indefinitely. Sooner or later as in other countries that have tried inflation as a way of life, the wage-price spiral must come to an end. Ultimately the public will refuse or be unable to pay the marked-up prices necessary to give the manufacturer his profit above the increased prices of material and wages. Experience has shown that many smaller businesses found it impossible to keep up with the rising cost of wages and materials, and actually found themselves with too little working capital to carry on. They had either to liquidate or to sell out to some larger and more liquid firm.

To the extent that corporations depreciated their plant and equipment on the basis of cost and not on the basis of replacement, earnings during the period of inflation were substantially over-stated. Many times when the equipment wore out, businesses found they

Continued on page 32

*An address by Mr. Hagemann before Annual Convention of Savings Banks Association of Maine, Sept. 21, 1956.

A Look at Short-Term Financing

By ROBERT E. TOOLAN*
Municipal Analyst, Wainwright & Ramsey, Inc.

Municipal analysts are alerted by Mr. Toolan on a possible trend toward term bond financing brought on by municipal borrowers seeking a convenient stop-gap financing vehicle during these not so propitious period to market the usual long-term obligations. Municipal analyst Toolan compares advantages of term bond issue with market's preference for trustee-administered sinking fund serial maturity issues; and explains procedure municipal borrowers might employ to reduce amount of capitalized interest, and the gamble this might, also involve —particularly, if the electorate is displeased—should the market not change to lower interest rate pattern in time for non-postponable major commitments.

Faced with a continuing tightness in the money market which featured increasing pressure on Federal Reserve Member Bank reserves, the major banks in New York City and other financial centers on Aug. 20 and 21 raised their rates to prime borrowers 1/4 of 1% from 3 3/4 to 4 percent, a new high since 1933. Subsequently, during the period August 24 to August 30, announcements were made to the effect that they were increasing their discount rates 1/4 of 1%. This action brought the discount rate for all 12 Federal Reserve Banks to 3%. This one-two punch to the heart of the national credit picture has served to focus attention on the subject of short-term financing.


Robert E. Toolan

Borrowers Switch to Short-Term Debt

In periods similar to the one we are now experiencing, that is where there are vigorous demands for expansion capital by private industry coupled with a general tightness in the supply of money, the hire of the dollar becomes progressively dearer. For issuers of fixed income securities to compete successfully in this atmosphere for new funds, it is necessary for them to market their obligations at constantly increasing yields in favor of the buyer. In a situation such as this there is a tendency for the yield curve to flatten out, that is, the interest rate bid for short maturities of serial loans will rise relatively to the longer maturities of the same loan. This circumstance prompts thoughts of short-term financing via tax anticipation or bond anticipation notes rather than permanently indebting a borrower on the basis of the borrower having to pay almost as much for short-term money on fixed income securities as he does for long-term money.

Many borrowers feel that short-term money should be available at much lower rates than long-term money insofar as the permanent investor does not have the amount of principal invested away from his control for as long a period of time nor does the permanent investor run the same risk of judging conditions for the next few years as he does for a period of 15 or more years. There is also the possibility that long-term investors may have disadvantageous call features exercised against their interests.

If the monetary authorities who manage our economy determine that a further turn of the credit screws is necessary to stem the inflationary tide that has resulted from the record expansion programs of industry, a pattern of yield relationships could possibly occur wherein short-term yields would exceed those of the long-term. While I do not personally believe this will be the case, an examination of the yield curve for the years 1920-21 and more particularly 1928-29 will show a precedent for a pattern of this type. Were such a pattern of yield relationships to come about, it is obvious that municipalities would be induced to issue their obligations in the form of term debt.

Term Bond Issue vs. Serial Loan Maturities

From a theoretical point of view, a term bond issue with a well set up sinking fund administered by a trustee should be (with the exception of some disadvantage as regards call features) as desirable an investment as the same loan issued in serial maturity form. In practice, however, the market dictates a price differential in favor of the issue maturing serially.

Past experience has shown that the concentration of a municipality's obligations maturing in a single year or in a few particular years increases the repayment risk and causes problems such as the dislocation of the debt structure of the community with the result that it at times complicates the financing of future bond issues. Other times lack of good faith, or even the well-intended but apparent misuse of moneys in a sinking fund results in a situation where the money supposedly for the payment of a specific issue of bonds is somehow not available for their redemption at the required time.

Experienced municipal analysts, are well aware of the inherent dangers involved in term bond financing, especially of a general obligation nature where there is no trustee relationship involved, but it behooves them to be on the alert for a possible trend toward this method of securing capital funds.

Possible Municipal Borrowing Procedure

The current climate of the municipal market is being studied carefully by borrowing officials who while realizing that now is not the most propitious time to market obligations, they are nonetheless under pressure from local demands to initiate progress on programs of capital outlay. In this connection short-term borrowing has been seized upon by some as a convenient stop-gap financing vehicle. They reason that substantial interest cost savings can be effected by communities if they can have a smaller amount of debt outstanding for a shorter period of time. To do this they would expect to reduce the amount of interest to be capitalized during the period of construction on their revenue bond issues by the following procedure:

(a) First, from the proceeds of the short-term financing pay the smaller initial bills of the lawyers, engineers, fiscal agents, land acquisition, right-of-way, and the contractors' bills for clearing, grading, and other related work preparatory to starting on the major construction;

(b) Then, from the proceeds of the regular long-term bond issue pay the bills for the expensive major construction work plus any other expenses that have been deferred.

Municipal officials further reason that by using short-term money as the first step in the financing operation it is possible to defer major expenditures to gain enough time to bring their estimated costs more nearly in line with ultimate actual costs. In this way they can get the "water" out of the amount set aside for contingencies. By doing away with excessive amounts of contingency reserves the size of the bond issue would be proportionately decreased, this in turn would reduce the dollar amount of interest necessary to be capitalized during the construction period (assuming a revenue bond issue in this instance), as well as coupon payments over the life of the bond issue.

Timing a Bond Sale

For those who would play the odds, the maneuverability afforded by short-term financing makes the difficult task of timing a bond sale in today's bond market somewhat easier. Let us assume that short-term financing has just been concluded for a certain sum with a redemption date one year hence. If we allow that municipal markets do not constantly follow an uninterrupted trend for a period of a year and taking into account the fact that this present market has declined steadily for the last three months, it would appear that the odds would favor a recovery, benefiting the borrower, before the one-year maturity should elapse. For a recovery not to materialize it would mean that the municipal market would have had to decline uninterruptedly for a period of 15 months and this appears highly improbable.

To gain the advantage of a market turn a borrower would have to stand by and be in a position to offer his issue of bonds for sale at the first appearance of a recovery. However, the borrower always runs the risk that even if a recovery takes place it may not be of sufficient magnitude to even carry back to the market level which prevailed at the time the short-term financing was concluded.

Return of the Market and Elections

In short, if a borrower has sufficient time leeway, he might employ the above operation to his advantage. Should a borrower be in such a position that the completion of a construction project in a certain time is imperative and the money needed to pay for this project will be due and necessary within a specified period, then the borrower would be ill-advised to gamble in the above manner. While the market might rise, it also might sell off and the borrower would be left with but the one alternative, that is to sell the bonds at a higher rate of interest and the municipal official's constituents could find his action imprudent and his postion indefensible.

Short-term financing has served municipal officials well as a tool in manipulating the timing of certain announcements relative to programs of capital outlay. Take the case of a city which proposes to finance the installation of a water system, a sewer system, or possibly an electric utility system from the proceeds of a bond issue. The city officials know that to support the operation and maintenance charges of the system, as well as the debt service charges on the bonds, the imposition of sharply increased rates on the users of the system will be required. Realizing that a poorly timed announcement of the increased rates in an election year could cause serious political repercussions and yet desiring to start construction on the project, the city officials resort to the use of short-term financing in the interim between the initial stages of construction and the election. After the election crisis has passed, the municipality steps into the market with its permanent bond issue and the short-term debt is refunded from the proceeds of the bond issue.

*An address by Mr. Toolan before the Municipal Analysts Meeting, New York City.

Dittmar & Co. to Be N. Y. Exch. Members

SAN ANTONIO, Texas—Elmer A. Dittmar, President of Dittmar & Company, Inc., South Texas Building, on Nov. 1 will acquire a membership in the New York Stock Exchange, and Dittmar & Company will become an exchange member firm.

Other officers are William C. Porter, Executive Vice-President and Treasurer; Walter N. Mathis, Philip R. Pattison and E. W. Franklin, Vice-Presidents; William A. Jeffers, Vice-President and Secretary; Reuben W. Ackerman, Assistant Secretary; and Virgil K. Vaughan, Assistant Treasurer.

The firm maintains offices in San Antonio and Dallas.

Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John W. Keenan and Robert J. Smith have been added to the staff of Palmer, Pollacchi & Co., 84 State Street.

Joins Tucker, Anthony

BOSTON, Mass.—John L. Gilman has joined the staff of Tucker, Anthony & R. L. Day, 74 State Street.

Rogers Named Chm. NASD Dist. Committee

CHICAGO, Ill.—Sampson Rogers, Jr., partner, McMaster Hutchinson & Co., Chicago, has been appointed Chairman of the Nominating Committee No. 8 (Illinois, Iowa, Michigan, Nebraska and Wisconsin) of the National Association of Securities Dealers.


Sampson Rogers, Jr.

Appointed as members of the nominating committee are:

L. Raymond Billett, McCormick & Co., Chicago.

Charles G. Glore, Jr., Glore, Forgan & Co., Chicago.

John Douglas, John Douglas & Co., Inc., Omaha, Neb.

G. William Raffensperger, Raffensperger, Hughes & Co., Indianapolis, Ind.

King Merritt Adds

SPRINGFIELD, Mass.—Lou Kavner is now affiliated with King Merritt & Co., Inc., Third National Bank Building.

With Hanrahan & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Henry E. Manning, Jr. is now with Hanrahan & Co., 332 Main Street, members of the Boston and Midwest Stock Exchanges.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks continued to mark time for the most part again this week, presumably content to hold in the trading range that has persisted most of this month until the elections are out of the way a week or so from now.

* * *

Out of the welter came little of lasting interest and volume lolled at its lowest sustained level of the year. A few individual situations responded to good and bad news either way, and even this action was well restrained.

Small Morsels

Among the individual situations that sparked lukewarm interest was good dividend action by Norfolk & Western and Socony, while poor earnings clipped selected issues, none more than National Gypsum which was something of a regular on the lists of new lows. Reports that the Long Bell Lumber-International Paper merger was about to draw anti-trust fire weighed a bit heavily on the issues while, conversely, Youngstown Sheet and Bethlehem Steel, whose merger already has drawn anti-trust frowns officially, were in part-time demand on unconfirmed tales that a way around the dilemma had been found. In short, the market was content to concentrate on small morsels.

Election Caution

Ignored rather completely were more and more polls showing the tide gaining in favor of the GOP, and the market elected to remain even more cautious than was the case in 1952 when the spring and summer were given over to backing and filling with the election results sparking a robust year-end upsurge.

* * *

As a matter of fact, since the all-time high was recorded for the industrial average early in April, and the reaction lows reached in May, the list has done nothing decisive which makes for a rather long stalemate. A couple of attempts to penetrate the high were repulsed, and similiarly the low has been a good bulwark on selling as recently as early this month.

* * *

Group action was largely meaningless, except for some pronounced easiness in the copper shares as the price of the red metal continued to ease. Elsewhere it was largely a case of negative approaches, the autos consistently refusing to share in the optimism present in the unveiling of new models, steels ignoring capacity operations, and concentrating a bit more on the strike-hurt third quarter reports, etc.

The Airliners Still Grounded

Throughout the market runup of the last several years the airlines, even more than the railroads, have failed to build up any consistent investor interest despite the important progress they have made. In part the aversion was based on the high depletion charges necessary. Another part was the popular distrust of the government subsidies which have dwindled when profits improved, keeping the over-all results restrained.

* * *

Pan American World Airways, for one, is among the lines that have been less and less dependent on the subsidies and the company reported a profit last year that was not contingent on this help.

* * *

In other categories Pan American rates well up the ladder. Its yield of nearly 5% is respectable even in the tight money market era. Its annual growth per year recently has been high enough to shame the showings of even the premier growth industries such as the chemicals. Moreover, projections of earnings not only for this year but for next year as well indicate that the issue is selling at a low price-times-earnings ratio. Given a following comparable to those in other industries, and a price-earnings ratio more near the "norm" for the market as a whole, the stock could double in price before becoming overvalued statistically.

A Still Under-Valued Retailer

Montgomery Ward, held back for years by a reactionary management outlook, is among the issues that are far from over-valued at recent prices. In fact, the share of assets applicable to the stock exceeds the market price of the issue.

* * *

Montgomery's big handicaps are its rather sharp loss of ground to its mail order competitor, Sears, Roebuck, and the decline in earnings over the last five years. There has been no marked upturn in the latter since a new management took over the company, but sales have turned the corner and new aggressive policies should start to be reflected in better earnings in the future. The yield of around 5% on the regular dividend, plus the possibility of another extra payment this year, make it attractive for a satisfactory return apart from the indications that future results will be more comforting to holders.

Rustling of Another Sleeping Beauty

Standard Brands is another issue that has only recently emerged slightly from a rather long siesta induced by some acute investors disinterest. The stock is one of the neglected ones that has never worked within touching range of its 1946 peak despite the market advances elsewhere. It, too, offers a yield of better than 5% apart from the small extra payment made last year. Lately the issue has traded a bit more frequently, indicating a rise in investment interest. Earnings have grown comfortably so far this year with some of the benefits of recent acquisitions yet to be fully reflected.

* * *

Chicago Corp., something of a misnomer, has the distinction of selling well below asset value as well as at a low level by the usual price measurements. The name gives little hint that this is one of the fully integrated oil companies. Its oil reserves alone are figured as worth some $10 more than the market price of the stock. Sales have grown at an above-average rate as the company achieved integration but the peak price recorded by the stock in the last three years has been virtually identical. Projections indicate that earnings will be better than 50% above the results of 1954, making the peak price "ceiling" of the last three years somewhat illogical.

Reviving Coal Issues

The long-neglected coal issues continue to do well even in uncertain markets, including Peabody Coal which is a low-priced issue favored for its speculative appeal in some quarters. The company has had a decidedly spotty existence, including several reorganizations. What enhances it currently is that it merged with an important group of companies last year, making it the second largest producer in the country and somewhat of a different issue than in its past inglorious days.

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

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frank W. Stucke has become connected with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

NSTA Notes

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Fourth Annual Dinner of the Investment Traders Association of Philadelphia will be held on Saturday evening, Nov. 17, 1956, at the Germantown Cricket Club.

SECURITY TRADERS CLUB OF ST. LOUIS

The Security Traders Club of St. Louis has elected the following new officers:


Edward Oldendorph


W. Jack Wickmann


Leo R. Clooney


Eugene T. Burns


Kenneth Jansen


Elmer Jarrett

President—Edward R. Oldendorph, Smith, Moore & Co.
1st Vice-President—W. Jack Wickmann, Stifel, Nicolaus & Company, Incorporated.
2nd Vice-President—Leo R. Clooney, Reinholdt & Gardner.
3rd Vice-President—Eugene T. Burns, Fusz-Schmelzle & Co.
Secretary—Kenneth J. Jansen, Edward D. Jones & Co.
Treasurer—Almer (Bud) Jarrett, Newhard, Cook & Company.

National Committeemen appointed were—Ralph Deppe, Edward D. Jones & Co.; Kenneth Kerr, A. G. Edwards & Sons; Richard Walsh, Newhard, Cook & Co.; Vincent Weber, Weber-Mitchell & Co.

Alternates are—Earl Hagensieker, Reinholdt & Gardner; Firmin Fusz, Fusz-Schmelze & Co. Inc.; John Bunn, Stifel, Nicolaus & Company, Incorporated; Herman Zinzer, Dempsey-Tegeler & Co.

Let a Farmer Speak!

"Neither the Democrats nor Republicans can do anything much for the farmer. The only thing they can do is get a foreign market for our crops. The farmer is going to have to do his own [production] cutting. But lots of farmers listen to the politicians because they want something for nothing."—Just an American farmer—after listening to one of the current political spellbinders.

A "dirt farmer" speaks. May his tribe increase.

With Eastern Secs.

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, N. C. — Arthur Gasperini is now affiliated with Eastern Securities Corporation, 331 Marine Boulevard.

Joins Wachob-Bender

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Donald R. Barclay has become associated with Wachob-Bender Corporation, 3624 Farnam Street. He was previously with John G. Kinnard & Co.

Joins Newhard, Cook

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Francis J. Hess Jr. has joined the staff of Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges. He was previously with Central Republic Company.

White Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Glenn M. Sherrod is now with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange. He was formerly with Barrett Herrick & Co., Inc. and Waddell & Reed, Inc.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

HASTINGS, Neb. — C. Arthur Hallberg has become connected with King Merritt and Company, Inc.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WINSTON-SALEM, N. C. — Charles W. Hancock has been added to the staff of Reynolds & Co., Reynolds Building.

Near-Term Business Outlook

By MARTIN R. GAINSBRUGH*

Chief Economist, National Industrial Conference Board

Conference Board's top Economist doubts businessmen will have much to complain about in next several months, after assaying various grounds warranting short-term optimism, but warns, however, of alternate inflation and readjustment dangers still beyond the reach of control and requiring sound business judgment and prudence in 1957 business decisions. Mr. Gainsbrugh sees sources of strength for near terms in: (1) expected private capital spending plans; (2) retail volume stimulated by rising wages, comfortable high personal savings rate, and expected auto sales; (3) better balanced inventories; and (4) continuing upward state-local expenditures.

In the final quarter of 1956, business activity is again in a rising trend. After less than nine months of shifting and groping, business has found a footing for a new general advance. It is the clear consensus of economists and businessmen that American markets will be expanding throughout the remainder of this year and into early 1957.

M. R. Gainsbrugh

Perhaps the most notable aspect of recent business history is the fact that a new basis for further growth has been established without any sharp or persistent preceding decline in total activity. Over the past several years, we have heard much of the phrase, "rolling readjustment," but few of us could have anticipated the ponderous roll experienced in the first half of this year. During those six months, the level of employment and trade was well maintained, and the psychology of a boom preserved, despite a massive redirection of output away from certain key consumer industries and toward business investment. While personal incomes and employment rose almost without interruption throughout the first half of the year, automobile production fell to fully 25% below the comparable period of 1955, and housing starts declined almost 20%. These declines in industries which, with good reason, are considered critical components of the American economy, were fully offset by a rapid expansion in machinery industries and in nonresidential construction; by continuing growth of consumer outlays for soft goods and services; by rising expenditures of state and local governments; and by a pronounced improvement in export demand for American merchandise.

Strengths for the Near Term

By all indications, the rise in private capital spending which sustained the level of business in the first half of the year will provide a pervasive, if moderate, expansionary influence for coming quarters. In the fourth quarter, the rate of capital outlays—the actual payment for capital equipment deliveries and construction work put in place—will evidently reach a new high in the neighborhood of a $38-billion annual rate. If past experience is any guide, the sharp increase in late 1956 portends at least a small further climb in early 1957. This conclusion is fully supported by figures on capital goods appropriations in manufacturing industries collected by The Conference Board as part of a new continuing survey, under the financial sponsorship of "Newsweek" magazine. These figures, which represent totals for the 1,000 largest manufacturing companies in the country, indicate that appropriations by all manufacturing industries in the first half of 1956 were roughly 40% higher than in the comparable period of a year ago; at the beginning of the second half the backlog of approved appropriations for capital spending was more than 60% above that of mid-1955, and was evidently still rising. This backlog represents a reservoir of top-level management decisions to order plant and equipment.

And there are now a number of other grounds for short-term optimism. As a result of their declines to a very deflated level during the shifting adjustment of the first half of the year, a number of major markets have moved from the negative to the positive side of the forecaster's ledger. Most notable among these emerging strengths is the automobile industry, In September, passenger car production was at its lowest level since the days of the Controlled Materials Plan and the steel strike of mid-1952. From this low level, automobile production is now in a pronounced recovery. The substantial redesign of the industry's product is widely expected to generate a volume of sales perhaps 10% or more above the average rate of sales in 1956.

It is not with respect to automobiles alone that the consumer market now looks bright. Retail volume in general is being sustained and stimulated by a continuing uptrend in wage rates, and it would not be surprising if this trend were further amplified over the near term by some increase in average hours of work. Despite the record and near-record levels of retail trade in recent months, the personal saving rate is now comfortably high, and no sudden shift of consumers toward still heavier saving seems to be in prospect over the next several months.

Residential Construction and Inventory

A second sector which has shifted from weakness in the first half to at least neutrality and perhaps mild strength is the residential building market. In this industry, tight credit has been more than an inconvenience; it has been a direct and major deterrent to activity. Assuming no further tightening of credit availability, it now seems likely that the decline in the housing market has been largely spent. Recent adjustments in the ground rules applying to Federal agencies participating in housing finance, together with some easing in credit demand, which usually occurs after Christmas, suggest the possibility of a mild uptrend in the rate of housing starts after the beginning of the year.

Inventory demand is a third area where the last several months have seen at least a partial correction. The level of business inventories—notably retail inventories of automobiles, and manufacturers' inventories of steel and nonferrous metals—were growing increasingly oppressive in the second quarter. In these and other industries, inventories are now in better balance, although they are no lower in aggregate, and it is probable that further voluntary inventory accumulation will occur from now until early 1957.

To top off this list of available strengths for the short-term, it should be added that expenditures for state and local governments are continuing their persistent uptrend of the past decade. In fact, demand for still higher levels of spending for school construction is as intense today as it was in 1953, even though the spending rate has risen 50% in the intervening three years. The Federally-aided roads program is adding another new dimension to state and local spending. Estimated material requirements for the expanded highway construction program call for 20% more steel for roads in 1957 than in 1956; 20% more explosives; 25% more cement, and comparable increases in clay products, petroleum products, and lumber. Small further increases are in prospect in 1958 and 1959.

Taking all of these conditions together, it seems doubtful indeed that businessmen will have much to complain about in the next several months. However, I would caution against a blanket extension of this optimism beyond the relatively short term. At levels of activity so close to full employment of our resources of manpower and materials, we must be continuously aware of the alternative dangers of inflation and readjustment. There is nothing in the present business situation which suggests that we have reached full control over either of these aspects of the business cycle, and there remains a clear need for sound judgment and prudence in business decisions affecting 1957.

*From a talk by Mr. Gainsbrugh before the 38th Annual American Gas Association Convention, Atlantic City, Oct. 17, 1956.

Adult Education Groups Investment Field Trip

HEMPSTEAD, N. Y.—An investment field trip — in a very literal sense—is in store for three adult education groups when they meet on Oct. 31.

Instead of reporting to school classrooms at 8 p.m. as part of the normal routine for their investment courses in the Hempstead, Levittown and Uniondale school districts, the 75 adults will meet in the Hempstead office of Edwards & Hanly, 100 North Franklin Street.

The joint meeting, sponsored by the Long Island investment brokerage firm, was arranged by three members of the firm, who are teaching these courses. The three men include George Labey, Alfred J. Roach and Henry Behrens, Jr., adult education instructors in the Hempstead, Levittown and Uniondale program, respectively.

The special class will feature a noted speaker, Ivan Rossiter, of the executive staff of Standard & Poor's and a film.

The program will begin with a showing of a film. Entitled "We Did It Ourselves," the film charts the importance of America's business and industrial strength and traces America's growth from Colonial days to the present time.

Mr. Rossiter's speech will highlight the study course. He will discuss "Why Everyone Should Own Common Stocks."

The meeting is sponsored by Edwards & Hanly, a member of the New York Stock Exchange, as part of its community and school relations program.

Join White Co. Staff

(Special to The Financial Chronicle)

SPRINGFIELD, Ill.—Edward C. Broehl, Florence E. Emery, Homer A. Heid and Corey J. Mount have joined the staff of White & Company of St. Louis. All were previously with Barrett Herrick & Co.

Dennis McCarthy Heads Calif. IBA Group

SAN FRANCISCO, Calif.—Dennis H. McCarthy, Vice-President and Pacific Coast Manager, The First Boston Corporation, San Francisco, was elected Chairman of the California Group of the Investment Bankers Association of America at their annual meeting held in San Francisco.

Dennis H. McCarthy

Curtis H. Bingham, partner, Bingham Walter & Hurry, Los Angeles was elected Vice-Chairman. Alger J. Jacobs, Vice-President, Crocker-Anglo National Bank, San Francisco, was re-elected Secretary and Treasurer.

Members of the Executive Committee from Southern California elected for a three-year term are Frank Stockbridge, Vice-President, Security-First National Bank, Los Angeles, and Bill De-Groot, Vice-President and Sales Manager, Bateman, Eichler & Co., Los Angeles. From Northern California, John Inglis, Vice-President, Blyth & Co., San Francisco and George J. Otto, partner, Irving Lundborg & Co., San Francisco.

Other members of the Executive Committee of the California group include Mark Davids, Lester Ryons & Co., Los Angeles; Lester H. Empey, American Trust Company, San Francisco; Stevens Manning, Paine, Webber, Jackson & Curtis, Los Angeles; Murray Ward, E. F. Hutton & Company, Los Angeles; Emmet K. Whitaker, Davis, Skaggs & Co., San Francisco.

Elected Directors

At a recent meeting of the board of directors of General Merchandise Company, Milwaukee wholesale mail order company, the board of directors was expanded to include the following: Hiram H. Belding, Jr., Vice-President, Blyth & Co., Inc., Robert M. Markwell, partner, Straus, Blosser & McDowell and Richard E. Vogt, President, Kirby-Cogeshall-Steinau Co., Inc., Milwaukee. Mr. Vogt was formerly divisional Vice-President and Treasurer of Federated Department Stores, Inc., in the Boston Store, Milwaukee, for many years.

Terry Branch Mgr. for Edwards & Hanly

VALLEY STREAM, N. Y.—Robert W. Terry will assume charge of the Valley Stream branch office of Edwards & Hanly, effective Nov. 1, it was announced by Bert Edwards, Sr., managing partner.

A partner in the firm, Mr. Terry will act in the capacity of resident partner-manager in the Valley Stream office located at 1 Sunrise Plaza. He is currently working in the Jackson Heights branch office 83-18 37th Avenue.

Mr. Terry became a partner of Edwards & Hanly, a member of the New York Stock Exchange, in October, 1955.

Securities Salesman's Corner

By JOHN DUTTON

Sales Promotion — Education And "The Solid Gold Cadillac"

Columbia Pictures production "The Solid Gold Cadillac" is an entertaining comedy about a girl who parlays ten shares of stock into control of the world's largest corporation. Bache & Company have initiated an advertising campaign that ties into the publicity given to this picture in the major metropolitan areas in which it maintains its 55 offices.

An analysis of the way this promotional material has been set up by the Bache advertising department may be of interest to other advertisers who agree that securities can and should be more widely distributed among women investors.

Newspaper Advertisements

Art work and appropriate copy has been placed in the major metropolitan areas where the picture is showing and where Bache maintains its offices. These ads feature an illustration (see reproduction) of a vivacious and curvaceous young lady stepping forth from a cadillac, and in the upper left corner the tie-in stating the theatres where the picture is currently showing is given. A coupon for requesting a list of Brand Name Stocks of ten well known companies is attached to the ad.

Radio

Plans have been set for the star of the picture, Miss Judy Holliday, to participate in a five minute tape interview that will be beamed by Bache on the stock market news programs it sponsors across the country at peak listening hours.

Direct Mail

Special promotional and educational material which will tie-in the woman investor and the picture "The Solid Gold Cadillac" will be sent to the 100,000 Bache customers and prospects. Some of this material reads as follows: "What Stocks Should You Buy? How Do You start? You use brand-name products every day. Why not become a shareholder in the companies that make them? For example . . . General Foods, whose products include Jello, Maxwell House Coffee and Post Cereals . . . Corning Glass, makers of Pyrex ware . . . and General Motors, manufacturers of Chevrolet, Pontiac, Buick, Oldsmobile and Cadillac cars."

(And)

Sound advice such as: "Always keep this in mind about investing: The price of any stock will go up, and it will go down. There are risks involved, but millions of people have found these risks are worth taking. Chosen carefully, an investment in securities can be an investment in better living, a bigger future for you."

Offers of personal help in investing and other literature such as a list of stocks Bache likes now, a booklet showing new investors how to start, details of the Monthly Investment Plan, Mutual Funds data, etc., are made available through this direct mail campaign.

Movie Theatre Displays

Theatres in certain cities will cooperate by setting special lobby displays during the run of "The Solid Gold Cadillac." Posters bearing the legend "Judy Holliday discovers in 'The Solid Gold Cadillac' that Dividends are a Girl's best friend" will highlight the displays.

Contests

In each city where this campaign is in progress there is a contest with the prize a share of General Motors common, for the best short letter on "Why I would like to own a share in American Industry."

This advertising campaign combines all the best features of a well directed and planned effort toward reaching a vast segment of potential investors—the women of America. When large and successful investment firms such as Bache & Co. lead off with this kind of an effort, it is helpful to the entire securities business, and we hope it will be the forerunner of more to come.

Wm. C. Mueller With Wood, Struthers & Co.

Wm. C. Mueller

Wood, Struthers & Co., 30 Wall Street, New York City, members of the New York Stock Exchange, announced that William C. Mueller has become associated with the firm. Mr. Mueller will specialize in insurance and bank stocks. He was formerly with A. M. Kidder & Co.

Bankers Offer Houston Nat. Gas Pref. Shares

The First Boston Corporation and associates offered publicly yesterday (Oct. 24) 100,000 shares of Houston Natural Gas Corp. 5¼% cumulative convertible preference stock at par ($100 per share), plus accrued dividends from Nov. 1, 1956. Each share is convertible at the option of the holder into 2.9 shares of common stock at any time, unless previously redeemed.

Proceeds from the sale of the new stock will be used by the company toward the purchase from The Atlantic Refining Co. of all of the capital stock of Houston Pipe Line Co. for an estimated $26,000,000. All of the funds required in connection with the purchase of the capital of Pipe Line and the refunding of its long-term debt will be procured through Houston Natural Gas Corp.

Houston Natural Gas Corp. is engaged primarily in the business of purchasing and distributing natural gas at wholesale and retail in Texas and serves an area extending through 20 counties along and in the vicinity of the Gulf Coast from Texas City to Flour Bluff, having a population of approximately 1,750,000 and comprising some 95 cities, towns and communities. It presently serves the requirements of the distribution system of the City of Corpus Christi, as a city-gate customer. Upon the acquisition of Houston Pipe Line Co., which is presently its main gas supplier Houston Natural Gas Corp. will become a more fully integrated natural gas company.

For the 12 months ended June 30, 1956, total operating revenues of Houston Natural Gas Corp. amounted to $16,773,418 and net income to $1,405,905, compared with total operating revenues of $15,149,916 and net income of $1,151,456 for the year ended July 31, 1955. For the 12 months ended June 30, 1956 pro-forma total operating revenues of Houston Natural Gas Corp. and Houston Pipe Line Co., eliminating intercompany transactions, would have amounted to $30,711,598 and net income to $2,756,647.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues to back and fill in a rather narrow trading range, with investors showing a preference mainly for the near-term liquid issues. The intermediate and longer-term obligations have only a modest amount of interest in them, which means that the professional element is as important as ever in these securities. Some tax switches are being made in these bonds, but because of the thinness of the market they are not as easy to consummate as has been the case in the past. There are also reports of sales of Government bonds in order to get funds which are being reinvested in higher yielding corporate obligations.

The uptrend in yields on Treasury bills, which has carried the rate of return above the 3% level, is creating some concern about the discount rate which is also at the 3% level. The consensus of opinion, however, among money market specialists is that there will be no change in our Central Bank rate in the immediate future, in spite of the higher bill rate, this week down to 2.90%), and the recent increase in the Canadian discount rate.

Over-Capacity in Some Industries

Capital expenditures continue at a very high rate and there are no indications yet of any tendencies to reduce or cut back this spending. This means that the volume of securities coming into the market to finance this expansion will continue to be sizable in the foreseeable future. Nonetheless, there are not a few industries in which the increased capacity is already being felt, so that the demand and supply factors are having or will have an influence on the price of these products. The price of copper is showing signs of weakness, and there has been over-expansion in the production of textiles and fertilizers, while the farm equipment industry has had enough capacity to meet the demand at much higher levels than is currently prevailing. There are also several other lines in which there appears to be sufficient capacity to meet a demand which in some cases is not expanding as had been expected.

On the one hand, there is this very large demand for funds to finance the expansion of the nation's capacity, whereas, on the other hand, there is concrete evidence that capacity or supply is catching up with or has surpassed demand in many instances. Up to now, this roiling type of readjustment has not had too much of an influence upon the economy as a whole. Nonetheless, if further maladjustments develop in the business pattern, there is likely to be a slowing down in some of the spending which is being planned for the future. This would most likely take some of the demand for funds out of the money market.

High Interest Rates Attract Investment Money

The present position of the money market is the same as it has been. The demand for loans and capital borrowings is as strong as ever, with this competition for funds and the credit limiting operations of the powers that be keeping interest rates high. There are tangible signs now that the high level of interest rates is, however, bringing investors into the market, so that the industrial expansion movement is being financed without too much difficulty. Part of this money, however, would ordinarily be going into other channels, which are now feeling the effects of the high yields that are available in corporate and, in some cases, tax-exempt obligations.

Liquidation of Savings Bonds Increasing

The upward trend in interest rates is also having an influence on the owners of Treasury savings bonds because cash-ins of these securities are on the increase. It is reported that the higher yields which are available in corporate securities is attracting funds which have been obtained through the redemption of savings bonds. This brings up the question as to whether or not it is advisable to have interest rates continue to advance, so that the turn-ins of Treasury savings bonds will be accelerated.

Election Results and Credit Policy

The election is also a factor in the money market, but it has been more or less in the background and it will most likely continue that way until the final results are known. The Democratic party, according to some money market specialists, if victorious, would probably tend towards easier money conditions, which would have a favorable effect upon fixed income bearing obligations. On the other hand, the return to power of the Republican party, it is argued, would probably see no change in monetary policy. If, however, there should be another burst of confidence with the reelection of President Eisenhower, and the equity market should boom again, it is believed in some quarters that money might become tighter. This could even bring about an increase in the prime bank rate as well as the discount rate.

George I. Griffiths With Gottron, Russell

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio.—George I. Griffiths has become associated with Gottron, Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Griffiths for many years conducted his own investment business in Cleveland.

With Chas. A. Goodwin

(Special to THE FINANCIAL CHRONICLE)

SALEM, Oreg.—James Y. Colvin has been added to the staff of Chas. A. Goodwin & Co., Masonic Building.

With Jay Kaufmann Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Marvin Botwin is now with Jay W. Kaufmann & Co., 123 Lincoln Road.

R. F. Campeau Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Albert S. Branin has joined the staff of R. F. Campeau Company, 110 Second Avenue.

Joins Lloyd Fernald

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Murray D. Goldberg has become connected with Lloyd D. Fernald & Co., Inc., 1387 Main Street.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Chemical Corn Exchange Bank of New York has appointed Cecil E. Loomis to its Grand Central Area Advisory Board, it was announced on Oct. 19 by Harold H. Helm, Chairman. Mr. Loomis is a Senior Vice-President and director of The Columbia Gas System, Inc.

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Frederick W. Bardusch, heretofore an Assistant Comptroller of **The Chase Manhattan Bank, of New York** has been designated the Deputy Comptroller, J. Stewart Baker, President, announced on Oct. 23. Mr. Bardusch's promotion follows 27 years' service with the bank. He joined the staff in 1929, was appointed to the official staff as an Assistant Cashier in 1946 and was named an Assistant Comptroller in 1951 after he joined the Comptroller's Department.

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The appointment of Louis Duboff as an Assistant Vice-President of **Manufacturers Trust Company of New York** was announced on Oct. 23 by Horace C. Flanigan, Chairman of the Board. Mr. Duboff joined Manufacturers Trust Company in 1920. After a series of transfers and promotions he was appointed an Assistant Secretary in 1945. At present, Mr. Duboff is assigned to the bank's Empire State Office, 350 Fifth Avenue, New York.

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The Bowery Savings Bank of New York opened another savings window on Oct. 22 at its subway savings unit on the mezzanine of the **Grand Central Subway Station.** This subway unit opened on Sept. 26, 1955, with two savings windows. This third window will enable the bank to give faster service to the number of customers who prefer to make deposits without leaving the subway station. The subway savings windows are open every banking day between 8 a.m. and 6 p.m.

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The New York Agency of the **Standard Bank of South Africa Ltd.,** at 67 Wall Street, announced on Oct. 22, receipt of advices from its head office in London, indicating that the directors of the bank have appointed the Rt. Hon. Earl de la Warr, G.B.E., and Robert Annan to seats on the board of the bank effective from Oct. 17.

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Edward W. Hickey, Vice-President of the **National Bank of Westchester, of White Plains, N. Y.,** in charge of the bank's **Tarrytown** region, has submitted to the Board of Directors, his resignation as an officer of the bank, it was announced on Oct. 18. Mr. Hickey's resignation will become effective at the end of December, but he has asked to be relieved of his managerial duties as soon as is practical. Mr. Hickey will continue as a Director. Mr. Hickey has indicated that for some time he has been looking forward to the day when he would have more time to devote to his personal affairs. "I will, of course," he said, "continue to be available to the National Bank of Westchester whenever needed." Ralph T. Tyner, Jr., Chairman of the Board, receiving Mr. Hickey's resignation expressed his "great personal regret" at accepting Mr. Hickey's resignation. "I know that he has devoted many fruitful years to the development of the Tarrytowns and to the interest of the National Bank of Westchester and its predecessor, Tarrytown National Bank & Trust Co." Mr. Hickey had been President of the Tarrytown National Bank & Trust Company from 1949 through Dec. 31, 1955, when the bank consolidated with the National Bank of Westchester.

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At the regular meeting of the Board of Directors of the **Rockland-Atlas National Bank of Boston** on Oct. 16, Theodore Chase, member of the firm of Palmer Dodge Gardner & Bradford, was elected a new director. He is President and Trustee of the Family Service Association of Greater Boston, Trustee of the Massachusetts Savings Bank, etc. Mr. Chase succeeds R. Ammi Cutter, who resigned to accept an appointment as Associate Justice of the Massachusetts Supreme Court.

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Curtis B. Brooks, a trust officer of the **Industrial National Bank of Providence, R. I.,** has been appointed Vice-President of the bank in charge of its trust department, according to the Providence "Journal" of Oct. 2. From the same paper we also quote in part as follows: "He was named by the bank's Executive Committee to replace Clayton D. Sheldon, who, under doctor's orders, must relinquish the post. Mr. Sheldon will continue as a Vice-President of the trust department. The Committee also elected E. Sheldon Spicer Jr. to the position of Assistant Cashier."

