CANADIAN INVESTMENT OPPORTUNITIES FEATURED

APR 2 1957

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 185 Number 5624 New York 7, N. Y., Thursday, March 28, 1957 Price 40 Cents a Copy

EDITORIAL

As We See It

Senator John F. Kennedy in a public address in this city late last week expressed the opinion that we could have a sound foreign policy "if our foreign policy makers can take the public into their confidence, and at the same time have the courage to resist unwarranted public pressures—if they can have the ability and the determination to state the facts and alternatives facing us, however unpleasant they may be—if they can refuse to bid for the votes of the pressure groups and the uninformed by means of shortcut promises, meaningless slogans and half truths . . ." This is not a small order for foreign policy makers, but even so it fails by a wide margin to embrace all the difficulties by which all those who must make foreign policy are faced.

The able Senator himself at another point speaks of "myths and areas of ignorance" which stand in the way of the formulation and pursuit of wise public policy. "Many American high school students are still taught an exaggerated nationalism; sincerely believe that practically anybody in the world, if given a free choice, would rather be American than anything else." How many citizens of this country got such ideas in high school classrooms, we have no way of knowing, but it is common knowledge that ideas of this provincial sort are very widespread throughout this land of ours. This bit of naivete might be considered harmless enough but for the fact that, in conjunction with other similar and

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Banking in a High Level Economy

By GEORGE CHAMPION*
President, The Chase Manhattan Bank

Depicting taxation as a far more formidable threat to small businesses than tight money, leading New York banker contends small firms are not being discriminated against by current bank credit policies. For many companies, including small businesses, Mr. Champion sees no tax reduction in the offing and, thus, states it is vitally important for bankers to stay in the business of medium term loans, or see increasing government intervention such as the Small Business Administration. Doubts interest rate level will return to 2%-3% range; sees over-extended instalment credit righting itself; and urges maximum freedom possible under a flexible monetary policy, and, if controls must be had, general instead of selective controls.

I would like to discuss some of the challenges, the responsibilities and problems that arise from banking in a high level economy. These challenges, and the responsibilities that flow from them, have grown ever more pressing in the past few years, and they confront not only those of us who are bankers, but also you who are leaders of commerce and industry. Banks, after all, deal with an exceptional product which provides the very lifeblood of our free economy. How that lifeblood can be used most effectively is the responsibility of all of us here, and we are called upon continually to account for our stewardship before the bar of public opinion. It is no secret that there are still those in America who do not believe that our economy should remain free—who would like to have business and bank-

George Champion

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*An address by Mr. Champion at the Executive Club of Chicago, March 22, 1957.

Canada: A Dynamic Economy Propelled by Rich Resources, Broad Markets, Sound Money

By IRA U. COBLEIGH

A springtime look at the productivity of this vast commonwealth, an expanding deliverer of pulp and petroleum, furs and fish, timber and titanium, asbestos and aluminum, coal and copper. We also present a tabulation of major Canadian stocks with an impressive and sustained record of dividend payments for as long as 128 years.

Springtime in the Rockies (Canadian) this year will be graced by a lot of new altitudes in the Canadian economy; population above 16 million, five corporations with assets above $2 billion; oil reserves above 3.2 billion barrels and 20 trillion CF of gas; 2,900 miles of new gas pipe lines under way; and signed uranium production contracts exceeding $1,600,000,000. For anyone fascinated by economic forward motion, writing about Canada is fun. No highhanded dictators, no inflation, a marvellous branch banking system, rising living standards, low national debt, no basic tax on capital gains, and a people solvent, energetic, prudent and progressive, plus almost limitless natural resources—all these make Canada great and are making it greater. There is nothing make believe in this Maple Leaf prosperity.

Transportation Facilities

As was true last year, the Canadian accent in 1957 is again on transportation. The 43,000 miles of railway make Canada the third nation in the world (after the United States and the Soviet Union) in rail mileage. Its two main airlines, Trans-Canada (publicly owned) and Canadian

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PICTURES IN THIS ISSUE—See Pictorial Section for Candid Photos taken at the 25th Anniversary Dinner of the TORONTO BOND TRADERS' ASSOCIATION.

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
Forum Participants and Their Selections

The Standard Products Company—Howard R. Cuozzi, Assistant Investment Secretary, Phoenix of London Group, New York City. (Page 2)

The First National City Bank of Akron, Ohio — Wilbur Fisher Kurtz, Proprietor, W. F. Kurtz & Co., Cleveland, Ohio. (Page 2)

HOWARD R. CUOZZI

Assistant Investment Secretary
Phoenix of London Group
New York City

The Standard Products Company

(My comments on this security are made as a private investor and not as a representative of the institution with which I am associated.)

In a market which is demanding more of present values in terms of both yield and earnings, the Standard Products Company common stock selling for about 15½ on the American Stock Exchange stands out.

Here is an equity providing a generous yield (6.5%) while selling on exceptionally conservative multiples of past and potential earnings. At its current price level SPD sells for little more than six times the $2.50 expected to be earned for the fiscal year to end this June 30. Even more striking is the relationship of the present price to possible fiscal 1958 earnings of over $4 per share.

Howard R. Cuozzi

Standard Products is the world's major producer of automotive window channel. This is a product made of pile fabric and rubber bonded to a perforated steel tape which cushions the glass and provides a seal against weather. The entire assembly the channel fits into is now also made by the company. The 1957 model cars feature for the first time window channel made by Standard's new exclusive electrostatic flocking process. It is estimated that Standard produces approximately 50% of the requirements of the automobile industry for window channel.

But the Standard Products story has not been only window channels, successful as the company has been in this phase of their operations. Working in cooperation with the major automobile manufacturers, the company's aggressive research and development program has brought forth many other important products. Standard's research, engineering and development expenditures have shown the following increases in recent years:

Research and Development Expenses

1956	$754,442
1955	548,846
1954	448,686
1953	219,679

Mr. Beecher B. Cary, Director of Engineering and Research, recently stated that these expenditures will again increase this year and are currently running about 2.1% of sales. This would indicate expenditures of approximately $900,000 in fiscal 1957.

The success of this program is apparent when one discovers that only 33% of current sales are of window channels. The company now averages $4.82 of parts for every car produced, almost double the $2.84 worth of parts sold for every car produced in 1952. Dr. J. S. Reid, Standard's President, stated in January that he believes a figure of $10 per car is well within reach.

New products which have been added to Standard's line within the past two years include the famous safety lock first introduced in 1955 by Ford (door hardware now represents 13% of total sales for SPD) and the push button transmission assembly on the 1957 Mercury.

The trend toward the use of more aluminum in automobiles was recognized at an early date and the company recently expanded anodizing facilities for this metal. As a result, grilles for two cars in the big three are being produced for the 1957 models.

Almost all of the company's sales are to the big three automotive producers. Approximately 38% goes to Ford, 37% to GM and 17% to Chrysler; 4% goes to independents and 4% to other manufacturers.

The formula for growth, as Dr. Reid recently remarked, has been diversification within the automotive parts industry where Standard's experience counts. He says they would rather take this avenue to expansion than seek diversification in uncharted fields. Dr. Reid feels that the automobile parts field, although greatly competitive, offers many opportunities to a forward thinking company such as Standard Products. He discounts the threat of integration by the automotive manufacturers and says that although there will always be some integration, particularly of the larger parts, there has been and will continue to be a real need for the engineering and manufacturing facilities of the independent parts maker who can help reduce costs and improve

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WILBUR FISHER KURTZ

Proprietor, W. F. Kurtz & Co., Cleveland, Ohio

The First National Bank of Akron, Ohio

It was in March, 1952, that the success story of the First National Bank of Akron, Ohio, was first presented to the readers of the "Chronicle."