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A capital of $500,000 is reported by the **First National Bank in Greenwich, Conn.,** as of Oct. 11, the amount having been increased from $400,000 by the sale of $100,000 of new stock.

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The board of directors of **The First National Bank of Jersey City, N. J.,** announced after their meeting on Oct. 17, that they had voted to recommend to the shareholders of the bank that 4,000 additional shares of $25 par value stock be authorized to be declared as a dividend to the stockholders of record on Jan. 8, next. This will be the third consecutive stock dividend declared by the bank and is additional to the regular 50 cents quarterly cash dividend now being paid. If approved by the shareholders at their annual meeting in January and the regulatory authorities, the dividend will be paid on Jan. 25, and will increase the shares outstanding to 130,000. This will bring First National's capitalization to $3,250,000. Surplus will be increased by an equal amount at the same time.

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The merger of the **Rutherford National Bank of Rutherford, N. J.** and the **First National Bank in Garfield, N. J.,** proposals as to which we referred to in our issues of Aug. 16, page 691, and Aug. 23, page 793, became effective as of Sept. 28. It was effected under the charter of the **Rutherford National Bank** and under the title of the **National Community Bank of Rutherford.** According to advices in the Treasury Department Bulletin of Oct. 3, at the effective date of the consolidation the consolidated bank had a capital stock of $2,000,000, in 160,000 shares of common stock, par $12.50 each, surplus of $1,500,000 and undivided profits of not less than $650,187.

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A merger of the **Bank of Commerce of Newark, N. J.** with the **West Side Trust Co.** also of **Newark,** has been recommended by the directors of both banks, according to the "Newark Evening News" of Oct. 12. The paper indicated states that it was learned on Oct. 12 that once the proposed merger of the two banks goes through, **West Side** will probably change its name to "The Bank of Commerce" while continuing to operate under the West Side charter. The "News" further said in part:

"The merger, recommended yesterday by the board of directors of each bank, must be approved by the stockholders and also by the State Banking Department. Stockholders' meeting to pass on the proposal will be held next month."

* * *

A new suburban office of **Fidelity Trust Company of Pittsburgh, Pa.,** was opened recently in the Lebanon Shops, modern shopping center. The two-story office offers all banking services, including safe deposit boxes, savings and checking accounts, night depository, loan service and Christmas Club accounts.

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The National Bank of Dover, Ohio, reports that as of Oct. 3 its capital was increased from $300,000 to $350,000 as a result of a stock dividend of $50,000.

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The Fidelity Trust Company of Indianapolis, Ind., a state member of the Federal Reserve System and **Bankers Trust Company of Indianapolis, Ind.,** an insured non-member, merged under the charter of the Fidelity Trust Company and the new title **Fidelity Bank & Trust Company** as of Sept. 1, according to advices Oct. 6 from the Board of Governors of the Federal Reserve System.

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The Duluth National Bank of Duluth, Minn., has added $50,000 to its capital, as a result of the sale of that amount of new stock, bringing the capital up to $250,000 from $200,000, effective Sept. 19.

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Marked third quarter increases in deposits, loans and business volume over the same period last year, it is announced, were reported at the quarterly meeting of the directors of **Wachovia Bank and Trust Company of Winston-Salem, N. C.,** held on Oct. 9. President John F. Watlington, Jr., told the directors it appeared that present conditions in the credit and money markets would continue for sometime to come, with heavy demand for bank credit. He pointed out that 97.2% in number of Wachovia's current loans were for amounts under $5,000.

Charles F. Matton, head of the bank's trust investment division, was elected Senior Vice-President. Mr. Matton has been in charge of the division and of the bank's investment portfolio since 1940 and has served as Assistant Treasurer, Assistant Trust Officer, then Vice-President and Trust Officer prior to his new title. Robert C. Merritt, formerly Trust Officer, was named Vice-President and Trust Officer. He has been a member of the trust department staff in Wachovia's Winston-Salem office since 1938. He was elected Assistant Trust Officer in 1946, and advanced to Trust Officer in 1951. Robert B. Fox, member of the banking department staff at Wachovia's Charlotte office, was elected Assistant Vice-President. He has been connected with Wachovia since 1954.

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The issuance of a charter for the **City National Bank of Coral Gables, Fla.,** was announced by the Office of the Comptroller of the Currency on Sept. 24. The bank has been formed with a capital of $500,000 and surplus of $250,000. The President is Robert M. Altemus, while Allen T. Abess, Jr., is Cashier.

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The First National Bank of Hattiesburg, Miss., which in August increased its capital from $300,000 to $375,000 by a $75,000 stock dividend, has further enlarged its capital by the sale of $125,000 of new stock, whereby the capital as of Oct. 3 became $500,000. The August increase was noted in our Aug. 30 issue, page 886.

* * *

As of Oct. 1 the **Bank of the Southwest National Association of Houston, Texas,** increased its capital from $10,000,000 to $12,500,000. Part of the increase was brought about by a stock dividend of $1,000,000, and an additional $1,500,000 resulted from the sale of new stock.

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Effective Sept. 18 the **Farmers & Merchants National Bank of Abilene, Texas,** reported a capital of $1,000,000, increased from $750,000, by the sale of $250,000 of new stock.

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Ralph B. Wells, Vice-President and Eastern representative of **Crocker - Anglo National Bank,** will be assigned to headquarters of the bank in San Francisco, it was announced on Oct. 10. The **New York** office of the bank, at 20 Pine Street, will be discontinued as of Oct. 31. Mr. Wells, who has been the bank's representative in New York for the past nine years, will spend much of his time in the Eastern states. Senior officers and other executives of the bank will continue to visit the Atlantic Coast area at frequent intervals to maintain personal contacts with Crocker-Anglo's correspondent banks and its industrial and commercial customers.

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Elliott McAllister, Chairman of the Board of **The Bank of California, at San Francisco,** announced on Oct. 9 the addition of two members to the official staff of the bank. William D. Bramhall has joined the staff as Assistant Vice-President and will be attached to the business development section of the bank. Willis L. Warner has been advanced to Assistant Cashier. Prior to joining The Bank of California, Mr. Bramhall was serving as Eastern representative of **Farmers & Merchants National Bank of Los Angeles.** A native of Massachusetts, he began his banking career in 1932 with the **National Shawmut Bank of Boston.** In 1937 he joined the foreign department of **Guaranty Trust Company of New York** serving in their New York City, London and Paris offices until 1941, when he entered the U. S. Navy. Mr. Warner was with the **Irving Trust Co. of New York** prior to coming to the Bay Area in 1951. He is head of the credit department.

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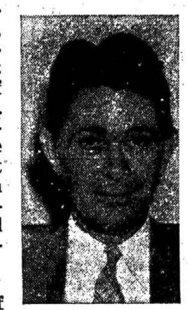
Louis Vinci, Assistant Vice-President in **Bank of America's** international banking department at the **San Francisco** head office, has been named Representative in **Italy,** President S. Clark Beise has announced. Beginning his international banking career at the San Francisco head office in 1940, Mr. Vinci was appointed Assistant Vice-President and assigned to the **Tokyo Branch** in 1950 after three years as Assistant Manager in Manila. Transferred to take charge of the Bangkok branch in 1951, he returned in November, 1952, to San Francisco, where he has been a senior officer in the international banking department. In Italy, Mr. Vinci will be associated with Mario Roli who established the bank's representative office in Milan shortly after the last war.

Russell Ebinger With Almstedt Brothers

LOUISVILLE, Ky.—Russell Ebinger has become associated with Almstedt Brothers, 45 West Market Street, members of the New York Stock Exchange, as manager of the trading department. Mr. Ebinger was formerly a principal of Wagner, Reid & Ebinger.



Russell Ebinger

Homer L. Reid and John H. Spiers have also become associated with Almstedt Brothers in the Sales Department.

With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Henry J. Adams is now with Gibbs & Co., 507 Main Street.

Joins J. Vander Moere

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich. — C. Eugene Cook has joined the staff of J. Vander Moere & Co., Peoples National Bank Building.

Four With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Mrs. Helen D. Andrews, August W. Anneberg, Charles L. Collar and A. Warren Andrews have become affiliated with King Merritt & Co., Inc., Woodruff Building.

Impelling Atomic Power Factors As Britain Faces Oil Crisis

By PAUL EINZIG

Jeopardy to oil arising from Suez crisis and Middle East nationalization possibilities, and exhaustion of adequate coal resources, are some of the factors hastening harnessing of atomic energy for generation of electric power in Great Britain, according to Economist Einzig who reports that by 1957 Britain will have at least seven atomic power stations under construction.

LONDON, Eng. — During recent months the economic aspects of automation received a fair amount of attention in the British Press. It is now the turn of the economic aspects of atomic energy to become the center of discussions. The opening of the world's first atomic power station at Calder Hall on Oct. 17th attracted new attention to this aspect of technological progress. When Queen Elizabeth switched on the electronic current generated by the new power station Britain became the first country in the world to make electricity that is generated by an atomic power station nationally available. Under the British system electric power supply is nationalized, and this additional source is simply added to the electric power generated by steam, diesel engines, or hydro-electric power.

Dr. Paul Einzig

The Calder Hall power station is the first of a number which is under construction or is planned. In 1957 Britain will have at least seven atomic power stations under construction at an estimated total cost of nearly £200 million. The reason why this effort to harness atomic energy for the generation of electric power for commercial purposes is of specific importance in Britain lies in the inadequacy of the means for alternative methods of power generation. Britain's coal mines are a declining asset. Even with the aid of a costly investment program the nationalized coal industry will hardly be able to keep pace with expanding coal requirements. British coal exports are down to a fraction of their prewar quantity, not for any lack of foreign markets but because domestic requirements must have precedence. Indeed in recent years Britain has become a large coal importer.

Possibilities of expanding hydro-electric power generation are also limited. Apart from the Scottish Highlands, Britain is not very generously endowed by Nature with potential water power, and the construction of her hydro-electric power stations is very costly. The only reason why they have been proceeded with on a fairly ambitious scale in spite of the heavy capital expenditure involved lies in the fear that, owing to the limitations of coal resources and of the increasing difficulties of satisfying the manpower requirements of coal mines, the country might find itself in grave difficulties unless alternative methods of power generation are developed. A number of diesel power stations have also been built or are under construction, but they will further increase Britain's dependence on imported oil.

Britain's Industrial Future

In the circumstances the Government felt impelled to press on with the development of atomic power generation. Indeed in many quarters the Government's program has been criticized as not being sufficiently ambitious, having regard to the extent to which Britain's industrial future depends on the provision of this alternative power supply. There is every reason to expect that one of the effects of the publicity given to the opening of the first atomic power station will be an increase of the pressure of public opinion on the Government to speed up the execution of its present plans of atomic power generation and to supplement it by additional projects.

The Suez crisis is also likely to contribute towards the speeding up of British atomic power production. It made British opinion realize the dangers arising from Britain's dependence on imported oil in general and on Middle East oil in particular. Even if it should be possible to come to terms with President Nasser about the use of the Suez Canal, there is always the possibility of some new crisis. The possibility of the nationalization of the Middle East oil must also be envisaged.

The British Government would therefore feel obliged to proceed with atomic energy production even if it were not a commercial proposition. In fact the cost of power generation by atomic energy in Britain does not compare unfavorably with the cost of alternative methods of generation. It is estimated that from each ton of uranium it is possible to extract heat equivalent to that extracted from 10,000 tons of coal. This figure is of course subject to confirmation by practical experience to be gained in the course of operating the Calder Hall power station, but is believed to be substantially correct. The present-day cost of 10,000 tons of coal is four times as high as the cost of one ton of uranium. Even allowing for other factors entering into calculation it is expected that from a commercial point of view atomic power generation will prove to be profitable.

By-Product's Value

Moreover, there is also the value of the plutonium by-product, which will be automatically produced in the course of atomic power generation, to be considered. Plutonium can create heat equivalent to that created by 300 times its weight of uranium or by 3 million times its weight of coal. The possibility of feeding this valuable by-product back into the reactor which produced it, thus reducing the uranium requirements, must also be borne in mind. The full utilization of all the potentialities of the plutonium by-product is still conditional on the solution of many a scientific and technological problem. Should present expectations materialize, it should become possible in the not too distant future to generate power at well below the cost of alternative methods of generation.

Regarded from the point of view of Britain's industrial future, this development is of the utmost significance. Lack of cheap hydro-electric resources has always constituted a major handicap to British industries. The development of a substantial supply of relatively cheap atomic power would go a long way towards assisting British industries in face of their manifold difficulties during the postwar period. The fears that industrial expansion might have to come to a halt for lack of adequate power supply could be eliminated. Last but by no means least, Britain's balance of payments could be relieved by reducing the burdensome item of fuel imports. It is no wonder that the psychological effect of the opening of the Calder Hall power station, whose maximum output amounts only to 92 megawatts, should have given rise of a wave of much-needed optimism in Britain. It provided a ray of hope amidst the gloom of immediate difficulties.

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Mutuality of Problems In Natural Gas Industry

to maintain the suppliers' good will and active cooperation in finding additional sources of natural gas, and an economic incentive must be offered.

The distributor companies have been concerned and, perhaps, critical at the prices the pipelines have been compelled to pay to get new gas supplies which now have a high economic value at the points of production. Escalation and favored nation clauses have come under intense fire. Many distributors want to know why the pipeline companies are unwilling to go before the Federal Power Commission in producing rate proceedings and oppose these clauses. But are the pipelines in a position to oppose a provision of a contract negotiated at arm's-length?

Retention of Gas by Producer States

I am not offering solutions; I am merely illustrating the problems with which the industry is faced and suggesting reasons which make cooperation and understanding within the industry imperative. The leadership of the entire industry is faced with some decisions requiring fine judgment to determine their course with respect to the intricate problems created by federal regulation of producers. This regulation already has diverted much of our prospective sources of supply from interstate markets into the tremendously expanding markets being developed within the producing states. A new industrial empire has sprung up and is being built in gas producing states on gas for power, for fuel, and raw materials which are already consuming tremendous quantities of natural gas. I have heard it said that it would be impossible for the producing states to attract enough industry to seriously affect gas supply for interstate markets. The experience of the gas purchasing departments of the pipeline companies does not find this to be 100% accurate. The stay-at-home movement has already and will continue to be a serious deterrent to procurement of adequate supplies for interstate markets. This can readily be seen when it is realized that one aluminum plant and one chemical enterprise in Texas now daily consume more natural gas than do all of the homes in three large cities combined.

Indications from practically all sources are that new supplies have been more difficult to obtain.

Almost every trade publication dealing with natural gas contains some item which collectively show the concerted effort which is gaining momentum to entice new industry into producing areas and to sell gas locally.

President's Veto and Transparent Consumer Victory

A tremendous campaign is under way in the gas producing states — the stay-at-home movement which I have just mentioned. For instance, the General Manager of the Houston Chamber of Commerce in a recent address before the New York Society of Security Analysts said:

"A few weeks ago a representative of a very large concern listed on the Big Board inquired whether his firm could contract for immediate delivery of not less than 100 million cubic feet a day of natural gas in the Houston area, with a commitment up to 300 million cubic feet within three years. . . . The point is, that the long-lines transmission companies have by no means gobbled up the reserves.

"Plenty of gas is available for industrial development within the state. In fact, the opinion holds that the net effect of the President's veto of the Harris-Fulbright bill will be to make more supplies available for sale within Texas. Several large companies and individuals with extensive gas reserves will not sell to interstate suppliers because they refuse to come within the price-fixing jurisdiction of the Federal Power Commission. Those who think the 'consumer' won a victory with the President's veto had better take a good long second look at the whole picture before they congratulate themselves too much."

I want to assure you his remarks were in no sense to be construed as an attack upon the veto of the Harris-Fulbright bill. His paper was entitled, "Resources for Petrochemicals in the Texas Gulf Coast."

Gas No Longer Distress Product

Under normal circumstances more than 50% of all natural gas produced in the United States is used locally. Local markets are quite regularly outbidding the interstate markets for new supplies. This, coupled with the fact that a producer does not know whether he can charge the prices agreed upon for interstate markets, makes him reluctant to commit his gas to such markets. In the early days the pipelines bought gas, in fact, all the gas they could transport, at very low prices because it was a distress product. You have often heard pipeline people or distribution people say that they provided a market for gas which might otherwise have been wasted.

While at one time this was true, it should not be permitted to cloud the issue today. We cannot, nor are we entitled to expect any special consideration or concession from any other segment of this industry solely from appreciation or sense of obligation. None of us entered or continue in this business solely as philanthropists. The cooperation and consideration by one segment toward another must be based on a recognition that none of us could exist without the others—we are all part of the same business.

We are a big industry and are daily growing bigger. I want to emphasize one consideration which must always be kept in the forefront of our thinking. We are a public service industry and everything we do must be evaluated in the light of high public service. As responsible businessmen, as responsible citizens, we cannot afford to ignore our duty to the public and to each other.

A Challenge to Pipelines

This is a roundabout way of again suggesting and seeking a way for better understanding and cooperation within the industry itself. The real question is can we afford not to understand and appreciate the other fellow's problems. I know we cannot. The cooperation needed can only come from free hearts and free minds. You cannot buy it; it must be freely given. As so aptly stated by the Chairman of my Board sometime ago: "You cannot legislate cooperation any more than character." It is something hard to define but it is easily recognized when it exists.

It was said last year by the president of a large distribution utility that the pipelines who purchase gas from the producers and deliver gas at wholesale to distributors all over the nation have a unique opportunity and perhaps obligation to perform an educational job at both ends of the pipeline. This is both an opportunity and a challenge which we accept in what we consider an enlightened self-interest.

The Independent Natural Gas Association of America represents producing companies, pipeline companies, and distribution companies, so I can express my thoughts objectively and with utmost candor.

Pipelines' Dependent Position

My remarks, however, are from the view point of pipelines, for that is the part of this business in which I am more experienced. The pipelines are in a somewhat peculiar position, they are the middleman or connecting link between the producers who have the gas supply and the distributors who have the market. Although any problem or controversy in the industry ultimately affects us all, the pipeline is immediately affected by the problems of either of the other segments. It is only as the producers and the distributors can preserve a favorable economic atmosphere in which to operate that the pipeline companies can successfully survive. So important is this favorable economic atmosphere to the pipelines, that they are enthusiastic and aggressive combatants in holding down price. It is to their advantage to do so, in order to maintain price advantage at consumer level. This task is made no easier if a purchaser bids up the price of gas in one area, for such increase is reflected immediately to all other areas. That is done once in a while for the competition is great—it is greater since the Harris-Fulbright veto. It must be remembered that acquisition of reserves through contract proceedings has become highly competitive since each pipeline is aggressively trying to obtain those reserves for its own benefit as well as for those whom they serve. I do want to reiterate —it is to the advantage of the pipeliners to maintain competitive price so we can successfully survive. In this, we all, including the investor and the consumer, have a fundamental mutuality of interest.

I think we are realists who recognize the facts of life. There will always be occasions for conflicts of interests. No occasion, however, should be permitted to arise when any part of the industry permits circumstances or conditions to overwhelm it to the point where actions are taken which tend to harm the whole industry.

Harris-Fulbright Controversy

Nothing has so strongly pointed up, as has the Harris-Fulbright bill, the necessity of improving understanding among those engaged in the different phases of the natural gas industry. Not only the public, but the industry was left badly confused from that controversy.

The controversy largely involved business interests within the industry itself. If the controversy served any useful purpose at all, it was to show that we in the industry have not understood or been in sympathy with the problems of each other. One thing, however, stands out. Public charges of unfair practices brought by one part of the industry against another tend to discredit the entire industry. The consumer just will not accept the explanation that he is dependent upon three different interests. Natural gas to him means the natural gas industry.

When the Independent Natural Gas Association started its Public Information Program several years ago, the stated objective was:

". . . to maintain good public relations for the entire natural gas industry — by disseminating factual information."

It was thought that by presenting more information to the public about the whole industry we would also be informing those within the industry of each other's problems. Perhaps this program was premature or too indirect to achieve this purpose. It has often been said, and I think correctly, that good public relations begin with good industry relations.

In passing, I would like to invite your attention the next time you are in Washington to view the all-industry exhibit we are sponsoring at the National Housing Center. This exhibit is placed near and coordinated with the section displaying gas burning appliances sponsored by the American Gas Association. One of the features of the exhibit is a large color relief map of the United States showing producing areas, major pipelines, and large distribution centers. I believe it is probably the most complete map of its kind in existence.

All-Industry Exhibit

When I say an all-industry exhibit, I mean just that. The explanatory statement at the entrance to this exhibit, in a very few brief lines, gives a bird's eye view of the industry as well as a pledge which we cannot afford to take lightly. It states:

"The natural gas industry presents this exhibit to portray the magnitude of the task performed in the public interest, in maintaining a continuous supply of natural gas to the 90 million gas burning appliances in homes and many thousand industries. This great public service by the nation's sixth largest industry supplies the fuel needs of over 100 million people. The industry will at all times endeavor to continue and improve its service to the public."

Needless to say, that pledge requires the active cooperation of the entire natural gas industry because it is impossible of fulfillment by any one segment alone.

The larger the industry grows, the greater its responsibility to the public, and the more dependent one branch becomes upon the others. Problems of one portion of the industry impinge upon and more directly affect another portion. In fulfilling our responsibility to the public and nation, we must endeavor to solve problems for the industry as a whole. This does not imply that any segment should give up its free bargaining position, but rather that a sounder basis for doing business with each other be established.

My remarks have been directed to the general propositions of unity and cooperation within the industry if we are to continue to grow and remain strong. I have purposely avoided specifics. Most of you are familiar with the mounting unsettled industry problems. I sincerely believe that if we can agree on principles and develop a wholehearted spirit of cooperation among ourselves, there is a much better basis for approaching and settling specific problems to our mutual advantage.

$58,755,000 Issue of Philadelphia Bonds Offered to Investors

A syndicate formed by the consolidation of a group headed by The First National City Bank of New York (as manager), with Halsey, Stuart & Co. Inc. and The Philadelphia National Bank as associate managers, and a group managed jointly by Lehman Brothers and Blyth & Co. Inc., on Oct. 23 was awarded an issue of $58,755,000 City of Philadelphia, Pa., General Obligation Bonds, due Jan. 1, 1958 to 1987, inclusive, and July 1, 1958 to 1982, inclusive.

The consolidated underwriting group bid 100.0399 for a combination of 4s, 3¼s, 3⅜s, 3½s and 1s, representing a net interest cost of 3.4527% to the City of Philadelphia.

The bonds are being reoffered at prices scaled to yield from 2.40% to 3.75%, according to maturity.

Associated with The First National City Bank; Halsey, Stuart & Co. Inc. and The Philadelphia National Bank in the offering are: Harris Trust and Savings Bank; C. J. Devine & Co.; Goldman, Sachs & Co.; Salomon Bros. & Hutzler; The First National Bank of Portland, Oregon; Blair & Co. Incorporated; Stone & Webster Securities Corporation; R. W. Pressprich & Co.; Mercantile Trust Company, St. Louis; Continental Illinois National Bank and Trust Co. of Chicago; and Dean Witter & Co.

Associated with Lehman Brothers and Blyth & Co. Inc. in the offering are—Phelps, Fenn & Co.; Northern Trust Co.; Lazard Freres & Co.; Glore, Forgan & Co.; Stroud & Company Incorporated; Equitable Securities Corporation; Paine, Webber, Jackson & Curtis; Estabrook & Co.; B. J. Van Ingen & Co. Inc.; L. F. Rothschild & Co.; and Ladenburg, Thalmann & Co.

Joins James H. Price

(Special to THE FINANCIAL CHRONICLE)

KEY WEST, Fla.—Wallace R. Brown is now with James H. Price & Company, 513 Fleming St.

With Goodbody Co.

(Special to THE FINANCIAL CHRONICLE)

CORAL GABLES, Fla.—Herbert C. Hess has become affiliated with Goodbody, & Co., 2148 Ponce de Leon Boulevard.

Joins Sutro Bros.

(Special to THE FINANCIAL CHRONICLE)

KEY WEST, Fla.—Guy Carleton is now with Sutro Bros. & Co., La Concha Hotel.

Joins Western States

(Special to THE FINANCIAL CHRONICLE)

ENGLEWOOD, Colo. — Albert G. Eckerdt has joined the staff of Western States Management Co., 333 East Hampden.

Continued from first page

Gas Industry's Expansion Now and in the Future

came before our great natural gas pipeline systems brought to us the wonder fuel, natural gas, and breathed a Blue Flame of life into what some called a dying industry.

How many of us ever think back to 1945 when we boasted with modest pride that gross assets of the gas industry were in the neighborhood of $5 billion. We forget the urgency that brought the creation of our Post War Planning Committee back in those days. That was when one of our leading statistical services predicted that the future of the gas industry was behind it, and that with the conversion from war to peacetime economy, the gas industry would have no place to go.

Record Breaking Future Investments

Today, our industry's investment in plant and facilities, together with other assets, totals about $17½ billion. These assets are increasing at a rate of about $1 billion a year. Before 1960, we will have become a $20 billion industry and in about a decade and a half, we will have quadrupled our gross assets.

We are proud of this growth—and it's only the beginning. During 1956, gas utilities and pipeline companies will spend a record-breaking sum of $1,600,000,000 for new construction and expansion. During the four-year period from 1956 through 1959, our industry's construction figures will total $7,300,000,000—the largest sum ever spent by the gas industry in any four-year period, and greater than our total assets in 1945.

Appliance Sales "Unlimited"

The gas industry faces a period of almost unbelievable expansion in appliance sales. The A. G. A. Bureau of Statistics has just completed a long-range study which shows that, with vigorous promotion and product development, nearly 300 million gas appliances of all types could be sold in the 20-year period from 1955 to 1974, inclusive. This is more than three times the approximately 90 million gas appliances in use today.

The achievable market for gas range sales during this period is placed at 94 million; the market for gas water heaters at 80 million; central heating units, nearly 25 million; floor and wall furnaces, 20 million; space heaters, 54 million; dryers, 17 million, and incinerators, more than five million.

But just as staggering as the potential market for new gas appliances is the potential market for new concepts of living. In the future, American families will be as proud of their beautiful, modern gas kitchens as they are of their polished and powerful cars.

Gas Reserves

Our great growth often brings up the possibility of the depletion of our reserves. It looks as though we need have no fear on this account for many years to come. At the beginning of 1956, our A. G. A. Committee on Natural Gas Reserves estimated that proved recoverable reserves of natural gas in the United States totaled nearly 224 trillion cubic feet. Although production last year exceeded 10 trillion cubic feet, we were able to register a gain of 12 trillion cubic feet over the previous year's reserves.

A dynamic industry such as ours cannot afford to stand still. We must be aggressive and progressive.

Promotion and Advertising

One of our most outstanding projects has been our program of promotion, advertising, and research. Now in its 12th successful year, more than $21 million have been devoted to this activity. These dollars have helped us match in part the huge sums being spent by our competitors for advertising and promotion.

This year our national advertising budget for the first time will exceed $1 million. Not all of these dollars will come from the PAR fund. Nearly a quarter of a million of them will come from our friends among the gas appliance manufacturers through space-sharing cooperation. The appliance manufacturers should be commended for their wisdom and foresight in recognizing that all of us are in the gas business together.

Our promotional programs have achieved national prominence. Our recent Mrs. America contest was shared by more than 100 utility companies and promises to arouse even greater support next year.

I had the pleasure of being present at the finals of this outstanding event when Mrs. Cleo Maletis was crowned this year's Queen of American homemakers. Her graciousness, abilities, personality, and intelligence will make a striking impression wherever she appears.

This year's Colgate-Palmolive promotion won fame as the greatest laundry promotion contest ever shared by a product manufacturer and an industry association. Nearly a half million dollars in materials were contributed to the campaign at a cost of only a few thousand dollars to us.

Over 250 utilities are participating in this year's Old Stove Round-Up. It has been estimated that 425,000 people bought $90 million worth of gas ranges during the Old Stove Round-Up in 1955. With the new features incorporated in today's gas ranges, A. G. A. believes last year's volume can be doubled. This is only one of several campaigns initiated each year under PAR.

We are also doing an effective job of promotion in the motion picture and television fields. The Hollywood Bureau dramatically presents kitchens and gas appliances in glamorous settings for films and TV shows. Complete kitchen and laundry sets or individual appliances are made available for use in commercial films or regular TV productions. More than 90% of all motion pictures produced in Hollywood show gas ranges in their kitchen scenes.

Back in the East again, we find the Association's promotion bureau maintains a service program in metropolitan New York to keep gas appliances in top working order for TV studios, commercial photography studios, test kitchens, magazine kitchens, and college home economics departments.

Research

The race for markets will go to the swift in research and the aggressive in sales. There has always been a great and continuing need for research in our industry. Over the years this need has been recognized by our member companies and by our manufacturers. While the funds we spend may be considered small in comparison with the vast amounts devoted to research by our competitors, we have achieved some major accomplishments. Today every type of gas appliance used in the home is an outstanding example of modernity, beauty, and efficiency. The new automatic controls and high Btu speed burners have placed our ranges, water heaters, refrigerators, dryers, house heaters, and incinerators far ahead of our competition. We are devoting nearly a half million dollars this year to air conditioning research, with several manufacturers spending hundreds of thousands of additional dollars in this field. I will not try to cite the tremendous advances we are making here. Our "Pattern for Progress" luncheon meeting on Wednesday will be devoted exclusively to the subject of gas year-round air conditioning. Everyone who is interested—and I am sure that includes each one of you — should attend this luncheon. Those of us who have been working on this program are very enthusiastic about the great possibilities of the air conditioning market. We are also alarmed, believing that the fuel that captures all-home air conditioning will also capture the heating load.

Public Relations

There is another, and newer component of our PAR Plan that I would like to call to your attention. It is our PAR Public Information or Public Relations Program.

In the hectic hey-day of our growth, we have tended to take public understanding and support for granted. We have assumed that our employees, our customers and our communities knew and supported our needs for adequate rates, franchises and financial expansion.

The awakening has been painful. The treatment given the Harris-Fulbright Bill by the press, the growing trend toward municipal ownership of gas in the South and West, and the housing amendments of 1955 making available part of a $100 million revolving fund for municipal gas distribution systems — all point up the fact that the gas utility industry is in for serious public controversy. The politicians, our public relations barometer, still believe that a slightly anti-utility attitude is popular, even in the case of gas utilities.

The need to get our story across to the public is immediate and acute. PAR Public Information is helping you to meet this need in three ways:

First, it is keeping your companies supplied with new public relations materials and ideas.

Second, it is sponsoring public relations workshops in cooperation with regional gas groups and local gas men throughout the country. These idea forums are stimulating exchange of information and a better understanding of common problems and their solution.

Third, PAR Public Information is providing an over-all canopy of favorable gas publicity at the national level.

More than 100 of our member companies have seen the urgent necessity for this program and have subscribed dollars and manpower to its support. But if our story is to be told to the public effectively, we will require even broader company support for Public Information in the year ahead.

Gas Industry Development

The Gas Industry Development Committee has continued its advisory and needling program under the capable and aggressive leadership of J. Theodore Wolfe, Executive Vice-President, Baltimore Gas and Electric Company.

During the year, this Committee activated our Fifteen-Point Gas Industry Development Program, as recommended by the Board in 1953.

A series of important Executive Round Tables were held in ten cities throughout the country. These meetings were specifically designed to give our executives an opportunity to learn about the profitable application of the G. I. D. Committee's Fifteen-Point Program in ten demonstration cities throughout the country. The meetings also featured a presentation of the sales, promotion, and advertising materials available under PAR, as well as information on the Research and Public Relations aspects of the Program.

The Gas Industry Development Committee has taken the initiative in assisting the industry in solving many perplexing problems. Some of the most important include a common advertising and promotional theme by the manufacturers and utilities of the new and revolutionary automatic top burner heat control, consideration of the need to set up scholarships to develop technically trained gas engineers, and greater cooperation by gas utilities in the field of testing newly developed appliances.

Automatic Ignition

An important action endorsed by several committees and by our Board of Directors was that automatic lighting be made an A. G. A. mandatory requirement for all burners on residential gas ranges, and that the requirement for automatic ignition of ovens and broilers become effective Jan. 1, 1959.

The plan for automatic ingition of all gas range burners is not new. It was started in 1936 under the CP Range Program. But I invite your particular attention to the fact that during the intervening years the sale of completely automatic lighted ranges, at the national level, never exceeded 25% of total gas range sales. Conversely, all electric ranges being sold today, whether for apartment houses, new home developments or deluxe homes, provide the customer with complete automatic ignition.

Today, at the national level, only 10% of all gas ranges are sold by utilities. It is self-evident that if the volume of automatic range sales is to be increased, more work must be done by the utility and the manufacturer with the dealer, who sells the remaining 90%.

Although Jan. 1, 1959, when this requirement becomes mandatory, is more than two years away, your Association has made available a complete and comprehensive automatic gas range sales and promotional program for use by all utilities, manufacturers, dealers, and distributors.

I sincerely believe we have reached the point where we can no longer hesitate or delay. Working together, we can do this job.

A. G. A. Testing Laboratories

The work being done at our A. G. A. Testing Laboratories in Cleveland and Los Angeles is one of the most unique and interesting stories of our industry. Here, each year, in addition to the many PAR research projects that are carried on, more than five thousand individual models of gas appliances are tested annually to make sure they meet the requirements of safety, dependability, and efficiency that are American standards. Through our own self-regulation, more than 95% of the gas appliances sold today bear the "Blue Star" Seal of Approval of our Laboratories.

We were greatly saddened this year by the loss of a good friend and a most capable guardian of public confidence, Edwin L. Hall As Assistant Managing Director of A. G. A. and director of the A. G. A. Laboratories since 1947, Ed made many contributions to the gas industry. Frank E. Hodgdon, who has succeeded Ed, will carry on the great traditions of the fine gentleman with whom Frank worked for so many years.

We have made progress in other fields. Our industry's accident frequency rate had declined steadily for the past seven years. This year, with A. G. A.'s Accident Prevention Committee as a spark plug, we will again lower our accident frequency rate.

Television

In 1957, we will be represented on television for the first time in our history. I am more than gratified to be able to say to you today that the goal set by the National Gas Industry Television Committee, and endorsed by the Board of Directors, has been reached.

Over $2¼ million is now subscribed, which is slightly more than the minimum quota necessary to give the industry the best coverage possible for the money expended—and there are approximately 17 million, or about two-thirds, of the entire residential gas meters in the country represented in this program. It is truly a national program, and all will benefit either directly or indirectly since it will be going out over one hundred or more major TV stations. To those of you who are not yet subscribers—there is still time to get on the band-wagon. This is a tremendous promotional effort, affecting the entire industry.

One of the most pleasing things about this activity is the fact that three important segments of the industry — utilities, transmission companies, and manufacturers—have joined together to carry out this endeavor. This is the first time there has been such unity of purpose in a national promotion or advertising plan.

Negotiations are under way to purchase a program to represent us to TV America and may be finalized at any moment. I can assure you it will be a happy selection and one that will get us off the ground to a good start in bringing the merits of gas service and gas appliances to the millions of consumers who make up the TV audiences of the country.

A committee is creating a series of high quality commercials that will encompass all aspects of the gas business. There will be some to satisfy any occasion or sales point you might want to put across.

As you all no doubt know, Frank Trembly, director of sales, Philadelphia Gas Works, has been the active chairman of this project. In my opinion, he deserves the wholehearted thanks of the entire industry for the time and effort he personally has devoted in achieving this splendid cooperative venture. He and his Committee, which I wish I had time to name individually here, have worked very hard and diligently and have accomplished that which was considered practically impossible a few years ago. With their efforts and the cooperative spirit as evidenced by our member utilities and affiliates, we shall soon be before the public eye, and the local utility will—in one leap—get into big time TV and be an equal to the best known national television advertisers — the GE's, the Frigidaire's, the Westinghouse's. I personally want to express my thanks to the Philadelphia Gas Works and to member gas companies all over the country for their support of this program.

Unity

We are truly a great industry and must stay that way. No one segment of our industry can succeed without the health and support of the other. Whether we be producer, transmitter, or distributor, we must work together. Differences of opinion arose among us during consideration of the Harris-Fulbright Bill. Since it would affect the industry differently from producer to pipeliner to distributor, and even among distributors, it is easy to understand why a common viewpoint was difficult of attainment.

Our consideration since the veto of the Harris-Fulbright Bill by the President is not now with the legal ramifications involved in the argument of legislative intent, but rather with the difficult task of finding this common viewpoint.

It was my privilege recently to

attend a meeting of the Independent Natural Gas Association where representatives of the producer, the pipeliner, and the distributor expressed their points of view. We did not seem too far apart, and all are agreed upon the necessity for unity. I sincerely believe great progress has been made, and that we are closer to finding that common viewpoint than ever before, and that it can and will be attained.

With unity in our industry, we are looking ahead. An unusual and accelerating population growth underwrites great opportunity for all of us. Our industry is headed for new horizons.

Moody's Appraisal

In closing, I would like to quote a recent statement from a member of the investment field. Moody's Investors Service, commenting on shares that could withstand any serious trouble in the market recently said: "Now supplying 25% of the nation's fuel, the natural gas industry is strongly entrenched.

"What we have then is an industry with well assured and slowly rising earnings. Natural gas stocks in general shape up as reliable income producers with considerable defensive strength, which is of importance for the uneven market situation ahead."

What a change from the expression of this investment group just a decade ago. Our industry has made great progress in the last few years. Working together, we may anticipate a growing and rewarding service to the gas consumers of America and to ourselves.

Haims, Henderson V-Ps Of Holton, Hull

LOS ANGELES, Calif. — C. L. Holton, President of Holton, Hull & Co., 210 West Seventh Street,

Charles L. Holton

members of the Los Angeles Stock Exchange, announced the election of Martin J. Haims and Robert J. Henderson as Vice-Presidents. Mr. Haims continues as Sales Manager and Robert J. Henderson as Manager of the Trading Department.

With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

VALLEJO, Calif. — James L. Foley is now affiliated with Walston & Co., Inc., 601 Georgia Street.

Joins Maisel Inv.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robt. A. Woolsmall has become connected with Maisel Investment Company, 564 Market Street.

Birkenmeyer Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Leona Gastl has become associated with Birkenmayer & Co., Denver Club Building. Mrs. Gastl was formerly with Shelley, Roberts & Co.

Fahnestock Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla. — George S. Losey as become associated with Fahnestock & Co., 1750 East Sunrise Boulevard. He was formerly with Thomson & McKinnon.

Continued from first page

As We See It

the funds we have on hand and the funds we try somehow to get.