At that time some of the things mentioned were that any stock recommendation had to be conservative and yet give a reasonable return on the funds invested; have growth possibilities and yet not be speculative: have reasonable possibilities of increasing value and dividends over the years; be moderately priced in relationship to actual present value and be something which ten years from 1952 would probably be selling for substantially more than the then current market of about 22.

W. F. Kurtz

The record of the bank and its capital stock over the past five years is graphically portrayed in the accompanying table.

The regular cash dividend rate continues at the conservative $1.00 per year but there have been some extra benefits given the shareholders in the intervening five years. In 1956 rights to purchase additional stock at $20.00 per share were given the shareholders in the ratio of 1 new share for each 19 held and a 5% stock dividend has been approved by the shareholders which should be distributed about April 1 of this year. The rights were worth about $1.00 per share in 1956 and the stock dividend worth about $2.00 in 1957.

Furniture and fixtures are carried at $1.00 and I estimate the actual value as somewhat over $1,000,000. Bank premises are carried at $2,133,854 and included in this figure besides 11 branch offices is the 28-story modern main office building in the heart of the business district of Akron. This building in 1948 had an estimated replacement value of $5,000,000 and you estimate your own figure for replacement value now.

It is particularly noteworthy that over the years this bank has started from scratch in 1934 to a position over twice as large as any other Akron bank at this time. The location of branch offices around Summit County has proceeded to a point where the bank gives county-wide coverage, including branch facilities strategically located to service the Ford, General Motors and Chrysler Corporation's new plants in the northern part of the county and one location in the southwestern part adjacent to a prospective new industrial development.

The management of the bank has consistently shown an intelligent and aggressive policy in operations as well as in promotion and in my opinion will continue along this line. It seems to me this continues to be a growth situation with brilliant future prospects as well as a sound present.

It seems to me that First National Bank of Akron stock is particularly suited to the conservative type of individual investor who is not so much interested in high current returns as he is interested in capital appreciation. In 1956, for example, the bank paid in cash dividends just $1.00 a share out of net earnings of $3.90 per share.

It seems likely to me that the policy of paying out a relatively small portion of earnings and plowing back the major portion is apt to continue because the bank is still growing so rapidly it needs to retain the major portion of earnings.

The stock would also be suitable for trustees but because of the small floating supply of stock, it would be impractical for insurance companies or large-scale investors to attempt to do very much with it.

The stock is traded in the Over-the-Counter Market and the major markets are in Cleveland and Akron.

	Dec. 31, 1951	Dec. 31, 1956
Deposits	$159,074,429	$230,970,108
Capital stock	3,500,000	4,000,000
Surplus, undivided profits and reserves	5,507,090	10,177,779
Book value (exclusive of reserves) (adjusted)	20.69	33.16
Net earnings after tax	812,617	1,560,881
Net earnings after tax per share (adjusted)	2.03	3.90
Offices	4	12
Approximate market price (before stock dividend)	22	41

The Oncoming Inflationary Crisis And the Inflationary Mentality

By DR. G. C. WIEGAND
Professor of Economics, Southern Illinois University

After defining inflation as the "fiscal, monetary and general economic forces which produce higher prices," Illinois Economist concludes from his analysis of post World War II data that our chronic inflationary pressures, even with the distinct possibility of a temporary recession, are knelling an approaching inflationary crisis. Professor Wiegand detects little difference between "Modern Republicanism" and "New Deal" welfare state psychology; warns of the consequences of further dollar depreciation and expropriation of American savings; refers to an observation by Keynes, shortly before he died, that "there is also danger in inflation", and avers no lasting prosperity can be built on price-inflation economy.

In recent weeks, Washington has become increasingly concerned about the continued rise in the cost of living, but even today the White House and Congress do not seem fully aware of the complexity of the problem. For more than 15 years, America has drifted deeper and deeper into inflation, until today our whole economic, social and political system is infected by an inflationary mentality, and we are approaching a point where the foundations of our economic and social structure are threatened.

G. C. Wiegand

About a year ago, the well-known Swiss banker-economist Felix Somary, raised the question: "Is a crisis in America unavoidable?"

"It could be avoided," he concluded, "on the indispensable condition that the government renounces its fear of the public and finds the courage to express and act upon its convictions. This, in the democracies of our time, seems to me no longer possible. The arrogance of the employers, and the trade union leaders' greed increase with each inflationary wave; both permit themselves to be carried along comfortably by ever more rapid currents, without giving a thought to the end. The governments are but obedient slaves of the 'inflationists' . . . If the public lacks inside, those who should rule it lack courage . . . The inflation is veiling a fact; that America is living beyond its means . . . Crises come precisely when—and because—the mass of men will not believe in them."[1]

Fifteen Years of Inflation

Most Americans, even those who deplore the inflationary trend of the past 15 years, refuse to share this pessimistic view, and four years ago, with the advent of the Eisenhower administration, there seemed to be a chance that the inflationary course would be changed. As Secretary of the Treasury Humphrey assured his listeners:

"We in the Eisenhower Administration have made halting inflation one of the principal goals of our Administration . . . We will not be rising on the hot, uncertain air of inflation. Nor will we be wearing the false rose-colored glasses of a prosperity based on unwise and dangerous government deficit spending, treachous alike to the nation's security and its economic health . . . We have turned our backs on artificial stimulants.[2]

The effort to achieve monetary stability, however, was short-lived. While Secretary Humphrey thought economic commonsense and fiscal honesty would eventually win the support of Congress and the American people, his policies did not even prevail within the cabinet.

The Inflationary Psychosis

The inflationary forces which undermine the Western World of today — the same forces which were at work 1,700 years ago during the decline of the Roman Empire—could be overcome, if the people recognized the dangers and were prepared to fight them. The fact is, they are not. Our civilization is living more and more for the moment, trying to anticipate today the pleasures of tomorrow. Why save, if savings are likely to be expropriated through taxes or inflation? Why wait for the day when we can afford a car, or a house, or a TV set, if we can buy these things today on credit. It is no longer enough that our economy grows 2-3% annually; people call for a 4-5% growth rate. Wages must rise faster than productivity; the standard of living faster than income.

"Prosperity" and Inflation

Paired with this "impatience factor," as Mr. Roy L. Reierson has called the modern spending psychosis, goes the apathy of many Americans to whom the word "inflation" does not connote suffering and chaos, but "prosperity." As Mr. Allan Sproul ex-

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1 The complete speech entitled "Crisis for America," was published in "Train," The Vandon Press Ltd., London, June 1956. Extracts appeared in "The Commercial and Financial Chronicle," July 26, 1956.

2 New York speech by the Secretary of the Treasury Humphrey on Oct. 21, 1954. Extracts in "Monetary Notes," Dec. 1, 1954.

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CANADIAN INVESTMENT OPPORTUNITIES

Article starting on the cover page, "Canada: A Dynamic Economy Propelled by Rich Resources, Broad Markets and Sound Money," discusses the investment opportunities inherent in Canadian securities and, by way of documenting the views presented, includes a tabulation of the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 128 years (Table I) and from 5 to 10 years (Table II), along with other data of interest to investors.

Articles and News Page

Heard at Prospectors & Developers Assn. Convention

The following addresses in this issue were delivered at the 25th Annual Convention of the Prospectors and Developers Association Convention in Toronto:

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, March 28, 1957

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

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

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

Subscription Rates

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

Other Publications

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

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

International Harvester Company

Down the Highway, Down on the Farm, and Down Through the Years

By IRA U. COBLEIGH

Enterprise Economist

A springtime look at our largest manufacturer of farm machinery, and third largest truck producer.

April 4, 1957, will be quite a milestone for International Harvester. That date will mark its 50th Anniversary in truck manufacture, an event to be suitably commemorated by a televised sales meeting for 6,500 International truck dealers through live telecasts to 48 cities.

Ira U. Cobleigh

Just roll back the pages of history, if you will, to April, 1907. Theodore Roosevelt was President, and Oklahoma, Arizona and New Mexico had not yet joined the Union. Autos were in their infancy and trucks, more so. The annals of that year reveal a total production of 1,000 motor trucks of which International Harvester produced 73. The word truck has to be stretched a bit to define what you would have seen on the roads, or rather in the ruts, of that era. As a matter of fact the word "trucks" didn't come into use until 1910, and the International Harvester Company 1907 models turned in its Chicago factory, were known as "IHC Auto Wagons" — high wheeled, hard tired buggies with a 20 mph. top speed, built primarily to haul farm produce to market. Not a scintillating vehicle, but a start. 725 Auto Wagons were built in 1908 and, with the introduction of an assembly line, 2,465 were turned out in 1909, and International, as a major truck producer of the nation was on its way.

International kept on passing milestones by trucks — low wheeled, higher speed trucks (still with hard tires) in 1915; the first truck to scale Pike's Peak, in 1916; pneumatic tired "speed" trucks in 1921; 100 armored trucks built for Brink's in 1925; multi-stop retail delivery trucks in 1938; and, in 1940, a complete line ranging from ½-ton pick-ups to giant six wheelers carrying as much as any highway would permit. In 1940, 86,626 trucks were built; by 1948 this production had almost doubled (165,600 units).

In 1952 the first LPG powered trucks were turned out, and by 1955 the panoramic IHC line (the R-line) had expanded to 168 chassis models in 296 wheelbases, including "four wheel drives." Altogether IH has built 2,610,441 trucks of which about 1,100,000 are presently licensed and in use; and for the past 25 years it has led the field in heavy duty models (16,000 lbs. gross vehicle weight, and over).

Now if you feel that we've dwelt too heavily on IHC truck output, that has been done for two reasons: (1) to salute the 50th Anniversary aforementioned, and (2) because, contrary to a general impression, trucks and not farm implements are the major International product, accounting in fiscal 1956 for 46% of sales.

About farm machinery IHC has for decades offered a complete line—tractors, reapers, cultivators, spreaders, etc., but sales to the farm market have been in a downspin that has lasted for more than five years. This has been due to an agricultural over-production that has become almost chronic in this country; an over-production that at first induced heavy farm machinery producers to raise output; and thus set in motion overcapacity among implement makers. To this situation has been added drought conditions in western farm states lasting, in some instances, for years. Right now the outlook, however, appears to have improved. Farm prices rose in latter 1956, the soil bank program should help; and new equipment models offer considerable advances in farm efficiency. So some upping of agricultural equipment sales (which in fiscal 1956 were 29% of total) should occur this year.

Construction equipment business, accounting for 17% of sales in 1956, started off well but slipped in February, so much so that as of April 1, production of crawler tractors is to be curtailed until sales catch up with production. IHC has a very complete line of construction equipment—crawlers, graders, scrapers—and in the long run stands to benefit importantly from the much heralded Federal Highway program. But the velocity of this program has been frankly disappointing, and it now appears that a major sales upswing from this source may not occur until into 1958.

Steel, pig iron and coke comprised, in 1956, 5% of sales, and military products less than 4%. The refrigerator end of the business was sold last year for $19 million.

Altogether IHC is one of our major integrated industrial enterprises carrying its manufacture through from its own coal mines and steel mills to finished engines, tractors, trucks, machinery parts, etc. Since 1950 net sales have exceeded $1 billion in each year, except 1954.

On the financial side International Harvester has for years been a tower of strength. Its balance sheet at the 1956 fiscal year end (Oct. 31) revealed net working capital of $425 million.

Capitalization consists of $100 million in a long term insurance company loan, at 3½% (a very satisfactory interest rate); 816,724 shares of $7 preferred, a non-callable blue chip whose market follows interest rates rather than the Dow-Jones Averages; and 13,875,493 common shares listed on N.Y.S.E. under the symbol HR and selling currently at 36. Relating this price to the $2 dividend which has been paid each year since 1951, we obtain a current yield of 5.55%.

For the present, or prospective shareholder in International Harvester, consideration of this mature equity centers around the stability of its past performance, and the possibilities for substantial improvement in sales and earning power in the future. Historically HR has not been a volatile market performer having ranged, since 1950, between a low of 24½ and a high of 41⅝. On grounds of dividend durability, however, HR gets a high rating since it has delivered cash distributions to stockholders, without interruption, since 1918, generally paying out a little over 50% of net. The common was split 3 for 1 in 1948.

The future of the company centers around the sustained magnitude of truck sales and manufacture, the excellent long term prospects for expanding business in heavy construction and road building, long run rise in agricultural demand, widening vistas of business abroad, plus continued increase in parts and replacements as more and more IHC units are in use.

International really lives up to its billing, by the extent of its business throughout the world. Dealer, distributor, and service organizations in the U. S. and abroad handle the IHC line in some 140 countries. There's a truck factory in Australia and assembly plants in Mexico, the Philippines, Belgium, Argentina and South Africa. Dividends from foreign subsidiaries have been important; and the unremitted equity in net incomes of subsidiaries in fiscal 1956 was almost $14 million, or roughly $1 a share before American taxes.

For 1957 a note of restrained optimism is evident from an earlier projection by John L. McCaffrey, Board Chairman: "Appraisal of the prospects for the different parts of our business in 1957 indicates the likelihood of a good year . . . The biggest problem in our business in 1957 . . . will be rapidly rising costs and the squeeze thereby put upon profits." Prices were increased 5% in September of 1956, and while 1957 will not be the best in company history, we would estimate sales in the order of $1,175,000,000 and a per share net of possibly $3.40. On such assumptions today's buyer of HR at 36 will be paying 10½ times net earnings, and may look forward to the continuance of the $2 dividends with considerable confidence. This is IHC's 50th year in trucks, and its 40th in dividends.

Joins Weston W. Adams

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robert B. Flemming has become affiliated with Weston W. Adams and Company, 55 Kilby Street, members of the New York and Boston Stock Exchanges.

MacNaughton-Greenawalt Adds Morton O. Donley

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich.—Morton O. Donley has joined the staff of MacNaughton-Greenawalt & Co., Michigan Trust Building, members of the Detroit and Midwest Stock Exchanges.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Kenneth Lloyd has joined the staff of Walston & Co., Inc., Mile High Center. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Observations . . .

By A. WILFRED MAY

WITHOUT APOLOGY FOR SEX

Stock Exchange President Funston's current statement calling attention to the recent substantial increases, absolute and relative, in the number of women becoming affiliated with member firms has, of course, elicited much popular interest and publicity. This news story, with its theme of sex distinction conforms to the American foible of emphasizing superficial or irrelevant characteristics (as with the visiting Mayor of Dublin). Moreover, it demonstrates the financial community's persistent proclivity to raise the arbitrary sex issue in areas extending from shareholding to corporate directorships. Surely a Board nominee's qualities of financial knowledge, trustworthiness, managerial know-how and the like are more important than sex classification. The persistent sex distinction by authoritative sources is unwittingly furthering wholly artificial and unjustified pressure-groupism.