A Real Distinction

The difference is real, and its importance is far from academic. Turn to the facts. The number of people in the country willing and able to do the work necessary to the production of the goods and services that the public wants is, of course, limited. By and large, they are all employed at present. In keeping with the spirit of the times the things they want, both tangible and intangible, have multiplied over and over again in recent years. No one, or almost no one, is longer satisfied to live as their fathers did, or even nearly on that level. They must have gadgets galore, and they must have highways and entertainment and a variety of foods and much else that were never even dreamed of a relatively short period of time ago. And business if it is to provide these things in abundance must have factories and all sorts of intricate equipment.

Meantime, government yielding apparently to popular will, now undertakes to supply much that until the advent of the New Deal was supposed to be supplied by the people themselves—when it was supplied at all. Then in the state of the world today the nation must have much complicated and costly armament that was often not even within the ken of man a couple of decades ago. Largesse paid out encourages many to demand things they otherwise would not aspire to. On top of all this we feel that we must send vast sums (the equivalent of goods and services) to many other peoples throughout the world. Add all these up and the total easily tends to exceed total production and the purchasing power created by that production.

Much of this—though certainly not all of it—is in and of itself all to the good. If only our will—the will of all of us—to work matched our will to have, there would be no problem, or at least such problems as remained would be of a different sort and a different order of magnitude. If the zest for production common among entrepreneurs and executives were matched in the breasts of the men and women who must do the daily work required for full production, output would match, or certainly much more nearly match, desire to consume, and purchasing power incident to that production would much more nearly if not fully match the demand for the good things of life. Then the borrower could find lenders who saved part of their income, and the economy would present a well balanced appearance—which it definitely does not at the present time. Then the pressure to borrow more funds than are available for lending would not exist and money would not be abnormally tight.

The trouble is that there is no such matching of desire to have and willingness to produce. As demand for all sorts of goods and services has grown in recent years, insistence upon shorter hours of work and innumerable restrictions has grown *pari passu.* Only technological advance and eternal effort to organize human effort more effectively have saved us from ruin, lo these many years. It is commonly spoken of as productivity of labor; it should be termed productivity of technology and organizational genius. Accompanying this unwillingness to exert oneself adequately there is, of course, the insistence that a larger and larger amount of money be paid out for the services that are rendered. This means that demand from wage earners rises as production is limited.

Goods Not Funds

If in addition the worker undertakes to supplement his wages with borrowed funds for the purchase of consumer goods; if the maker of these goods must also undertake to borrow funds to equip himself to produce the goods that the wage earner demands; if government likewise seeks funds from lenders at the very time that all, or too nearly all, are rushing into the market to buy and perhaps seeking borrowed funds to help them buy, then in the absence of active intervention by the banking system which alone can bring new funds into existence without first having earned and saved them, money becomes tight and interest rates rise. This seems to be essentially what is happening today. What is being demanded in excess of supply is goods and services—and it is for that reason that money is wanted in excess of supply.

Now, obviously in these circumstances if ways and means are provided by which the desired funds can be created by fiat and loaned to borrowers who go into the market for goods in excess of supply, prices must rise. If the banks, particularly the central banks, refrain from placing this unearned and unsaved money in the hands of the public, what is known as inflation is avoided and interest rates rise. The demand for money continues greater than the supply of it and its price goes up; excess demand for goods, on the other hand, is largely held in an ineffective state and prices do not rise disproportionately. Such seems to be roughly what is occurring today—except, of course, for the accumulated inflationary forces arising from past credit mismanagement.

Understanding of the present money market situation must seek help if it does not start far from Wall Street.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates on Oct. 19 offered \$2,640,000 of 4½% equipment trust certificates, series C, maturing semi-annually May 1, 1957 to Nov. 1, 1971, inclusive. The certificates were priced to yield from 4% to 4.50%, 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 490 all steel box cars to cost not less than \$3,300,000.

Associates in the offering are—R. W. Pressprich & Co.; Freeman & Company; The Illinois Co. Inc.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc., and Shearson Hammill & Co.

With Dempsey Tegeler

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — George D. Powell has become connected with Dempsey-Tegeler & Co., Midland Savings Bank Building.

Joins Intermountain Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Warren C. Gillespie has joined the staff of Intermountain Securities Inc., 303 Columbine Street.

With Wayne Jewell

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Chester J. McFeeters has been added to the staff of Wayne Jewell Company, 818 Seventeenth Street.

With United Investors

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Philip H. Stewart is now with United Investors Incorporated, U. S. National Bank Building, Mile High Center.

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Federal Power Commissioner Looks at the Gas Industry

customer of the applicant could ordinarily protect his customer's interest as well as his own, and that the intervention of the customer of the customer would not be necessary.

Many petitions for intervention have been filed in independent producers' cases by customers of the pipeline which proposes to purchase the gas from the producers. These petitioners have objected to various provisions of the contracts between the producers and the pipelines, particularly escalation and favored nations clauses. They ignore the fact that the producers cannot increase their rates without complying with Section 4 of the Natural Gas Act. It would seem that these petitioners should seek intervention in the subsequent rate proceedings, if any, rather than in the certificate cases. Happily, the number of petitions of this type in certificate proceedings have declined in recent months.

Full and Complete Disclosure

Unfortunately, intervenors are not the only parties who cause unnecessary delays and difficulties. The applicants themselves frequently display unfamiliarity with the Commission's rules, the objectives sought by such rules, and a lack of understanding of our procedures for processing applications. The objective of the rules is to obtain a concise understanding of the applicant's proposal, and the effect of the proposal on the existing operations of the applicant company.

In some cases, information may be called for that is not pertinent to the application. Under our rules, such data need not be furnished, but an explanation of the omission is required. As an example, in such situations many applicants merely state that an exhibit is "inapplicable" without telling why. While it may be self-evident in some instances, it is not so in all, and a clear statement as to why it is inapplicable aids in arriving at the clear understanding of the application that is necessary. Remember, the Commission and the staff are not as familiar with all of your operations, existing and proposed, as you are.

In an abridged hearing, the evidence is placed in the record by Staff Counsel. This evidence ordinarily consists merely of the application itself. For the Commission to render a decision on the record, the record must be complete. Again, let us use an example:

Decision Based on Facts on the Record

Suppose an applicant has applied for a certificate to construct facilities estimated to cost $50,000. Also suppose that the applicant has a plant account of $200 million with monthly depreciation charges of $500,000 and cash on hand of $3 million, and that accounts receivable greatly exceed accounts payable. It is evident that this applicant is well able to meet the expenditure from funds on hand as proposed. But, the record does not show this, since the applicant did not include a balance sheet and income statement of recent date as required by the Rules.

The applicant would probably say, "But, the Commission and the staff are well aware of these facts. They have had knowledge of our growth in recent years, and our annual report was filed recently." This is true, but the decision must be based on the facts of record in that case, not on what the Commissioners may know from other sources of information.

In summation of this topic, may I suggest:

(1) That any party who is considering intervening in a certificate proceeding before the Commission ask himself this question: "Is this intervention necessary?"

(2) That any applicant for a certificate make a full and complete disclosure of all pertinent facts in his application, so that processing of the application can commence and proceed to conclusion without delay and interested parties will have the information they require to determine whether or not they should intervene.

Judicial Review

The right of judicial review of Commission decisions is one given by law, and is, in fact, required by our Constitution. This inherent right should not, and in fact cannot, be circumscribed.

Furthermore, in the uncharted area opened up by the Supreme Court's decision in the Phillips Petroleum case, as well as in other areas of uncertainty, court decisions are essential to supply the necessary definitive rules and to determine the propriety of Commission actions. Without such guidance, the certainty which is essential to effective regulation cannot be achieved. And to this extent, the Commission itself is the beneficiary of the court proceedings.

However, it is my belief that the history of the Commission's litigation in the last few years indicates that a substantial portion of it may not have been necessary for the vindication of rights or the determination of genuine questions of fact or law.

During the six fiscal years of 1946 to 1951, inclusive, an average of just over 12 court actions of all kinds, in which the FPC was a party, were instituted, in each of those years.

In fiscal 1952, 34 such cases were commenced.

In fiscal 1953 there were 26.
In fiscal 1954 there were 29.
In fiscal 1955 there were 43.
In fiscal 1956 there were 65.

Thus we see that the number of court cases commenced in fiscal 1956 was more than double the number commenced in fiscal 1954, and half again as many as were started in fiscal 1955. In the first quarter of fiscal 1957, which ended on Sept. 30 of this year, 12 more such cases were instituted.

Too Much Litigation

As of Oct. 1 of this year, the Commission was a party to 62 cases which were pending in various courts. I am sure you will all agree that such a volume of litigation requires the full attention of a great number of lawyers. I doubt if there are very many law firms in the country (excluding the Department of Justice of the United States) which must conduct as much litigation in our Federal Courts as does the General Counsel of the Federal Power Commission and its legal staff.

It is obvious that FPC staff lawyers who must spend their time representing the Commission in court litigation are not available for rate hearings, certificate hearings, or other business of the Commission. Hence, the question as to whether or not the Commission's volume of litigation can be reduced, is suggested. I believe it is possible, with the cooperation of the numerous parties who appear before us.

Duplication in Review Petitions

There have been a number of situations where a decision in one test case would have served the same purpose as several decisions in several cases. For example, in the Fifth Circuit alone, seven petitions for review of Commission Orders Nos. 174-A and 174-B were filed by various independent producers. At about the same time, similar petitions were filed by four independent producers in the Tenth Circuit, and requests for injunctions were filed by two producers in the District Court for the District of Columbia Circuit, seeking to restrain the enforcement of the same orders.

Although some of these petitions presented other and additional questions, all were addressed to Orders 174-A and 174-B, and as the court in many instances pointed out, they involved "identical" issues. It would have been relatively simple for the parties to all these cases to have unified their contentions in one of two test cases, with, if necessary, stipulations in the other cases that they would be governed by the outcome of the test cases.

Another illustration is provided by the action of one company in filing 16 petitions to review certain Commission orders. The Court subsequently stated in its opinion affirming the Commission that the orders were "for all intents and purposes identical" and "the grounds on which petitioners attack each of these orders are the same." No reason is apparent why the filing of a single action would not have been sufficient in this case.

By using these illustrations, I am not criticizing any natural gas company for taking the action it chose to take. I repeat that the right to seek redress of alleged errors under our judicial processes must remain inviolate. However, we now have the advantage of some experience and can employ some hindsight where previously hindsight was not possible, and foresight was almost impossible.

The view that much of the litigation which has ensued in the last two years was unnecessary is fortified by the fact that a great number of independent producers' cases were decided on the ground that the court lacked jurisdiction over the cause, or that the case was not ripe for judicial action.

FPC Upheld Against Independent Producers

In passing, it might be mentioned that, of the 28 judicial decisions in cases in which the Federal Power Commission was a party, which were rendered in the first nine months of this calendar year, only three of them were adverse to the Commission, and none of those three cases involved independent producers.

My belief is that the public, the Federal Power Commission, and the natural gas companies under the Commission's regulation will all be benefited if the Commission's staff can devote less time to litigation and more time to disposing of the Commission's backlog of other work.

Check Before Filing Suit

Therefore, I suggest that before anyone, who feels aggrieved by any action of the Commission, starts any proceedings in court, he first ascertain if any similar case is already in the courts. If there is such a pending case, I suggest he endeavor to consummate arrangements whereby he can protect his asserted rights without filing a duplicate court action. The Commission's staff will, I am sure, cooperate to that end.

All of us who either regulate the natural gas industry, or are employed in it, have seen the benefits which have accrued from the 1954 amendment to the Natural Gas Act. known as the Hinshaw amendment. This enactment eliminated duplicating and unnecessary Federal regulation of natural gas companies which have facilities in only one state, do not transport natural gas out of the state, and are under state or local regulation as to rates and service. Insofar as I know, none of the dire prophesies of the opponents of the Hinshaw bill have come to pass, and an immeasurable amount of money and work have been saved with no detriment to the public interest.

Safer Gas Transmission

There is another area of regulation in the natural gas industry where, I believe, similar savings can be accomplished and state and Federal jurisdiction can be defined, with a resultant benefit to the public interest. I call your attention to this matter, not for the purpose of asking you to take any particular action, but only to suggest that you become informed as to the problems which exist. I refer to the matter of safety standards for the transportation of natural gas.

Early in 1955, the American Society of Mechanical Engineers published Section 8 of the American Standard Code for Pressure Piping. The personnel of Subcommittee No. 8, which drafted the portion of the code dealing with the safety of gas transmission and distribution piping systems, were able and diligent in the duties they performed. The Federal Power Commission was represented on this Subcommittee and its representative attended every Subcommittee meeting. Reports from the staff and from outsiders as well, indicate that the new Section 8 of the American Standard Code is a tremendous improvement in the standards used for promotion of safety for the construction and operation of gas transmission and distribution piping systems. This subcommittee continues to be active in interpreting and modifying the code, when necessary, all in the interest of promoting public safety, as well as the safety of company employees involved in the construction and operation of these facilities.

The Federal Power Commission does not have specific jurisdiction with respect to safety requirements for the construction and operation of facilities subject to the Natural Gas Act. The Commission does have broad jurisdiction with respect to public convenience and necessity and is, of course, properly interested in any action which will promote the public welfare. Accordingly, the Commission has repeatedly advocated to the Congress that legislation be enacted which would authorize the Commission to prescribe safety regulations applicable to interstate natural gas pipelines. The National Association of Railroad and Utilities Commissioners favors such legislation. However, it has not yet been enacted. Since a comprehensive safety code is now an accomplished fact, it appears more desirable than ever that such a measure be passed.

Unfortunately, in the absence of Federal reglation, a number of states have passed, or are considering, various rules pertaining to this subject. It is not to be denied that peculiarities of population, climate, terrain, and other factors require the promulgation of regulations by the states for those operations which are purely intrastate and local in character. The problem is different insofar as interstate pipelines are concerned, and Federal regulation of safety standards for them is proper. If interstate pipelines were to be required to comply with a different set of safety regulations for each of the states within which they operate, it is not likely that the greatest possible safety or economy would be attained.

Local Codes Add to Costs

The record of the natural gas industry with respect to safety has been exemplary, and with the added information supplied by such committees as the ASA Subcommittee No. 8 and committees of the American Petroleum Institute and the several engineering societies, there is no reason to expect anything except improvement in this fine record. In this era of high costs of material and labor, it is important, however, that the interstate pipelines not be hamstrung by local regulation which may result in unnecessary costs to consumers throughout the length of the system.

The provisions of the Natural Gas Act are substantially the same today as they were in 1938 when the Act was passed. Hence, technically, the Commission's duties are substantially the same. But, just as your problems have changed since 1938, so have the Commission's. Many of the old problems have been solved. Some still remain, but many new ones have presented themselves. The emphasis we place on these problems now is, and must be, different. Nevertheless, the old questions of "What are just and reasonable rates?" and "What does the public convenience and necessity permit or require?" are still with us, although frequently the facts which present those issues today would not have been even dreamed of in 1938.

We will continue to try to answer those questions with all the ability we possess.

In these remarks, I have used the editorial "we" and have, perhaps, otherwise appeared to be speaking for the Commission. Actually, I have spoken only for myself, as Chairman of the Commission. I point this out because the other Commission members have had no prior knowledge of what I might say here today. Therefore, if you disagree with anything I have said, you should disagree with me only, and not with the other members of the Commission.

Investment Association Of Philadelphia Formed

John H. Remer

Harry K. Hiestand

C. Wesley Welsh

F. Stanton Moyer

PHILADELPHIA, Pa.—A group of investment dealers primarily interested in promoting a spirit of cooperation and understanding among its members and at the same time furthering education in the field of investment banking and all other phases of the securities business have formed a new association here. The new organization will be known as The Investment Association of Philadelphia.

At the present time more than 50 members of the investment banking and securities fraternity in the Greater Philadelphia area have been accepted for membership. The Investment Association of Philadelphia is patterned along the lines of similar organizations already functioning in New York and Chicago.

The Association plans regular luncheon meetings to be addressed by experts in the field of bond and stock financing, leading officials of various exchanges, and other speakers whose activities are related directly, or indirectly, to the field of finance. Unlike other associations in the industry, The Investment Association of Philadelphia does not plan to invite corporation officials to address their meetings.

At an organization meeting of the new Association held recently, officers and a five-member Executive Board were elected to hold office until Jan. 1, 1958. John H. Remer, partner of Drexel & Co., was elected President; Harry K. Hiestand, syndicate department of Reynolds & Co., was elected Vice-President; C. Wesley Welsh, Registered Representative with Robt. Glendinning & Co. Secretary and F. Stanton Moyer, Registered Representative with Kidder, Peabody & Co., Treasurer.

The Executive Board of the new Association consists of Mr. Remer and Mr. Hiestand; George deB. Bell, partner of Drexel & Co.; John S. Buckley, Manager of the Government Bond Department of The First Boston Corporation and Richard B. Markus, Registered Representative with Smith, Barney & Co.

According to the Association's by-laws, membership is restricted to men 40 years of age or less who have been in the investment banking and brokerage business for at least 12 months. Membership automatically terminates at the end of the calendar year in which a member reaches 41 years of age, or at the end of 3 years' membership, whichever occurs the later. Members reaching the age limit are eligible for honorary membership, but cannot hold office or vote in the administration of the Association.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

More and more the dealer houses with over-the-counter departments are recognizing the greatly improved statistics behind the stocks of the leading banks, as well as the potentialities of the group. It has been brought out that of 12 of the leading New York City banks, only one showed a lower price earnings ratio for the 12 months ended Sept. 30, 1956, than for the like period in 1955; and that the price improvement that has taken place in them has been at a slower pace than the betterment in earnings.

If, now, we examine the rate of operating earnings on capital funds (that is, book value, and excluding reserves) we find a marked change. For a number of years under the government's policy of cheap money these banks had to subsist on meagre rations. The rate of earnings on their capital funds was, on average, a very exiguous one. Probably very few industries were obliged to get along on such scant fare; but the nation's banks were expected to finance the recovery in the 1930's and the war after that, at low interest rates.

Even as compared with the 12 months ended Sept. 30, 1955, the similar period recently closed brings out a pronounced improvement for a single year. The accompanying tabulation shows that the average rate of operating earnings on capital funds in the earlier period, 7.7%, increased to 8.7%, or an improvement of 13%. And only now are the banks beginning to enjoy a realistic and fair return on their book values.

If we take this showing along with the percentage of operating earnings the banks disbursed as dividends in the same two 12-month periods it becomes apparent what the dividend potentiality is. For the earlier period the average pay-out was 58% of operating earnings; for the later period it was 52%, or 10.3% lower. Only one bank showed the same ratio for the two periods; all of the others showed a smaller pay-out ratio.

When it is borne in mind that earnings for the present calendar year are, in almost all cases, in line to better those of 1955 by 18% to 20%, it takes a pessimistic viewer-with-alarm not to see a number of dividend increases in the near-term future. One of the reasons a bank may advance for keeping dividends down is, of course, the need to build up surplus account when the ratio of deposits to capital funds is high. Indeed, when this ratio runs quite high the bank management may well expect to hear from the examining authorities and be obliged to keep dividend payments low or eliminate them altogether.

But that does not apply to these new York City banks, for the average ratio of deposits to capital funds (again excluding reserves) on the Sept. 30 quarter-date was 9.8 to 1. Now, this is a figure that is regarded in the industry as quite conservative. Many interior banks run a ratio of twice that figure. Among the New York City banks the highest ratio is 13.5 to 1. There are six with ratios above 10 to 1 and a like number that run below 10 to 1, clear down to 4.8 to 1.

With such a strong deposit ratio position the declaration of some increases, some extras, and a stock dividend or two becomes a logical expectation for the remaining months of 1956. Late November and early December are the periods in which most of the large New York banks hold their dividend meetings.

Twelve Months Ended September 30

	% Earned on —Book Value—		% Earnings Paid —in Dividends—	
	1955	1956	1955	1956
Bankers Trust	7.7	8.3	58	56
Bank of New York	7.1	8.6	56	44
Chase Manhattan	8.3	8.6	61	57
Chemical Corn Ex.	8.2	8.9	59	52
Empire Trust	10.2	11.1	21	18
First Nat. City	7.0	8.4	63	52
Guaranty Tr.	5.9	6.6	77	73
Irving Trust	7.9	9.8	65	63
Manufacturers Tr.	8.2	8.5	51	51
J. P. Morgan & Co.	7.3	9.4	57	41
New York Trust	7.4	7.9	62	57
United States Tr.	7.5	8.9	65	55

NOTE—Hanover Bank is not used because its method of reporting earnings differs from that of the other banks.

There was only a nominal change in invested assets of these 12 banks, Sept. 30, 1956, versus Sept. 30, 1955. It can therefore be said that the decidedly better earnings were attained with practically no increase in working assets.

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Non-Postponable America's Role In A Seething, Changing World

every four people in the world is Chinese.

They have long-range plans for agrarian reform, flood control, and reforestation. China has now more trees, more steel, more electricity, more coal, more cotton, more food, than ever before. Famine is practically eliminated. The country is now agriculturally self-sufficient. Of course, there has been complete liquidation of the great feudal estates.

There is under way a universal literacy campaign.

Healthwise, these reporters found amazing progress. Great emphasis has been put on public health, and they have practically eliminated two great scourges, flies and rats. The children look healthy.

Finally, they report, this land of feudal war lords is now for the first time in her history totally unified.

At A Tragic Cost

All this, but at what tragic cost! Complete regimentation of an entire people, a bureaucracy of Communist leaders at the top, terrible fear, stifling propaganda. The report said, in closing, "Yes, the Chinese are being taught to read. But to read what?"—That the State is all, and the individual nothing. There is a curious and sad by-product. Art, in every form, is dying. How sad that should happen in a country that produced Ming pottery! And how sad to have no individual thinking—in a country that produced Confucius!

This French report also mentions that the entire masses are being taught hatred of the United States. As they put it, "Hatred of the United States is as uniform among the Chinese youth as their costumes of blue cotton." Even an educated professor told them, "But the American Government wants war. We've known it ever since the imperial aggression in Korea."

The only hope held out in their conclusions rests in the enigmatic Chinese smile, that somehow this people will live through this great ordeal, so contrary to their basic character and philosophy.

Nehru Awakens India

In what direction will her big neighbor, restless India, go? Who knows? In the limited contacts I have had I have been very much impressed with the caliber of their engineers when they came to visit our plants. They are very skilled, and eager to learn of new processes and methods, perhaps more so than any other country, with the exception of Germany. India, under Nehru, is awakening.

I have not mentioned Europe at all. I wish I had time to do so, especially to picture the changes taking place in cities like Berlin, Hamburg, Vienna, Milan, and Rotterdam, how from a state of nearly complete destruction they are making such a rapid comeback.

The same thing is also happening in France. I am reminded of a little incident last summer when my wife and I were driving through Normandy. We were making a little tour, following the route of General Patton's march with his tank corps in the war. Patton has become a great hero in Normandy. Well, some tourist sold my New England wife on the idea that our trip would not be complete if we did not go to Caen, where the city is famous among other things for the way it cooks tripe. So nothing would do but we should detour and go to Caen and eat some tripe "a la mode de Caen."

Advances in France

I well remembered the old university city, so rich in history, and followed directions to get there. We pulled up at a gas station, as we came to a very modern-looking city with wide new streets, new stores, new apartments, and asked, "Where is Caen?" The gas attendant said, "This, Monsieur, is Caen." "But it is all new," I said. He replied, "The old Caen is gone, 80% destroyed. This is the new Caen. What is left of the old is over there on the hill." And he pointed to the old university buildings in the distance, and the crumbling ramparts of a castle.

Incidentally, we never did get the tripe. At the hotel our waiter said, "Oh, you don't want that. We only cook it if tourists insist. You can get the best tripe in the world, cooked a la mode de Caen, in a little restaurant on Third Avenue in New York City." He had been a New York waiter for seven years!

New World Role to Retain Peace

Seriously, have I given you a picture? I have tried to show you only a few examples of the great seething renaissance taking place in every continent of the world, with modern transportation and modern communication knitting us all together, and the tremendous surge of backward peoples toward modern civilization.

In this rapidly changing scene, our country, and even you and I as individuals, have a new role to play. It is not the role that was good enough 20 years ago, or even ten years ago, when, speaking bluntly, it was our money that was needed then by the war-ridden world, money to help them rebuild, and give them the courage to start again. But now it is something much more basic.

Today one great need looms up above all others, and that is, the need for peace. The world cannot stand another war. We must have peace if civilization is to survive. But the first thing we have to do is to convince the world that peace is possible. Certainly statesmen like President Eisenhower, Dulles, Eden, Adenauer, and many others want peace, and are working for it. But ask the average citizen of France, or Germany, or Italy if they believe that there will be another war, and see what they say. I have asked this many times over recent years, and I have yet to find one person—one single person—who would say that he thought there would never be another world war. The only question for them is—when. They fervently hope it will be long enough off so that they can recoup their lost manpower, and grow another generation. They themselves have had enough.

Sometimes you hear it said that what Europe really should have is a kind of United Nations or United States of Europe. Churchill and Adenauer are both for this idea. But I have never seen the idea meet with any favor with the average citizen abroad.

Their national prejudices run too deep. As the historian Toynbee says, "Nationalism has a hold on West European nations which it is not going to be easy to shake off." He calls it "a luxury that the nations of Europe can no longer afford." But when something is deep-rooted in emotions it is hard to change.

Cannot Run Away from Leadership Mantle

And how often you hear it said in this country, "Oh, the whole thing is so hopeless. Let's forget it all and go our own way." But that is impossible. We can't run away from the world. Somehow the mantle of leadership of the free part of the world has fallen on our shoulders, and we cannot get away from it even if we would. About all we can do is to choose the very best leaders we can in this country to chart our course, for the great decisions have to be made on their level, not ours.

But as businessmen we have something that we too can do with our broad contacts. First of all, we can help dispel that idea which has been all too successfully sold to a great part of the world that we are really a nation of warmongers, that our prosperity is based on producing for war, and that we have to have a war every so often to avoid a depression—the old line of Russian propaganda.

Of course the leaders of Europe do not believe it, but I fear millions of citizens who have been indoctrinated probably do. Even some of our friends who believe we want peace are afraid we will blunder into a war, especially if we keep on talking about making bigger and bigger bombs. They think we are one big trigger-happy nation. If we could knock all those ideas out for good, we would be doing one of the best turns we could for ourselves and the cause of peace.

Need 100% Better Public Relations

Second, we have to do just about a 100% better job on our public relations with the rest of the world than we are doing now. We need to wipe out the old picture that we are a nation of the rich, whose only concern is the almighty dollar. Why, some Europeans believe the food and clothing we sent over were out of our heavy surpluses, and that if we hadn't disposed of them we would have had a depression.

Russia knows full well the value of propaganda, and has worked out means to put across any story she wants to have believed. A business friend of mine who just got back from Moscow last month told me that Russia has 100,000 trained specialists in propaganda working for the government, and many more civilian volunteers. What do we have? A few radio programs, such as the Voice of America and the Crusade for Freedom, and scattered efforts here and there, none of them unified.

State Department Cannot Do It Alone

Now this is not a job for the State Department alone. A lot can be done by us as individuals—how we deal with others, how we behave as tourists or as businessmen, as thoughtful Americans, and what we choose to send across to show something of our culture and our character. That is the kind of public relations about which we can do something.

Some things already done have been most effective. Please do not think it unimportant if I mention first an American play, "The Teahouse of the August Moon." Perhaps some of you saw it. You may remember a few years ago the Russians produced a play about us, showing an overbearing American businessman who exploited his workers. It had a long run in Moscow, and I hate to think of the impression it created. All we could do was say, "It isn't so." This play of ours, "The Teahouse of the August Moon," tells about the job we tried to do in occupied Okinawa, and what our democracy really means. We do some blundering, in the play, but through it all is shown the great desire we have to do the right thing, all told with a sense of humor. This play has proved one of the best pieces of propaganda for us that we have had. It is still running in many cities of Europe and Asia.

I feel I ought to mention another American play that opened in Germany just two weeks ago, on a serious theme, that of persecution and the concentration camp. That is something you never hear discussed in Europe, or at least, in Germany. In the rare cases when the word is mentioned, conversation stops. One gets the blank look, and silence. We sometimes wondered if the average German even today believes it happened. Yet the truth must be told in all its enormity, so that never again can such a blot on the pages of civilization be repeated.

"The Diary of Anne Frank"

Two weeks ago this simple, tragic play, "The Diary of Anne Frank," opened simultaneously in seven leading cities of Germany. It tells the true story of a young Jewish girl and her family, forced into hiding and eventual death by the Nazis. Audiences were stunned. It seemed as if for the first time they realized what had happened that so horrified the rest of the world. At intermission no one went out. As the curtain went down there was first dead silence, then bewildered applause. It is having a tremendous effect. That one play is telling them what our diplomats could not. I predict that this play will have as profound an effect on the German people as Uncle Tom's Cabin had in this country before the Civil War.

Affect of Boston Symphony Orchestra

Many Europeans still believe the myth that we are all so busy piling up the dollars that we have no time for culture, which of course they value very highly. You probably saw in the papers where the Boston Symphony Orchestra just returned after playing all over Europe, and in Moscow as well. It was the first time an American orchestra had ever been heard in Russia.

They just couldn't understand it. Here was a first-rate orchestra, one that could rank with Europe's best. Some critics said, "Oh, it is because half their orchestra members are European-born." They couldn't believe an all-American orchestra could be of that calibre. It was a very good piece of public relations, for it showed that we value the same cultural things they do themselves.

I happened to see a copy of the letter sent by President Eisenhower to their conductor, Dr. Munch, and I think you might be interested to hear what he wrote. The President said, in part:

"My dear Dr. Munch:

"The reports of the Boston Symphony Orchestra during its recent tour of Europe have given me great satisfaction. Whenever outstanding Americans . . . display their talents to the people of other countries, the cause of international understanding is advanced. Since all people want peace . . . it is necessary for the people of all nations to work out methods by which we can gradually learn more of each other . . . The exchange of artists is one of the most effective methods of strengthening world friendship. Your orchestra has demonstrated this truth . . . Accept my congratulations on a job well done.

"Dwight D. Eisenhower."

Results of Louis Armstrong's Tour

Here is another example of good relations for us. American jazz has taken a hold on Europe. They take it very seriously, and consider it an important form of our native music. This summer Louis Armstrong, the well-known trumpet player, made an extensive tour over there. It had results I am sure nobody anticipated. Europe had been hearing plenty of propoganda about the down-trodden negroes in our country. Then here comes a performer famous and successful, obviously enjoying a high standard of living, looking like the proverbial million dollars, able to afford the best such as much of royalty could not—and he was colored! All talk of our "suppressed colored race" fell flat.

Business offers another field. All of you no doubt know of the growth of the international trade fairs which started shortly after the last war. At first our part in them was pretty pathetic. It was a very expensive proposition to send an exhibit overseas, and only those companies who sold products abroad could afford to do it.

Spread of U. S. International Trade Fairs

But other countries sent excellent exhibits, and these trade fairs became so important that our government realized we could not afford to stay out of them. About three years ago Walter Williams, the White House aide, was assigned the task of organizing American exhibits for these fairs, and he has done a most original and effective job. This year nearly 50,-000,000 foreign persons will see United States' exhibits at such fairs.

One exhibit we sent to Spain last year taught citrus packers how to ship oranges and can and concentrate their juice. Indians learned how to make new things with jute. Literally millions in Indonesia saw our TV, and they lined up in a queue a mile long to see how a voting machine works. German wives were fascinated by an average, inexpensive ready-made wardrobe for an American family, each article with price tag attached. In Italy we had a six-foot wooden chicken with a sound track on how and why chickens lay eggs. That may not sound profound to us, but the fact is, it interested them.

The entire budget for such exhibit was $2,000,000, earmarked by the President for this purpose. It ought to be several times that. This is something, I am sure we will hear more about in the future.

U. S. Investments and Enterprises Abroad

Still another big area of contacts is that of American investments and enterprises abroad, and they are increasing every year. Today we have commercial enterprises in foreign countries amounting to over $19 billion. That is three times the amount we had 10 years ago, or about a $2 billion increase every year. (That does not include the $15 billion of government loans.) Our private investments comprise all kinds of businesses, as well as mines, factories, and oil wells. The biggest is manufacturing, oil is second, mining and smelting, third. The greatest increase in investment abroad has been in motor vehicles and in chemicals, both up $400 million this year.

Incidentally, I don't believe I mentioned that $8 million new international hotel of Conrad Hilton's going up in Baghdad. You can stop there in 1959. It will be deluxe, and air-conditioned.

These investments are of great value internationally, for they show our goodwill, our desire to cooperate, and our confidence in those countries. It helps build up the economy of our allies of the free world, and helps to close that dollar gap you have been hearing so much about.

This outward flow of our money is bound to have a definite stabilizing influence on world economy.

Other Contacts Abroad

All of our contacts with other nations are on the increase—as there are more tourists, cheaper fares, more exchange of students and teachers, more exchange of services and information, and more emphasis on languages in our own schools. And I fervently hope we do a better job of teaching modern languages than we did when I went to school. How inferior one can feel in the presence of Europeans who speak three and four languages fluently.

There is so much we can do to make favorable contacts with the rest of the world that we have scarcely scratched the surface.

I would like to mention very briefly another broad area, the field of sport.

In Aachen, Germany, last summer, I saw 80,000 people watch international equestrian events. It can only be compared with the crows we draw to watch baseball or football games. These big riding competitions are a major sport in Europe. We were very proud to see our American team compete, and so creditably, against riders from England, Turkey, Japan, Egypt, the Argentine, Brazil, and many other countries.

The more we can have contacts with other nations in ways such as this, where we don't stand to make a dollar, the more we gain their respect and confidence.

The Russians are doing it. They are making an all-out effort in all branches of athletics, as you can see from the daily papers. And the same thing in cultural fields. Last year they sent us their top violinist, now regarded by our own critics as the best violinist in the world today, David Oistrakh. Their national ballet just finished an engagement in London. They are not passing up anything. May I once more quote President Eisenhower, when he said, "Every possible chink . . . must be widened so as to foster people-to-people understanding, which is the truest path to peace."

Peace Also Means Freedom from Hunger and Disease

We have the greatest ideas in the world to sell—peace and freedom. These things the whole world wants at heart. But the tragic fact is that half the old world is hungry. You can talk peace and freedom and our way of life all you want to, but if a poor peasant lives on one small bowl of rice a day, and the Communists give him two bowls of rice and promise him meat next week, he is going to go communist. And this peasant is one more person who is capable of carrying a gun. The road to peace is the same road as the road to freedom from disease and hunger, to a basic standard of living.

Whatever we are able to do, it is my hope that we will do it with sincerity and humility.

Must Be Prepared and Strong

Also let us have the good sense to stay prepared and strong. Whether that means a standing army, or a stock of H bombs is a matter for the experts to decide, not the layman. But prepared we must be. It is sad but true that in this world today only the strong are respected. Once we disarmed, and had to learn a costly lesson. Let us not have to learn that lesson twice.

America's role in a changing world is a new role of leadership, not simply in a material sense, but in a moral and spiritual sense as well. God give us the wisdom for that task.

Chicago Analysts Announce Programs

CHICAGO, Ill.—The Investment Analysts of Chicago will hold a luncheon meeting on Oct. 25 in the Adams Room of the Midland Hotel. Speaker will be Robert E. Pflaumer, President of the American Marietta Company, who will talk on his company. Reservations should be made with James W. Johnson, Scudder, Stevens & Clark, Inc.

The Program Committee, headed by Russell J. Eddy, Brown Brothers Harriman & Co., announces it has made plans for meeting extending into 1957. The schedule is as follows:

November 8, 1956

Inland Steel Co., Joseph L. Block, President.

November 15, 1956

(Invitational Luncheon)

Indiana Steel Products Co., Robert F. Smith, President.

November 29, 1956

Safeway Stores, Milton Selby, President.

December 4, 1956

(Invitational Luncheon)

U. S. Industries, Inc., John I. Snyder, Jr., President. (To be held at the Chicago Athletic Club.)

December 13, 1956

G. D. Searle Co., John G. Searle, President.

December 20, 1956

Forecast Forum 3 p.m. to 5 p.m.

Business Outlook: George Mitchell Vice-President, Federal Reserve Bank of Chicago.

Monetary and Debt Management Policies: David M. Kennedy, Vice-President, Continental Illinois National Bank & Trust Co. (Formerly Assistant to the Secretary of the Treasury.)

Stock Market Outlook: Edmund W. Tabell, Walston & Co.

January 3, 1957

(Midwest Forum)

Theme: Investing in Canada. Chairman, Glenn Miller.

Luncheon, Forums, Cocktail Party and Reception. (No dinner meeting.)

January 10, 1957

Reynolds Metals Co., John A. Krey, Vice-President.

January 17, 1957

(Invitation Luncheon)

Allied Paper Corp. (Formerly Thor Corporation), Arnold H. Maremont, Chairman of the Board.

January 24, 1957

Montgomery Ward & Co., John A. Barr, Chairman of the Board.

Arrangements have also been completed to present:

"The Chicagoland Utilities Forum" on Feb. 28, 1957.

This program will consist of:

(1) **Luncheon 12:14-1:45:** George R. Perrine, Chairman of the Illinois Commerce Commission will speak on the rate and regulation background in Illinois.

(2) **Three Management Forums—2:00-4:30. Presenting:** Northern Illinois Gas Co.; Commonwealth Edison Co.; Peoples Gas, Light & Coke Co.

(3) **Reception and Cocktail Party — 4:45-6:00:** (Association members will be guests of the three operating companies.)

An announcement will be made at a later date setting forth similar information for the period from February through early June of 1957.

With Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Leland C. Gorder is now with Smith, La Hue & Co., Pioneer Building.

With Stern Bros.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Donald G. Coburn has been added to the staff of Stern Brothers & Co., 1009 Baltimore Avenue.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.—Lyle Knight, Irvin Mahoney and Irvin Myhra are now affiliated with Hamilton Management Corporation.

With Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William J. Christiansen is now connected with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Public Utility Securities

By OWEN ELY

Houston Natural Gas

Houston Natural Gas was incorporated in Texas in 1940, acquiring the assets of a Delaware company of the same name and its subsidiaries, the business dating from 1925. The company distributes natural gas at wholesale and retail in Texas serving an area extending through 20 counties near the Gulf Coast with a population of 1,750,000 and about 95 communities.

The company retails gas for residential and commercial cooking, water heating, space heating and cooling, refrigeration, etc. Industrial sales are made to oil refineries, tool and equipment manufacturers, cement manufacturers, chemurgical processors, hydrocarbon by-products manufacturers, an aluminum reduction plant, and others. Gas is sold at wholesale to the City of Corpus Christi. Revenues for the twelve months ended June 30, 1956 were approximately 77% from residential and commercial sales, 21% from industrial sales, and 2% from the City of Corpus Christi.

The company has a wholly-owned subsidiary, Houston Natural Gas Production, created primarily to explore and develop additional reserves. Houston Natural Gas buys about 91% of its gas under contracts, producing the remainder from its own leaseholds through its subsidiary. About 57% of the supply during the 12 months period ended June 30, 1956 was purchased from Houston Pipe Line (now being acquired), 1% from other pipelines, and 33% by contract purchases from producers.

On August 10 the company agreed to acquire all the common stock of Houston Pipe Line Company from the Atlantic Refining Company, with December 3 as the probable date of sale. The method of financing the purchase is complicated, and can be studied in detail in the prospectus on the new issue of convertible preference stock. The sale price approximates $38 million of which about $12 million is represented by long-term debt to be assumed by Houston Natural Gas Corp. or a subsidiary, leaving about $26 million net to be paid to Atlantic Refining. Houston Natural Gas is raising this amount by the sale of $11.3 million bonds, $5.5 million debentures, and $10 million convertible preference stock. The new bonds and preferred stock are being sold to institutions and the convertible preference stock is being offered currently to the public through a syndicate headed by the First Boston Corp.

No pro forma statement of capitalization showing common stock equity appears to be available but capitalization on a consolidated basis may be estimated roughly as follows:

	Millions	Percent
4¼% first mtge. bonds due 1981	$42.0	51%
5% S. F. debs. due 1986	8.0	9
Preferred stock	5.0	6
Convertible pref. stock	10.0	12
Common stock equity (506,853 shares)	18.0*	22**
	$83.0	100%

*Combined equity of common stocks of merged companies as shown in separate balance sheets. The equity on a non-consolidated basis would approximate 11%. **Would increase to about 28% following conversion of preference stock, exercise of options, etc.

Houston Pipe Line is located entirely within the state of Texas hence apparently is not subject to FPC regulation. The system consists of about 1,160 miles of gathering, transmission and distribution lines, in general paralleling the Gulf Coast and converging into the Houston-Texas City area. 73% of the company's sales have been to some 24 industrial consumers (the greater part of this being used as fuel) and to three utilities, Southern Union Gas, United Gas and Houston Natural Gas. The Pipe Line Company does not have any production property but obtains its gas under contracts with owners and operators in 77 fields in the Gulf Coast area.

Share earnings for the 12 months ended June 30, 1956, pro forma for the acquisition and consolidation of Houston Pipe Line, are estimated at $3.81 and after full conversion of the new 5¼% convertible preference stock, would drop to about $3.07. No pro forma tabulation of past earnings has been worked out, but following is the historical record for Houston Natural Gas:

	Earnings	Dividends
12 Mos. End. June 30, 1956	$2.28	$1.00
Calendar Year:		
1955	1.82	1.00
1954	2.15	1.00
1953	2.02	1.00
1952	1.32	0.80
1951	1.49	0.80

Net earnings of Houston Pipe Line for the 12 months ended June 30, 1956 were $1,850,809 after a special charge of $59,058. This would be equivalent to about $3.65 a share on the 506,853 shares of Houston Natural Gas but from this must be deducted the interest (less tax savings) and preferred dividends on the securities issued by the parent company to acquire Pipe Line, reducing the amount to $1.56. The net income of Houston Pipe Line has been as follows in recent years:

12 Mos. End. June 30: 1956	$1,850,809
Calendar Year:	
1955	1,718,029
1954	1,394,336
1953	1,497,893
1952	1,437,227
1951	1,421,027

Houston Natural Gas has been quoted recently in the Over-the-Counter-Market at about 31-33. The price-earnings ratio based on recent actual earnings of $2.28 would be 14; based on the pro forma earnings, 8.4 times; and based on pro forma earnings following conversion, 10.4 times.

With Deringer Stautz

(Special to THE FINANCIAL CHRONICLE)

CLEARWATER, Fla.—Robt. E. Faulkner is now connected with Deringer Stautz Inc., 1442 Gulf-to-Bay Boulevard. He was formerly with A. M. Kidder Co.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. John E. Parrish has become connected with Columbia Securities Company Inc. of Florida, 3839 Biscayne Boulevard.

Continued from page 7

The Outlook's Promise And Problems

of consumer goals, or is it more like an accordion which will collapse again if squeezed by any real threat to consumer income, confidence, and borrowing ability? It's possible to argue on either side of the fence!

(c) Finally, a great deal of impetus to expand has come from technological advance. At the start of the postwar period, we were not even "farming as well as we already knew how." Much business spending has been motivated by the desire to apply technological knowledge gained during the war, and much more has been generated by the desire to add to that knowledge. Rising prices and rising wage costs have been strong incentives behind this trend. The persistence of the cold war pattern has been another powerful force, particularly in nuclear research.

"Extraordinary Luck"

So much for the underlying trends. We have also been extraordinarily lucky. Every time one kind of spending prop has been knocked out from under us, something else has come into fill the gap. In the last three years, we have seen some excellent examples of this. In the spring of 1953, for example, a good many of us wondered whether the whole economy might not collapse if businessmen curtailed their spending on inventories, plant and equipment, at the same time that government was embarking on a program to reduce its very large expenditures by some 25%. What we all forgot, probably, was that the basic forces just described were still with us, and that as long as there was money, and mortgageable assets or credit, lying around, and people with the urge to spend it, some other group in the economy would pick up the ball and run with it. This is exactly what did happen. Economic activity took only a slight breather in late 1953. Then spending on housing started up again and state and local spending, geared to the continuing increase in population and the need for public services, made up some of the gap being created by the drop in Federal spending. Finally, in the fall of 1954, consumers joined the parade as we entered the polychromatic era of automobile transportation.

The fickleness of economists, and of businessmen too, in this period has been quite amusing. After the 1955 boom in housing and autos proved that it could compensate for any laggard tendencies in business spending, we all shifted our allegiance to much greater reliance on such expenditures and found it had to visualize a healthy economy without them. Yet housing starts have fallen by almost 30% from the peak rate reached at the start of 1955, and auto assemblies in even greater proportion, and yet once again something else has come into fill the gap—a fantastic renewed boom in spending for business plant and equipment, reinforced by several other factors as well.

No one knows how much longer such unusual luck will hold out. Nor has this been a completely smooth process. The popular term "rolling adjustment" is something of a misnomer. I like much better the phrase used by a Canadian friend who says that from his vantage point it looks more like a "rock and roll readjustment." At times, it has been just about as jerky as the followers of Elvis Presley!

Immediate Past and Present

Most of this is an old story and thus far it has been pointed with a pretty broad brush. This has been done to get away from the prison many of us find ourselves in, where we suffer from a kind of "decimal pointities." We watch day-to-day jiggles and our ulcers start kicking up if this week's sales don't top the per cent change for "the comparable week a year ago." We get equally excited about short run fluctuations in prices or costs we pay for our money, or the return we expect on our investments. Nonetheless, since we all do live in the here and now, and want to know where we go from here, a look at some specifics is in order.

The last 12 months have been a period of exceptional economic stability. Indeed, during the last quarter of 1955 and the first three months of this year, total value of output moved essentially sideward. A narrow range of fluctuation characterized almost all major measures of economic activity—industrial production jiggled around in a two point range, consumer prices moved within limits of 1%, sales of manufacturers and traders were almost horizontal.

In contrast to this stability in the actual situation—or perhaps because of it—since everyone was on tenderhooks wondering which way the cat might jump—we've witnessed more violent swings in business sentiment this year than in any other of recent memory. There have been two radical about-faces thus far — and, of course, there's still time left to change our minds again! At the turn of the year, I think the majority believed that 1956 prospects resembled what Alan Temple, of First National City Bank, called an "inverted saucer"—starting on a high plateau, perhaps rising slightly to midyear, then drifting down later in the year. Just two months later, in March, however, the feeling had spread that the 1956 "recession" was probably behind rather than ahead of us. By May, second guessers gave way to third guessers who began to think they might have been right the first time. Within just the last month we seem to have embarked on still another round and this time almost all of the stops have been pulled out. The general feeling seems to be one of "prosperity forever," or at least straight through to the end of 1957. There are a few skeptics who grant that it may happen, but doubt whether our economic visibility ever is that good. I shall say more about some of the cloudier aspects later.

Where We Now Stand

Let's try to add up the score, point by point, on where we stand right now. The two outbursts of optimism both coincided with new revelations about the one clearly dynamic factor in the present economic picture. I refer, of course, to the boom in business capital spending. This kind of expenditure was a slow starter which tended to lag behind consumer spending in the early part of last year's upswing. It has since picked up steam and, at least on a planned basis, has been getting bigger all the time. In November of last year the increase was slated to run some 13% over 1955. By late January and February of this year it looked more like 22%. The latest survey, made in late July and August, pushes this slightly higher — to $35.3 billion, or 23%. More significantly, more of this yearly total has been pushed ahead into the last quarter (when the sights are set at $38 billion). In the last six months, actual expenditures have fallen somewhat short of those originally planned because of the steel strike and for other reasons. Thus we have a more sharply rising curve ahead of us than on earlier projections.

The capital boom is not going to be a narrow influence by any matter of means. Practically every line is supposed to share in the gains. Even soft goods manufacturing, which has shown some tendency to fall behind, may run 7.6% over the present quarter. Paper, chemicals, petroleum, and coal will run far ahead of late 1955. Durable goods producers, especially of metals and machinery, may up their spending rate by 5.7%. Railroads are planning to step up their spending clip by 16%, other transport by 8%. Only utilities are slowing down (2%) and mining will dip (3%). In addition to this boom in industrial projects, a year-long rise of some 30% is anticipated in spending on commercial work.

Price increases play some part in this—but not much thus far. Materials shortages may make it difficult to meet some of these targets, and so may tight money. Some firms are reportedly already trying to finance on a short-term basis with banks to avoid committing themselves to high interest costs for years to come. Even if such deterrents cause postponement of some projects, however, it is generally believed that it will only operate to stretch out the boom into next year.

Autos and Housing Developments

Business capital outlays, then, are the main propulsive force behind our economy at the present time. However, additional cause for optimism is found in the belief that some of the other volatile elements may not place too much drag on the forward thrust generated by such spending. When you take a long view, even the "weak sisters" in the 1956 economy have been remarkable strong by historical standards. Take the automobile situation, for example. The sales total of 3,142,000 cars during the first six months of this year was 25% below the record pace a year earlier — but it still represented the third best try in industry history. In housing, the 767,200 homes started through August represent a decline of 17% from last year's 929,200, but this amounts to an average annual rate of 1,120,000 units and only three years of recent history have measured up to such a volume (1950, 1954, 1955).

Furthermore, in both autos and housing, the major adjustment may now be completed. Many observers believe that autos may actually add to the boom from here on. Inventories have been cleared out at a remarkable rate since they hit the 900,000 level last April. 1957 models will be new and, from all reports, pretty "sharp." They will be offered to a market which may be both receptive and well-heeled — it has been the cash not the credit buyers who have held back in purchasing 1956 models. Output is expected by those in the trade to increase more than seasonally in the next three months to within 10% of the fourth quarter rate for 1955. (This might be 1½ million vs. something like 1,150,000 in the current quarter.) This increase seems assured regardless of what happens to sales. Manufacturers always put on a burst of steam at the start of a model year in order to get adequate stocks into dealers' hands.

There is, as yet, no sign that homebuilding activity is going to turn around, but the rate of decline has slowed considerably. To the extent that tight money is a factor, any renewal of activity will be contingent upon more realistic mortgage interest rates, lessened competition from other users of funds, or a higher rate of personal savings.

The Inventory Situation

If the adjustments in autos and housing are now completed, the adjustment which was feared in inventory spending seems never to have materialized. Or perhaps it has been cleaned up so quickly that we are again ready for some further modest inventory accumulation. (Inventories are an area of ignorance where it is sometimes hard to ascertain what has happened until long after the fact.) Inventory accumulation has proceeded at a relatively high pace ever since the second quarter of 1955. This year, as the growth of sales slacked off and inventories continued to accumulate, inventory-to-sales ratios started to rise at both the manufacturing level, and at the retail level at least through April. However, whereas in 1955 almost all types of goods were being stocked, this year's additions were concentrated in autos and steel. Auto stocks have been cleaned out, as noted before, by production cuts and strenuous selling. The steel strike seems to have solved the problem for that industry as steelmakers' crowded order books now indicate only too well. In other lines, on the whole, there seems to be general agreement that inventories are not too far out of line. There are a few exceptions. Petroleum products are one, but Suez may solve that for us, too. By the same token, however, if stocks in general are just "about right" for current business levels, they may prove a restraining influence on production for the balance of the year unless business steps up its present rate of growth. (Interpretations of inventory statistics, more than almost any other element in the business situation, tend to vary with the color of the glasses you put on!)

Government Spending Rise

This accounts, then, for four out of five of the key elements which have sparked changes in the business picture in recent years. One is clearly positive for at least the next six months and probably longer, and the other three do not seem likely to tug very hard in the opposite direction. The fifth is also neutral or on the plus side. Whether you like it or not on other grounds, Federal Government spending is going to rise for the first time in several years. How soon we will feel the stimulation is hard to say because, as we all know too well, the effects of government spending during the first half of each year are more than counterbalanced by the taxes exacted to support it. In fact, a slight surplus is projected for this fiscal year as a whole. This would represent, in the first instance, a small subtraction from the spending power otherwise available to individuals and business. However, if the surplus is employed, as now seems likely, to reduce the Federal debt, it will merely make funds available for private investment in an era when the demand for such accommodation is running high.

So much for the dynamic factors. There are, in addition, three slower-moving spending streams to be considered. The prospects for these also add moderately to the optimistic tinge for the next half year.

Expanding Retail Sales

First: consumer income and demands have continued to expand. In the first half of 1956, retail sales other than autos averaged 6% above the year earlier period. Sales of household goods rose despite the restraining influence on demand of reduced home construction and auto output. Sales of nondurable goods like clothing, gasoline, general merchandise, after some hesitation in the first quarter of 1956, reached new peaks in the second quarter. Sales during the summer held up very well, too, despite the inroads made upon income by the steel strike. In addition to purchases of goods, consumers continued to evidence their insatiable demands for services of all kinds. Since 1950 alone, amounts laid out for services have risen by 50%, although total consumption expenditures have increased only 35%.

Another group whose spending has advanced steadily upward, and even more rapidly, is state and local governments. The Highway Act of 1956 will in time accelerate these outlays further. We will not see much actual spending this year but some half billion of contracts may be awarded before January. This program will benefit not only the firms that actually participate in the road building but eventually will encourage formation of new business along the routes constructed, such as service stations, restaurants, and motels.

Favorable Farming Note

Finally, among these background influences, we have the farm problem, which most of us had began to believe would be "always with us"—just like the poor. This time, however, the note is a more favorable one. After five years of almost persistent decline, farm incomes are looking up. The crucial factor in the deterioration of farm income, in a period when incomes generally were rising, was an unusually rapid increase in the supply of farm products. By the same token, a probable reduction in output accounts for the prospective improvement in farm income. Production of livestock products seems to be levelling off for the time being. Crop acreage harvested this year is expected to fall below 1955, and in addition yields per acre may be lower for such important crops as cotton, wheat, oats, sorglum and hay. Incomes should rise as supply is curtailed, since prices usually rise faster than marketing fall. Soil Bank payments may add some 3% to income as well. Unfortunately, however, it might be noted as an aside that greater prosperity for the farmer does not automatically assure greater prosperity for all those dependent upon him. A cut in acreage cultivated will be small comfort to the troubled farm equipment makers.

This adds up to a situation in which nothing very bad can be said about the immediate economic outlook and one can become prettty enthusiastic, depending on how much you are willing to bank on one factor—business capital expansion, and, secondarily, on the slow persistent rise in state and local outlays.

An Assured Near Future

Allowing for this possible difference in degree, I would conclude that the near future is pretty well assured — good business, high capital spending and tight capital markets. We are now in the quarter when retail spending should be high if only on a seasonal basis. The questions which can be raised about the next four to six months do not seem to pose much of a threat. The election outcome could affect business confidence, but it takes time for such influences to make themselves felt. I have no doubts about the wisdom with which monetary policy is being administered. Money will be kept tight as long as it it necessary to slow up the boom, but not so tight as to precipitate a crisis. Rising wages and prices may put some pressure on profits—indeed, they have already done so and the stock market recognizes it. However, while I regard this as a serious long run problem, I doubt whether the trend can gather sufficient momentum to affect us in the next six months. All of this is not to say that we may not see a continuation of some "sore spots," such as lumber, textiles, and farm equipment.

This will be a period for all of us of very competitive selling—the more so since basic expenditures for food at higher prices are likely to take more of the consumer's budget. It will also be a period of very great competition for long term funds and a relatively high cost of money—unless the decline in residential mortgage demands which, I believe, is still partly ahead of us, makes room for a greatly enlarged calendar of corporate and municipal offerings. Your tax bill is unlikely to be reduced unless we can see a bigger surplus than the one now in prospect. All in all, we seem currently to be in an interval of continuing, but lower, expansion where there is opportunity but very little room for mistakes. The rising curve of business failures makes that point in more telling fashion than any economic analysis.

It may be that we have just rounded out another year in which economic forces have been regrouped for a further explosive push upward. We may well be entering an historic capital boom; the confirmations multiply daily. However, it does not evidence lack of faith in our economy's long run future to have somewhat less confidence than prevails in many quarters that the course will be uniformly smooth and untroubled.

Cloudy Considerations

Several considerations call for caution in present commitments. In the first place, we are pinning a great deal of faith on a single factor, business capital expansion. Never in our history has such expansion proceeded for any very long period of time without significant interruptions. This historical fact alone produces uneasiness despite what we hear about long run planning on a continuous basis.

In the second place, I would make the homely point that we only produce in order to consume. It may be true that over half of current capital spending is for purposes other than expansion—e.g. to replace depreciation and obsolescence or as a substitute for high cost labor. Even such expenditures have a way of adding to effective capacity. While no one would answer affirmatively the question asked in a recent article, "Are Consumers Tired of Consuming?" one can very well wonder whether consumers are likely to increase their expenditures as rapidly and persistently in the next 10 years as they have in the last decade.

Some of the underlying forces mentioned at the start are going to play out sooner or later as they have after every war in our history. I don't know when that point will come, but I'm sure that every year which passes brings it nearer. The basic element of demand is people, and for many commodities like houses, families. We are now heading deeper into the period of lower family formation which began some four to five years ago, reflecting the drop in birth rates which occurred during the depression of the 30s. No significant upturn in family formation is in prospect until the mid-60s. A second element in demand is purchasing power. Our economy has now "grown up" to the surplus cash balances and liquid assets left at the end of the war. There must also be some limit, even though hard to define, to the amount of additional debt which can be created to finance consumer expenditure. Similarly, there must be some terminal point to the creation of additional debt on the basis of an upward revaluation of capital assets. Last but not least, demand isn't absolute, but is related to price. This is particularly true now that we have satisfied the most urgent demands that were present immediately after the war. If the present upward course of prices is not checked, it could automatically choke off, at long last, this longest boom in American history.

Business Man's Bookshelf

Alternative Approaches to Supplemental Unemployment Benefits — Michael T. Wermel — Industrial Relations Section, California Institute of Technology, Pasadena, Calif. (Paper) $1.00.

American Workers' Fact Book, 1956—U. S. Deparment of Labor —Government Printing Office, Washington 25, D. C. (paper), $1.50.

Atom in Your Community — Booklet of questions and answers — Department of Manufacture and Industrial Development, Chamber of Commerce of the United States, 1615 H Street, N. W., Washington 6, D. C. (Paper) 15c (quantity prices on request).

Average Retail Prices, 1955—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.—55 cents.

Buying Life Insurance—A Guide for Members of the Armed Forces—Institute of Life Insurance, 1701 K Street, N. W., Washington 6, D. C.

Collective Bargaining Activity in 1956 — U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, Rm. 1025, New York 1, N. Y.

Columbia Encyclopedia — Second edition, with supplement of illustrations and a record of events 1950-1956 — Columbia University Press, New York, N. Y. — $35 — Illustrations and text will also appear in a separate book "The Columbia Encyclopedia Supplement of Illustrations: With a Record of Events 1950-1956" at a cost of $5.00.

Economic Review (Finland)— Kansallis - Osake - Pankki, Helsinki, Finland (paper).

Economic Survey of Denmark, 1956—Royal Danish Ministry for Foreign Affairs, Copenhagen, Denmark (paper).

Economic Test in Latin America— Theodore W. Schultz—New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y.

Everyman's United Nations, Fifth Edition — Columbia University Press, New York, N. Y.

Our Trade With Canada—Digest of studies by Batelle Memorial Institute — Chamber of Commerce of the United States, International Relations Department, Washington 6, D. C.—on request.

Platform Analysts — Democracy Unlimited, 7532 Parkdale Avenue, St. Louis 5, Mo. (paper), 10 cents per copy.

Principles of Retailing, Third Edition — Clare Wright Barker, Ira Dennis Anderson and J. Donald Butterworth—McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York 36, N. Y.—$6.50.

Productivity Trends: Capital and Labor—John W. Kendrick—National Bureau of Economic Research, 261 Madison Avenue, New York 16, N. Y. (paper), 50 cents.

Register of Defunct and Other Companies—Removed from the Stock Exchange (London) Official Year Book 1956—Thomas Skinner & Co., 111 Broadway, New York 4, N. Y. (cloth), 30 shillings.

Science and Economic Development: New Patterns of Living—Richard L. Meier—John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y.—$6.

Success With Your Money: Investment Planning for Profit and Security — By the Staff of "Changing Times," the Kiplinger Magazine — Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $3.95.

Tax on Accumulated Earnings— Robert S. Holzman—The Ronald Press Company, 15 East 26th Street, New York 10, N. Y.—$10.

Underdeveloped Lands: Revolution of Rising Expectations— Forrest D. Murden — Foreign Policy Association, Inc., 345 East 46th Street, New York 17, N. Y. (paper), 35 cents.

Your Buying Guide to Mutual Funds and Investment Companies—Leo Barnes—American Research Council, Larchmont, N. Y. (loose-leaf binding).

National Steel Bonds Offered at 99.625%

Kuhn, Loeb & Co., The First Boston Corp. and Harriman Ripley & Co. Inc. are joint managers of a group that offered publicly yesterday (Oct. 24) $55,000,000 of National Steel Corp. first mortgage bonds, 3⅞% series, due 1986, at 99.625% to yield 3.90%.

Net proceeds of the sale of these bonds will be applied by the company to its construction program. From 1952 through June 30, 1956, National Steel expended over $300,000,000 for construction, of which all but about $15,000,000 was provided out of its own funds. To complete the program, an estimated $140,000,000 will be needed, of which the current sale of bonds will provide a part. The remainder will be provided from retained earnings, depreciation and amortization and, if necessary, from additional financing. However, it is not anticipated that further financing will be needed.

The new bonds are redeemable at the option of the company at regular redemption prices ranging from 105.13% for those redeemed prior to Nov. 1, 1957, to 100% for those redeemed on or after Nov. 1, 1984, and beginning in 1964, for the sinking fund at 100%. Prior to Nov. 1, 1961 the bonds are not redeemable for refunding purposes with the application of funds borrowed at a cost of less than 3.90%.

National Steel is the fifth largest steel company in the country and constitutes an integrated unit for the manufacture and sale of a diversified line of iron and steel products. Its principal finished steel products are hot and cold rolled sheets and strip, tin plate, terne plate, galvanized and black sheets, plates, structural shapes and merchant bars and shapes.

For the six months ended June 30, 1956, sales, income and other operating revenues amounted to $350,284,000 and net income to $28,961,000 compared with revenues of $310,153,000 and net income of $23,033,000 for the same period of 1955. For the full year 1955, revenues were $629,575,000 and net income $48,289,000.

Paul Reinisch

Paul Reinisch, Vice-President of the New York Hanseatic Corporation, passed away Oct. 7.

Frank Edenfield Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Mrs. Ruth Geier has been added to the staff of Frank L. Edenfield & Co., 3840 Northeast Second Avenue.

Continued from page 9

Outlook for Interest Rates

ance, and the adjustments to them, much easier for all the people. Restraint on money supply is our best hope of keeping the dollar valuable, and your depositors should know it.

For I am convinced that despite all debate about whether the bond and money markets are free or not, or about the degree of freedom, those markets are going to continue to act as if they were free, and our policies and actions should be guided accordingly. That merely means that as the demand for money rises, so will interest rates—and, of course, the reverse also. It is simply not realistic thinking to expect money rates to fall in the face of rising demand, even though politicians may try to push them down and may even for a brief time succeed.

Outlook for Rising Rates

So at long last I come to my real topic, and I may as well tell you at once that my outlook is for a gradually and irregularly rising trend of interest rates for some years to come. I do not base this entirely upon the historical and very long cycle in interest rates, though I do think that point should not be ignored. I rest my view primarily upon three points.

First, there is an immense demand for capital, both at home and abroad. The "under-developed" countries are pressing for development, and the Aswan dam is only a small instance of it.

Second, there is the welfare state idea, which also is worldwide. Though there are signs recently of some lessening of confidence in the idea that inflation is the best means of promoting unending prosperity, nevertheless full employment is still the first concern of governments everywhere, and they will go to any lengths to secure it.

Third, and based, I suspect, to a considerable degree on the first two, there is the dynamic long-run growth trend in our economy at home. Personal consumption expenditures show every appearance of being a function of personal income, with every increase in wages regarded by a big segment of the population as a base for further borrowing. There is no prospect of an early reversal in the almost automatic annual increases in wage rates, and with business as a whole prospering, these increases can be passed along.

In the governmental sector, spending is clearly on an uptrend. At every level the need for more facilities is being translated into demand. All this is equivalent to investment spending, which produces increased income without increasing consumable goods. Especially notable in this regard, of course, is the outlay by the Federal Government for defense. Can anyone see any prospect in the years ahead of a state of world peace which will justify a cutback in this sort of spending?

And then there is capital investment by this nation's business community. The figures have been going up year after year, and give every promise of continuing in that direction.

Fear of Over-Production

Some people worry about this investment leading to a condition of over-built production facilities. They have been worried about this point ever since the end of World War II, and yet production has not been able to overtake demand except for brief periods and in scattered fields.

It has been cogently pointed out by Dexter Keezer, of McGraw-Hill, that almost half this year's planned investment spending will go merely to overcome the ravages of wear and tear, old age and obsolescence; and comparably heavy investment for the same purpose will continue. Furthermore, nowadays the investment per unit for the production of certain indispensable raw materials—petroleum, iron ore, copper, sulphur—is steadily growing more costly. This sort of investment adds little directly to productive capacity. Tremendous sums likewise are going into research and development; it is estimated that about $5.5 billion will be laid out for these purposes this year. A great deal of business spending also goes for the improved efficiency in production, rather than directly to promote increases in total production.

Fear of Political Change

Other people are apprehensive because a possible political change in the Administration at Washington may cause businessmen to alter their development programs and cancel their capital investment plans. To me this seems most unlikely. The welfare state idea is here, and this is one of the points on which there is no disagreement between the parties. It means that unemployment will remain low, and spending high. Isn't this what practical businessmen are interested in?

While I dislike and distrust the "new era" idea, I am forced to grant that the changes of the last quarter-century have been fundamental, and these changes have multiplied since World War II. As Dr. Paul Einzig, in an article in the "Commercial and Financial Chronicle," put it:

"Those who are thinking in terms of prewar experience should realize that the Welfare State, the policy of full employment and the more equal distribution of national income are postwar developments. Between them they have created a new situation in which the rules inferred from prewar experience do not apply without considerable modifications."

In a word, future interest rates, though they may be modified by sentiment and by shifting psychology—by guesses about what the Treasury and the Federal Reserve are going to do—will depend upon business conditions. And business conditions look good.

What Will Break the Spiral?

In the light of these broad, over-all and basic considerations, I for one have been unable to guess what factor may be the one to break into this spiral of consumption and investment spending feeding upon each other. It hardly can be called a boom, really, because that used to describe a situation in which every line of business was moving up simultaneously. And as we all know, there are and have been soft spots. A real boom possibly may come later. Can anyone here imagine what the picture would look like if last year's consumer spending boom and last year's housing boom were added on top of this year's capital investment boom?

As with "new eras" of the past, this one may be only imaginary. Past ones have been exploded by a barb from a totally unexpected direction and at a totally unexpected time. But while it lasts, its stimulus to capital and consumption spending is a real factor which cannot be passed over lightly.

Perhaps a small and temporary interruption will come as a result of the squeeze on business profit margins. Possibly tight money may do it. But, as I have suggested, my view is that Federal Reserve restraint has been extremely gentle, and I do not believe the brakes will be applied strongly enough to crash us through the windshield. Another possibility is that inventory accumulation, spurred by expectations of rising prices, may reach dangerous rates and then reverse. Or, maybe weakness will appear in the sector of individual consumption spending. People in a mass may suddenly just decide they have enough material goods, and decide to devote their discretionary income to saving rather than to spending. I just don't know.

But when such a temporary turn comes, we in the money and bond markets will be able to recognize it, and it probably will last long enough to produce some profits in bond accounts. Bank loans will level off or decline, and new bond issue calendars will shrink. I don't think such a rate as the "prime loan" rate will be affected much, nor will mortgage rates, but commercial paper, acceptances, and Treasury bills may react quite sharply. Bill yields, you remember, skidded about 180 basis points — from 2.416% to 0.616%—between June 1953 and June 1954. Long-term Treasury bonds yields fell from 3.17% to 2.50%. These yields in Treasury securities are much more sensitive. They are affected not so much by changes in the actual availability of funds, as by market expectations about what Federal Reserve policy is or is going to be. The discount rate no doubt will be reduced once or several times, and a really suitable opportunity for a cut in reserve requirements may be provided.

Conclusions

All this discussion leads, in my opinion, to these conclusions:

Current widespread criticism of Federal Reserve System policies of monetary restraint is in large measure self-contradictory. Policy is charged with being too harsh and dangerous, while at the same time it is said to have been ineffective.

Restraint has been effective, but some of its effects are by their nature not visible in statistics. Loans and investments have been absorbed by investors in enormous quantities, and debt (except Federal Government) has continued to grow. Part of the seeming lack of effectiveness is due to high rates of income tax, which affect both borrowers and lenders, and part to the extremely high degree of liquidity with which the economy entered the postwar period.

Decreases in liquidity undeniably have taken place, but much still exists; I cannot believe the economy as a whole has become dangerously illiquid. Cash holdings of persons and of business have risen each year; great quantities of short-term governments still are held, and there are savings bonds, convertible into cash on little or no notice. Corporations still have large holdings of governments among current assets, though below the recent high record. Working capital still is going up steeply, with current assets still twice current liabilities, though quality may have declined somewhat because assets now consist more largely of inventories and accounts receivable. Banks, though largely divested of short-term governments held as "secondary reserves," still have access to Federal Reserve credit through the discount window, and hence liquidity with respect to the ability of depositors to get their money cannot be said to have suffered.

Though "new eras" have been hailed in the past, and have proved illusory, it is undeniable that Welfare State concepts, including continuous full employment, have introduced new factors especially since the war. I cannot tell when, or from what direction, the present new era may be exploded. For brief periods, slackened growth may come from a squeeze on business profit margins; tight money conceivably could do it if rigorously applied (which seems unlikely), or consumers may decide to start saving instead of spending their discretionary income. Inventory speculation, based on fears of rising prices, could be the trigger.

But when it comes, the change will be accompanied by a change in credit conditions, and it will be recognizable. Then a trend to lower yields will develop which may last a year or so, as in 1953-54. Treasury securities yields are especially sensitive to such a change, being based to so great an extent upon market expectations with regard to Federal Reserve System policy.

Morgan Stanley Group Offers Con. Ed. Bonds

Morgan Stanley & Co. and associates offered yesterday (Oct. 24) $40,000,000 of Consolidated Edison Co. of New York, Inc., first and refunding mortgage bonds 4¼% series M, due Oct. 1, 1986, at 102.14% to yield about 4.125% to maturity. The issue was awarded at competitive sale on Oct. 23 on a bid of 101.4291.

The proceeds from the sale of the new bonds will be used for the payment of short-term bank notes and the balance, if any, toward payment for additions to the company's utility plant. The company is engaged in a construction program expected to involve expenditures of approximately $650,000,000 for the years 1956 through 1960.

These bonds are redeemable at the option of the company before Oct. 1, 1961 at 107.14%, and at prices decreasing annually thereafter to 100% on and after Oct. 1, 1985. Special redemption prices range from 102.14% before Oct. 1, 1957 to the principal amount on and after Oct. 1, 1985.

Consolidated Edison supplies electric service in the Boroughs of Manhattan, the Bronx, Brooklyn, Richmond and most of Queens, and in Westchester County, excepting its northeastern portions. Gas service is also provided in various sections of this area, and steam service is provided in parts of Manhattan.

For the 12 months ended July 31, 1956, the company reported operating revenues of $513,454,000 and gross income before interest and income deductions of $74,391,000. This compares with operating revenues of $493,620,000 and gross income of $72,864,000 for the calendar year 1955.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Ronald C. Shumway has been added to the staff of Columbia Securities Company, Inc. of Florida, 3839 Biscayne Boulevard.

Joins Goodbody Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Howard N. Pearson is now with Goodbody & Co., 14 Northeast First Avenue.

With West Florida Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Charles R. Damiano has joined the staff of West Florida Securities Co., Inc. of Tallahassee.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — Eugene W. Boylston has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 100 East Robinson Avenue.

Bache Adds Two

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Gordon V. MacDonald and Frank S. Smith have become affiliated with Bache & Co., 556 Central Avenue.

Edward A. Viner Co. Names New Officers

The board of directors of Edward A. Viner & Co., Inc. has announced the election of Phillip Goos as President; William J. Wobbekind, Ely Margolis, J. Randolph Grymes, Jr. and Edward J. Koenig, Vice-Presidents; and Malcolm J. Goos, Secretary and Treasurer.

Phillip Goos

At the same time, the board announced that the main offices of the company after Nov. 1 will be consolidated at 26 Broadway, New York City. Offices previously were at 11 Wall Street and 46 West 55th Street. The branch office in Bangor, Maine will be maintained.

Mr. Goos has been associated with the company since 1946. For the past several years he has served as Vice-President.

Lithium Developments, Inc. Stock Offered

It was recently announced that George A. Searight, member of the New York Security Dealers Association, of 115 Broadway, New York City, is offering a new issue of 600,000 shares of common stock of Lithium Developments, Inc. at $1 per share.

Lithium Developments, Inc. was organized in Delaware on Jan. 24, 1955, for the purpose of acquiring, exploring and developing natural resources. Its principal office is located at 9700 Euclid Ave., Cleveland, Ohio.

The primary interest of the company is the exploration for, and if warranted, the development and mining of lithium-bearing ores. For that purpose, the company has acquired an aggregate of 30 mineral claims situated in the Cat Lake area of the Lac du Bonnet Mining Division of southeast Manitoba, Canada, which encompass approximately 1,200 acres, and which the company intends to explore for spodumene, a lithium-bearing mineral, or for any other ore that may be found thereon. The immediate work planned is a thorough geophysical investigation.

Ely With Bache

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Valentine A. Ely has become associated with Bache & Co., 271 South County Road. Mr. Ely has recently been with Harris Upham & Co. and prior thereto was local manager for Stanley Heller & Co.

Joins Gerard R. Jobin

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — J. Foster Pate has become connected with Gerald R. Jobin Investments Ltd., 242 Beach Drive, North.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Walter S. MacConnie is now with Merrill Lynch, Pierce, Fenner & Beane, 568 Central Avenue.

With Coffin & Burr

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George Wright is now with Coffin & Burr, Incorporated, 60 State St., members of the Boston Stock Exchange. He was formerly with Vance, Sanders & Company.

Continued from page 3

Changing Times for Banking

never be free like competition between steel producers, textile makers, and other manufacturers. The laws all recognize this. They make it illegal for banks to pay interest on demand deposits and fix maximum rates of interest for time deposits, thus eliminating the banks' most potential means of competing. They limit the size and type of loans that can be made: and they even make it impossible to start a new bank except under very special circumstances. As the law in New York puts it, banks are supervised and regulated so as "to insure the safe and sound conduct of such business, to conserve their assets, to prevent hoarding of money, to eliminate unsound and destructive competition, and thus to maintain public confidence in such business and to protect the public interest and the interests of depositors, creditors, shareholders and stockholders." I have always thought this short statement put the whole problem in a nutshell.

Real Test for Bank Mergers

It has, therefore, been surprising to me to see some officials persisting in the attempt to bring banks under the full provisions of Section 7 of the Clayton Act. As you know, such a course would apply to bank mergers a single overriding test, the same one that is applied to other business concerns: namely, whether the effect of a merger might be substantially to lessen competition in any section of the country. Surely such an inflexible criterion, if applied to bank mergers, would prove harmful and even dangerous. We all know of situations where a merger has been highly desirable from the standpoint of the public interest—where it has been necessary to assure the safety and soundness of banks, or their ability to meet the full needs of the community they serve. Yet we also knew that such mergers, desirable as they are, sometimes cannot help but lessen competition.

In my view there is only one real test to apply to bank mergers, and that is, what is best for the public interest. It may well be desirable to spell out more specifically what factors are significant in measuring the public interest in bank mergers. But competition can only be one of them. And when it comes time to assess the desirability of any bank merger, you gentlemen who are familiar with the conditions in your own states certainly should play a key part in the process.

Now as I indicated, within the boundaries set down by the regulatory authorities, competition has never been more vigorous than it is today. Yet commercial banks are not without some handicaps in this competitive race, particularly when compared with other financial institutions. For one thing, the present level of reserves required of commercial banks is unduly high and serves to freeze a sizable proportion of bank resources in the form of non-earning assets. As you know, banks which are members of the Federal Reserve System in all principal cities today are required to maintain reserves against demand deposits of 18% to 20%. It is not without significance, it seems to me that banks in most other countries maintain cash reserves against deposits of no more than 10%. Indeed, in many countries the ratio is even less than this. Without question, statutory reserve requirements in the United States will have to be scaled down if banks in the future are to keep in step with our expanding economy.

N. Y. Banks at Disadvantage

Of course we in New York City feel very keenly that we are being discriminated against as with the exception of Chicago, our banks are required to maintain higher reserves than banks in other main cities. Perhaps banks in New York City are especially sensitive on this score because they have not been growing as rapidly as banks in certain other areas. You are undoubtedly familiar with the basic causes for this: with the great migration to the West; the industrialization of the South; and the dispersal of national companies throughout the country. Understandable as these causes are, the trend away from New York City poses many problems, some of them national in character. The country continues to need a major money market center—both for domestic and international business. It also needs a cohesive money market which can be quickly responsive to Federal Reserve open market operations. New York City with its great financial institutions still fulfills these functions and fulfills them well. Yet it seems short-sighted indeed that an artificial handicap in the form of discriminatory reserve requirements should place an added strain on their ability to do so.