Josie Balaban

The artificiality of the male-female categorization will be clearly demonstrated by a simple look—without benefit of psychoanalysis—at the motives, abilities, and ambitions of the most recent of Mr. Funston's women registered representatives. Daughter of A. J. Balaban of Balaban & Katz, pioneers in the motion picture industry whence stemmed Paramount Pictures and its successor enterprises, Josie Balaban was born in cosmopolitan Chicago 34 years ago. Brought up in Switzerland, her education (co-ed. if you please) was taken care of by schools in Geneva, with subsequent training as a concert pianist. After completing her stint of musical studies (in a thoroughly normal manner), she made a successful piano debut in the Concert Theater of the Chicago Opera House at the healthy post-childprodigy age of 18.

This event occurring a few days after Pearl Harbor, and realizing how much easier it would be to cart a voice than a piano around army camps, our trouper switched her metier to singing for the boys.

After further performing, and intensive studying postwar, followed by the winning of a major competitive audition under a nom de plume, Miss Balaban opened a major engagement at New York's Number One Fifth Avenue room as a self-accompanied chanteuse specializing in French chansons. Following an avalanche of bullish acclaim ("Josie Balaban Makes Good On Her Own"—*Variety*), she then packed them in at Chez Vito, the swank supper club in Manhattan's East Sixties. Here again she was inundated with enthusiastic press notices. But now our ambitious careerist feeling that a musical success, while glamorous, did not represent the means to long-term constructive achievement, broke it off for a lifetime of business.

Jumping in to exploit the TV film demand, she soon became coproducer of Hollywood Preview, an original routine for showing pre-production scenes from new pictures, and interviews with guest stars and Hollywood personalities. Soon one of the leaders in this area of the industry, she really came into her own as a business executive as Vice-President in charge of sales of four corporations. Making money in business, she now had come to realize, must be the interest of her life—along with Danny, her 10-year old son.

Then one fine day our guinea-pig got a phone call (quite fateful, as is now apparent). It was from a stranger describing himself by the esoteric-sounding term of mutual fund distributor, who had gathered her to his sucker list at the suggestion of one of the pianists of the One Fifth Avenue days. After subjection to a concentrated two-hour session of Mutual Fund explanation, our salesman's choice prospect was so impressed with the Fund as the ideal medium for the individual's savings, that she decided this was *the* business she had been looking for—but as a seller, not a customer. Making short shrift of a preparatory course clarifying the intricacies of Load, Capital Gain, Open-End, Closed-End, Redemption, etc., Miss Balaban soon grabbed off a perfect 100 mark on an NASD examination licensing her as a mutual fund representative.

While awaiting the finalizing of her NASD license, our subject was approached by the Stock Exchange member firm of Osborne and Thurlow, who were intrigued by reports of her high examination mark and enthusiasm. Convinced that this would give her the opportunity to serve both people who should and should not buy Funds, and generally widen her scope of operations, she resolved to become one of those fully registered representatives.

Soon after joining up, Miss Balaban passed the Stock Exchange's Mutual Fund examination; took a variety of courses at the New York Institute of Finance, passing the Exchange's Registered Representative examination with a mark of 91.

P.S. — There are two other customers' brokers who happen to be of Miss Balaban's sex, with the firm, Miss Ellen Hinkle who has a broad research background, and Mrs. Erna Hunter who is a Canadian securities specialist, are likewise normally dedicated to investment as a lifetime business career.

All three of these *individuals* firmly report that midst their conventional workaday activities, they are completely unaware of representing a sex statistic!

The State of Trade and Industry

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

No change was noted in over-all industrial production in the period ended on Wednesday of last week from the level of the preceding week, but output moderately exceeded that of a year ago.

Appreciable year-to-year production gains occurred in coal, petroleum, automotive and electric power industries.

Reports from Washington this week state that the climbing cost-of-living will bring wage boosts of one to two cents an hour to some 135,000 workers, most of them in the aircraft industry.

The Bureau of Labor Statistics added the pay increases will result from the February rise of 0.4% in its consumer price index. New living cost increases pushed the index up to 118.7% of the 1947-49 average, setting a new high for the sixth straight month.

Contracts of the affected workers call for hourly pay increases as the index goes up.

Higher prices for food and housing accounted for most of the rise in living costs, the Bureau noted. However, all other major groups of goods and services except apparel also increased.

On the employment front increased layoffs were reported in the apparel, textile, construction and food processing industries with claims rising most noticeably in California, Ohio and Michigan.

Unemployment insurance claims by newly laid-off workers went down by 23,400 to 212,400 during the week ended March 16, the Bureau of Employment Security reported.

The decline was occasioned by a seasonal pickup in construction and other outdoor activities. The total of new claims was about 600 above the figure for the like week of 1956, the Bureau further noted.

Insured unemployment went down by 41,700 to 1,664,000 during the week ended March 9, it declared. The total for the similar week last year was 1,530,600. Recalls to work in seasonal industries were responsible for most of the decline, the Bureau stated.

Higher costs coupled with the 34-day strike hurt steel industry earnings in 1956. While dollar profits were slightly higher than in 1955, income on sales was off nearly 8%, according to "The Iron Age," national metalworking weekly.

The annual "Iron Age" financial analysis of steel indicates that higher steel prices apparently came too late to offset the cost of the strike and increased labor and material costs. The analysis covers 28 steel firms representing 93% of industry ingot capacity.

Some large steel firms made fewer dollars in 1956 than in 1955, while others made more. The net result was an increase of 0.8% in dollar earnings on sales that were 8.5% higher. Net income as a per cent of sales was off 7.7%.

Profits per common share dropped to $6.69 in 1956, from $7.24 the previous year, but common dividends declared were up 23%. Net income as a per cent of investment was off 5.3%. Reflecting the industry's expansion and modernization program, invested capital rose more than 7%.

Meanwhile, demand for some steel products continues weak, although heavier products are still in strong demand.

Some auto companies are unloading sheets through brokers. And part of this odd-lot material is finding its way into the market at below mill prices. The competition has forced some warehouses to meet these prices, this trade weekly states.

Despite price maneuvering and hard selling in the weaker products, the mills generally are looking for an upturn in May and June.

The auto companies apparently have not been able to get their steel inventories down to where they want them. The problem is that poor sales are forcing production cuts which automatically upgrade inventories in terms of days, concludes "The Iron Age."

The auto industry has cut its April-June production schedules to a point 11.1% below January-March compared with an originally planned reduction of 4.6%, "Ward's Automotive Reports," stated on Friday of last week.

The downturn stems from failure thus far of the Spring sales upsurge to materialize and puts the industry's April-June program at 1,600,000 passenger car completions compared with 1,800,000 for January-March.

"Ward's" said the cutback virtually by-passes Chrysler Corp., and its operations in Detroit area, and finds the auto makers' second-quarter target running fully 10.3% above the 1,450,000 recorded in the same period of 1956.

The current output adjustment coupled with the even pace of January-March retail sales, the statistical agency said, puts the industry in line with a 6,000,000 auto year in 1957, fulfilling predictions made at the outset of the 1957 model year that forecasts of 6,500,000 to 7,000,000 sales were overly optimistic. Output in 1956 was 5,801,000 passenger cars in the United States.

An estimated 162,610 vehicles were anticipated off the assembly lines, the past week, the statistical publication said, compared with 161,904 in the prior week and 154,977 the same week a year ago, but truck output prompted the gain.

Scheduling six-day operations last week were three Ford division car plants, seven Ford truck plants and Mercury's Metuchen, N. J., facility. Chrysler Corp. also planned to work Saturday at its Plymouth and Chrysler-Imperial plants in Detroit. Chevrolet output also gained.