But growth of banks is not only a question of reserve requirements, there are other sides to the problem which are no less important. One of these relates to savings deposits, and the need of commercial banks to be able to compete for them effectively. We have had a tremendous increase in savings and this is not surprising. It reflects the growth in the incomes of the American people and above all the emergence in the postwar years of a huge new middle income group — a group that entrusts much of its savings to institutions. Moreover, each year the size and the resources of this middle income group grow larger.

The great expansion of the middle income group confronts banks not only with an opportunity but also with added responsibility. For since banks are institutions highly tinged with the public interest, they must stand ready to meet the needs of everyone, large or small, if they are to fulfill the obligations inherent in their business. The response of banks to this new challenge is to be seen most clearly in what I like to call "popular banking"—the growth of instalment loans for individuals, the widespread use of bank checks, and of course the various types of savings facilities.

Checking Accounts Doubled

As you may know, some of these services are having a phenomenal growth. In our own bank, for example, the number of checking accounts has doubled in the past decade. Moreover, the volume of checks passing through each account has gone up about 50% on the average. Checks have truly become cash for the modern housewife who could never manage the complex network of commercial relationships she now enjoys without them!

And even more impressive has been the advance in the instalment lending — a fifteenfold increase by banks in the past decade. On this score, commercial banks clearly have fared better competitively than in the business of attracting savings. To a large extent this reflects greater managerial attention and emphasis by banks on the credit side of the business.

I believe we are now entering a period when some shift in emphasis will be called for. Savings need to be given relatively greater attention and personal loans and instalment credits perhaps should be pushed a bit less. On this score commercial banks occupy a unique position. They have the power and the means to persuade people both to save and to go into debt. This power not only is a question of advertising and of rates. Also of importance is the personal counseling which the banker is in a position to give to the individual who maintains a relationship with his bank.

There has been a substantial increase in the number of individuals who seek such counseling in recent years. We see it in our own bank with the platform men in our branches answering a steady stream of inquiries—most of them from people of modest means. Again this is a sign of the changing times. People with larger incomes want to know what to do with them. And younger people, starting out with a home, want to know how to finance it.

Defends Instalment Credit

Whether we like it or not, our modern society seems geared increasingly to a cycle of debt and savings. Most of the instalment and mortgage debt is incurred by families in the middle income group, and a larger proportion of these are young people. They substitute mortgage payments for rent and go into debt for home furnishings and appliances. Then as they grow older, their incomes generally increase. They have an opportunity if they will, to become savers—for emergencies, for educating their children, or for any number of other purposes. One of the services the banker-counselor can perform is to urge that the savings side of this cycle be allowed to work itself out.

Nor is there anything wrong with the other side of the cycle—with instalment credit. Quite the contrary, for our modern economy could hardly function without it. But like all good things, such credit can become a source of harm if carried to extremes. It is up to the banker to seek a proper balance in instalment credit—not only for the good of borrowers, but for the sound health of the economy as a whole. A year ago, when terms were relaxed and credit outstanding rose with great rapidity, it seemed to me that we were in danger of departing from this balance. Fortunately, matters now appear to be righting themselves, with both borrowers and lenders exercising more caution and restraint. In my judgment, this is the best way to regulate a very complex activity, and banks have a major responsibility in carrying out the process.

There is one further aspect of instalment credit that is sometimes overlooked. I refer to the use of such credit to help small business. In New York, for example, it is quite common for the local restauranteur, cleaner, or taxi driver to finance his equipment through an instalment loan. Needless to say, this is one type of credit on which there has been comparatively little tightening up.

As a matter of fact, the relation of banks to small business generally is another subject on which the public seems to be exposed to more heat than light. Banks are constantly being accused of neglecting small business.

Loans to Small Business

To get some facts on loans to small business we recently took a look at our own position. We found that the number of commercial and instalment loans made to small business in amounts ranging from $1,000 to $100,000 had increased by 31% in the year from August, 1955 to August, 1956. This hardly represented any pulling in of our horns. As a matter of fact, in many banks it is the loans to *small* business which will feel the pinch of tight money last. This follows naturally from the administrative process, since it is much easier to adopt curbs over larger loans than to apply them to a multiplicity of small and divergent transactions.

If anyone wants further evidence of the close relationship between banks and small business all he needs to do is to consult a survey made by the Federal Reserve System about a year ago. This survey showed that almost half of all business loans made by member banks were extended to businesses with assets of $50,000 or less. Moreover, another third were made to businesses with assets of $50,000 to $250,000—certainly small units in fields like manufacturing, mining and public utilities.

Yet I do not want to imply that small business as well as large, can escape the effects of tight money altogether. We all know that this is simply not the case. Tight money forces on banks the necessity to ration their funds more severely and both small and large businesses are bound to feel the effects to some extent. Unfortunately, this process of tightening up is not an easy matter, for over the last two decades commercial banks have broadened greatly the range of credits they provide to business. Term loans, revolving credits, oil production loans, mortgage warehousing loans and a host of other innovations have been designed to meet specific needs of business. The banks were stimulated in their search for new techniques both by competition and by the existence of a plentiful supply of funds. Today the competitive push remains in full force, but the supply of free funds is rapidly being depleted.

Future Loan Policy

There are good reasons for believing that banks are entering a period when they may have to readjust their thinking and their practices with regard to business loans. It will not be possible for such loans to grow by as much as one-third in a relatively short time, as they have over the past 18 months. For one thing, many banks now have loans equal to 60% or more of deposits—a proportion they will not want to increase very rapidly, particularly if they have to incur heavy losses in the sale of securities to do so. For another, a too-rapid expansion of business loans could not help but be inflationary. We should not forget that the great advance of 1955 began from a level where we had less than full employment, and our economy thus was able to take up some slack. In these circumstances, a very large increase in business loans was both possible and desirable. This is not the case in late 1956, when we are operating at peak capacity, with a wave of capital expansion pressing at us from all sides.

As I look about and observe the changes in loan volume that now confront banks, I cannot help but sense certain elements of paradox. In some ways we seem to have been moving over a period of time in a great circle, and banks now have come full cycle. Thus, there are many similarities in the position of banks today to that of the mid-'twenties. At that time, too, bank loans were expanding, interest rates were rising, and money was tight so that borrowing was heavy at the Federal. To round out the picture, as I remember it, banks were even in one of their periodic periods of merger.

Revive Rediscounting Technique

You will recall that borrowings at the Federal in those days was carried out by means of rediscounting commercial paper. As a matter of fact, when the Federal Reserve System was established the rediscounting for the banks of commercial paper was considered its primary function, the means by which the nation could at last be assured of an elastic currency. Today if our economy is indeed to operate under a flexible monetary policy, with money in periodic periods of tightness, I believe we should revive the time honored technique of rediscounting. Nor is this the only respect in which we may have to turn the wheel closer to practices of earlier days. Certainly the position of many banks with respect to loans and liquidity calls for foresight and planning of a type that we have not had to exercise for a number of years.

There is no doubt in my mind but that our growing economy will continue to require an increase in bank credit, including credit on a term basis. The problem we face is one of proper balance—a balance between the demand on the part of business for funds for expansion and the ability of our economy to provide the resources for such expansion. It is the task of the monetary authorities to maintain such a balance, while avoiding both speculative excesses and inflation. In doing so, I would expect the authorities to make additional reserves available to banks, but not enough to create a tidal wave of new lending.

There are many problems and many anomalies that exist in our financial structure today. I have touched on several of them in the course of these remarks — the volume of savings, and the competitive factors that govern their flow into different institutions; the treatment of mergers; and the current system of reserve requirements among them. Running throughout these and other problems is one recurring theme — the question of adequate growth, and how to assure it. We must never forget that the ability of banks to continue to do their job depends on their growing along with the rest of the country. If they fail to do so, not only they but the general public will suffer as a result. This is a vital consideration which I hope both you and the Federal authorities will bear in mind as you formulate policies that influence the structure of the nation's banking system.

Over-All Bank Study Needed

It may well be that the Senate subcommittee which is now reexamining the Federal statutes relating to banking will deal with some of the matters which I mention. If they do, that will be all to the good. Nevertheless, I believe that in the end we may find it wise to establish some representative national body — rather like a national monetary commission—to survey all aspects of our financial structure, with a view to recommending such changes as it finds to be in the public interest. This would be in line with the suggestion made last spring by Mr. Sproul, former President of the Federal Reserve Bank of New York. Some over-all view of this character seems to me to be essential. I would hope that your own group would forcibly present your views to such a commission. I would also expect the commission to start with two assumptions insofar as commercial banks are concerned: first, that our dual banking system is woven deeply into the fabric of American society and should not be radically altered; and secondly, that any necessary regulation and control of banks be decentralized to the maximum extent possible. I would not hesitate to have any commission, no matter how constituted, examine each of these assumptions carefully, for I am certain that they inevitably would stand as basic tenets for any banking structure of the future. Supervisors and managers have a common goal—a strong and efficient banking system to meet the needs of the people today and tomorrow and to contribute to the growth and prosperity of this great country.

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A Banker Looks at Inflation In the United States Today

did not have enough money to replace it and were forced to quit.

(4) Inflation Brings Capital Gains Profits for the Average Individual. FALSE.

It may for some speculators or gamblers. It does for some who have been operating on borrowed money, or who have been particularly wise in selecting investments.

Since inflationary periods are often characterized by severe ups and downs, like an individual going from a high fever to a cold chill and then back to a high fever, it is hazardous for the small investor to do much borrowing. Also investings to protect one's principal against inflations, is hard to do and few are successful, as inflations seldom follow any set pattern, particularly as to timing. Many stock and real estate profits that people felt represented a capital gain, and on which they paid capital gain taxes, were not actually much of a net capital gain after all, for the increase in the selling price over original cost was largely the reflection of the decline in value of the paper money. In spending some of his so-called profits an individual was in reality actually spending part of his principal.

(5) Inflation Makes It Easier to Borrow. FALSE.

In the early stages this is true and also long range inflation may make it easier for the person who has already borrowed to pay off in cheaper dollars, but in other countries as inflations have developed, it has become harder and harder for people to borrow, because lenders began to realize what was happening to them as a result of inflation. They disliked being paid back in money of far less value than when they made the loan and they soon were careful to get a high rate, have an escalator clause in new loans, or refrained from lending at all. There may be some significance in the fact that it is currently getting more difficult to borrow in this country.

To illustrate—In 1946 Jones and Smith each had $12,000. Jones bought a 3% bond due in 1956 with his money and Smith built a house for $12,000. The house he built was identical with a theoretical house which has been used by the Wenslick Realty Company in St. Louis to keep track of building prices. When Jones' bond matured in 1956 and he received his $12,000, he wanted to build a similar house and much to his chagrin found the very same house which he could have built in 1946 for $12,000 now would cost him better than $18,000.

We figured in our office that in order for Jones to have had a 3% return on his money over the 10 year period and to have received back the equivalent of purchasing power in principal that the yield he would have had to have had on his bond over that period was approximately 7⅛% and the rate even substantially higher if income taxes were taken into consideration.

(6) Inflation Helps People Get Out of Debt. FALSE.

The reasoning behind our devaluing the dollar in the 30s was that it would make it easier for the government and the people to pay off their debts. But under the artificial stimulus of easy money over the last 22 years, both the government and the citizens have gone into debt deeper than ever. Lenders over the period were plentiful and terms easy and only now are lenders beginning to get inflation-conscious in the United States. World War II and the Korean War, of course, were big factors in the increase of Federal debt, but the private debt has risen tremendously since 1945. The state and local debt has also increased tremendously, particularly in the last few years.

(7) Inflation Helps the Little Man. FALSE.

Temporarily maybe yes, but as in other countries, in the long run it has hurt the little man. Inflation hurts practically everybody. The rich in other countries have still been well off, but the middle classes have been wiped out and the poor have suffered acutely. The so-called rich are not the large holders of government bonds, life insurance, and savings accounts, and they are not dependent on pensions and social security. It is the little man who is largely the loser because inflation ruins these major assets of his payable in fixed units of money. The so-called rich on the other hand have large holdings of land, real estate, and common stocks and they are largely the people to whom the insurance companies, commercial banks and savings banks have lent their money directly or indirectly.

Runaway inflation in other countries has brought on mass unemployment as has been previously brought out. When inflation gets out of control, the little man has often lost both his job and the value of his savings and of his insurance.

(8) Inflation Helps Fight Communism: To Stop It and Have a Correction Would Play Into Russian Hands. FALSE.

Unsound money and continued inflation will play directly into the hands of the Russians and the sooner we get back to sound practices the better for our form of government and for the protection of individual freedom. Karl Marx in his "Das Capital" which is a pattern for revolution states flatly that the way to undermine a democracy is to destroy the value of its money. According to Marx the three requirements for a revolution in a country are:

(a) The people have to reach a stage where they feel anything is better than carrying on under conditions as they then are.

(b) The people have to lose confidence in their leaders.

(c) The leaders of the country have to lose confidence in themselves.

Uncontrolled inflation brings about all these three requirements. Napoleon came to power following the French inflation late in the 18th Century and in more modern times Hitler and Mussolini. Even today the inflation in France has certainly been very injurious to the stability of its government.

(9) Inflation Can Be a Permanent Way of Life. FALSE.

Inflation, at least in other countries, has not proved to be a satisfactory or permanent way of life. Sooner or later more and more people realize what is going on. As soon as people generally realize that their currency is constantly depreciating in value, they do the natural thing and endeavor to get out of the paper money and the obligations they own payable in paper money, and get into so-called "real things." As a matter of fact in certain countries they bought anything and everything as the flight from the currency took on panic proportions. In my opinion the annual "3% clipping of the coin" as suggested by one college professor just can't work indefinitely. My reasoning here is that you can fool some of the people some of the time, but not all of the people all of the time.

Several leading bankers in this country told me that prior to the increased effectiveness of the credit restraint program they saw evidence in their own institutions of transactions which showed that people were moving from money into things of one kind or another because of fear of further depreciation of the dollar.

While inflation may help initially and may give the illusion of prosperity even over an extended period of time, inflation does not promote full employment, raise real wages, insure continuing profits for business, and capital gains profits for the individual, nor does inflation make it easier to borrow, or help people get out of debt, or help the little man, nor does inflation help fight communism, nor does it provide a permanent way of life.

The Battle for Sound Principles

While individual citizens influenced by misguided leaders may think their salvation lies in carrying on the inflation, history shows us that true happiness and security for the individual can only come as a result of:

(1) Honest work.
(2) Thrift.
(3) Virtue.

Government leaders over a period of years cannot condone dishonest money and at the same time set a satisfactory moral tone for the rest of the citizens. Inflation does not build character, it destroys it.

Our Federal Reserve System under the able leadership of William McChesney Martin, Jr., is endeavoring to return this country to sound practices. President Eisenhower and Secretary of the Treasury, George Humphrey, and Under-Secretary Randolph Burgess have been striving to balance the budget, keep expenses under control, extend the maturity of the debt and increase the rewards for thrift.

But the Congress appropriates the money and levies the taxes and it reflects the will of the people. Up to now the electorate seems to be obsessed with an emotional surge of benevolence, a desire to spend freely, and a fear of any recession, all of which blinds it to all cause and effect of the inflationary actions which have been taken by their representatives over the last 23 years.

We have to reach these people at the grass roots and tell them the great risks they are incurring unnecessarily in having a boom on top of a boom.

Mr. Roger Amory, former Chairman of the Board of the Rockland-Atlas National Bank, ably stated in his pamphlet "The A-B-C of Inflation in the United States" published by the Bank in 1947—"No one questions that the Administration now has ample powers to control the supply of money and could check the inflation and stop the upward spiral of wages, costs, and prices. However, ways to stop inflation are not pleasant to party leaders, party workers and Federal employees, nor is it immediately pleasant to the electorate."

If the people knew that to continue on the inflationary road could mean ultimate disaster, I believe they would be willing to make the sacrifices necessary to stop the inflation.

In 1953 the Administration and the Federal Reserve took a stand against further inflation and had to retreat under public pressure.

Now again the Administration and the Federal Reserve are endeavoring to stop inflation and the cries against their actions are going up from politicians who want to win the fall elections; from labor leaders who want to be able to show annual wage increases; from economists who are thrilled by the idea of a managed inflation and by the elimination of the business cycle; from professional easy money men like Rep. Wright Patman of Texas and Leon Keyserling; from many business leaders who consider inflation as a permanent form of hand-out by the government and even from bankers who have large losses in their bond accounts.

Conclusion

The battle is raging and will continue to grow hotter. The time to take a stand against further inflation and hold it is now. To continue to inflate to even higher levels may result in a wild boom and bust cycle at some time in the future. To continue to inflate might plunge us into something far worse than a depression, namely, "Runaway Inflation." Economic laws apply to the United States as well as to other countries. We cannot continue to break them without taking the consequences. It can happen here. Each country started out for a mild inflation. Each never intended to lose control. These countries in many cases were run by experienced financiers such as ours, but they, under the pressure of politicians who told the people no economic hangovers were necessary, compromised their principles again and again. Against their better judgment they again and again increased the money supply and finally gave their countries what proved to be one shot of inflation too many. Public confidence in government credit and the currency was destroyed.

As bankers we are custodians of the people's money. Let us recognize the fact that since the beginning of civilization money to be true money has had to be freely convertible internally and externally into something tangible, movable and valuable in itself.

Finally, let us keep up the fight against inflation, against all odds and all pressures. We are all aware of the impact that 1,000 workers can make in a Community Chest Drive or in an election campaign. There are over 14,500 commercial banks and savings banks in the United States today and, if only the presidents of these banks were mobilized in a fight against inflation we would have a force of over 14,500. If, in addition, the Directors and Trustees of these banks could also be enlisted in this cause we would have a force of over 200,000. This would be a group of influential people who command respect by the very nature of their positions. In my opinion, it is their duty to carry the message of inflation dangers to very organized group in every community in the nation.

When we, as custodians of the people's money, have done this and only then, can we feel that we have served the best interests of the people. It is then that we have a chance to make the American dollar a stable standard of value not only for the world but also for our own citizens. It is then that we have a chance to build such integrity into the dollar that it will facilitate world trade and over the years have a stability of value that will assure to the nation and to the individual an honest reward for effort and an honest reward for thrift. It is only then that we can hope to build a sound economy for the future.

Common Trust Funds Developing Rapidly

Cleveland Trust Co. reviews past decade's rapid development of bank and trust companies common trust funds for relatively small trust accounts.

The October "Business Bulletin" of the Cleveland Trust Company, reports that a new survey, published in August by the Federal Reserve Board, gives some interesting data on common trust funds. The "Bulletin" goes on to state that "this type of institutional investment has developed rapidly during the past 10 years. Such funds are operated by banks and trust companies as trustees, with the purpose of combining relatively small trust accounts into one pool so as to obtain broader diversification of investments.

Board's New Survey

"The Reserve Board's new survey covers all common trust funds for general investment which are operated under the Board's Regulation F, and had been in force for at least 12 months on Jan. 31, 1956. At or near the end of 1955 there were 198 such funds (managed by 162 banks and trust companies) with assets of nearly $1.9 billion at market value. In 1945 only 37 of these funds were in existence. Sixty-three were added during 1946-50, and 98 more were set up in 1951-55. The size of the separate funds varies all the way from assets of less than $1 million to more than $50 million, with about three-fourths of the total number falling in the range of $1 million to $25 million.

"At or near the end of 1955," the "Bulletin" states; "common stocks accounted for nearly half of the total holdings of all the funds combined. Bonds amounted to 38.2% of the total; preferred stocks, 11.5%; and other investments plus cash, 1.6%."

Flanders Chairman of NASD Dist. Committee

BOSTON, Mass. — Henry R. Flanders, Harriman Ripley & Co., Inc., Boston, has been appointed Chairman of the Nominating Committee of District Committee No. 14 (Maine, Massachusetts, New Hampshire, Rhode Island and Vermont) of the National Association of Securities Dealers.

Appointed as members of the Nominating Committee are:

Joseph M. Batchelder, Joseph M. Batchelder Co., Inc., Boston.

Arthur Perry, Jr., F. S. Moseley & Co., Portland, Maine.

Wellington Wells, Jr., Mixter & Company, Boston.

With Federated Plans

(Special to The Financial Chronicle)

TAMPA, Fla.—James H. Sullivan is now with Federated Plans, Inc.

With King Merritt

(Special to The Financial Chronicle)

ATLANTA, Ga. — Russell H. Fry has been added to the staff of King Merritt & Co., Inc., 849 Peachtree Street, Northeast.

With Hemphill, Noyes

(Special to The Financial Chronicle)

CHICAGO, Ill. — Wilbur J. Perry is now affiliated with Hemphill, Noyes & Co., 231 South La Salle Street.

Hornblower & Weeks Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—John B. Martin is now connected with Hornblower & Weeks, 134 South La Salle Street.

Walston & Co. Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robt. W. Faas has been added to the staff of Walston & Co., Inc., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Rodman Renshaw Branch

GARY, Ind. — Rodman & Renshaw have opened a branch office in the Gary National Bank Building, under the management of Le Roy B. Murdock.

Continued from first page

Economic Key Issues Of Today and Tomorrow

again, how long can such intervention be expected to be successful?

The way these problems are tackled will, in turn, determine the key issues which we will have to face "tomorrow." And again reducing this problem to its simplest possible terms, it is: how much of a problem will **inflation** pose in our economic future? And how can we hope to cope with it?

It is obvious that **investment policies** must deal with **these contingencies**. Success or failure of investment decisions, particularly of the longer-range variety, will depend largely on the right answers to the questions just posed. This puts a tremendous responsibility on the investment manager, particularly when it comes to the management of trust funds.

The stock market has not always been a reliable indicator of business activity. And business activity, on the other hand, is not always the dominating factor in the stock market. And yet, it is probably safe to say that **over the long run, a close correlation exists between the stock market and the general economy.**

This brings the stock market problem right down to the question of whether the current decline foreshadows any basic change in the economic trend; or whether it reflects one or several temporary influences, such as the impact of tight money; a temporary maladjustment in price-earnings ratios; the uncertainty over the outcome of the elections, now less than three weeks away; and/or the approach of year-end tax loss selling.

II. The Stock Market

It seems to me that the stock market is not yet battening down the hatches for a protracted business decline. It does **not yet look like a bear market**, although for over a year now it has acted like a rather tired bull-market. Its outstanding feature for the past year has been its **selectivity**.

Just as a protracted boom inevitably brings about industrial maladjustments, so it leads to maladjustments in price-earnings ratios which, sooner or later, call for corrections. This factor alone would have been sufficient to stall the stock market advance in time. Actually, the indecision was aggravated by the tight money policy and the uncertainty over the outcome of the elections.

The one thing the stock market dislikes most of all is **uncertainty**. It can cope with almost anything, once it knows what it has to cope with. Thus far, the market still is betting on a continuation of a high level of prosperity. In that, it is probably right. But, if we are reading the stock market's mind correctly, it has one mental reservation in banking on continued prosperity. It is betting with itself that, such a **high level of prosperity will be maintained either as the result of sound economic trends, or as the result of not-so-sound Government intervention.**

In this, there is the further assumption that such intervention can and will be successful.

III. The Postwar Boom

Can "economic forces" by themselves safeguard the continuation of the current high level of business activity?

Since the end of the war, there have been three interruptions in the upward trend: the two inventory recessions of 1948-49 and 1953-54 and the flattening out in industrial production this year for which the amusing new term: "straight-line" recession was invented because it could hardly be called a recession.

None of these three postwar adjustments led to serious trouble. This has been widely interpreted as "proof" of the economy's underlying strength and ability to say up forever. Looking back, it can now be said that the postwar boom at those particular stages obviously was not yet ripe for any major downward adjustment. However, such historical perspective, unfortunately, does not prove anything for the future.

Nevertheless, there is a strong suspicion that, over the period in question, the boom actually has been weakening gradually.

The postwar boom — from the start—has rested on the following three major forces:

(1) The unprecedented **consumer demand** for goods of every description, notably durable consumer goods, built up first during the depression and then during the period of war shortages.

(2) The unprecedented **demand for producers' goods**; new plants, equipment and inventory, because normal expansion was interrupted for 15 years by the succession of depression, war preparations and finally the war. The Korean War brought a further complication.

(3) The enforced continuation of a **high level of defense** expenditures.

Those economists, who from time to time, predicted the end of the postwar boom made the mistake of underestimating the cumulative effect of these three forces. To be sure, there were shifts, maladjustments and corrections within each of the three sectors of strength—but it was not until 1953-54 that one of these factors started to show any real signs of weakening: **consumer goods production then showed signs of catching up with the war-induced consumer goods shortages, including automobiles and residential housing.**

Instead of accepting this gracefully as a temporary slowdown or a period of consolidation, the economy embarked on an all-out attempt to overcome this temporary saturation by an unparalleled use of credit. The result was the super-boom of 1955 and finally the need to curb it, in order to prevent inflationary excesses.

Once again, luck was with us—and I hope that, in retrospect, it will prove to have been good luck and not the other kind.

Just when it became apparent that we had gone about as far as we safely could in the stimulation of the consumer goods industries through the use of credit, the producers' goods boom blossomed out in renewed strength. This became apparent in the increase in plant and equipment expenditures throughout the current year.

But what is frequently overlooked in the present situation is this: it took the current acceleration in plant and equipment spending plus the continued build-up in inventories, to barely maintain the level of industrial production throughout the year, at least until now.

All this still does not add up to imminent trouble of serious character; but it does **demonstrate that, for the time being at least, one of the three major legs of the postwar boom has been weakened.**

IV. Capital Goods Spending

That puts the spotlight all the more on the prospect for business spending; in the form of plant and equipment expenditures as well as inventory buying.

The capital investment boom thus far does not show any signs of slackening. Capital spending is running at a record annual rate of close to $38 billion. A brand new survey that has just been made by the National Industrial Conference Board for the magazine "Newsweek" shows that at mid-year 1956 the 1,000 largest industrial companies in the country had unspent and uncommitted appropriations for capital spending of over $10 billion. Moreover, and this, I believe, is the most interesting feature of this new survey—despite tight money and the appearance of a number of soft spots in the economy, **cancellations of prior appropriations** for capital outlays during the first half of 1956 amounted to only $200 million.

This is the picture of a truly amazing capital goods' boom. And even at this moment the steel industry is fighting in Washington to get fast depreciation privileges for additional new investments totaling some $1½ billion.

The basic factors behind this boom are obvious; shortages and the need for more efficient production in order to keep up with the progressive cost-squeeze.

There have been repeated predictions of **approaching overcapacity** in key industries. One by one, these predictions proved to be wrong. And yet, despite the acceleration in economic growth widely predicted for the sixties, the next few years may witness the development of temporary over-capacity.

The difficulty is that we haven't any idea in which league we are now batting. The old yardsticks obviously no longer apply. We have broken through the old barriers. We are living in a new dimension. Even that dimension has limitations, however. That is why there is no contradiction between believing in the country's continued and virtually unlimited growth and yet counseling against rushing head-long into uncharted territory.

One phase of the current capital goods boom frankly bothers me. The latest acceleration in the rate of capital spending came in the face of a noticeable levelling off in retail sales, when allowances are made for retail price changes, and a drop in residential building. A pattern like this, in the past, has usually spelled trouble. A similar final rush of capital goods spending usually has marked the peak of a cycle because it brought the existence of temporary overcapacity into plain view.

Regardless of how near this point currently is from the standpoint of the over-all economy, it seems to me that **as far as the development of investment portfolios is concerned, the selection of "growth" stocks is rapidly becoming more complicated, as some industries obviously will reach the stage of temporary overcapacity more quickly than others and stay there for longer periods.**

V. Inventory Trends

This brings us to the second type of business spending: inventory operations. This type of business spending involves smaller amounts than investment spending, but is far more vulnerable to changes in direction from accumulation to liquidation and back again.

The postwar ups and downs of the economy have been primarily due to such changes in inventory trends. The swing from inventory accumulation to liquidation both in 1948-49 and 1953-54 was at an annual rate of about $10 billion. It accounted for nearly all of the Gross National Product in 1949 and for three-quarters of the total decline in 1953-1954.

Since January of 1955 total inventories have increased $9 billion. The steel strike slowed the increase, but did not reverse it. It had been widely predicted that the steel settlement would terminate the latest period of inventory accumulation and, once again, reverse the trend. Thus far, no statistical evidence is available to either prove or disprove this contention, As far as steel itself is concerned, the resumption of operations after the strike thus far has not brought about any noticeable easing. Some observers believe the picture may change toward the end of the first quarter of 1957.

Meanwhile, a new element may be entering into the inventory picture; that is the influence of rising prices on inventory policy.

There can no longer be any doubt that the **price level** is in the process of being raised a notch. I am using this vague term advisedly, as I do not feel competent to express the likely rise in percentages, index points or any other definite term of measurement.

Suffice it to say that **the wage-price spiral once again is in operation and causing considerable churning about in the whole price structure.**

There are those who steadfastly assure us that the current price increases have nothing to do with inflation because the Federal Government is not printing any money or monetizing any debt and because there is no Federal deficit anyway. This, however, is strictly semantics. In my opinion it ignores the common use of the term inflation in this country.

Inflationary or not, the point in question here is simply **whether or not the current wave of price increases may cause a continued build-up in inventories of purchased materials and goods in process**, beyond the ever-present attempt to pick up some extra quantities of really scarce materials—which is a neat trick for anyone who can do it.

I cannot discover any evidence as yet that purchasing agents are stepping up their purchases of materials in normal supply in anticipation of price increases.

On the contrary, purchasing agents are aiming at bringing about still better balance of inventories and production schedules and also a better balance within their inventory. Unless there is an early pickup in industrial production this should bring about some reductions in inventories of purchased materials and processed goods soon.

Should further increases in inventories of finished goods develop—which are strictly the result of miscalculations in sales prospects—this would make any additional materials purchases for inventory even less popular — even in the face of price increases of the type currently in sight.

Thus the **current boom can hardly look to continued inventory accumulation for support.** Inventories are more likely to develop into a moderate drag on industrial activity.

VI. The Next Phase

In summing up, it appears that it is easy enough to pinpoint the economic key issue of today—but that it is quite a different matter to come up with an answer to the key question of how long the postwar boom is going to last.

Unless the momentum of the capitals goods boom is upset — and it is doubtful whether the outcome of the elections could do it regardless of who wins—**nothing points to an imminent, violent end of the boom.** On the other hand, the evidence on hand leads to the conclusion that the boom is gradually weakening and that it would probably require a shock treatment to throw it into high gear once again.

The most likely shock treatment would be **another shot of inflation**, either in the form of another turn in the wage-price spiral; a return to deficit financing via a tax cut; or the switch from tight to easy money, with open or implied encouragement of greater use of all types of credit, including mortgage and installment credit.

In the case of a **Democratic victory** in the forthcoming **elections**, it is quite possible that **the** anticipation of a change in **economic policies will prove an immediate factor.**

After all, the Democratic **leaders** and their economists have **never** accepted the Eisenhower-Burns policy of restraining the **boom** through the use of money **and** credit policies. To be sure, **there** are some **"hard money"-Democrats** around in Washington **and** elsewhere, but they are **decidedly** in the minority. The **prevailing** theory of the Democrats is **that** the Republicans have cheated **the** country out of full employment because of inflationary fears — fears which they refuse to **share.** In their book, the American **economy** is now operating at **high** though insufficient levels. **They** say that while we are doing **well,** we are not doing well enough.

All that adds up to a **philosophy** of expansion which, although **they** fight against such a label, can **only** be described as inflationary.

In the case of a **Republican election victory**, it would be a **safe** bet that current economic **policies** will be continued without **major** changes. That would include current money and credit policies.

This would, once again, **direct** the spotlight to the question **of** whether current money and **credit** policies can undermine the **boom** to the point of throwing the economy into a tailspin. The **answer** to that question is **categorically No**—if for no other reason **than** that no Government would sit **idly** by and see the boom destroyed.

Once it is demonstrated **that** inflation and speculation **have** been successfully eliminated **as** immediate dangers and that **the** economy is actually developing **a** pronounced downdrag, credit **will** be made easier as a matter **of** course.

The **difference between the** Democrats and the **Republicans** actually is one of degree **rather** than basic principle, when **it** comes to the advisability of **Government** intervention for the purpose of cushioning any decline **in** economic activity.

Therefore, it can be stated categorically that the key economic issue of "tomorrow"—regardless of political trends — will be the problem of inflation.

Inflation may come sooner **or** later; it may develop slowly **or a** little faster. It may come in **one** form or another.

But it is utterly unrealistic **to** assume that we can avoid it **or** indefinitely control it — **unless** there is a general uprising **against** further deterioration in the **purchasing** power of the dollar—**regardless** of how it is being **caused.**

Sooner or later we shall have **to** deal with this problem. It is **truly** the economic key issue **of** tomorrow.

Gordon Tuttle Announce New Issue

LOS ANGELES, Calif.—Gordon Tuttle, Manager of the trading department for Gross Rogers & Co., and his wife Elsie, announce a new tax-exempt issue **dated October 5, 1956 — Miss Kimberly Tuttle, 5 pounds and 13½ ounces of brown eyed beauty. The Tuttles also have one son, Timothy, age 10.**

F. S. Moseley Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Frederick M. Bundy, Jr. has been added to the staff of F. S. Moseley & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

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World Economy Stronger, but Inflation Must Be Watched

upon exports of a few sensitive raw materials, sharp fluctuations in world markets for their products may impede their efforts to secure orderly development of the economy and a rise in the standard of living.

The position of these countries may also be affected by sudden changes in the policies of countries that import or export raw materials on a large scale. Sudden changes in the stockpiling of strategic materials are, of course, unsettling to commodity markets. Similarly, the disposal of surplus commodities by one country may disturb the normal markets of other countries.

Fluctuations in international markets for raw materials would subside to some extent if international tensions were reduced. In any case, much can be done to alleviate the effects of fluctuations in the exchange receipts of raw materials exporting countries without entering into commodity stabilization agreements. This would involve the accumulation of gold and foreign exchange reserves during periods of high export earnings, to be drawn upon when prices are low and the export proceeds of a country are falling. In such situations it is reasonable for the Fund to be liberal with drawings, provided the member is following good policies, and thus will be able to repay the Fund and rebuild its reserves as commodity markets improve. This is not the whole solution to the problems arising from fluctuation in raw materials markets, but the Fund could be of material assistance in minimizing the adverse effects of a sudden fall in foreign exchange receipts. The tendency in some countries to import certain commodities as a reserve against crop failures or shortages should also prove to be a step in the direction of greater stability.

The real threat to the payments position of most countries at present does not arise, however, from economic fluctuations abroad. It arises rather from tendencies toward a persistent price and cost inflation which originate in excessive public and private expenditure for consumption and investment, and in an increase in money incomes that exceeds the increase in productivity. This threat to monetary stability is not necessarily confined to countries with payments difficulties. The world is confronted with a challenging problem — to reconcile development and full employment with monetary stability in a political environment which is still uncertain. The solution of this problem calls for statesmanship of a high order in all aspects of economic and financial policy.

There is one field in which current practice has not always been sufficiently adjusted to changes in economic conditions. The Fund Agreement provides that five years after the Fund begins operations and in each year thereafter any member still retaining restrictions under the provisions of the transitional period must consult with the Fund as to their further retention. Since 1952, the Fund has accordingly been holding annual consultations on the exchange restrictions still maintained under the provisions of the transitional period. In these consultations the Fund has stressed the importance of the relaxation of exchange restrictions as the payments positions of its members improve.

Relaxation of Exchange Restrictions

In fact, there has been a considerable relaxation of exchange restrictions in recent years. Even where the legislation authorizing exchange controls has not been modified to any great extent, the actual restrictiveness of the controls has been reduced by more liberal licensing policies. In some countries, exchange controls are now more or less nominal, retained for possible need in the future. The experience nearly everywhere has been that, once restrictions are relaxed, the exchange authorities are reluctant to reimpose them.

The ultimate elimination of all restrictions and discriminations involves the establishment of convertibility, particularly of the currencies of the great trading countries. The convertibility of sterling, one of the two principal reserve currencies, is clearly of strategic importance. Although their currencies remain inconvertible, the United Kingdom and most of the countries in Western Europe have made them transferable over a wide area. This extension of transferability is still going on and it has resulted in a steady approach toward the equivalence of these currencies and dollars.

Bilaterialism Reduced

As a consequence of wider transferability, some of the practices associated with inconvertibility are being moderated. Bilateralism has been substantially reduced during the past year or two. As progress in this direction continues, the patterns of multilateral trade that evolve will more nearly approximate those that would prevail under convertible currencies. Progress has also been made toward reducing the dollar import discriminations, which are a practical consequence of inconvertibility. In some countries, dollar discrimination is now negligible or non-existent. What remains today is relatively small in comparison with such discrimination five years ago.

The problem of convertibility is not merely a legal problem. What matters most is that countries earning any currency should be able to use their receipts to buy imports from any country and to make payments in any currency. The practical problem is to find the means to move gradually from the transitional arrangements under inconvertibility to full-scale convertibility without risking the progress already made in strengthening the pattern of world payments.

The Task of the Monetary Fund

The Fund is prepared to help its members to deal with the payments problems that will arise in an expanding world economy. Although temporary setbacks may be unavoidable from time to time, progress in relaxing restrictions and discriminations should be accelerated as exports become large and deficits become relatively small. The Fund Agreement recognizes that the **general** use of exchange restrictions may be necessary at a time of world-wide payments difficulties. Once these difficulties have been met, it is contemplated that members will secure Fund approval for the temporary retention or imposition of such specific restrictions as are or may become necessary. Restrictions and discriminations cannot be regarded as a substitute for financial policy in dealing with underlying payments problems, or as a substitute for use of reserves and credits from the Fund in dealing with temporary payments difficulties.

Our members have shown that they regard drawings on the Fund as equivalent to the use of their own reserves—to be drawn as needed and to be replenished when the need has passed. Progress has been made in recent years in giving members greater assurance that they can count on help from the Fund to meet temporary balance of payments difficulties. Our members have, as you know, practically complete freedom to draw the equivalent of their gold subscription to the Fund, what we call the gold tranche. As has been said in the Annual Reports for 1955 and 1956, our attitude is liberal toward drawings in the first credit tranche, that is, for Fund holdings of a currency of 100% to 125% of the quota. Members should have no doubt that, given the need and justification, drawings on subsequent tranches will be permitted.

During the past three years, eight exchange transactions and four standby agreements have been for amounts in excess of the 25% of quota originally mentioned in the Articles of Agreement as the normal limit; the Fund has waived this limitation in each of these cases. The comparatively frequent use of the waiver has shown that drawings in excess of quota limitations are not to be regarded as something so exceptional as to be of little practical importance to members. The Fund and its members understand now much better the manner in which assistance from the Fund can be integrated with the use of their own reserves. I am confident that the resources of the Fund will be used to an increasing extent and that they thus will become an even more important addition to the reserves available to its members than they have been in the past.