"Ward's" noted a drop in Buick, Oldsmobile and Pontiac output last week, with Oldsmobile at Lansing, Mich., restricted to four days. Also limiting its production to four days the past week was Lincoln. Meanwhile, Chrysler's Los Angeles assembly operations were idle the entire week, following the March 15 strike.

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Savings and the Stock Market —Is Thrift a Virtue Again?

By ARMAND G. ERPF*
Partner, Carl M. Loeb, Rhoades & Co.,
Members New York Stock Exchange

Following our quarter-century experience with securities legislation, Col. Erpf urges undue restraints on legitimate securities salesmanship be relaxed; procedures be set up to encourage foreign corporations to raise capital here; registration procedures for small business simplified; and risk ventures be encouraged. Advocates giving life insurance companies and savings banks same latitude as pension funds for equity investment. Although believing high interest rate may adversely affect equities, concludes market will be dull and static, warranting long-term confidence.

We in Wall Street are accustomed to scanning the horizons from our watchtower, nervously, if you will, but nonetheless with realism. It is attractive and romantic to behold the vistas which are opening up before us, but this is not enough; we have to do something about it. We are in the midst of many basic developments, each of which is virtually a revolution in itself and will have profound impact upon our society and our economic well-being. The explosive increase in population in a highly industrialized nation with a high standard of living; the use of electronic equipment to multiply human energy in manufacture, in research, and in control; atomic power and its ancillary implications; the jet age compressing space and time; new metals and metallurgical processes and radical innovations in mineral exploration and discovery methods, just to mention a few, will all require realism to bring to proper fulfillment.

Armand Erpf

Along with the imagination and the brilliance of discovery and the technical organization and discipline, there is required the sinews of finance to tie these things together into tangible structures, or as the Germans would say, to give them Gestalt. This is our job in the financial community. Hence I mean to discuss briefly and make sundry observations on the passing show and the channelling of savings into corporate investment and venture capital. In a word, savings in relation to securities and the stock market.

In the financial community we get along with a minimum of economic theory and that little which we absorb in the course of our work is the result of prodigious trial and error, painful experiences, and profitable excursions. As such, it has a heavier imprint on our souls than might otherwise be the case. In Wall Street thrift has been neither a virtue nor a vice but simply a necessity, for without savings we could scarcely break even and with plentiful savings we can make a lot of money and even attempt large-scale creative financing. This is the lifeblood of the stock market and of corporate capitalism.

Prior to the great depression and Keynes, thrift was an unquestioned virtue and the saving of money all along the line was considered laudable, regardless of conditions; and of course this coincided more or less with the era of little or no income taxes. Even when severe problems of underconsumption and over-capacity were engaging our attention, savings were desired to balance out segments of the economy to provide employment. As background music, therefore, the savings tune has always been with us, although soft-pedaled at times. Now it seems to be moving to a crescendo. Efforts in our time to improve the rate of savings and channel them in the right direction have, as far as I can see, largely been resisted by the powers that be, and even by some of the beneficiaries.

Let us look at some of the forces and factors with which Wall Street has to contend in the handling of savings. After all, Wall Street is probably the single greatest savings institution in the country having to do with volatile, dynamic, and venture investments.

First on the list are the Securities and Exchange enactments which followed the chaos out of which the New Wall Street was born. These were supposed to encourage investment in an orderly and decent fashion by making crooks honest and the gullible public wise. The objective of turning Wall Street from a Monte Carlo to an intellectual and professional financial staff and a mechanism for the channeling of savings has everybody's endorsement, but since the Act was forged in a cauldron of reform with a passion for revenue a major element, a great many of the rules and regulations actually inhibited the smooth flow of investment and still do. It required the tacit suppression of a lot of the fine print to make the Act workable and usable. Only recently has it become possible to put out a Summary Prospectus so that what the offering was all about could be understood in a practical manner; but even now small business and new ventures labor under considerable handicap.

By definition a venture is something new which has little or no history. It is sponsored by people with techniques or with money on the basis of a projection of costs, revenues, and earning power. Without such projection nobody in his right mind would undertake such a venture, but a projection cannot be mentioned to the public and only muttered to the prospective underwriters. It is a taboo as financial poetry or fiction or fraud or the flight of fancy of a promoter. And more is required than the publication of a prospectus because in the promotion of penny uranium stocks, the outstanding recent example of careless handling of savings for risk, candor was not enough to prevent all sorts of abuses; the public was perfectly willing to plunk down hard-earned money for parcels of moose pasture which showed some rock but no ore, and on terms where the spoils, if any, were unfairly divided.

Codifying a Quarter-Century Experience

While it is an old American custom not to change a law once enacted, if possible, but rather to use a case-by-case method of erode or modify it slowly, it might be timely to codify the quarter century of experience with the Securities acts, moving out of the punitive phase into a creative one with the object of accomplishing a few things, such as:

(a) Making the act more practical so that whatever be the safeguarding features to detect and prevent fraud, legitimate security salesmanship will not be throttled.

(b) Investigating modifications to encourage foreign issuers to register and raise capital here, facilitating instead of putting obstacles in the way of national policy to place funds abroad to survive and revive capitalism in the western world.

(c) Making the act less painful for small business through exemption and simplification.

(d) Tackling the ticklish problem of encouraging some savings to go into risk ventures on a basis not overloaded in favor of the promoter.

These matters are difficult and delicate, not likely to engage the fancy of passing politicians with the voting public ignorant and indifferent.

A second element that might be touched upon briefly is the matter of high income taxes, which are here to stay. Once upon a time a $25,000 income or thereabouts, with its high purchasing power, was the traditional source of funds for bond and equity issues. The progressive income tax effectively ploughed this group under and Wall Street and therefore industry were deprived of this large segment of clients. These people were major savers who provided capital for many of the corporate issues and along with the upper income brackets were the logical sources for money to be ventured on risky small business and untried enterprises. Under the present tax schedules it is extremely difficult, if not well-nigh impossible, to save substantial sums of money annually out of earned income. If savings are to be encouraged, presumably the middle and upper brackets of taxation should be ameliorated. The likelihood of this happening, politically, is slim indeed. On the contrary, if tax reduction takes place, it will probably be in the very low brackets and instead of

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*An address by Col. Erpf before the Round Table for Business Executives, New School for Social Research, New York City, March 21, 1957.

Development of Tight Money And the Near Credit Outlook

By GAYLORD A. FREEMAN, JR.*

Vice-President, The First National Bank of Chicago

Prominent Chicago banker explores the much discussed "tight money" subject, and anticipates credit demand decline and Federal Reserve assisting supply increase late this year or early 1958. That banks do not want to sell Government bonds at present prices, or borrow, helps make money tight, Mr. Freeman explains, and, in addition, to today's bankers "loans seem high in relation to deposits or total assets and even higher in relation to capital funds." Pent-up consumer demand, industry's accelerated expansion, and tremendous increase in private, corporate, governmental debt amounting to $717 billion (2½ times total bank and insurance assets), are detailed by the author to explain why credit is tight.

Almost every newsletter or financial publication which you have seen in the last year has contained an excited reference to "Tight Money." "Tightmoney" is a simple phrase and sufficiently inexact for anyone to use without the necessity of really understanding its meaning. But how tight is money? Why has it gotten tight? And how long is it likely to remain that way?

G. A. Freeman, Jr.

First, let us define our terms. It isn't money that's tight, for there is no shortage of currency or coin, it's credit. Furthermore, credit isn't tight in the sense of there being little of it, indeed more credit has been extended in the last year or two than at any time in the past. A more accurate statement would be that currently there is a greater demand for additional credit than the amount that is immediately made available.

As a consequence additional credit is not only less available, it is also somewhat more expensive than it was a year or two ago. Just as a shortage of labor causes labor to become more expensive because several competing would-be employers of labor bid up the price, so credit has become more expensive as competing would-be borrowers have bid up the price of credit. (I must admit that I have never seen a bank customer consciously bidding up the interest rate, but that is the result nevertheless.)

However, although the average rate of interest on bank loans to business has moved up moderately in the last two decades, it is lower today than in 1930 and is much lower in relation to the cost of labor or the cost of living. Hourly wages paid in manufacturing have, since 1930, increased from 55 cents to $1.98, an increase of 260% and the consumer price index has gone up 63%.

*An address (charts omitted) by Mr. Freeman at the University of Chicago Management Conference, March 9, 1957.

As a prelude to our discussion I might remind you that a natural consequence of increased interest rates is a decline in the market value of fixed interest securities. When the prime rate for a current loan is 3%, a government bond bearing a 3% rate may sell in a free market at or above par—but when a bank can get 4% for that same loan, the 3% government bond is comparatively less desirable and the market therefore declines. This has occurred quite markedly in the last two years.

This decline in the market price at which we can sell our government bonds has had a most important moderating influence on the increase in the amount of credit available, because we bankers have been less willing to sell our bonds, at a loss, in order to obtain the proceeds with which to make additional loans. We have, of course, sold some and allowed others of shorter maturity to run off without replacing them but we have not liquidated nearly as many of our bonds as we would have had there been a better market for them.

Having concluded that prefatory note let us ask:

(1) How Tight Is Money?

Perhaps the best barometer of the tightness of credit can be found in the condition of the larger banks in New York and Chicago—the central reserve city banks. Of course they are but a part of the total group of lenders which includes other city banks, country banks, loan associations, insurance companies, finance companies and pension funds. Nevertheless, the figures for this relatively small group of central reserve city banks may be considered an indication of the general money market. At the year-end, collectively the central reserve city banks had 55% of their assets (that's 63% of deposits) loaned out to others than the U. S. Government. Is that a lot of loans?

It is in dollars, $22,600,000.

It is also a lot by the standards of today's bankers. In 1935 the central reserve city banks had only 36.4% of their assets in loans and investments other than U. S. Government bonds, 25.2% in 1945 and 54.5% at the end of last year.

To today's bankers 55% of assets (or 63% of deposits) in loans seems like a lot—about as much as they would currently want to lend. There have been times in the past when the banks, or at least the New York City banks, have had a larger percentage of their assets out in loans. In 1920 their loans and investments in other than U.S. Governments were 60% of their assets (82% of deposits). Measured by such standards, bank loans are not extremely high today. But we must remember that shortly subsequent to 1920 banks learned, the hard way, that with 82% of deposits in loans it is extremely difficult to pay off a horde of suddenly frightened depositors who clamor for their money.

Furthermore, while today's loans are less in relation to assets, they are approaching the high levels of the 1920's in relation to bank capital. In 1920 loans of the central reserve city banks were 633% of reported reserves and capital funds. At the end of 1956 they were 570%.

Today we central reserve city banks have 55% of our assets in loans and investments other than U. S. Governments, 19.0% in United States Government bonds, 13.1% with the Federal Reserve Bank and 10.4% in cash or owing us from other banks.

With the banks in this condition, if you want a large loan, the bank (unless it is to ask repayment of some other loan) has either to sell some government bonds or reduce its reserves—or borrow money from the Federal Reserve. The bank would be glad to sell some of its long 3% bonds in order to make a 4½% loan. But 3% government bonds (of 1955) were selling on March 8 at about 94¼%. Thus the bank would have to take a loss of 6% of principal in order to get a 1½% increase in income. Clearly, that alternative is not entirely desirable. The bank can't reduce its reserves, except for a day or two, for it must balance out each week.

Thus, the only remaining alternative is to go to the Federal Reserve Bank and borrow—if the Fed is willing to loan the funds. The bank will have to pay to the Fed that rate of interest, fixed by the Fed and known generally as "the discount rate," which is now 3%. The bank will have to pledge government bonds and the loan will be for only 15 days. At the end of the 15 days, the bank may not be in a position to repay the loan and hence will have to renew it. If deposits decline, the bank may have to borrow even more funds. There is nothing wrong with such borrowing, and indeed the member banks have been doing it a good deal in the last year, up to over $1 billion at one time during 1956—but by doing so the banks, in effect, place themselves at the mercy of the Federal Reserve. Should the Fed decide not to renew, or not to make such loans, the banks would have to sell government bonds no matter at how low a market level.

What is so clearly true of the banks is also true of the insurance companies. Their loans are now 46% of their total assets, twice as much in relation to assets as the 23% they had in loans 11 years ago. Like the banks the insurance companies cannot make any appreciable additional loans without selling some governments at a real loss. The savings and loan associations are the most heavily loaned of all our institutional lenders with about 98% of their share accounts invested in long-term mortgage loans.

Thus, money is tight—tight in the sense that the banks don't want to sell government bonds (at present prices) or borrow, in order to provide more money to loan. In addition, to today's bankers, loans seem high in relation to deposits or total assets and even higher in relation to capital funds.

(2) Why Is Credit Tight?

How did credit get so tight? What caused our loans to reach such a high level, and bond prices to reach such a low level? What has caused the great demand for credit?

There are several, to some extent unrelated, causes.

Perhaps the first and most obvious cause was the war. It brought about shortages in many lines. You will recall that the automobile companies were not allowed to produce for sale to civilians from 1942 to 1945. Production dropped from 3,779,682 cars in 1941 to only 139 cars in 1943. Thus at the war's end there was a real shortage of automobiles.

The construction of homes was similarly reduced during the war, from 706,100 (one to four family non-farm) housing starts in 1941 to only 191,000 in 1943. This created a great demand for urban housing which demand was further augmented by the movement to the cities during the war.

Manufacturers, although producing volumes of war materiel, spent less and less for equipment, as reflected in expenditures for durable equipment.

Thus, as the war ended, there was a great shortage of automobiles, homes, household appliances, the new but non-existent miracle television, and even a shortage of facilities in and with which to produce these desired goods.

Backing up the consumers pent-up desire for goods was the substantial accumulation of individuals liquid assets (of $148 billion in 1946) resulting from the high wages which the worker had received during the war but had not been able to spend.

Thus the desire for goods was made into an effective demand.

As a consequence, from the moment the war was over, there was a rush by all of our people to buy; and an equal rush by our corporations and contractors to produce, the great variety of desired goods.

Automobile production moved up fantastically from a low of 139 automobiles in 1943 to over 7,920,186 in 1955 and to 5,801,733 in 1956. Home construction increased from 191,000 non-farm housing starts in 1943 to over 1,300,000 in 1955 and an additional 1,100,000 last year. Obviously, this tremendous expansion of production, construction and investment required great amounts of credit.

Credit was made available for housing and on the easiest of terms, with the government encouraging no down payment, 30 year, guaranteed loans to veterans and extended terms on FHA loans. Mortgages on one-to-four-family units grew from 18.6 billion at the end of 1945 to 99 billion last year end, a five-fold increase. Mortgages on other properties brought this indebtedness to over $144 billion.

To pay for the additional plant and equipment and in order to finance the inventories and accounts receivable, corporations had to borrow extensively. Indeed corporate debt went up from $85 billion at the end of 1945 to over $211 billion at the end of 1956.

The consumer faced with all these wonderful, new homes, cars and shining goods soon reduced his rate of savings. This might have resulted in some reduced production had not a second influence entered the picture. Finance companies and banks as they saw more of the people employed at fairly permanent jobs and at high weekly wages had the courage and the desire to extend further credit to the consumer. As a consequence, consumer credit was rapidly expanded—the consumer no longer had to save, he could buy today from tomorrow's pay check, and he did. Consumer credit outstanding at the end of 1945 was less than $6 billion. In 11 years it increased over sevenfold to $42 billion at the end of 1956.