I believe that there has been a steady strengthening of the mutual confidence between the Fund and its members. An increasing number of our members have come, and will probably continue to come, to us for advice and assistance on a whole range of problems. It is the hope of the Fund that more determined efforts will be made by its members to stabilize their economies and to put into effect the fair exchange practices for which the Fund stands. Members, in turn, will need and will be able to obtain more assistance from the Fund, both technical and financial. If they were to approach the Fund confidentially and in good time, it would often be easier to work out a reasonable and helpful solution to their problems. The Fund has sometimes been confronted with measures on which a decision had to be taken within a few days, without sufficient information and to which, therefore, the Fund could not give adequate consideration.

Balance of Payments Must Be Maintained

The objectives of the Fund will be achieved only if its members are prepared to pursue financial policies that are consistent with the maintenance of a balanced payments position. Even large reserves and generous assistance from the Fund and others cannot, in the end, prevent balance of payments difficulties in a country that does not act effectively to prevent price and cost inflation. On the other hand, a country that pursues sound policies will find that it can deal with the payments difficulties that arise, relying on the use of its own reserves and assistance from the Fund. The greatest contribution that members can make to their own well-being is to direct their financial and monetary policies to internal stability and external balance.

With this Annual Meeting, I bring to a close my five years of service in the Fund. It has been a stimulating experience to work with the officials of our members and the distinguished men on the Board of Governors. I want to express my appreciation for the loyal and devoted efforts of my associates on the Executive Board and my colleagues on the staff. I welcome my successor, my fellow countryman and friend, Dr. Per Jacobsson, and I leave the Fund with my best wishes for all who will guide it in the years to come. I have faith in the efficacy of international monetary cooperation and in the successful collaboration of the Fund and its members.

Continued from page 5

The State of Trade and Industry

than in September 1955. Marked increases from 1955 occurred in the South Atlantic, West South Central and Mountain regions.

In the automotive industry last week output of the 1957 model passenger cars was jumped to 38-per-minute pace as all manufactureres were in simultaneous operation for the first time.

"Ward's Automotive Reports" said passenger car output in United States plants increased by 30.3% a week ago to 91,410 from 70,175 in the previous period as first of the Buick, Pontiac, Oldsmoblie and Cadillac 1957 cars rolled off the lines.

The week's increase found all producers scheduling gains, but with a continuing lack of volume operations at some plants expected to hold the industry's October volume near the 400,000-unit level. Some 511,000 car completions had originally been planned for October.

Accordingly, the statistical agency said, extensive use of overtime and Saturday operations in many Detroit-area auto plants is in prospect for November and December to bring fourth-quarter car output schedules in line with forecasts.

Scheduled for completion the past week was the 1,000,000th Ford car of this year, with this week expected to yield the industry's 4,500,000th car and 900,000th truck of 1956.

"Ward's" said an estimated 276,000 of the 1957 model passenger cars had been completed thus far. Chevrolet, alone last week operated at a 24-week high of 32,000 assemblies.

October truck production, "Ward's" added, is running on schedule, with 98,000 completions estimated for the entire month.

Building permit volume in September dipped below the high August level, but remained well above that of September a year ago, Dun & Bradstreet, Inc., states. Permits issued in 217 cities, including New York, last month were valued at $526,503,213 as compared with $477,025,801 last year, for a gain of 10.4%. The drop from the August figures of $615,258,760 was 14.5%.

Building plans recorded in New York City during September continued at a high level and totalled $96,679,762, an increase of 66.2% over last year's sum of $58,177,460, but a loss of 16.2% below the $114,957,757 for August.

Steel Production Scheduled to Drop This Week to 101.1% of Capacity

Despite the five-week steel strike, 1956 will go into the books as the most profitable year ever for the metalworking industry, "Steel" magazine declared on Monday last. Metalworking sales volume, it predicted, will easily set a record at $138,000,000,000.

The national metalworking weekly said that a study of third quarter reports proves that business has outridden the much publicized late summer "slump" forecasted earlier this year.

It said a sampling of these reports shows predictions of net earnings for the year as high as 100% over that of 1955. Most reports are less optimistic, sticking closer to a 5 to 10% increase.

Rising costs are taking some of the glow off the profit picture, it added. In a few cases, companies have been forced to dip into their surplus and dividends will be reduced accordingly. The five-week strike spoiled the record pace of steel companies, but their earnings will be high compared with those in any year except 1955.

With order books guaranteeing capacity operations for the remainder of this quarter, the metalworking authority said that steel mills see pretty clearly that their high production will carry through the first quarter of next year. The second quarter looks promising, too, it added.

It cautioned that steel ingot production rates probably will not be as high next year as this year, even though as much steel may be turned out. Next year's capacity will be larger than this year's, and the absence of a strike period will eliminate the need to race the rest of the year to make up for lost time.

The industry, which will produce 114,500,000 net tons of ingots this year, has operated above 95% of capacity in all except the eight strike-affected weeks of 1956. On the basis of an anticipated Jan. 1, 1957 capacity of 132,000,000 tons, the industry could turn out 114,500,000 tons of ingots at a yearly average operating rate of 87%.

In 1957, the publication said, demand for all forms of steel probably will not be equal. It's certain that more structural shapes, plates and seamless tubing will be wanted than can be produced. Pressure for hot-rolled carbon sheet probably will continue strong.

How much cold-rolled carbon sheet and how many cold-finished carbon bars will be wanted will depend to a large extent on the needs of the automobile industry. Demand for structural steel is so strong that bridge builders can't promise deliveries on some of the larger projects until 1958. Public utilities, unable to get all the steel needed this year, are inquiring for steel for the first half of 1957. They have stepped up their wants, concludes this trade journal.

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 101.1% of capacity for the week beginning Oct. 22, 1956, equivalent to 2,489,000 of ingot and steel for castings as compared with 101.4% of capacity, and 2,495,000 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 101.6% and production 2,502,000 tons. A year ago the actual weekly production was placed at 2,413,000 tons or 100%. 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 Turns Slightly Higher in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 20, 1956, was estimated at 11,333,000,000 kwh., an increase above the week ended Oct. 13, 1956, according to the Edison Electric Institute.

This week's output rose 33,000,000 kwh. above that of the previous week; it increased 689,000,000 kwh. or 6.5% above the comparable 1955 week and 2,300,000,000 kwh. over the like week in 1954.

Car Loadings in Week Ended Oct. 13th Rose 1% Above the Preceding Period

Loadings of revenue freight for the week ended Oct. 13, 1956 increased 8,203 cars or 1% above the preceding week, the Association of American Railroads reports.

Loadings for the week ended Oct. 13, 1956, totaled 823,207 cars, an increase of 1,629 cars or 0.2% above the corresponding 1955 week and an increase of 101,871 cars, or 14.1% above the corresponding week in 1954.

U. S. Passenger Car Output the Past Week Advanced 30.3% With Turnout of 1957 Assemblies

Car output for the latest week ended Oct. 19, 1956, according to "Ward's Automotive Reports," climbed 30.3% above that of the preceding week as 1957 passenger cars rolled off the assembly line.

Last week the industry assembled an estimated 91,410 cars, compared with 70,175 (revised) in the previous week. The past week's production total of cars and trucks amounted to 113,200 units, or an increase of 21,997 units ahead of the preceding week's output, states "Ward's."

Last week's car output rose above that of the previous week by 21,235 cars, while truck output advanced by 762 vehicles during the week. In the corresponding week last year 137,425 cars and 26,396 trucks were assembled.

Last week the agency reported there were 21,790 trucks made in the United States. This compared with 21,028 in the previous week and 26,396 a year ago.

Canadian output last week was placed at 6,275 cars and 1,828 trucks. In the previous week Dominion plants built 4,242 cars and 1,541 trucks and for the comparable 1955 week 4,712 cars and 663 trucks.

Business Failures Registered a Mild Decline the Past Week

Commercial and industrial failures dipped to 254 in the week ended Oct. 18 from 259 in the preceding week, according to Dun & Bradstreet, Inc. Although the toll remained well above the 239 in the comparable week of last year and the 229 in 1954, it was 8% below the prewar level of 277 in 1939.

Failures involving liabilities of $5,000 decreased slightly to 216 from 219 a week ago but continued to exceed the 206 of this size occurring last year. Small casualties with liabilities under $5,000, dipped to 38 from 40 in the previous week, but exceeded the 33 in the similar week of 1955. Thirty businesses failed with liabilities in excess of $100,000, rising from 21 last week.

All industry and trade groups except manufacturing reported fewer failures during the week. The retailing toll declined to 119 and 134, commercial service to 14 from 21, while milder decreases occurred in wholesaling, down to 26 from 29 and in construction, down to 41 from 44. In contrast, manufacturing casualties climbed to 54 from 31 last week. Manufacturing and construction had more failures than a year ago, while the toll among retailers and wholesalers remained even with 1955. The toll among service enterprises fell below last year's level.

A slight decline occurred in six of the nine major geographic regions, including the Pacific States, down to 53 from 66, the East North Central States, off to 29 from 33 and the South Atlantic States, down to 23 from 27. The week's only increases were reported in the Middle Atlantic Region where the toll rose considerably to 95 from 73 and in the Mountain States, up to 8 from 4. The west South Central toll remained unchanged at 17. Mixed trends from 1955 prevailed. Five areas had heavier casualties than last year and four had lower. The middle Atlantic, West South Central and Mountain States showed marked increases from a year ago, while the Pacific States had a noticeable decline.

Wholesale Food Price Index Turns Moderately Higher

The general food price level, as measured by the wholesale food price index, compiled by Dun & Bradstreet, Inc., staged a modest recovery from the six-month low struck a week ago. The index rose to $6.01 on Oct. 16, from $5.97 a week earlier and it compared with $6.08 on the corresponding date in 1955, or a drop of 1.2%.

Higher in wholesale cost last week were flour, wheat, rye, oats, barley, hams, bellies, lard, butter and cottonseed oil. Lower were corn, beef, cocoa, eggs and hogs.

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 the Past Week Registered Further Moderate Declines

The general commodity price level extended its downward course last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to 293.71 on Oct. 17. This compared with 294.69 a week earlier and with 276.00 on the corresponding date last year.

Grain prices were irregular and moved within relatively narrow limits during the past week. The undertone in wheat remained easy. Some moisture was received in parts of the Southwest, but much more rain will be needed to really break the drought in the Winter wheat belt.

Some support in wheat was based on reports that farmers had taken out loans on 163,000,000 bushels of wheat through September 15, as compared with 124,000,000 bushels at the same date last year.

Corn prices worked sharply lower for the second consecutive week as new crop marketings tended to relieve congestion in old crop supplies. The slightly higher Government estimate of this year's crop also caused some selling in corn. Trading in grain and soybean futures on the Chicago Board of Trade was less active a week ago. Daily average sales totalled 34,500,000 bushels against 39,500,000 the previous week and 46,500,000 in the like period of 1955.

The domestic flour market continued dull and routine with most bakers and jobbers content to draw upon balances until some new incentives develop. Export demand for flour, aside from some United States buying for relief programs, also was quiet.

There was some improvement noted in the green coffee market, based to some extent on expected broader demand in the approaching heavier consuming season.

Coffee purchases by American housewives during the third quarter of 1956 were up 2.2% over the same period a year ago, according to the Pan American Coffee Bureau.

The cocoa market continued weak with prices touching new lows for the season. Bearish sentiment reflected low-priced Brazilian sales to the United States and larger purchases by the British Marketing Board than a year ago. Raw sugar prices were firmer. Offerings were limited and available supplies appeared to be tightening up. Trading in lard was fairly active with prices somewhat firmer, influenced by a better tone in vegetable oils and forecasts of a substantial volume of export business. Hog values declined slightly, while steers moved irregularly higher.

Raw cotton continued in a narrow price range. Trading in spot markets increased as the crop movement neared its peak.

Support was largely based on the large early season movement into the loan, the belief that a tight supply of "free" cotton might develop later and the possibility that the soil bank may retire much cotton acreage next year.

Reported purchases of cotton in the 14 spot markets last week totalled 539,700 bales against 402,400 bales in the preceding week and 267,100 in the corresponding week a year ago. The sale of 352,100 bales by the CCC on Oct. 2 is reflected to some extent in last week's purchases. Loan entries in the week ended Oct. 5 totalled 201,900 bales against 174,200 the previous week.

Trade Volume Higher for Week and 1 to 5% Above Like Period of 1955

Responding to extensive Columbus Day sales promotions, shoppers increased their buying last week. Interest centered primarily on women and girls' apparel, while sales of household furnishings were sustained at a high level.

Although the call for used automobiles continued to rise, volume in new cars slackened somewhat.

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 +7 to +11; South +2 to +6; Middle West — 3 to +1; Northwest +1 to +5; Southwest —4 to 0 and Pacific Coast 0 to +4%.

Apparel stores reported the most noticeable gains in girls' clothing with best-sellers among skirts, blouses and sweaters. Considerable increases occurred in purchases of women's better cloth coats and dresses. Interest in fashion accessories advanced appreciably, with principal gains in millinery, handbags and jewelry, while volume in lingerie declined slightly. Although sales of men's apparel continued at the level of the preceding week, the buying of topcoats and suits rose substantially.

Consumer purchases of home furnishings were close to both those of the previous week and a year ago.

While the buying of television sets, radios and lamps rose, somewhat, volume in refrigerators, freezers and automatic laundry equipment decreased moderately.

There was a substantial rise in the call for linens, curtains, china and glassware. Although furniture sales were unchanged the past week, retailers reported slight gains in dinette sets and case goods.

Grocers reported a moderate decline in the buying of canned goods last week and retail stocks noticeably exceeded those of last year. While interest in fresh meat continued at a high level, volume in poultry and dairy products was moderately reduced.

In preparation for Christmas sales promotions, retailers increased their orders for women's fashion accessories, gifts and toys the past week.

Wholesale inventories in some apparel, textile and houseware lines were limited. The total dollar volume of wholesale trade moderately exceeded that of a year ago.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 13, 1956, increased 5% above those of the like period last year. In the preceding week, Oct. 6, 1956, an increase of 2% was reported. For the four weeks ended Oct. 13, 1956, an increase of 4% was recorded. For the period Jan. 1, 1956 to Oct. 13, 1956, a gain of 4% was registered above that of 1955.

Retail sales volume in New York City the past week suffered from warm weather and to a greater extent by reported storm warnings. As a consequence, sales declined 3 to 5% below the similar period of 1955, trade observers report.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Oct. 13, 1956, increased 10% above those of the like period last year. In the preceding week Oct. 6, 1956, an increase of 10% (revised) was recorded. For the four weeks ending Oct. 13, 1956, an increase of 11% was registered. For the period Jan. 1, 1956 to Oct. 13, 1956 the index recorded a rise of 5% above that of the corresponding period in 1955.

Halsey, Stuart Offers Central of Ga. Ctfs.

Halsey, Stuart & Co. Inc. is offering today (Oct. 25), $840,000 Central of Georgia Ry. series C 4⅝% equipment trust certificates maturing semi-annually May 1, 1957 to Nov. 1, 1971, inclusive.

The certificates are priced to yield from 4% to 4.50%, 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 six Diesel electric road switching locomotives and five drop end gondola cars, estimated to cost $1,056,644.

Bankers Offer Temco Aircraft Debentures

A group of underwriters headed by A. C. Allyn & Co. Inc. and Keith Reed & Co. Inc., on Oct. 24 publicly offered at 100% and accrued interest an issue of $5,000,000 Temco Aircraft Corp. 5¼% convertible subordinated debentures due 1971.

The net proceeds are to be added to the working capital of the company. According to the prospectus, the expansion of the company's sales over the past several years with the consequent increase in inventories of materials and work in process has created a need for additional working capital. It is anticipated that the increase in working capital provided by the sale of the debentures should substantially satisfy the company's needs for working capital at this time.

Temco is engaged primarily in the manufacture of assemblies and sub-assemblies of military aircraft for major aircraft manufacturers; also overhaul, modification, reconditioning and repairing of military, commercial and personal aircraft and assemblies.

John T. Wallace Joins First California

SAN FRANCISCO, Calif.—John T. Wallace, for 10 years associated with the largest investment securities firm in Canada, has joined the San Francisco office of First California Company, 300 Montgomery Street, security underwriters and distributors.

Prior to entering the investment business in Canada, Wallace was a flying officer with the Royal Canadian Air Force in the European theatre. During his following investment career, he traveled extensively throughout Canada, dong both a retail and institutional business.

Bond Club of Chicago To Hear at Luncheon

CHICAGO, Ill.—The Bond Club of Chicago will hold a luncheon meeting on Nov. 2 at 12:15 p.m. in the Red Lacquer Room of the Palmer House, John A. Barr, Chief Executive Officer of Montgomery Ward & Co., Incorporated, will speak on "Montgomery Ward & Co. Today." Reservations should be made with Donald B. Stephens, Cruttenden & Co. Members may invite outside guests at a charge of $3.75 per person.

2 With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Joseph P. Doucette and Antonio Zeoli have become affiliated with Investors Planning Corporation of New England Inc., 68 Devonshire Street.

With E. E. Mathews

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Harold Chapman is now with Edward E. Mathews Co., 53 State Street.

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Speculative and Investment Activities in South America

speculative tempo, there are three sets of prices simultaneously ruling: (1) the cash price, (2) *Mala*, denoting payment postponed for three weeks, and (3) *Proxima*, denoting postponement of settlement for six weeks. *Mala* and *Proxima* are calculated on a call money rate up to 70%.

Functioning of the rampant inflationary environment as the leading motive for the public's stock market interest is shown in a number of ways. Great interest is directed toward stocks with interchangeability into a hard currency, like Anglo Lautaro Nitrate with dollar value, affording protection against currency devaluation. Also manifesting the inflationery tendencies is the excess of bond over stock yields. In Chile, a mortgage bond guaranteed by the government with a 6% coupon, and containing an extra lottery feature, sells at 52, affording an annual return of almost 12%; and the few corporate bonds outstanding yield from 15 to 20%. Common stocks, on the other hand, in many instances yield but 8 to 9%, midst a steady trend of rising prices and declining returns.

Also reflecting the influence of the inflation is the predilection toward the dividend payable in stock, manifested both in the dividend policy on Chilean issues and in the choice of New York stocks, following the public's eschewing cash income. The existence of a 15% withholding tax on cash dividends combined with the absence of a capital gains tax, also contributes to the popularity of the stock dividend, as well as to the lower-yielding equity share.

Operations in American securities, rapidly growing and widely diffused among the local population, as well as in commodities as sugar and wheat, is handled directly by New York member firms, notably Carl M. Loeb, Rhoades & Co., Merrill Lynch, and White, Weld; as well as through Chilean brokers. Blue Chip as well as the speculative issues are bought, interest in the low-yielding ploughing-back capital gains situations being stimulated by the domestic inflation and income-penalizing tax factors.

Sales of American mutual funds are growing moderately, the public's appetite being increasingly whetted by the recent years' bull market experience of equities' steady appreciation affording good protection against devaluation. Potential opposition of exchange brokers is counterbalanced by the resulting appeasement of the Chilean's prevalent annoyance over the customary double commission charged on transactions in individual New York stocks.

Peru—Speculation By the Elite

In Peru, similarly, there is great speculative interest in the American stock market, but from sources more concentrated in wealthy individuals. The big interest in the American stock market is galvanized into effective action through New York banks as well as brokers. U. S. equities are avidly bought for capital preservation and capital gains, generously including Blue Chips in disregard of the much higher yields obtainable locally. Yields on bonds are typically high; the 9% on the Telephone issue, selling at 99, 10% and Obras Publicas (Public Works), a 6% coupon issue selling at 60. The return on local common stocks ranges from 3 to 17%, with many issues ruling at less than 9%.

Encouraging to Peruvian's selection of American stocks with a low dividend yield is the necessity to overcome the penalty of the 30% withholding tax thereon. The tax penalty on Canadian issues is only 15%, a differential which has encouraged Peruvians' as well as Chileans' speculation in Canadians.

In latter years there has been major switching by Peruvians from British to U. S. securities because of the penalty entailed through the high British withholding tax.

In Peru also, American issues paying stock dividends are favored, in the light of the absence of a capital gains tax there, combined with freedom from the withholding tax on cash income.

Argentina

Argentina is another distinctly speculative-minded country. Her security trading activities center on the Buenos Aires Stock Exchange, with daily volume of 120,000 to 150,000 shares, and practically no over-the-counter business, this being frowned on as black market doings. The business is conducted by a membership of 250 members of a "society."

The market will expand materially as soon as an important frozen segment of stocks hanging over the market has been thawed out. This, in the amount of $30 to $40 million worth of issues, was bought and placed in a national fund by the Peron regime to support the economy and keep up the value of collateral.

The Government, through the central bank, exercises supervision, including inspection of brokers' books.

Great eagerness is displayed for American stocks, with some buying in New York by Argentinians, but mostly for foreigners resident here—the selection of issues centering on the Blue Chips. A mutual fund for the holding of stocks has been tried, under the supervision of the government, which has guaranteed dividends with a floor of 3%; and from which the Government wants to withdraw.

Brazil

Brazil represents another country where, on a lower speculative tempo, national inflation is correlated with interest in speculation. Stock exchange interest is centered in the Bolsa in the coffee-boom City of Sao Paulo and in Rio. But the Exchanges are quite inactive, with only 25 to 30 issues being traded, with most of the dealings taking place off the Exchanges. With the prevalence of stock certificates issued in bearer form, prompted by avoidance of income and withholding taxes, most of the activity takes place off the Exchanges.

The mutual fund technique has arrived in Brazil, as stimulated by American interests. With portfolios of local securities, they are sold to Brazilians on both a closed-end and open-end basis. At present there are three closed-end trusts, and one open-end initiated by the Rockefeller interests. The latter operates along the cooperative lines of the Swiss trusts, to benefit from tax advantages. If incorporated, they are subjected to taxation of income from interest and capital gains.

On the open-ends, there is a 10% load, with provisions for repurchase of outstanding shares at asset value; and management collects a 7½% fee.

Fund investing policy manifests Blue Chip philosophy, with concentration on stocks showing comparatively "low" yields of 15% instead of the 25% obtainable elsewhere. Outstanding stocks sell at from three to seven times earnings. Dividends customarily amount to 2% quarterly on asset value, with a year-end extra.

The Coffee Market

Of great interest in Brazil is the coffee trading done in Santos adjacent to the miles of this colorful city's docks for the export of the actual unit of trading. The bustle of activity in these parts is divided between the Bolsa, or formal exchange building, and the street is a narrow thoroughfare between three-story buildings—private houses and apartments and small shops. The Bolsa, physically bringing to mind a small legislative house, is owned 51% by the government, under whose aegis it is conducted, and 49% privately. . . . It consists of 40 to 50 members, who are nominated by the State. There is no admission fee; only a guarantee fund, following which the Exchange guarantees credit contracts to the accompaniment of margin calls. At the establishment of a contract the Bolsa sets a high margin, with a full color description and insurance of better quality. To be appointed to the Bolsa, a member must be a registered broker via an association of brokers; and, after he is elected, his functions of broker and dealer are segregated; legally, he cannot also act as dealer (although this rule is sometimes evaded). In the absence of admission fees, expenses of the institution are borne partly by the Clearing House and partly by the Government.

The street locus on the other hand, resembling the legendary descriptions of our own Curb Exchange in the old days following its beginnings under the Buttonwood tree, get 90-95% of the total volume of business via clusters of informal negotiation. Dealings are in futures, with no margin calls, and subject to "direct delivery." The trading in both locations is all speculative and stems from the desire for hedging for the protection of the exporters' inventory.

Uruguay

In Uruguay, one of the traditional domiciles for refugee currency, the investment activity has declined because of the reduced pressure on capital to flee from Europe's political troubles. With the country's lack of industrial diversification, activity on the Montevideo Stock Exchange is comparatively narrow, with trading in about 20 stock issues. And Uruguyans are currently buying only limited amounts of American securities.

With FIF Management

(Special to The Financial Chronicle)

DENVER, Colo.—Roy J. Bayless, Jr. has joined the staff of FIF Management Corporation, 950 Broadway. He was formerly with Bosworth, Sullivan & Co.

Lackner Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo.—Jo D. Whiting has become affiliated with Lackner & Company, First National Bank Building.

With Merrill Lynch

(Special to The Financial Chronicle)

DENVER, Colo. — Donald E. Langley has become connected with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building.

With Securities Inc.

(Special to The Financial Chronicle)

DENVER, Colo.—John Evans has been added to the staff of Securities, Inc., Farmers' Union Building.

With Perry T. Blaine

(Special to The Financial Chronicle)

ASHTABULA, Ohio — Bernard C. Olson is now with Perry T. Blaine & Co., 4519 Main Avenue.

Continued from page 7

Steel Sales Outlook for 1957

for beverages and 22% non-food.

The other types of containers such as steel barrels and drums, shipping pails, gas cylinders, cooperage, boxes and strapping should also increase proportionately in 1957. These containers will use between 2 and 2½ million net tons.

The year of 1957 will indeed be a good year for the container business.

Construction

Residential Construction: In 1957 housing starts are expected to be 1,100,000 units. This is the same figure as 1956. Steel consumed in such residential building should, therefore, be about equal to the tonnage of 1956.

Other Private Construction: All other private nonresidential construction is expected to increase to reach a new record of $16 billion in 1957 compared to $15.4 billion in 1956. The increase is expected in each major type—industrial, commercial and public utility. Several large steel fabricating companies to whom I talked have stated that some members of the industry, especially the large ones, are extended 12 to 16 months on new construction deliveries.

Public Construction: Federal expenditures for highways and educational facilities should increase in 1957. The total expenditures for these types of construction in 1957 should reach $15 billion or about 10% higher than 1956.

It has been estimated that the highway program alone could increase the use of steel 1,000,000 tons in 1957 if the steel could be obtained. Therefore, steel consumption for heavy construction could increase in 1957 if additional steel is available.

Appliances

The 1957 forecast for appliances is based upon the estimated manufacturers unit sales including export. Such appliances as refrigerators, freezers, electric ranges, electric water heaters, automatic washers, electric dryers, dishwashers, garbage disposals and room air conditioners, in the stated forecasts of large manufacturers indicate a small increase in each of these products. Between the three large manufacturers of such appliances whom I contacted, there was some slight difference of opinion as to individual appliances but on the whole their estimates were very close.

It may be interesting to you to know that one man who is outstanding in this industry attributes the strong sales of such appliances not only to the large housing starts but also to the introduction of appliances in various colors and to the fact that in modern home architecture the kitchen is no longer a hidden room, but one which all visitors can see and as a result, more pride is now taken in the appearance of kitchens.

There will be a slight increase in shipments of steel products to this industry in 1957 which will represent a total consumption of 2.3 million tons.

The Automotive Industry

The industry about which there is more speculation on the part of businessmen regarding 1957 is the automotive industry. It is easy to understand why this is so because the impact of automobile manufacturing, good or bad, is very great upon many companies which are suppliers of all kinds. This industry is the largest consumer of steel. In the year of 1955, the last year for which full figures are available, 23.1% of all finished steel products were shipped directly and indirectly to this group.

Hundreds of millions of dollars have been spent in tooling up for the 1957 models. Since I am talking about the steel sales outlook for 1957, my discussions with various automotive men include the production and sales of cars for the calendar year of 1957 and not the 1957 models only.

The weighted opinion of the conversations was that passenger car production and sales for 1957 will be 6,500,000 units for the domestic market and 250,000 more for export. Truck and bus production and sales are estimated to remain at 1,150,000, the same as that now forecast for 1956. However, I wish to repeat what I said earlier to the effect that any forecast for six months should be accurate within 4% either way, and a forecast of 15 months could have greater fluctuations.

Some of the assumptions governing the forecast of these production and sales figures are:

(1) There should be no serious strikes in 1957.

(2) The condition of stocks of new cars and used cars will be good when the 1957 models come out.

(3) New styling should be a sales stimulant.

(4) While the prices of new models are expected to be higher, this is not considered too serious a deterrent to sales.

(5) The sales of trucks over buses are expected to remain high because of increases in general business activity.

The increase in production and sales of automobiles will mean increased sales of steel to the industry during 1957.

Conclusion

What do the activities of all these steel consuming industries add up to? The generally accepted standard of performance in the steel industry is the ingot rate—that is, the tonnage of ingots produced compared to the industry's rated capacity to produce ingots. The most conservative forecast I have seen is 85%; the most optimistic, 96% for the year 1957. It is my opinion that an ingot rate of 90% of capacity, give or take 1 or 2%, will be the operating rate for 1957. This means about 119 to 120 million ingot tons. In other words, the steel business in 1957 should be excellent.

Edward N. Siegler Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Gerald Davis has become connected with Edward N. Siegler & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With Suburban Secs.

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Alphonse J. Sajevic is now affiliated with Suburban Securities Co., 732 East 200th Street.

With Mutual Distributors

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Lemuel R. Scott is now with Mutual Distributors, Inc., 1016 Baltimore Ave.

Edward D. Jones Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — George H. Morgan is now associated with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Two With Slayton Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Robert E. Jennings and Mrs. Gladys I. Lauscher have been added to the staff of Slayton & Company, Inc., 408 Olive Street.

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. 28	‡101.1	*101.4	101.6	100.0
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 28	‡2,489,000	*2,495,000	2,502,000	2,413,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 12	6,989,950	7,021,650	7,048,500	6,713,700
Crude runs to stills—daily average (bbls.)	Oct. 12	¶7,498,000	7,697,000	8,078,000	7,357,000
Gasoline output (bbls.)	Oct. 12	26,405,000	26,687,000	27,524,000	25,565,000
Kerosene output (bbls.)	Oct. 12	2,323,000	2,096,000	2,232,000	2,059,000
Distillate fuel oil output (bbls.)	Oct. 12	12,402,000	13,268,000	12,663,000	10,897,000
Residual fuel oil output (bbls.)	Oct. 12	7,692,000	7,718,000	7,750,000	7,639,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 12	174,062,000	176,000,000	175,767,000	150,480,000
Kerosene (bbls.) at	Oct. 12	33,564,000	33,243,000	33,712,000	37,228,000
Distillate fuel oil (bbls.) at	Oct. 12	153,199,000	151,805,000	146,105,000	148,849,000
Residual fuel oil (bbls.) at	Oct. 12	47,349,000	47,299,000	48,276,000	47,288,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 13	823,207	815,004	820,666	821,578
Revenue freight received from connections (no. of cars)	Oct. 13	675,622	683,329	657,711	675,737
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 18	$446,621,000	$390,230,000	$380,704,000	$419,915,000
Private construction	Oct. 18	265,393,000	211,356,000	238,466,000	257,600,000
Public construction	Oct. 18	181,228,000	178,874,000	142,238,000	162,315,000
State and municipal	Oct. 18	157,790,000	151,207,000	109,943,000	106,261,000
Federal	Oct. 18	23,438,000	27,667,000	32,295,000	56,054,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 13	10,230,000	10,410,000	10,650,000	9,808,000
Pennsylvania anthracite (tons)	Oct. 13	686,000	640,000	655,000	529,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 13	134	127	130	128
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 20	11,333,000	11,300,000	11,482,000	10,644,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 18	254	259	262	239
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 16	5.622c	5.622c	5.622c	5.174c
Pig iron (per gross ton)	Oct. 16	$63.04	$63.04	$63.04	$59.09
Scrap steel (per gross ton)	Oct. 16	$56.17	$56.17	$58.83	$44.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 17	39.600c	39.700c	39.550c	43.075c
Export refinery at	Oct. 17	35.400c	36.450c	38.000c	43.725c
Straits tin (New York) at	Oct. 17	106.875c	104.500c	106.750c	96.000c
Lead (New York) at	Oct. 17	16.000c	16.000c	16.000c	15.500c
Lead (St. Louis) at	Oct. 17	15.800c	15.800c	15.800c	15.300c
Zinc (East St. Louis) at	Oct. 17	13.500c	13.500c	13.500c	13.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 23	91.29	91.86	91.97	95.83
Average corporate	Oct. 23	98.73	99.04	99.68	107.62
Aaa	Oct. 23	102.46	103.13	102.96	111.25
Aa	Oct. 23	100.81	100.98	101.64	109.60
A	Oct. 23	98.73	98.88	100.00	107.44
Baa	Oct. 23	93.52	93.67	94.56	102.63
Railroad Group	Oct. 23	97.47	98.25	98.41	106.04
Public Utilities Group	Oct. 23	98.88	98.88	99.68	107.98
Industrials Group	Oct. 23	100.00	100.00	100.98	108.88
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 23	3.21	3.16	3.14	2.81
Average corporate	Oct. 23	3.83	3.81	3.77	3.30
Aaa	Oct. 23	3.60	3.56	3.57	3.10
Aa	Oct. 23	3.70	3.69	3.65	3.19
A	Oct. 23	3.83	3.82	3.75	3.31
Baa	Oct. 23	4.17	4.16	4.10	3.59
Railroad Group	Oct. 23	3.91	3.86	3.85	3.39
Public Utilities Group	Oct. 23	3.82	3.82	3.77	3.28
Industrials Group	Oct. 23	3.75	3.75	3.09	3.23
MOODY'S COMMODITY INDEX	Oct. 23	415.5	418.0	425.6	401.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 13	257,075	376,835	264,153	272,234
Production (tons)	Oct. 13	279,692	280,809	280,651	291,411
Percentage of activity	Oct. 13	96	95	97	102
Unfilled orders (tons) at end of period	Oct. 13	470,412	503,380	459,463	653,346
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 19	109.15	109.18	108.75	106.82
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. 29	1,272,859	1,326,602	1,059,985	2,480,280
Dollar value	Sept. 29	$68,975,372	$72,812,006	$57,827,403	$136,907,987
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 29	885,230	918,082	765,287	1,673,878
Customers' short sales	Sept. 29	7,554	6,282	8,175	11,216
Customers' other sales	Sept. 29	877,676	911,800	757,112	1,662,662
Dollar value	Sept. 29	$45,351,808	$47,355,344	$38,411,756	$93,758,556
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 29	224,770	228,610	193,110	385,050
Short sales	Sept. 29	------	------	------	------
Other sales	Sept. 29	224,770	228,610	193,110	385,050
Round-lot purchases by dealers—					
Number of shares	Sept. 29	589,080	604,320	456,190	1,171,480
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. 29	397,440	418,940	364,600	700,930
Other sales	Sept. 29	10,118,520	10,768,540	8,051,730	21,984,950
Total sales	Sept. 29	10,515,960	11,187,480	8,416,330	22,685,880
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 29	1,340,320	1,386,190	1,083,120	3,603,300
Short sales	Sept. 29	223,860	237,430	178,430	334,600
Other sales	Sept. 29	1,129,520	1,227,810	940,480	3,281,180
Total sales	Sept. 29	1,353,380	1,465,240	1,118,910	3,615,780
Other transactions initiated on the floor—					
Total purchases	Sept. 29	277,300	311,300	173,120	466,580
Short sales	Sept. 29	20,600	26,300	20,000	51,000
Other sales	Sept. 29	333,070	318,640	161,990	534,480
Total sales	Sept. 29	353,670	344,940	181,990	585,480
Other transactions initiated off the floor—					
Total purchases	Sept. 29	514,136	611,563	333,661	974,578
Short sales	Sept. 29	54,140	64,720	67,960	107,330
Other sales	Sept. 29	530,072	531,835	456,847	1,183,944
Total sales	Sept. 29	584,212	596,555	524,807	1,291,274
Total round-lot transactions for account of members—					
Total purchases	Sept. 29	2,131,756	2,309,053	1,589,901	5,044,458
Short sales	Sept. 29	298,600	328,450	266,390	492,930
Other sales	Sept. 29	1,992,662	2,078,285	1,559,317	4,999,604
Total sales	Sept. 29	2,291,262	2,406,735	1,825,707	5,492,534
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 16	115.1	115.0	115.1	111.2
Farm products	Oct. 16	88.4	*88.1	90.2	87.1
Processed foods	Oct. 16	103.4	103.3	104.0	99.8
Meats	Oct. 16	84.6	84.8	88.5	79.4
All commodities other than farm and foods	Oct. 16	123.0	123.0	122.0	118.6

*Revised figure. ¶Includes 930,000 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
ASSOCIATION OF AMERICAN RAILROADS— Month of August:			
Locomotive units installed in service	127	120	31
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of September (in millions):			
Total new construction	$4,267	$4,279	$4,148
Private construction	2,840	2,862	2,879
Residential building (nonfarm)	1,416	1,422	1,561
New dwelling units	1,235	1,240	1,410
Additions and alterations	140	140	119
Nonhousekeeping	41	42	32
Nonresidential building (nonfarm)	784	786	714
Industrial	273	273	213
Commercial	289	294	303
Office buildings and warehouses	126	123	102
Stores, restaurants, garages	163	171	201
Other nonresidential building	222	219	198
Religious	72	70	69
Educational	49	49	45
Hospital and institutional	30	28	31
Social and recreational	27	27	22
Miscellaneous	44	45	31
Farm construction	148	161	159
Public utility	480	481	433
Railroad	40	39	36
Telephone and telegraph	85	90	76
Other public utility	355	352	321
All other private	12	12	12
Public construction	1,427	1,417	1,269
Residential building	24	23	22
Nonresidential building	383	390	374
Industrial	43	42	43
Educational	229	235	221
Hospital and institutional	32	32	32
Other nonresidential building	79	81	76
Military facilities	148	143	136
Highway	615	600	533
Sewer and water	123	127	100
Public service enterprises	50	51	35
Conservation and development	65	65	53
All other public	19	18	16
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of September	9,583	11,339	11,024
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of Sept. 30 (000's omitted)	$549,000	$548,000	$564,000
COTTON GINNING (DEPT. OF COMMERCE)— As of Oct. 1 (running bales)	5,535,214	------	4,804,195
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—1955 crop as of Oct. 1: Production 500-lb. gross bales	13,268,000	13,115,000	14,542,000
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— Crop as of Oct. 1 (in thousands):			
Corn, all (bushels)	3,369,102	3,335,730	3,241,536
Wheat, all (bushels)	975,517	966,574	936,761
Winter (bushels)	721,946	721,946	703,047
All spring (bushels)	253,571	244,628	233,714
Durum (bushels)	39,114	37,945	20,070
Other spring (bushels)	214,457	206,683	213,644
Oats (bushels)	1,154,595	1,154,595	1,499,282
Barley (bushels)	370,254	370,254	400,295
Rye (bushels)	21,961	21,961	29,678
Flaxseed (bushels)	51,948	50,326	41,258
Rice (100-pound bags)	45,215	45,276	53,532
Sorghum grain (bushels)	165,031	163,293	241,100
Cotton (bale)	13,268	13,115	14,721
Hay, all (tons)	110,383	108,817	112,782
Hay, wild (tons)	8,789	8,789	9,097
Hay, alfalfa (tons)	61,031	59,536	59,195
Hay, clover and timothy (tons)	21,316	21,316	24,174
Hay, lespedeza (tons)	4,670	4,687	4,708
Beans, dry edible (cleaned) (100-lb. bags)	17,033	16,290	16,968
Peas, dry field (bags)	4,885	4,885	2,525
Soybeans for beans (bushels)	470,064	461,928	371,106
Peanuts (pounds)	1,491,350	1,445,460	1,564,530
Potatoes (hundredweight)—			
Winter	6,022	6,022	5,175
Early spring	3,923	3,923	3,800
Late spring	24,069	24,069	26,948
Early summer	9,389	9,389	11,058
Late summer	33,481	34,015	31,682
Fall	165,283	156,258	148,383
Total	242,167	233,676	227,046
Sweetpotatoes (hundredweight)	16,277	16,257	20,946
Tobacco (pounds)	2,067,029	2,029,023	2,195,788
Sugarcane for sugar and seed (tons)	6,286	6,396	7,251
Sugar beets (tons)	13,191	13,031	12,228
Broomcorn (tons)	‡6	22	44
Hops (pounds)	36,961	37,680	36,874
Apples, commercial crop (bushels)	94,938	93,433	106,234
Peaches (bushels)	68,285	67,760	51,827
Pears (bushels)	32,422	31,311	29,622
Grapes (tons)	3,006	2,999	3,237
Cherries (12 States) (tons)	171	171	263
Apricots (3 States) (tons)	192	192	281
Cranberries (5 States) (barrels)	925	957	1,026
Pecans (pounds)	159,800	161,375	146,860
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Sept.:			
Seasonally adjusted	144	*142	142
Unadjusted	145	*142	142
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Sept.:			
Industrials (125)	4.04	3.83	3.76
Railroads (25)	5.93	5.65	4.91
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.79	4.61	4.50
Banks (15)	4.17	4.24	4.06
Insurance (10)	3.34	3.20	2.67
Average (199)	4.25	4.02	3.93
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of Sept.	£17,399,000	£$5,622,000	£41,766,000
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of June	2,755	2,559	2,861
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)— Month of July:			
Net railway operating income	$61,432,984	$95,073,194	$92,546,202
Other income	20,222,629	21,886,519	17,574,262
Total income	81,655,613	116,959,713	110,120,464
Miscellaneous deductions from income	3,591,599	4,674,411	3,539,803
Income available for fixed charges	78,064,014	112,285,302	106,580,661
Income after fixed charges	47,601,173	81,373,510	75,848,827
Other deductions	4,259,936	4,188,281	4,172,564
Net income	43,341,237	77,185,229	71,676,263
Depreciation (way & structure & equipment)	46,011,359	45,907,872	44,538,897
Federal income taxes	10,021,155	35,730,567	34,114,023
Dividend appropriations:			
On common stock	14,945,503	31,236,264	21,150,309
On preferred stock	854,125	1,438,023	3,559,335
Ratio of income to fixed charges	2.56	3.63	3.47

‡No forecast made.