At the same time the states which had had to let their highways deteriorate during the war began extensive repair and rebuilding programs — for which they had to borrow. Municipalities facing increasing numbers of school-age children had to build new schools largely on borrowed funds with the resultant increase in state and local government debt from $13.7 billion at the end of 1945 to $42.7 billion at the end of last year.

Even this tremendous expansion in private, corporate and municipal debt might have been absorbed if there had been any real reduction in the Federal Government debt. But unfortunately, the necessities of the cold war, and the growing dependence upon the Federal Government accompanied by an indifference to debt and taxes, allowed the Federal Government after reducing its gross debt from $278,700,000,000 at the end of 1945 to $252,900,000,000 at the end of 1948, to increase its own debt, which amounted to $276,700,000,000 at the end of last year.

We know the consequences. Since the end of 1945, in 11 short years, total consumer, mortgage, corporate, municipal and Federal debt has increased from $419 billion to $717 billion, an increase of more than $298 billion.

Seven hundred seventeen billion dollars is a lot of money. Indeed it is difficult to comprehend just how many dollars that would be. If you laid $717 billion end to end it would equal 142 round trips to the moon. (That's a useless bit of information if you ever heard any.)

Yes, it is hard to comprehend $717 billion, but I know that it is much more than the total assets of all of the banks in the country. Indeed, it is about two and one-half times all of the assets of the commercial banks and all of the insurance companies in this country put together. It is obviously far more debt than we could absorb. Of course, individuals and finance companies and loan associations as well as others also absorbed a part of it, but this increase in debt was enough to run bank loans and investments (other than U. S. Government bonds) of all commercial banks up to 50% of their assets (or 56% of deposits) and in the case of the central reserve city banks, 55% of assets (64% of deposits).

Although the central reserve city banks have sold over $3.9 billion of governments in the last six years, their loans have increased by $8.8 billion and as a consequence, as of March 6, the banks (all member banks) owed the Federal Reserve $730 million for borrowed money.

Almost all of the factors that caused this demand continue unabated as corporations expand and consumers continue to purchase more goods.

Thus, despite the fact that there is more credit extended today than at any time in the past, the demand exceeds the amount currently available.

Absolves Federal Reserve

I hope that you note that we have not mentioned the Federal Reserve System in discussing how credit got so tight. Credit got tight because you and I, our corporations, our city, our state and our Federal Government have all spent more money than we saved. It wasn't the Federal Reserve System that caused the tight credit condition, it was us. The Federal Reserve, however, could have counteracted this to some extent and made credit more plentiful, if it had wished, and indeed it could do so today.

To accomplish this the Federal Reserve System could reduce the discount rate and thereby, to some slight extent, encourage the banks to borrow. The Federal Reserve could, by directly stating that it would willingly renew for some time to come any bank borrowings, encourage member banks to borrow more extensively from the Federal Reserve System in order to increase the amount of loans. Much more effectively, the Federal Reserve could ease credit by buying government bonds at a higher price thus enabling the

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Interest Exempt, in the opinion of counsel, under present laws from all Federal Income Taxes

New Issue

$32,000,000

STATE OF OHIO

6%, 5%, 2½%, 2¾% and 2.90%

Major Thoroughfare Construction Bonds, Series "E"

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Coupon bonds in the denomination of $1,000 each, registrable as to principal only, and exchangeable for fully registered bonds. Coupon bonds payable as to principal and semi-annual interest, March 15 and September 15, at the office of the Treasurer of State of Ohio, in Columbus, Ohio, at The First National City Bank of New York, New York City, at The Northern Trust Company, Chicago, Ill., at The Ohio National Bank of Columbus, Columbus, Ohio, or at The Union Commerce Bank, Cleveland, Ohio.

The principal of and interest on the bonds are payable from fees, excises or license taxes, levied by the State of Ohio, relating to registration, operation or use of vehicles on public highways, or to fuels used for propelling such vehicles. Provision has been made by law and by the State Constitution for the setting aside of a sufficient amount of said fees, excises or license taxes each year to pay bond interest and principal becoming due in that year, without other appropriations.

AMOUNTS, MATURITIES, RATES, PRICES AND YIELDS

Amount	Due March 15	Rate	Yield or Price	Amount	Due Sept. 15	Rate	Yield or Price
$1,030,000	1958	6%	2.10%	$1,030,000	1957	6%	2.00%
1,030,000	1959	6	2.25	1,030,000	1958	6	2.10
1,030,000	1960	5	2.40	1,035,000	1959	6	2.25
1,030,000	1961	2½	100.	1,035,000	1960	5	2.40
1,030,000	1962	2½	2.60	1,035,000	1961	2½	100.
1,030,000	1963	2½	2.65	1,035,000	1962	2½	2.60
1,030,000	1964	2½	2.70	1,035,000	1963	2½	2.65
1,030,000	1965	2¾	100.	1,035,000	1964	2½	2.70
1,030,000	1966	2¾	2.80	1,035,000	1965	2¾	100.
1,030,000	1967	2¾	2.80	1,035,000	1966	2¾	2.80
1,030,000	1968	2¾	2.85	1,035,000	1967	2¾	2.80
1,030,000	1969	2¾	2.85	1,035,000	1968	2¾	2.85
1,030,000	1970	2.90	100.	1,035,000	1969	2¾	2.85
1,030,000	1971	2.90	100.	1,035,000	1970	2.90	100.
1,030,000	1972	2.90	100.	1,035,000	1971	2.90	100.
				1,035,000	1972	2.90	100.

(Accrued Interest to be added)

We offer these bonds when, as and if issued and received by us, and subject to the approval of all legal proceedings by the Attorney General of the State of Ohio and Squire, Sanders & Dempsey, Attorneys, of Cleveland, Ohio. Such offering is not made hereby, but only by means of the offering circular, copies of which may be obtained in any State in which this announcement is circulated, from only such of the undersigned as are registered dealers and are offering these securities in compliance with the Securities Laws of such State.

Eastman Dillon, Union Securities & Co.

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F. W. Craigie & Co. Glickenhaus & Lembo Spencer Trask & Co. Wallace, Geruldsen & Co. Field, Richards & Co.

Freeman & Company Hayden, Miller & Co. King, Quirk & Co. Incorporated New York Hanseatic Corporation Rand & Co.

Dempsey-Tegeler & Co. Cutter, Plummer & Bennett Fulton Reid & Co., Inc. Charles King & Co. Blewer, Glynn & Co.

Butcher & Sherrerd Courts & Co. DeHaven & Townsend, Crouter & Bodine Hickey & Company, Inc.

Joseph, Mellen & Miller, Inc. Kormendi & Co., Inc. Mackall & Coe William R. Staats & Co.

Stern, Lauer & Co. Talmage & Co. Arthur L. Wright & Co., Inc.

March 28, 1957

Dealer-Broker Investment Recommendations & Literature

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

Atomic Energy Review—Survey—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Atomic Letter (No. 25)—Comments on expanded atomic power program abroad including Euratom, naval program for six atomic aircraft carriers, official AEC estimates of uranium demand and supply, South African uranium ore reserves, and items on Newport News Shipbuilding & Dry Dock Co. and Foundation Company of Canada—Atomic Development Mutual Fund, Inc., Dept. C, 1033 — 30th Street, N. W., Washington 7, D. C.