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
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. **Offering**—Expected today (Oct. 25).

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 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.

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.

★ **Barber's Super Markets, Inc.**
Oct. 15 (letter of notification) 21,721 shares of common stock (par $10) to be offered to stockholders on a basis of one new share for each two shares held as of record Oct. 15, 1956. **Price** — $11 per share. **Proceeds** — For working capital. **Address**—P. O. Box 515, Albuquerque, N. M. **Underwriter**—None.

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. (10/30)**
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.

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) being 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.

★ **Celon Co.**
Oct. 11 (letter of notification) 3,500 shares of common stock (par $10) to be offered to a group of 22 key employees of the company. **Price** — $11 per share. **Proceeds**—For working capital. **Office**—2030 Pennsylvania Ave., Madison, Wis. **Underwriter**—None.

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.

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.

★ **Chicago Helicopter Airways, Inc.**
Oct. 16 (letter of notification) 23,050 shares of common stock (par $1) to be offered to stockholders of record Oct. 26, 1956 on the basis of one share for each five shares held (with an oversubscription privilege); rights to expire on Nov. 9, 1956. **Price**—$11.25 per share. **Proceeds**—To purchase lease rights to a hangar and for improvements and working capital. **Office**—5240 West 63rd St., Chicago, Ill. **Underwriter**—None.

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. (10/30)**
Sept. 26 filed 250,000 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.

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., on Oct. 1 withdrew as underwriters. **Offering**—Postponed.

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. (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. **Office**—Mishawaka, Ind. **Underwriter** — Central Republic Co. Inc., Chicago, Ill.

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. (11/15)**
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) being 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.

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 capital. **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.

★ **Giant Food Properties, Inc., Washington, D. C. (11/13)**
Oct. 23 filed $4,050,000 of 5½% sinking fund debentures due Dec. 1, 1971, and 891,000 shares of common stock (par 10 cents) to be offered in units of $100 principal amount of debentures and 22 shares of stock; of which 25,000 units are to be offered publicly and 15,500 units are to be issued in exchange for properties. **Price**—$100 per unit. **Proceeds** — To acquire shopping center sites and for working capital and other general corporate purposes. **Underwriters** — Auchincloss, Parker & Redpath, Washington, D. C., and Kidder, Peabody & Co., New York, N. Y.

★ **Giant Food Properties, Inc., Washington, D. C.**
Oct. 23 filed 250,000 shares of common stock (par 10 cents) of which 100,000 shares are to be offered to the public, 40,000 shares are to be offered to certain of the company's employees and 110,000 shares to associates of corporation and Tower Construction Co. **Price**—$1 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—None. [This is in addition to the 40,500 units also filed with the SEC on Oct. 23.]

Gold Mountain Lodge, Inc., Durango, Colo.
Aug. 23 filed 5,000 shares of class A voting common stock (par $1), 295,000 shares of class B non-voting common stock (par $1), and $700,000 of 4% debentures due Dec. 31, 1975, to be offered for sale in the States of Texas and Colorado in units of 50 shares of class A stock, 2,950 shares of class B stock and one $7,000 debenture. **Price**—$10,000 per unit. **Proceeds**—For purchase of property, remodeling of present main building, for new construction and working capital. **Business**—Operates year-round resort hotel. **Underwriter**—None.

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.

• **Hartfield Stores, Inc. (11/5-9)**
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.

Continued on page 40

NEW ISSUE CALENDAR

October 26 (Friday)

United States Air Conditioning Corp.____Common
(Mortimer B. Burnside & Co., Inc.) 100,000 shares

October 29 (Monday)

ACF-Wrigley Stores, Inc.____Debentures
(Allen & Co.) $4,000,000

Holiday Oil & Gas Corp.____Common
(Whitehall Securities Corp.) $1,500,000

Watson Brothers Transportation Co.____Class A
(Cruttenden & Co.; The First Trust Co. of Lincoln; and Wachob-Bender Corp.) $4,628,316

October 30 (Tuesday)

Beneficial Standard Life Insurance Co.____Common
(Lehman Brothers) 250,000 shares

Christiana Oil Corp.____Common
(Laird & Co. Corp. and Model, Roland & Stone) 250,000 shares

Ohio Power Co.____Bonds
(Bids 11 a.m. EST) $28,000,000

Ohio Power Co.____Preferred
(Bids 11 a.m. EST) $6,000,000

Schick, Inc.____Common
(Merrill Lynch, Pierce, Fenner & Beane and Hayden, Stone & Co.) 500,000 shares

Standard Register Co.____Common
(Merrill Lynch, Pierce Fenner & Beane) 300,000 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 noon EST) $7,305,000

November 5 (Monday)

Dodge Manufacturing Corp.____Preferred
(Central Republic Co. Inc.) 72,000 shares

Hartfield Stores, Inc.____Common
(Van Alstyne, Noel & Co. and Johnston, Lemon & Co.) $2,160,000

National City Bank of Cleveland____Common
(Offering to stockholders—to be underwritten by Merrill, Turben & Co., Inc.) $5,000,000

United Cuban Oil, Inc.____Common
(S. D. Fuller & Co.) $1,250,000

November 8 (Thursday)

Chicago, Burlington & Quincy RR.____Equip. Tr. Ctfs.
(Bids noon CST) $3,600,000

Chicago & North Western Ry.____Equip. Trust Ctfs.
(Bids noon CST) $3,375,000

Northspan Uranium Mines, Ltd.____Bonds
(Morgan Stanley & Co. and Model, Roland & Stone) $45,000,000

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 13 (Tuesday)

Giant Food Properties, Inc.____Debentures & Common
(Auchincloss, Parker & Redpath and Kidder, Peabody & Co.) $4,050,000

Louisville & Nashville RR.____Equip. Trust Ctfs.
(Bids to be invited) $7,695,000

Van Horn Butane Service____Preferred
(Schwabacher & Co., Inc. and J. Barth & Co.) $1,875,000

November 14 (Wednesday)

Public Service Electric & Gas Co.____Bonds
(Bids 11 a.m. EST) $50,000,000

Reichhold Chemicals, Inc.____Common
(Blyth & Co., Inc.) 200,000 shares

Sierra Pacific Power Co.____Bonds
(Bids 11 a.m. EST) $3,000,000

November 15 (Thursday)

Eternalite, Inc.____Class A Common
(Vickers Brothers) $900,000

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) $170,593,900

November 16 (Friday)

Chase Manhattan Bank____Common
(Offering to stockholders—to be underwritten) $1,000,000 shares

November 20 (Tuesday)

San Jacinto Petroleum Corp.____Debentures
(White, Weld & Co.) $8,000,000

Texas Power & Light Co.____Bonds
(Bids 11:30 a.m EST) $10,000,000

December 3 (Monday)

Dallas Power & Light Co.____Bonds
(Bids noon EST) $15,000,000

December 4 (Tuesday)

Michigan Bell Telephone Co.____Debentures
(Bids to be invited) $30,000,000

December 5 (Wednesday)

Long Island Lighting Co.____Bonds
(Bids to be invited) $20,000,000

December 10 (Monday)

Texas Eastern Transmission Corp.____Debentures
(Dillon, Read & Co. Inc.) $40,000,000

December 11 (Tuesday)

Florida Power & Light Co.____Bonds
(Bids 12:30 p.m. EST) $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

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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. (10/29-11/2)**
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.

★ **Holmes (D. H.) Co., Ltd.**
Oct. 12 (letter of notification) 7,692 shares of common stock (par $20) to be offered to stockholders; rights to expire Nov. 5, 1956. **Price**—$35 per share to stockholders; to public, at market (estimated at $39 per share). **Proceeds**—For working capital. **Office**—819 Canal St., New Orleans, La. **Underwriters**—Arnold & Crane; Nusloch, Baudean & Smith; Scharff & Jones, Inc., and Howard, Weil, Labouisse & Friedrichs & Co., all of New Orleans, La.

★ **Home Light & Power Co.**
Oct. 8 (letter of notification) 6,695 shares of common stock (par $25) to be offered to stockholders of record Oct. 24, 1956, on the basis of one share for each eight shares held on Oct. 24, 1956, and also to employees at a rate not to exceed 10% of annual pay; warrants expire Nov. 17, 1956. **Price**—$40 per share. **Proceeds**—For additional plant facilities and improvements. **Office**—810 Ninth St., Greeley, Colo. **Underwriter**—None.

★ **Horton Aircraft Corp., Las Vegas, Nev.**
Oct. 18 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment (maximum price to be $25 per share). **Proceeds**—To William E. Horton, President of the company, who is the selling stockholder. **Underwriter**—None.

★ **Imperial Oil Ltd., Toronto, Canada**
Oct. 18 filed 1,504,271 shares of no par value capital stock, to be offered for subscription by stockholders on the basis of one new share for each 20 shares held. Standard Oil Co. (New Jersey), which owns 69.64% of the outstanding Imperial stock is said to have indicated that it intends to subscribe to its portion of the offering. **Price** — To be supplied by amendment (expected to be about $55 per share). **Proceeds** — For working capital and expansion. **Underwriter**—None. **Offering**—Expected early in November.

International Bank of Washington, D. C.
Sept. 28 filed $1,000,000 of time certificates, series B, C and D. **Price**—At 100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

International Shipbuilding Corp.
Aug. 9 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Manufactures outboard cruisers. **Office**—471 N. E. 79th Street, Miami, Fla. **Underwriter**—Atwill & Co., Miami Beach, Fla.

Investment Corp. of Florida
Aug. 24 filed $515,000 of $60 cumulative preferred stock to be offered in units of $1,000 each and 5,150 shares of common stock to be offered to purchasers of preferred stock at 10 cents per share at rate of ten shares for each preferred share bought. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

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.

★ **Keystone Custodian Funds, Inc., Boston, Mass.**
Oct. 18 filed (by amendment) 1,500,000 Keystone Custodian Fund certificates of participation, series K-1. **Price**—At market. **Proceeds**—For investment.

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.

★ **Libbey-Owens-Ford Glass Co.**
Oct. 22 filed 21,062 shares of common stock (par $10) to be offered to employees holding series L options granted pursuant to the company's Employee Stock Option Plan.

★ **Life Insurance Co. of Missouri**
Oct. 12 (letter of notification) an undetermined number of shares of capital stock (par $5). **Price**—To be filed by amendment. **Proceeds**—To selling stockholders. **Office**—705 Chestnut St., St. Louis 1, Mo. **Underwriters**—A. G. Edwards & Sons, St. Louis, Mo., and R. S. Dickson & Co., Charlotte, N. C.

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) being offered to common stockholders of record Sept. 17, 1956 on the basis of one new share for each 30 shares held; rights to expire on Nov. 12. **Price**—$40 per share. **Proceeds** — For working capital, etc. **Office**—1342 M. St., Lincoln, Neb. **Underwriter**—None.

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.
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 (with a 21-day standby). **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.

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.

★ **Mineral Projects-Venture E, Ltd., Madison, N. J.**
Oct. 16 filed $2,500,000 of participations in limited partnership interests. **Proceeds**—For acquisition and exploration of oil properties. **Underwriter**—Mineral Projects Co., Ltd., of Madison, N. J.

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.

★ **Mitchell (John E.) Co.**
Oct. 15 (letter of notification) 250 shares of common stock (par $100) to be offered to stockholders. **Price**—$200 per share. **Proceeds**—For payment of a note due the Mercantile National Bank of Dallas. **Office**—3800 Commerce St., Dallas, Tex. **Underwriter**—None.

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.

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.

★ **Northspan Uranium Mines, Ltd. (11/8)**
Oct. 23 filed $45,000,000 of general mortgage bonds due July 1, 1963 (with common stock purchase warrants). **Price** — To be supplied by amendment. **Proceeds** — To finance completion of uranium mines and mills in the Blind River area in Ontario, Canada. **Underwriters**—Morgan Stanley & Co. and Model, Roland & Stone, both 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.**
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. **Offering**—Postponed until after Election Day.

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.

Peerless Life Insurance Co.
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.

★ **Piasecki Aircraft Corp., Philadelphia, Pa.**
Oct. 19 (letter of notification) an undetermined number of shares of common stock (par $1) to be offered under the company's stock participation plan for employees. **Price**—Not to exceed market value (estimated at $13 per share). **Proceeds** — To purchase stock. **Underwriter**—None.

★ **Pioneer Loan Co.**
Oct. 15 (letter of notification) 170,455 shares of class A voting common stock. **Price**—$1.60 per share. **Proceeds**—For organizing a small loan company. **Office**—212 Ford Law Bldg., Phoenix, Ariz. **Underwriter**—None.

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.

★ **Producing Properties, Inc., Houston, Texas**
Oct. 19 filed 555,000 shares of common stock (par 10¢) to be offered in exchange for shares of common stock of San Juan Exploration Co. at rate of 0.46413 of a share of Producing Properties stock for each San Juan share. The offer is to expire at 3 p.m. (CST) on Nov. 15, 1956.

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.

★ **Rabin Sales Co., Belle Glade, Fla.**
Oct. 19 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For payment to farmers of sale of produce; and for general operating expenses and land rental advances. **Underwriter**—None.

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.

★ **Reichhold Chemicals, Inc. (11/14)**
Oct. 19 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For working capital and construction program. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

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.

● **Ross (J. O.) Engineering Corp., New York**
Sept. 10 filed 19,059 shares of common stock (par $1) being 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%. The offer will expire on Nov. 15. **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.

★ **San Jacinto Petroleum Corp. (11/20-21)**
Oct. 24 filed $8,000,000 of subordinated convertible debentures, 1956 series. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans, for exploration and development activities and for general corporate purposes. **Underwriter**—White, Weld & Co., New York.

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.

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.

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 170,281 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 5.75% sinking fund preferred stock (with common stock purchase warrants) to be offered for subscription by common stockholders of record Oct. 17 at the rate of one preferred share for each 11 common shares held; rights to expire Nov. 2. **Price**—At par ($20 per share). **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.**
Sept. 27 filed 52,050 shares of common stock (par $1) of which 25,800 shares are being 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, $72 per share; and 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 (10/30)**
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.

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.

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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. **Proceeds**—To construct and operate a resort motel and club upon property in Broward County, Fla. **Underwriter**—None. Ernest C. Cassill is President and Treasurer.

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 to be received up to 11:30 a.m. (EST) on 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.

★ **Travelers Club International, Inc.**
Oct. 16 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For advertising expenses and working capital. **Business**—Travel service. **Office** — 35 West 43rd St., New York, N. Y. **Underwriter**—None.

★ **Truax-Traer Coal Co.**
Oct. 22 filed 19,200 shares of common stock (par $1) to be offered to eligible employees of the company and its subsidiary, Little Sister Coal Corp., under the company's Employees' Stock Purchase Incentive Plant.

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 Cement Co., Inc., Montevallo, Ala.**
Oct. 19 (letter of notification) 18,500 shares of common stock (par $1). **Price**—$12 per share. **Proceeds**—For equipment improvements and working capital. **Underwriter**—None.

● **United Cuban Oil, Inc. (11/5-9)**
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. (10/26-29)**
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.

★ **United States Steel Corp.**
Oct. 16 filed $60,000,000 of interests in the Corporation's Savings Fund Plan for Salaried Employees and 450,000 shares of common stock which may be acquired pursuant to the plan.

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 (11/13)**
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.")

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.

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

★ **AMP Corp., Harrisburg, Pa.**
Oct. 17 it was reported that this corporation (formerly Aircraft & Marine Products Corp.) plans early registration of approximately 300,000 shares of common stock. **Underwriter**—Kidder, Peabody & Co., New York.

Appalachian Electric Power Co.
May 31 it was announced company plans to issue and sell in December $24,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Kuhn, Loeb & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co., Inc.

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.

★ **Burroughs Corp.**
Oct. 15 it was announced that plans for new financing totaling between $25,000,000 and $30,000,000, probably in the form of some kind of debt. **Proceeds**—For expansion program. **Underwriter**—May be Lehman Brothers, New York.

● **Carolina Power & Light Co.**
Oct. 15 it was reported company plans to issue and sell between $15,000,000 and $20,000,000 of first mortgage bonds. **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). **Offering**—Expected in 1957.

● **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; rights to expire on Dec. 3. **Underwriter**—The First Boston Corp., New York.

★ **Chicago, Burlington & Quincy RR. (11/8)**
Bids will be received by this company at its office in Chicago, Ill., up to noon (CST) on Nov. 8 for the purchase from it of $3,600,000 equipment trust certificates to be dated Nov. 1, 1956 and to mature in 30 equal semi-annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago & Illinois Midland Ry.
Sept. 29 it was announced the ICC has denied an application by this company for an exemption of $9,000,000 of first mortgage bonds from the Commission's bidding requirements. **Proceeds**—To retire $7,450,000 of 4¾% unsecured serial notes and to allow the company to buy 299 box cars which it now leases. **Underwriter**—Halsey, Stuart & Co. Inc., may be included among the bidders for this issue.

★ **Chicago & North Western Ry. (11/8)**
Bids will be received by the company, at 400 West Madison St., Chicago 6, Ill., up to noon (CST) on Nov. 8 for the purchase from it of $3,375,000 equipment trust certificates to be dated Nov. 15, 1956 and to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Cosden Petroleum Corp.
Sept. 20 it was announced company has agreed to purchase Col-Tex Refining Co. from Anderson-Prichard Oil Co. and Standard Oil Co. of Texas, a subsidiary of Standard Oil Co. of California, for about 350,000 shares of Cosden common stock. The purchase is subject to SEC registration of the stock which will require about 60 days. As part of the contract, Anderson-Prichard and Standard of Texas have agreed to sell the Cosden common stock to the public. **Underwriters**—Dean Witter & Co. and Glore, Forgan & Co., New York. **Offering**—Expected about middle of November.

● **Dallas Power & Light Co. (12/3)**
Oct. 10 it was reported company plans to issue and sell approximately $15,000,000 of 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 up to noon (EST) 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 competitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly): Merrill Lynch, Pierce, Fenner & Beane: Lehman Brothers; W. C. Langley & Co. and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp(jointly). **Offering**—Not expected until early in 1957.

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 approximately $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 up to 12:30 p.m. 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.

Hawaiian Telephone Co.
July 30 it was announced that company plans to acquire a 15% participation with American Telephone & Telegraph Co. in a proposed $36,700,000 California-to-Hawaii cable and, if approved by the directors on Aug. 16, will be probably be financed by a debenture issue. Hawaiian Telephone Co.'s investment will be approximately $5,500,000. **Underwriter**—Probably Kidder, Peabody & Co., New York.

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.

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).

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.

★ Long Island Lighting Co. (12/5)
Oct. 17 it was announced company plans to issue and sell $20,000,000 of 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.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Blair & Co. Incorporated and Baxter, Williams & Co. (jointly); Smith, Barney & Co. **Bids**—Expected to be received on Dec. 5.

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.

★ Louisville & Nashville RR. (11/13)
Bids will be received by this company on or about Nov. 13 for the purchase from it of $7,695,000 equipment trust certificates to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

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 or early in 1957. 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.

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 on or before Dec. 3 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.

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 Power Co.
Aug. 13 it was reported company plans to sell about $32,000,000 of common stock to the organizing companies and that arrangements are expected to be made to borrow up to $60,000,000 on a revolving bank loan which will be reduced through the sale of bonds to institutional investors as well as the general public. **Proceeds**—To pay, in part, for cost of new power project to cost an estimated $217,400,000.

Palisades Amusement Park, Fort Lee, N. J.
Aug. 21, Irving Rosenthal, President, announced that company plans to purchase another amusement park and merge the two and then sell stock to public.

Pan Cuba Oil & Metals Corp. (Del.)
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

Pennsylvania Electric Co.
Sept. 12 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.

Phillips Petroleum Co.
Sept. 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 up to noon (EST) 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 National Bank of Tacoma
Oct. 18 it was announced stockholders will vote Nov. 14 on approving a proposed offering of 25,000 additional shares of new capital stock on the basis of one new share for each three shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus.

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

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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)**
Oct. 25 it was announced company plans to file today a registration statement covering not to exceed $170,593,-900 of debentures to be offered to stockholders on the basis of $100 of debentures for each nine shares held. **Price** — To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriters** — 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 to offer to stockholders 292,000 additional shares of common stock on a 1-for-14 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.

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. (10/29-11/2)**
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.

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Dealer-Broker Investment Recommendations & Literature

Puerto Rico—Financial facts for 1956—Government Development Bank of Puerto Rico, San Juan, P. R.

Rails—Analysis of price trends—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Westinghouse Research — Brochure — Westinghouse Research Laboratories, Churchill Borough, Pittsburgh 35, Pa.

* * *

American Steel Foundries—Analysis—American Institute of Management, 125 East 38th Street, New York 16, N. Y.

American Vitrified Products Co.—Memorandum—Merrill, Turben & Co., Union Commerce Building, Cleveland 14, Ohio. Also available is a memorandum on **American Window Glass Co.**

Amphenol Electronics Corporation—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Automatic Canteen Company of America**, **Food Machinery & Chemical Corp.**, and **R. C. Donnelley & Sons Company.**

Boeing Airplane Co.—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Bowater Paper Corp.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Burroughs Corp.—Memorandum—A. G. Becker & Co., 60 Broadway, New York 4, N. Y.

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

Detroit Harvester—Data—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. Also in the same bulletin are data on **Whiting Corporation** and **Plastic Wire & Cable.**

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

Emhart Manufacturing Company—Analysis—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Fannie Mae—Analysis of Federal National Mortgage Association—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

General Merchandise Company—Study—Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Gladding, McBean & Co.—Bulletin—Lon Hughes Organization, 376 Sutter Street, San Francisco 8, Calif.

Hagan Corporation — Analysis — Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

Interprovincial Pipe Line Company — Report — Wisener and Company Limited, 73 King Street, West, Toronto 1, Ont., Canada.

Interstate Adjusteze Corporation—Analysis—John J. Keenan & Co., Incorporated, 639 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of **Security Banknote Company.**

Investors Syndicate of Canada, Limited—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is an analysis of the **Bond Market.**

National Aviation—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

National Homes Corporation—Analysis—Kiser, Cohn & Shumaker, Inc., Circle Tower, Indianapolis 4, Ind.

National Starch Products, Inc.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

National Supply Co.—Memorandum—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y. Also available is a report on **Pan American World Airways.**

Neptune Meter Company—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Outboard Marine Corporation—Review and outlook—Outboard & Marine Corporation, 200 Pershing Avenue, Waukegan, Ill.

Pennsylvania Salt Manufacturing Company—Report—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Permo Gas & Oil Limited—Analysis—C. M. Oliver & Company, Limited, 821 West Hastings Street, Vancouver 1, B. C., Canada.

Potomac Electric Power Company — Study — Capital Reserve Corporation, 1346 Connecticut Avenue, N. W., Washington 6, D. C.

A. V. Roe Canada Limited—Analysis—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

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

Union Chemical & Materials Corp.—Bulletin—DeWitt Conklin Organization, 100 Broadway, New York 5, N. Y.

Joins Harry Pon
(Special to THE FINANCIAL CHRONICLE)

AZUSA, Calif. — William H. Stephenson has joined the staff of Harry Pon, 711 North Azusa Ave. He was previously with Columbia Securities Company, Inc. of California.

Boren Adds to Staff
(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Harold H. Williams has become connected with Boren & Co., 9640 Santa Monica Boulevard. He was formerly with Daniel D. Weston & Co., Inc.

With J. A. Hogle Co.
(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Gerald G. Mehuron is now affiliated with J. A. Hogle & Co., 428 North Camden Drive. He was formerly with Quincy Cass Associates.

Joins Cavendish Co.
(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward M. Jones is now with Cavendish & Company. In the past he was with Davies & Mejia.

Joins Daniel Rice Co.
(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Theodore W. Sewell is now associated with Daniel F. Rice and Company, 317 Seventy-first Street.

Joins Slayton & Co.
(Special to THE FINANCIAL CHRONICLE)

OVIEDO, Fla.—Louis L. Day has become connected with Slayton & Company, Inc. of St. Louis.

Joins Wm. R. Staats
(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George W. McMullin has become affiliated with William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges. He was formerly with J. Logan & Co.

With R. J. Steichen
(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Henry X. Kapsner has been added to the staff of R. J. Steichen & Co., Roanoke Building.

Bache Adds to Staff
(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Warren S. Yukon has become affiliated with Bache & Co., 1000 Baltimore Avenue.

With Dewey, King
(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Mrs. Jewell W. Herrick is now associated with Dewey, King & Johnson, 1016 Baltimore Avenue. Mrs. Herrick was formerly with Barrett Herrick & Co., Inc. in New York.

Joins Brown Bros.
(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Ernst H. Schultz, Jr. is now with Brown Brothers Harriman & Co.

Westheimer Co. Adds
(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Thomas L. Pogue has become associated with Westheimer and Company, 322 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

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. 17, 1956 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia Fourth Annual Dinner at the Germantown Cricket Club.

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.

Edwin Ehlert

Edwin Ehlert passed away Oct. 11 at the age of 62. Prior to his retirement he was a partner in J. V. Dunne & Co., New York.

John T. Snyder

John T. Snyder, partner in Engalls & Snyder, New York, passed away Oct. 13 at the age of 62.

Nucleonics Fund

Nucleonics, Chemistry & Electronics Shares, Inc., reported that at the close of its first fiscal quarter on Aug. 31, last, 75% of its total net assets were invested in the securities of 39 companies. The report showed total net assets of $1,477,602 with the market value of investments at $1,093, 969 and cash and receivables at $383,-632. In a unique innovation shareholders were given a capsule description in the report of each company in the portfolio.

With Mid-Continent Sec.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Edward F. Dolan, Jr. has become connected with Mid-Continent Securities Corporation, 3520 Hampton Ave.

Mutual Funds

By ROBERT R. RICH

Newsprint Capacity to Expand Sharply

The apparent inability of North American newsprint producers to satisfy an increasing demand has inaugurated ambitious expansion programs over the next several years, according to the October issue of "Perspective," just published by Calvin Bullock, Ltd., manager of assets exceeding $400,000,000. Securities of newsprint producers represent a large portion of the company's investment for their funds.

In 1955, the company estimates, newsprint capacity in the United States amounted to 1,409,000 tons and in Canada to 6,065,000 tons for a total capacity of 7,474,000 tons, while by 1959 newsprint capacity will expand to 2,225,000 for the United States and to 7,500,000 for Canada, a total of 9,725,000 for North America.

The most interesting aspect of the expansion program, Bullock points out, is that, after many years of a dormant and diminishing proportion of the total North American industry, the U. S. segment is now engaged in capacity increases which are relatively greater than that of the Canadian mills. For example, by 1958, U. S. capacity is expected to be 56% above 1955 levels as compared to only a 17% increase for Canada.

These recent and planned U. S. capacity increases are mainly in the southern states from Texas eastward and are partially the result of a discovery in 1940 that newsprint could be produced economically from the abundant sources of fast-growing pine trees available in the south. More recent contributory factors to the planned expansion in the south, Calvin Bullock says, have been the increasing demands brought about by the industrial and economic growth of that area as well as the rest of the U. S., increased transportation costs from Canada and the stimulant of higher prices, plus some nationalistic tendencies.

Referring to the Canadian producers, the Calvin Bullock study points out that "the most interesting and most profitable aspect about the Canadian newsprint companies has been the stock market action of their equities. It will be noted that in the 1950-1955 period the Montreal Stock Exchange Index of 10 paper stocks advanced about 175% versus only 75% for the Montreal Industrials, the latter being similar in character to our Dow-Jones Industrials.

"It will be recalled that, in contrast to the sharp advance in newsprint equities over the past five years, the net income of the four combined companies (Abitibi, Consolidated Paper, Price Bros., and Powell River) only increased 11%."

The sharp advance in stock prices of newsprint companies, the study says, may be attributed to the simple fact that the investing public, after wavering in the early postwar years as to the soundness of newsprint equity values (undoubtedly with vivid memories of the chaotic Thirties) decided in the last five years that present earnings were actually conservative and would undoubtedly improve from here on out due to the recognized growth factor of the industry—in other words, an evidence of investor confidence.

New Mut. Fd. Plan Now Over Million

More than $1,000,000 has been placed under the Group Securities, Inc. Periodic Remittance Plan since it was first made available early in 1955, according to Herbert R. Anderson, President of the fund.

Group's plan provides for the fund's remittance to the shareholder of a fixed dollar amount each month. However, a unique optional feature allows for payments in excess of the approximate income rate to be based on a proportion of the shares held in the account.

An examination of individual investments in the plan, which has no set minimum investment, best illustrates its flexible value in serving investors' needs, according to Mr. Anderson. In instances where only a part of present earnings are needed for current use, the monthly payments are set at less than the dividend rate, and the excess is automatically reinvested in additional shares at asset value to further build the account.

Payments under the plan can be made to the shareholder's bank, to dependents or to other individuals or institutions. In one case, monthly checks are mailed to the planholders' daughter to provide for her college expenses. In another, Group sends checks to the shareholder's maid to cover her monthly salary. And one couple has arranged that a higher than normal percentage be paid out regularly — even though it will probably necessitate invasion of most of the principal—over the next six years, in anticipation of an annuity which falls due at the end of the period. In the meantime, the couple is using the payouts for travel expenses.

While The Common Stock Fund, one of Group's 21 funds and industry classes, accounts for the largest amount invested under the plan, other more price-stable Group funds are sometimes used in part as the vehicle from which any liquidation is made.

Chemical, Axe Funds' Sales Up

Sales of Chemical Fund shares reached a record level of $22,656,-000 for the first nine months of 1956, an increase of 47% over the same period of 1955, the highest 9-month sales volume in the fund's history, according to the Sept. 30 quarterly report to stockholders. At the same time, it was reported that the ratio of redemptions decreased to 17% of gross sales from 26% reported for the same period last year.

Net assets of Chemical Fund, Inc., as of Sept. 30, 1956 amounted to $129,269,345, equal to $16.26 per share compared with $100,277,860 or $15.39 per share on Sept. 30, 1955. The fund had 7,948,410 shares of capital stock outstanding on Sept. 30, 1956 compared with 6,514,734 shares on the same date last year.

F. Eberstadt, Chairman, and Francis S. Williams, President, noted that "the portfolio companies reported an average increase of approximately 11% in sales and 15% in net earnings per common share for the first half of 1956, compared with the corresponding period of last year. These gains were achieved in spite of reduced demand from the automobile, agricultural and textile industries."

Axe-Houghton's three mutual funds' sales in the first nine months of 1956 ran more than $5 million, or 36%, ahead of the total for the corresponding period in 1955, it was reported by the management. The total dollar volume for the three quarters ending Sept. 30 this year was $18,820,500 as against $13,809,615 last year. The funds — Axe-Houghton Fund A, Axe-Houghton Fund B and Axe-Houghton Stock Fund—also reported a 2,608 increase in the number of shareholders during the past year. The total on Sept. 30, 1956, was 33,-980 as compared with 31,372 on Sept. 30, 1955. Axe Science & Electronics Corporation, which became a full-fledged open-end mutual fund late last July, reported 11,064 shareholders on Sept. 30, bringing the total for all four E. W. Axe & Co.-managed funds to 45,044.

Whitehall Fund net assets were $7,858,450 on Sept. 30, up from $7,124,420 at the start of the year and $6,579,517 on Sept. 30, 1955. Asset value was $12.06 a share, off moderately from June 30 and Dec. 31 values. The fund said this reflected the influence both of tight money conditions on bond and preferred stock prices and of generally lower common stock prices.

National Investors Corp. net assets totaled $62,731,074 on Sept. 30, comparing with $57,289,941 at the start of the year, and $52,941,315 on Sept. 30, 1955. Sales of new shares in the first three quarters of 1956 was 47% above the same period last year.

Colonial Fund's total net assets on Oct. 3, 1956 were $35,835,481 and the asset value per share was $20.96. This compares with total net assets on Oct. 31, 1955 of $26,-030,114 and a per share net asset value of $18.73.

National Analyzes Super Oil Tanker Fleet Impact

If present plans materialize for the construction of a new fleet of super tankers, the immediate effect of such a program would be two-fold, according to a study of the shipbuilding industry by the Investment Staff of National Securities & Research Corporation.

"In the first place, it would be absolutely necessary that allocation of scarce structural steel and plates be made to shipbuilders, because at present material is in scarce supply and prices are high," the survey stated. Secondly, it went on, "the release in orders of a substantial amount of new tonnage would materially improve profit margins without question."

The corporation pointed out that builders could be more selective with plenty of bookings at hand and could quote prices that would gain them a decent profit. Over the last 12 months the industry has been reaching an increasingly competitive position, and as a consequence, pricing is close and profit margins are shrinking, it noted.

At the moment, the industry is active with 44 ships contracted for as of Oct. 1, 1956, a much higher figure than the 25 vessels at the beginning of 1956 and only 14 ships as of Jan. 1, 1955. The proposed program of the U. S. Government and industry officials involving the building of 50 additional vessels of around 60,000 tons capacity each is estimated to cost approximately $1.0 billion. Because of the long period involved in drawing up blueprints and in getting keels laid down, it is doubtful that building of the proposed super tankers could start in any real volume before mid-1957 at the earliest, according to the study.

Investment Trust Assets Reach $9.7 Billion

Net assets of the 150 member companies of the National Association of Investment Companies were $9,732,167,000 on Sept. 30, 1956, a gain of $695,558,000 over the year-end 1955 total of $9,036,-609,000, the Association has announced.

The 125 mutual fund companies' net assets increased by $668,436,-000 during the first nine months of 1956, to a total of $8,505,960,000 on Sept. 30. Total net assets of the 25 closed-end company members on the same date were $1,226,-207,000, compared with $1,199,-085,000 at the end of 1955.

Investor purchases of new mutual fund shares amounted to $1,004,132,000 for the first nine months of 1956, 9.5% above the $917,041,000 of new investment in the first nine months of 1955. Purchases of new mutual fund shares by investors during the third quarter of 1956 totaled $334,507,-000, compared with $319,718,000 in the second quarter and $349,907,-000 in the first quarter.

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Mutual Funds

Redemptions of holdings by investors in the 125 open-end member companies were $106,910,000, below the $116,972,000 in the first quarter and $118,207,000 in the second. For the first nine months of 1956, redemptions totaled $342,089,000, slightly below the $350,049,000 of redemptions for the comparable period of 1955.

Mutual fund investors opened 126,408 accumulation plans for regular monthly or quarterly purchase of mutual fund shares during the first nine months of this year, exceeding the 114,974 total for the full year 1955.

The number of shareholder accounts for both open- and closed-end member companies reached 2,592,440 on Sept. 30, an increase of 319,891 over the 2,272,549 accounts reported by the Association nine months earlier.

Securities (excluding U. S. Government securities) bought by the open-end companies for investment portfolios in the first nine months of this year totaled $1,636,267,000 while sales from portfolio were $1,015,701,000.

Cash, U. S. Government securities and short-term corporate obligations held by the 125 mutual funds totaled $504,932,000, or 5.9% of total net assets on Sept. 30. This compares with $417,827,000, or 4.9%—on June 30, 1956, and $437,966,000, or 5.6% at year-end 1955.

R. Clark Reelected To Posts in NAIC

BOSTON, Mass. — Robert E. Clark has been reelected to a second one-year term as Chairman of the Executive and Administrative Committees of the national Association of Investment Companies. Mr. Clark, Executive Vice-President of Calvin Bullock, Ltd., had earlier been reelected to a three year term on the Executive Committee by the Association's 155 member investment companies with assets of nearly $10,000,000,000.

Robert E. Clark

Also elected to serve on the 15-member Executive Committee for three-year terms were: George D. Aldrich, Vice-Chairman, Incorporated Investors; Charles F. Eaton, Jr., President, Eaton & Howard, Inc.; John W. McCartin, Vice-President, Investors Mutual, Inc.; and J. Fred Schoellkopf, IV, President, Niagara Shares Corporation.

George E. Clark, President, Adams Express Co., and Dwight P. Robinson, Jr., Chairman, Massachusetts Investors Trust, were elected at an Executive Committee meeting to serve one-year terms on the Association's three-member Administrative Committee.

Other members of the Association's Executive Committee are: George E. Clark, Hugh W. Long, President, Fundamental Investors, Inc.; James H. Orr, President, The Colonial Fund, Inc.; Harry I. Prankard, 2nd, President, Affiliated Fund, Inc.; Cyril J. C. Quinn, Vice-President, Tri-Continental Corporation; Dwight P. Robinson, Jr.; S. L. Sholley, President, Keystone Custodian Funds, Inc.; Hardwick Stires, Vice-President, Scudder, Stevens & Clark Fund, Inc.; Chauncey L. Waddell, Vice-President, United Funds, Inc.; and Francis S. Williams, President, Chemical Fund, Inc.

M. I. T. Assets Now Stand At $1.03 Billion

Massachusetts Investors Trust reports for the three months ended Sept. 30, 1956 total net assets of $1,037,626,857, representing 93,088,821 shares owned by 150,885 shareholders. This compares with $918,604,754 in total assets, 129,022 shareholders and 86,741,580 shares outstanding at the same time a year ago.

The net asset value per share on Sept. 30, 1956 was $11.15 which, together with a special capital gain distribution of 28 cents in February, is equal to $11.43 per share, as compared with a net asset value of $10.59 one year ago. Share outstanding and net asset value have been adjusted to reflect the three-for-one stock split of June, 1956.

D. I. F. Growth Shares Gain In Market Drop

Diversified Growth Stock Fund, Inc., reported total net assets of $14,848,423 on Sept. 30, 1956 — a gain of almost $2 million over the total of $12,878,246 at the 1955 year-end.

During this nine-month period, net asset value per share increased 8.9%—from $11.52 on Dec. 31 to $12.54 on Sept. 30—despite a 2.7% decline in the stock market as measured by the Dow Jones Industrial Average. In commenting, Hugh W. Long, President of the Fund, stated: "This is an example of how growth stocks can move counter to the general market. Much of the strength of our economy has been contributed by new developments, new products and new markets pioneered by such companies. So far this year, earnings of growth stocks have increased more than those of 'blue chips' and the market for these stocks has reflected this increase, although it has been necessary to be selective when making purchases."

Dividends paid by Diversified Growth Stock Fund, Inc., during these first nine months of 1956 equalled 13c per share—one cent more per share than in the same period in 1955. Coincidentally, this dividend increase was an 8.7% gain over last year, or nearly the same rate of growth as that shown by the Fund's net asset value per share.

Over-the-Counter Securities Fund, Inc., the only mutual fund devoted exclusively to investments in over-the-counter securities disclosed in its quarterly report ended Sept. 30, 1956 that it is now 65% invested in securities of unlisted companies in a broad range of industries. The balance of funds is principally in U. S. Treasury bills, now yielding their highest rate of interest in over 20 years. Investments are held in 23 companies in 14 different industries. The electronics industry, accounting for about 13% of assets, is the fund's largest single category of investments.

Shares of Over-the-Counter Securities Fund, Inc., were first offered to the investing public in June of 1956, at $10.95 a share. The current offering price is $11.09 a share.

E. E. Henkle Adds

(Special to The Financial Chronicle)

LINCOLN, Neb.—Elrey S. Munson has been added to the staff of E. E. Henkle Investment Company, Federal Securities Building.

Joins Bache Staff

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — William B. White has become connected with Bache & Co., Johnston Bldg.

Record High Shs. For Fundamental

During the third quarter of 1956, the number of Fundamental Investors' shares outstanding rose from 21,731,502 to 22,099,704—the highest total in history. The increase for the quarter was 64% greater than that of the previous three months. According to Hugh W. Long, President of Fundamental Investors, Inc., the fund has added nearly 10,000 shareholders since Dec. 31, 1955.

On Sept. 30, 1956, total net assets of Fundamental Investors were $357,318,554 and net asset value per share was $16.17, compared with $320,148,570 and $15.63 at the 1955 year-end. The increase in net asset value per share, which amounts to 3.5%, compares with a decline in common stock prices of 2.7%, as measured by the Dow Jones Industrial Averages.

Income dividends paid by the fund during the first three quarters of 1956 totaled 36 cents per share — an increase of one-half cent per share over those paid in the corresponding nine months of 1955.

Among changes in investment holdings, common stocks of Dresser Industries, Inc., were added to Fundamental Investors' portfolio and those of Southern Pacific Company and Texas Pacific Coal and Oil were eliminated. Management of the fund took advantage of depressed prices of steel securities during the midsummer steel strike to effect substantial increases in steel holdings.

Broad Street Investing Corp.'s net assets totaled $90,079,753 at the quarter end, comparing with $81,646,781 at the beginning of the year and $78,344,294 on Sept. 30, 1955. Asset value was $22.11 a share, slightly less than at June 30, reflecting generally lower securities prices, but higher than the $21.71 at the year's start. It represented a 5% increase over Sept. 30, 1955 asset value after adding back the December distribution of 74 cents from realized gain, the chairman stated. Shareholders totaled 19,622, a 13% increase over a year earlier, Mr. Randolph said, pointing out that the number of Accumulation Plan holders had risen 43% to 3,597. "Political uncertainties at home and abroad," the fund's chairman commented, "and the tightened domestic money market seemed at least temporarily to dampen and, perhaps insome quarters, to cause reappraisal of the high investment confidence evident in markets eariler this year. The gradual buildup of holding of fixed-income bonds and prefered stocks which your corporation initiated some months ago," he told shareholders, "was continued in the third quarter. Such securities became more attractive for investment during the period as the tightening money market forced interest and dividend rates higher."

Common stock holdings were down to 80.6% of net assets on Sept. 30, as compared with 85.0% at the beginning of the year. Holdings were increased moderately in the electrical and electronics, food, public utility and retail trade fields, and comparable reductions were made in the building, chemical and railroad industries.

Staten Island Investors

(Special to The Financial Chronicle)

STATEN ISLAND, N. Y.—Staten Island Investors, Inc. has been formed with offices at 177 Broad Street to engage in a securities business.

Three With Morton

(Special to The Financial Chronicle)

BOSTON, Mass. — Benjamin Brenner, John L. Powers and Martin J. Welch have joined the staff of B. C. Morton & Co., 131 State Street.

Railroad Securities

By GERALD D. McKEEVER

Pre-Tax Operating Margins—Eight Months of 1956

Our attention has been directed to a recently compiled tabulation of the results of a selection of leading roads for the first eight months of this year as measured by their pre-tax operating margins. These are the percentages of gross revenues carried through the net operating income before deducting Federal income taxes from the latter. For the purpose of calculation, this percentage "profit margin" is obtained in each case by dividing the sum of net operating income plus Federal tax accrued for the period in each case by the road's gross revenue for the period.

As pointed out in this column in the Aug. 16 issue in connection with a study of net income results for the first half of 1956 from a sampling of 25 representative roads, the performance of those in northern and eastern territories was notably better in comparison with the corresponding period of 1955 than that of roads in the southern and western districts. This was largely due to the better level of revenues enjoyed by the roads of the North and the East which are indentified with heavy industry than with agricultural conditions. With a relatively higher level of gross revenues, these roads have been better able to cope with the sharp increase in expenses that has taken place this year.

The tabulation which follows gives further indication of these trends. To illustrate this, the pre-tax margins for the first eight months are compared with similar ratios for the full year 1955. With two exceptions, namely in the cases of the Missouri Pacific and the Minneapolis & St. Louis, the only other roads in this group of 43 used in the present sampling which were able to equal or better their pre-tax margins of 1955 are those of the North and East, including in this group the Virginian of the Pocahontas District. The latter, strangely enough, was the only one of three Pocahontas carriers that was able to better the 1955 ratio.

The relapses that have occurred are highlighted by comparative rankings. As they appear below, the 43 sample roads are ranked in order of their pre-tax margins for the first eight months of the present year. The far right column shows their corresponding ranking for the 1955 calendar year, and numerous shifts are seen. The Virginian, for instance, moved into first place, exchanging this position with the Pittsburgh & Lake Erie and the Norfolk & Western and Western and Western Maryland also exchanged places, with the latter moving from fifth to fourth. This shift was only relative, however, since both roads show a decline in this measure as compared with 1955. The drop was only less in the case of the Western Maryland. Also exchanging adjacent places were the "Bangor" and the "Denver," and the Seaboard and the Santa Fe.

The larger gains in ranking were made mostly by roads in the North and East—notably in the cases of the Erie, Lehigh Valley, Reading and Bangor & Aroostook, but both the Missouri Pacific and the Minneapolis & St. Louis, mentioned previously as being among the few in the "gain" column, moved up four places. Two place gains were made by the Southern, Coast Line, L & N, Central of Georgia and Pittsburgh & West Virginia, while the Delaware & Hudson, Illinois Central and the Northern Pacific each advanced one place. Standing pat in this 43 road sampling are Kansas City Southern, Union Pacific, Baltimore & Ohio and the last five roads shown in the following tabulation.

	Pre-tax N.O.I. as % of Gross Rev.		—Rankings—	
	Eight Months 1956	Year 1955	8 Mos. '56	1955
Virginian Railway	49.7	45.5	1	2
Pittsburgh & Lake Erie	39.5	47.5	2	1
Kansas City Southern	31.5	33.2	3	3
Western Maryland	30.4	32.3	4	5
Norfolk & Western	30.3	32.7	5	4
Bangor & Aroostook	29.5	24.7	6	9
Denver & Rio Grande West.	29.5	30.3	7	6
Chesapeake & Ohio	27.2	27.4	8	7
Delaware & Hudson	27.2	24.2	9	10
Southern Railway	24.0	26.1	10	8
Pittsburgh & West Virginia	23.0	22.6	11	13
Louisville & Nashville	21.6	21.8	12	14
New York, Chicago & St. L.	21.4	23.4	13	12
Chicago Great Western	19.7	23.6	14	11
Seaboard Air Line	19.7	20.0	15	16
Atch., Topeka & Santa Fe	18.6	21.6	16	15
Reading Company	16.0	16.0	17	23
Western Pacific	16.0	18.8	18	17
Illinois Central	15.9	17.7	19	20
St. Louis-San Francisco	15.7	16.8	20	19
Texas & Pacific	15.6	18.4	21	18
Union Pacific	15.6	16.5	22	22
Minneapolis & St. Louis	15.4	15.0	23	27
Great Northern	15.2	17.9	24	19
Class I Average	14.0	15.3	25	24
Missouri Pacific	13.8	13.2	26	30
Northern Pacific	13.4	15.0	27	28
Wabash	13.2	15.2	28	26
Gulf, Mobile & Ohio	12.5	15.2	29	25
Central of Georgia	12.3	11.7	30	32
Chicago, Rock Island & Pac.	12.2	13.5	31	29
Lehigh Valley	9.5	9.3	32	37
Erie RR.	8.8	8.4	33	39
New York Central	8.7	10.0	34	33
Baltimore & Ohio	8.6	9.8	35	35
Atlantic Coast Line	7.9	8.4	36	38
Southern Pacific	7.5	10.0	37	34
Monon RR.	7.3	13.1	38	31
Boston & Maine	6.9	9.4	39	36
Pennsylvania RR.	6.8	7.5	40	40
Chicago, Milw. St. Paul & P.	6.6	7.0	41	41
Delaware, Lackaw. & West.	3.8	3.8	42	42
Chicago & North Western	def.	3.9	43	43
N. Y., N. Haven & Hartford	def.	3.5	44	44

Reissner Nominated NASD Board Chairman

WASHINGTON—Frank L. Reissner, President of Indianapolis Bond & Share Corp., Indianapolis, Ind., has been nominated Chairman of the Board of Governors of the National Association of Securities Dealers. His election will take place at a meeting of the Board next January.

Earl K. Bassett

Jo M. French

Frank L. Reissner

Edward H. Austin

Wallace H. Fulton

Mr. Reissner, who will succeed Frank H. Hunter, partner, McKelvy & Co., Pittsburgh, entered the securities business in 1934 after graduation from Butler University. He served three years on NASD's District Committee No. 8 (Chicago), one year as Vice-Chairman. He also served a three-year term on the Executive Committee of the Central States Group of the Investment Bankers Association of America and presently is on the group's State Legislation Committee.

Other nominees for NASD offices, who also will take office in January, are:

Jo M. French, Vice-President, Blyth & Co., Inc., Los Angeles, Vice-Chairman.

Edward H. Austin, partner, Austin, Hart & Parvin, San Antonio, Texas, Vice-Chairman.

Earl K. Bassett, partner, W. E. Hutton & Co., New York, Treasurer.

Wallace H. Fulton, Washington, D. C., Executive Director.

With H. L. Jamieson Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William H. Luther is now with H. L. Jamieson Co., Inc., 6399 Wilshire Boulevard.

Frank Knowlton Adds

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — James T. Turner has become connected with Frank Knowlton & Co., Bank of America Building.

With United Investors

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Norman E. Hipskind has become connected with United Investors, Inc., U. S. National Bank Building, Mile High Center. In the past he was with Rogers & Co.

Pierce, Carrison Adds

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—Charles M. Thompson has been added to the staff of Pierce, Carrison, Wulbern, Inc., Barnett National Bank Building.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

KEY WEST, Fla. — Robert S. Archer and Thelma M. Livermore have become connected with King Merritt & Co., Inc.

Two With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—John W. Hill and James M. Holcomb have joined the staff of Columbia Securities Company, Inc. of Florida, 3839 Biscayne Boulevard.

DIVIDEND NOTICES

Manufacturers of

AMERICAN ENCAUSTIC TILING COMPANY, INC.

Ceramic Wall & Floor Tile

COMMON STOCK DIVIDENDS

Declared October 17, 1956

Quarterly—15¢ per share

Extra—10¢ per share

Payable November 29, 1956

Record Date November 15, 1956

America's OLDEST Name in Tile

COMMON STOCK DIVIDEND

The Board of Directors of Central and South West Corporation at its meeting held on October 18, 1956, declared a regular quarterly dividend of forty cents (40c) per share on the Corporation's Common Stock. This dividend is payable November 30, 1956, to stockholders of record October 31, 1956.

LEROY J. SCHEUERMAN, *Secretary*

CENTRAL AND SOUTH WEST CORPORATION

Wilmington, Delaware

THE SOUTHERN COMPANY

(INCORPORATED)

The Board of Directors has declared a quarterly dividend of 25 cents per share on the outstanding shares of common stock of the Company, payable on December 6, 1956 to holders of record at the close of business on November 5, 1956.

L. H. JAEGER, *Treasurer and Secretary*

THE SOUTHERN COMPANY SYSTEM

Serving the Southeast through:

ALABAMA POWER COMPANY

GEORGIA POWER COMPANY

GULF POWER COMPANY

MISSISSIPPI POWER COMPANY

SOUTHERN SERVICES, INC.

DIVIDEND NOTICES

AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

• A regular quarterly dividend of thirty-six cents ($.36) per share on the Common capital stock of the Company issued and outstanding in the hands of the public has been declared payable December 10, 1956, to the holders of record at the close of business November 9, 1956.

W. J. ROSE, Secretary

October 24, 1956.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 167 of fifty cents (50¢) per share on the common stock payable January 15, 1957, to stockholders of record at the close of business on December 14, 1956.

GERARD J. EGER, Secretary

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 153 of one dollar and seventy-five cents ($1.75) per share on the preferred stock payable December 1, 1956, to stockholders of record at the close of business on November 5, 1956.

GERARD J. EGER, Secretary

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 71

A regular quarterly dividend of 50 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable December 13, 1956 to stockholders of record at the close of business on November 30, 1956.

H. D. McHENRY, Vice President and Secretary

Dated: October 20, 1956.

DIVIDEND NOTICES

United States Pipe and Foundry Company

Birmingham, Ala., October 18, 1956

The Board of Directors this day declared a quarterly dividend of thirty cents (30¢) per share on the outstanding Common Stock of this Company, payable December 15, 1956, to stockholders of record on November 30, 1956. The transfer books will remain open.

UNITED STATES PIPE AND FOUNDRY COMPANY

JOHN W. BRENNAN, *Secretary & Treasurer*

O'okiep Copper Company Limited

Dividend No. 40

The Board of Directors today declared a dividend of twenty shillings per share on the Ordinary Shares of the Company payable December 4, 1956.

The Directors authorized the distribution of the said dividend on December 14, 1956 to the holders of record at the close of business on December 7, 1956 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $2.78 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to December 4, 1956. Union of South Africa non-resident shareholders tax at the rate of 7.05% will be deducted.

By Order of the Board of Directors,

F. A. SCHECK, *Secretary.*

New York, New York, October 24, 1956.

TEXACO

THE TEXAS COMPANY

—217th—

Consecutive Dividend and Extra Dividend

A regular quarterly dividend of fifty cents (50¢) per share and an *Extra* dividend of forty-five cents (45¢) per share on the Capital Stock of the Company have been declared this day, payable on December 10, 1956, to stockholders of record at the close of business on November 9, 1956.

The stock transfer books will remain open.

S. T. CROSSLAND

Vice President & Treasurer

October 18, 1956

600 FIFTH AVENUE
NEW YORK 20, N.Y.

Sinclair OIL CORPORATION

COMMON STOCK DIVIDEND No. 104

On October 17, 1956 a regular quarterly dividend of 75 cents per share was declared on the Corporation's Common Stock, payable December 15, 1956 to stockholders of record at the close of business on November 14, 1956.

SINCLAIR

A Great Name in Oil

Southern Railway Company

DIVIDEND NOTICE

New York, N. Y., October 23, 1956.

A dividend of 1¼% (25¢) per share on 3,000,000 shares of Preferred Stock of Southern Railway Company of the par value of $20 per share has today been declared, payable December 14, 1956, to stockholders of record at the close of business November 15, 1956.

A dividend of fifty cents (50¢) per share on 6,491,000 shares of Common Stock without par value of Southern Railway Company has today been declared out of the surplus of net profits of the Company for the fiscal year ended December 31, 1955, payable December 14, 1956, to stockholders of record at the close of business November 15, 1956.

J. J. MAHER, *Secretary*

DIVIDEND NOTICES

The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable December 20, 1956 to stockholders of record November 30, 1956.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable January 2, 1957 to stockholders of record November 30, 1956.

JOHNS HOPKINS, Treasurer

Philadelphia, October 23, 1956.

UNITED STATES LINES COMPANY

Common Stock DIVIDEND

The Board of Directors has authorized the payment of a dividend of fifty cents ($.50) per share payable December 7, 1956, to holders of Common Stock of record November 16, 1956, who on that date hold regularly issued Common Stock ($1.00 par) of this Company.

CHAS. F. BRADLEY, *Secretary*

One Broadway, New York 4, N. Y.

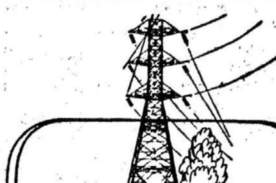
WOODALL INDUSTRIES INC.

A regular quarterly dividend of 31¼¢ per share on the 5% Convertible Preferred Stock has been declared payable December 1, 1956, to stockholders of record November 14, 1956.

A regular quarterly dividend of 30¢ per share on the Common Stock has been declared payable November 30, 1956, to stockholders of record November 14, 1956.

M. E. GRIFFIN,

Secretary-Treasurer



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

CUMULATIVE PREFERRED STOCK, 4.08% SERIES
Dividend No. 27
25½ cents per share;

CUMULATIVE PREFERRED STOCK, 4.24% SERIES
Dividend No. 4
26½ cents per share;

CUMULATIVE PREFERRED STOCK, 4.88% SERIES
Dividend No. 36
30½ cents per share.

The above dividends are payable November 30, 1956, to stockholders of record November 5. *Checks will be mailed from the Company's office in Los Angeles, November 30.*

P. C. HALE, *Treasurer*

October 19, 1956

Edison

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—There is nothing new about the use of rainbow chasing as a device to help support the artisans of the political trade in this great big government. Both parties love this method of helping to con the voting customers. You set a "Commission" or an "Administration" out to hunt the pot of gold at the end of the rainbow. The "peepul" are stirred and excited while the hunt is on.

President Eisenhower has provided a new wrinkle to this old diversion. That is to set a team out to hunt for the pot of gold over the same terrain where the hunt for the pot of gold was begun nearly two decades ago, to no spectacular success.

Back in the 1930's "farm chemurgy" had a tremendous run of popularity. There was a "farm chemurgic council" (whether that was its exact name cannot be remembered). There was a farm chemurgic bloc in Congress.

The idea behind all this was that if American ingenuity which, of course, is unlimited, turned its hand to the idea, it could find industrial uses for all the vast surpluses of farm commodities that were making life so insecure for that generation of politicos of both parties.

Members of this cult cherished such notions as that plastics could be made out of peanut shells and automobiles would be made out of the plastics. Just a few little miracles like that, and—puff—the burdensome surpluses would disappear as if consumed by an atom bomb.

One of the projects of the chemurgic bloc of the 1930's was to get a law passed requiring the mixing of alcohol with gasoline in motor fuel consumed in the United States. The controversy over this was really warm at the time. The farm crowd wanted it; the oil industry did not. Different groups had "experts" to get out reports. Some "experts" found it feasible; others did not. There was real apprehension in the oil industry at the time that such a mixing of alcohol with gas would be required by legislation. The alcohol, of course, would be made from surplus wheat, or maybe potatoes too.

Set Up Administration

Finally, the Congress passed a law which in 1938 set up an "Agricultural Research Administration" whose special job was to do the scientific groundwork necessary to find industrial and chemical uses for the burdensome surpluses.

Older hands will recall the fanfare with which this outfit was set up in business. Henry A. Wallace was Secretary of Agriculture. There was a fully-attended, carefully-staged press conference. Four big laboratories would be set up to set to and find industrial outlets for these surpluses. A few of the chief brains of this new "Administration" were exhibited at the press conference. The impression was left that the surplus problem was on the way to extinction.

War Intervened

A couple of years later, more or less, there came the war which resulted in destroying the military power of the two bastions against Russian imperialism, Japan and Germany. In the process the U. S. farm surpluses were also destroyed. The surplus foods fed Allied mouths; the surplus tobacco was smoked by Allies, and the surplus cotton and wool clothed the great crusade. Congress appropriated the money under Lend-Lease to reimburse the Commodity Credit Corp., for its cost of buying and storing these surpluses then so happily gotten out of the way.

Laboratories Established

Meanwhile, under the 1938 Act, the four great laboratories to study ways of diverting farm surpluses into chemical and industrial uses were built. They cost in the neighborhood of $1 million apiece, and initially they were given about $1 million a year each of operating expenses.

These laboratories are at Philadelphia, Peoria, Ill., New Orleans, and Albany, Cal. Each specializes on finding industrial uses for the chief farm products of the region where they are located. They now spend approximately $10 million per year on that objective. This is distinct from other research activities of the Department of Agriculture, which are enormous.

Achieves Results

There is little doubt that these laboratories have helped achieve some practical results of immense value not only to agriculture, but also to industry.

It is said that, in cooperation with industry, the Peoria, Ill., research laboratory, for instance, has played a vital part in promoting the development of the use of soy beans, finding improved ways of producing oil and other products from soy beans, and contributing to the tremendous growth in importance of soy beans as an agricultural and national source of wealth.

In cotton, the New Orleans laboratory is said to have played a vital part in providing new uses and new adaptations of uses for cotton. Without the work of the laboratory, the development of synthetic fibres might have pushed cotton to the point where it was a minor crop. As it is, cotton has about held its own in national consumption, in terms of absolute use if not use relative to the much enlarged population and national income.

Results Unspectacular

On the other hand, the men in this business would be the last to assert that their results had been so spectacular as to dissolve the farm surplus problem.

That is because the nature of research is that it is slow and piecemeal. A little gain is made here, and a little, there. Once a possibility arises, it must be carefully checked, and industry itself must spend a great deal of money to engineer the product to commercial use.

Some might be amused that bagasse is useful for toilet facilities for cats, but cats, their owners, and producers of sugar cane benefit. They also benefit from the use of bagasse as litter for raising baby chicks (it is not known whether these developments were sparked by government or private research, but they are typical of piecemeal developments of new uses for farm products).

In brief the development of new uses for farm products is as slow and painstaking as some of the wonderful developments in metallurgy which have been achieved in the last generation. On the other hand, the stage setting of the "chemurgists" and the politicians prepared the way for expectations of such comparable things as alchemy, whereby lead could be turned into gold, the chimera of the ages.

Eisenhower Commission

Organized government research into new uses for farm products has gone on for not less than 20 years on a considerable scale. It is probable that in one way or another this subject has been under study in one place or another for a century.

Into this background President Eisenhower has appointed a "Commission" to study ways of adapting new industrial uses of farm products. The "Commission" is traveling around the country, getting a little publicity, raising the hope that there is a pot of gold at the end of the same rainbow. It even excites talk again about alcohol as auto fuel.

"Local Responsibility"

Eisenhower campaigners emphasize how distasteful it is to the President to have things centralized in Washington and how ardently the Chief Executive favors local responsibility and sharing of costs of various beneficial programs. Since Paul Hoffman, the Eisenhower intimate, outlined this "new Republican Party" philosophy in a national magazine, these announcements have been made:

(1) Albert M. Cole, Housing and Home Finance Administrator, approved the plans of the City of St. Paul, Minn., for a "workable program" to deal with its housing problems. With this approval, St. Paul will become eligible for various Federal loans and direct subsidies to improve its housing. With this approval, St. Paul will be aided by the Federal government on two slum redevelopment programs. "They flank the approach to the State Capitol building," explained the official release.

(2) Under slum clearance, there are given 40-year FHA-insured loans to replace housing in slum areas, or to rehabilitate substandard housing that might otherwise become slums. The amounts which can be spent, the architectural plans, detailed building specifications, and the terms and interest rates on the loans, are all fixed rigidly under Federal standards.

It is now announced by the Federal Housing Administration that in the case of this particular class of loans, rules have been made to "give assurance of adequate equity cash investment by the sponsors of these projects." The sponsors are local. Their "adequate equity cash investments" must be 3%.

(3) "The town of Hobson, Montana," HHFA announced, "population 205, today received approval of a loan of $55,000 with which to build a sanitary sewer system. The town at present has no sewer system. Septic tanks and cesspools constitute a health hazard, since the ground water level is high and shallow private wells constitute the town's water supply."

[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

"Stop it!—Stop it, Mr. Bullfinch!—You haven't signed the paychecks yet!"

Urges Investment Business As Career

PRINCETON, N. J.—Parents and educators, who are entrusted with the task of advising America's youth on the selection of a career, should acquaint themselves with the opportunities that lie ahead in the investment field, Henry Gellermann, director of advertising and public relations for Bache & Co., declared. Addressing a meeting of the United Nations Society of Princeton University, Mr. Gellermann pointed out that recent surveys at several leading universities disclosed that out of every graduating class only 1.1% of the total number of graduates decided to enter the investment business, which holds equal if not better promise for the future than other professions.

Henry E. Gellermann

He noted that this situation prevails despite the fact that educational institutions, industry and the nation's financial community have in recent years provided substantial sums to encourage and stimulate young men to enter into an investment career.

Therefore, Mr. Gellerman concluded, it would be well for parents and educators to acquaint themselves with the many advantages that are afforded young people in the financial field, through which every segment of America's tremendous industrial growth potential may be reached.

Joins Sutro Staff

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Ralph J. Cohn has become connected with Sutro Bros. & Co., 316 South County, Road. He was formerly with Thomson & McKinnon.

Stone With Beil Hough

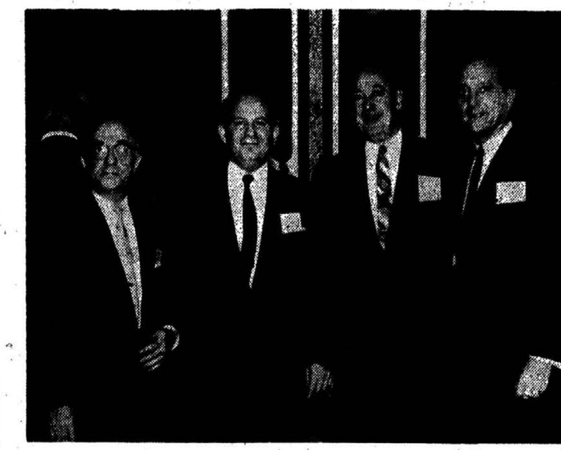
(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — A. Carlisle Stone has become associated with Beil & Hough, Inc., 350 First Avenue, North, members of the Midwest Stock Exchange. Mr. Stone in the past was in the investment business in Springfield, Mass.

Security Traders Association of New York

John Barker, *Lee Higginson Corporation;* Hanns Kuehner, *McManus & Walker;* Graham Walker, *McManus & Walker*

Hank Serlen, *Josephthal & Co.;* Ed Kelley, *Carl M. Loeb, Rhoades & Co.*



Irving Reisman, *Newborg & Co.;* Ted De Noble, *Cowen & Co.;* Joe Billings, *Cowen & Co.;* Ben Gold, *A. Trent & Co.*

Harry Zeeman, *Carl Marks & Co., Inc.;* Barney Nieman, *Carl Marks & Co., Inc.;* Ed Markham, *Wertheim & Co.;* Jerry Burchard, *Charles King & Co.;* Bob King, *Charles King & Co.*

John McLaughlin, *McLaughlin, Cryan & Co.;* Grace De Santis, The Antler's Restaurant; Hal Murphy, *Commercial & Financial Chronicle*

Harry Vander Noot, *Pell & Co.,* Great Neck, N. Y.; Col. Oliver J. Troster, *Troster, Singer & Co.;* George Leone, *Leone & Pollack*

Joseph V. Farrell, *Gregory & Sons;* Jim Hayes, *Murphy & Durieu;* Charles Robinson. *Blair & Co. Incorporated;* Al Powell, *Alfred Powell Company*

Larry Wren, *Allen & Company;* Carlo Ceru, *Venderhoef & Robinson;* Harry Pollack, *Leone & Pollack*

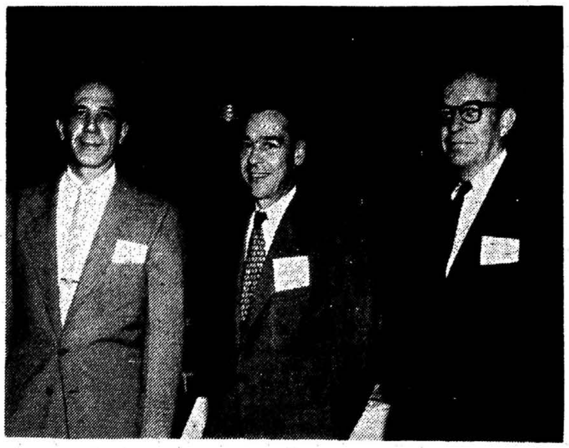
A. C. Huff, *Georgeson & Co.;* Bill Swords, *Zuckerman, Smith & Co.;* Harry A. Michels, *Allen & Company;* Skip O'Rourke, *Goldman, Sachs & Co.;* Vincent Gowen, *Goldman, Sachs & Co.;* Milt Van Riper, *Cruttenden & Co.*

John Mayer, *Merrill Lynch, Pierce, Fenner & Beane;* Ted Young, *New York Hanseatic Corporation;* "Duke" Hunter, *Wellington Hunter Associates,* Jersey City, N. J.; David Magid, *Hill, Thompson & Co., Inc.*

Annual Beefsteak Dinner

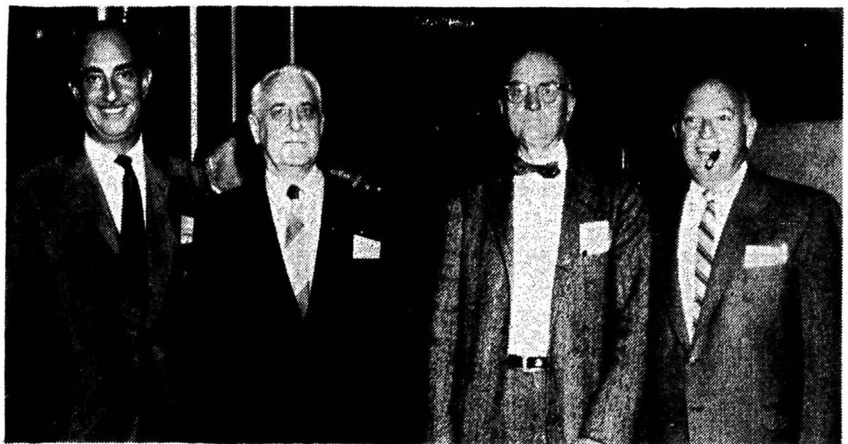
Nat Greene, *Andrews, Posner & Rothschild;* Sig Saxe, *Russell & Saxe,* Russell Safferson, *Russell & Saxe;* Les Gannon, *Peter Morgan & Co.*

Ralph Power, *Montgomery, Scott & Co.;* Walter Johnson, *G. A. Saxton & Co., Inc.;* Carl Stolle, *G. A. Saxton & Co., Inc.*



Harry Stillman, *Greene and Company;* Conny Sheridan, *Mitchell & Company;* Harold Noke, *Francis I. du Pont & Co.*

Sid Jacobs, *Sidney Jacobs & Co.;* Irving Greene, *Greene and Company;* Milton Pauley, *Troster, Singer & Co.;* Tom Greenberg, *C. E. Unterberg, Towbin Co.*



Milton Capper, *Capper & Co.,* Jersey City, N. J.; Dick Shipman, *Leslie Securities Corporation;* Dave Mitchell, *Hill, Thompson & Co., Inc.;* Sam Weinberg, *S. Weinberg & Co.*

Dick Roberts, *R. C. Roberts & Co;* Alex Zebertovich, *New York Hanseatic Corporation;* Jim Canavan, *Burke & Company;* Harry Casper, *John J. O'Kane, Jr. & Co.*

Anna Mae Thomas, Head Hostess at the Antlers; Charles Carroll, Proprietor of the Antlers, where the beefsteak dinner was held (67 Wall Street)

George Dedrick, *McManus & Walker;* Charles F. Preller, *Eastman Dillion, Union Securities & Co.;* Murray Barysh, *Ernst & Co.;* Al Haig, *Reynolds & Co.*

Lee Sherman, *L. D. Sherman & Co.;* Bill Sabah, *Winslow, Cohu & Stetson;* Herman Frankel, *Singer, Bean & Mackie, Inc.;* Joe Conlon, *Grace Canadian Securities, Inc.;* Eddie Ruskin, *Singer, Bean & Mackie, Inc.;* Joe Donadio, *Wm. V. Frankel & Co. Incorporated*

Ray Forbes, *Shearson, Hammill & Co.;* Jules Bean, *Singer, Bean & Mackie, Inc.;* Dick Abbe, *Shearson, Hammill & Co.;* Arthur Burian, *Daniel F. Rice and Company;* Frank Kane, *Ernst & Co.*

Held October 17th, 1956

Tony Picon, *John C. Legg & Company;* Soren Nielson, *Tucker, Anthony & R. L. Day;* Charles O'Brien Murphy III, *Pearson, Murphy & Co., Inc.*

Joe Krasowich, *Gregory & Sons;* Charles Zingraf, *Laurence M. Marks & Co.;* Irvin Kerr, *Vanderhoef & Robinson;* Irving J. Silverherz, *Hay, Fales & Co.*

Irving Stein, *Capper & Co.*, Jersey City, N. J.; Jim Siepser, *Shaskan & Co.;* Doug Alexander, *Joseph J. Lann Securities, Inc.;* Bernie Weissman, *A. Trent & Co.*

Tom Mullins, *White, Weld & Co.;* Barney Conlon, *P. F. Fox & Co., Inc.;* Cy Murphy, *John C. Legg & Company;* Hank Serlen, *Josephthal & Co.;* Dave Wittman, *Arthur M. Krensky & Co., Inc.*

Louis Weingarten, *Herzog & Co.;* Jerry Monahan, *Edward A. Purcell & Co.;* Wilbur Krisam, *John C. Legg & Company;* Jerry Hulsebosch, *Godnick & Son;* Julie Brown, *Oppenheimer & Co.*

Leon Dorfman, *Goldman, Sachs & Co.;* Bill Tetmeyer, *Dominick & Dominick;* Jim Durnin, *H. D. Knox & Co., Inc.*

Martin King, *Sutro Bros. & Co.;* Bill Thompson, *Greene and Company*

John Meyers, *Gordon Graves & Co., Inc.;* Frank Pavis, *Charles E. Quincey & Co.*

Ed Ganser, *First of Michigan Corporation;* Harry Peiser, *Ira Haupt & Co.;* Jesse Heidingsfeld, *Ira Haupt & Co.;* Sheldon Meisenberg, *Ira Haupt & Co.*

Jack Wielar, *Starkweather & Co.;* Jim Brewer, *John C. Legg & Company;* Wilbur Wittich, *Grimm & Co.;* Joe Titolo, *Harris, Upham & Co.*

Large Membership Attendance

Joseph Carucci, *J. K. Rice, Jr. & Co.;* Jim Torpie, *Torpie & Saltzman;* Dave Saltzman, *Torpie & Saltzman;* Mel Wien, *M. S. Wien & Co.,* Jersey City, N. Y.

Ed Whiting, *Carl M. Loeb, Rhoades & Co.;* Bob Topol, *Greene and Company,* Jersey City, N. J.; Frank Walters, *Cosgrove, Miller & Whitehead*

Ken Stanford, *F. S. Smithers & Co.;* Frank MacKain, *Ingalls & Snyder;* Bob Henderson, *Harris, Upham & Co.;* Jack Blockley, *Harris, Upham & Co.*

Ed Zinna, *Smith, Barney & Co.;* Mike Heaney, *Michael J. Heaney & Co.;* Elbridge Smith, *Stryker & Brown;* Frank Ronan, *New York Hanseatic Corporation;* Charles Lye, *Riter & Co.*

Ed Jacobs, *L. D. Sherman & Co.;* Roy Larson, *H. D. Knox & Co., Inc.;* Jack Sammon, *John J. O'Kane, Jr. & Co.;* Larry Lyons, *Allen & Company*

John Butler, *First Boston Corporation;* Fred Owen, *First Boston Corporation;* Howard Browne, *Tweedy, Browne & Reilly*

A. A. Geller, *Allen & Company;* Sid Siegel, *Siegel & Co.;* Pete Brochu, *Allen & Company;* Libby Palmero, *Greene and Company*

Jerry Aronson, *Bernard Aronson & Co.;* Stanley Shaw, *Josephthal & Co.;* Aaron Netburn, *New York Hanseatic Corporation*

Ted Plumridge, *Eastern Securities, Inc.;* Dick Roberts, *Roberts & Co.;* Joe Moore, *Clark, Dodge & Co.;* Joe Craig, *Goodbody & Co.*

Walter Saunders, *Dominion Securities Corporation;* Sam Magid, *Hill, Thompson & Co., Inc.;* Joe Eagan, *Frank C. Masterson & Co.;* Ross Yunker, *A. M. Kidder & Co.;* Bob Kullman, *John J. O'Kane, Jr. & Co.*