Burnham View — Monthly investment letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available is current **Foreign Letter.**

Canada's Treasure House of Minerals and Oils—Service covering market news and comment—10-issue trial subscription, $5—Stock Market News & Comment Ltd., Securities Advisor, No. E, 80 Richmond Street, West, Toronto, Ont., Canada.

Canadian Banking and Finance—Discussion—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

Canadian Economy—Monthly review—Bank of Montreal, Montreal, Que., Canada—New York office, 64 Wall Street, New York 5, N. Y.

Canadian Investment Stocks—A list of stocks most selected by investment trusts and mutual funds—Draper Dobie & Co., Ltd., 25 Adelaide St., W., Toronto, Ont., Canada.

Canadian Mining Industry—Newspaper covering mining industry — The Northern Miner, Toronto, Ont., Canada — $7.50 a year, $4.50 for six months—specimen copy on request.

Convertible and Participating Securities and Stock Purchase Warrants—Study of issues in these categories available in the Canadian market—McLeod, Young, Weir & Company, Limited, 50 King Street, West, Toronto 1, Ont., Canada. Also available is a bulletin on **International Utilities Corporation.**

Insurance Stock Analyzer — Comparative data — Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y. Also available is an analysis of **United Insurance Company of America.**

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

Language of Investing: A Glossary—New York Stock Exchange, 11 Wall Street, New York 5, N. Y.—Single copies on request. Also available is the **1957 Fact Book** with data on the operations of the Exchange Community.

Minerals Development in Latin America — "Latin-American Business Highlights"—Chase Manhattan Bank, 18 Pine Street, New York 15, 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.

Resources of British Columbia—Information on power, transportation, basic industries, plant sites, etc.—Government of the Province of British Columbia, Parliament Buildings, Victoria, B. C., Canada.

Savings and Loan Association Offices — Study of offices in United States and Possessions as of Dec. 31, 1955 — Federal Home Loan Bank Board, 101 Indiana Avenue, N. W., Washington 25, D. C.

Treasure Chest in the Growing West—Book describing industrial opportunities in the area served—Utah Power & Light Co., Dept. K, Box 899, Salt Lake City 10, Utah.

Allied Paper Corp.—Memorandum—Barret, Fitch, North & Co., 1006 Baltimore Avenue, Kansas City 5, Mo.

American Bosch Arma Corp.—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on **Warner Lambert** and a discussion of the outlook for **Public Utilities** in 1957.

American Cyanamid Co. — Memorandum — Walston & Co., 120 Broadway, New York 5, N. Y.

American Encaustic Tiling Company Inc. — Annual report — American Encaustic Tiling Company, Inc., Lansdale, Pa.

Anaconda Company—Analytical brochure—McDonnell & Co., 120 Broadway, New York 5, N. Y.

Armco Steel Corporation — 1956 annual report — Armco Steel Corporation, Middletown, Ohio.

Baldwin-Lima-Hamilton—Analysis—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Baxter Laboratories, Inc. — Memorandum — Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill.

Bendix Aviation Corporation — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Beneficial Standard Life Insurance Company—Study—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Chain Belt Co.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available are memoranda on **Shell Transport & Trading Co., Ltd.** and **United Gas Corp.**

Colonial Stores — Analysis — R. S. Dickson & Company, Inc., Wilder Building, Charlotte 2, N. C.

Continental Motors Corp.—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Eastern Shopping Centers, Inc.—Memorandum—Dewey, King & Johnson, 64 Wall Street, New York 5, N. Y.

Emporium Capwell—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available is an analysis of **Friden Calculating Machine Co.**

Fedders Quigan Corp.—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also available is a bulletin on **Charles Pfizer.**

Franklin Life Insurance Company — Circular — Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill. Also available are circulars on **Federal National Mortgage Association** and **The Great American Life Underwriters, Inc.**

General Electric Company — Annual report — General Electric Company, Dept. 2-119 E, Schenectady, N. Y.

General Outdoor Advertising — Bulletin — Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

Gunnar Mines, Ltd.—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Louisiana State Building Authority Bonds — Circular — Scharff & Jones, Inc., 219 Carondelet Street, New Orleans 12, La.

Louisville Title Mortgage Co.—Memorandum—Bankers Bond Co., Kentucky Home Life Building, Louisville 2, Ky.

Metropolitan District, Hartford County, Conn. Water Bonds—Circular—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Pennsylvania Railroad — Report — Amos Treat & Co., Inc., 79 Wall Street, New York 5, N. Y.

Prophet Co.—Bulletin—Georgeson & Co., 52 Wall Street, New York 5, N. Y.

Rohm & Haas — Analysis — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Salem Brosius—Report—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Schering Corporation—Analysis—Vilas & Hickey, 26 Broadway, New York 6, N. Y.

Scripto—Memorandum—Johnson, Lane, Space & Co., Bay and Drayton Streets, Savannah, Ga.

W. A. Sheaffer Pen Co.—Study—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Shell Transport & Trading—Report—Osborne & Thurlow, 39 Broadway, New York 6, N. Y.

Shulton, Inc.—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Sinclair Oil Corporation—Annual report—Sinclair Oil Corporation, 600 Fifth Avenue, New York 20, N. Y.

Southern Natural Gas Company — Annual report — Southern Natural Gas Company, Dept. FC, Watts Building, Birmingham, Ala.

TMT Trailer Ferry, Inc.—Study—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Twentieth Century-Fox—Bulletin—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

COMING EVENTS

In Investment Field

March 27-28, 1957 (Chicago, Ill.)
Central States Group Investment Bankers Association annual conference at Drake Hotel.

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

April 26, 1957 (New York City)
Security Traders Association of New York 21st annual dinner at the Waldorf Astoria.

May 6-7, 1957 (Richmond, Va.)
Association of Stock Exchange Firms Board of Governors meeting at Jefferson Hotel.

May 8-11, 1957 (White Sulphur Springs, Va.)
Investment Bankers Association Spring meeting at the Greenbrier Hotel.

May 19-23, 1957 (Cleveland, Ohio)
National Convention of Investment Analysts Societies.

June 11-14, 1957
Investment Dealers' Association of Canada Convention at Jasper Park Lodge, Alberta, Canada.

June 13-14, 1957 (Cincinnati, Ohio)
Cincinnati Municipal Bond Dealers Group annual spring party at Sheraton Gibson and the Maketewah Country Club.

June 14, 1957 (New York City)
Municipal Bond Club of New York annual field day at Westchester Country Club and Beach Club, Rye, N. Y.

June 19-20, 1957 (Minneapolis-St. Paul)
Twin City Bond Club annual outing and picnic with cocktail party at Hotel Nicollet June 19 and an all day sports program at the White Bear Yacht Club, White Bear Lake, Minn. June 20.

Sept. 25-27, 1957 (Santa Barbara, Cal.)
Investment Bankers Association Fall Meeting at Santa Barbara Biltmore.

Oct. 7-8, 1957 (San Francisco, Cal.)
Association of Stock Exchange Firms Board of Governors meeting at Mark Hopkins Hotel.

Oct. 10-11, 1957 (Los Angeles, Calif.)
Association of Stock Exchange Firms Board of Governors meeting at Beverly Hills Hotel.

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

Dec. 1-6, 1957 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

Oct. 29-Nov. 3, 1958 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor.

Texas Group of IBA To Hold 22nd Annual Convention April 21-23

DALLAS, Tex. — The Texas Group of the Investment Bankers Association of America will hold their 22nd Annual Convention April 21-23 at the Statler-Hilton Hotel in Dallas.

The program for the meeting is as follows:

Sunday, April 21

2:00-6:00 p.m. — Registration, Ground Floor Lobby.

6:30-9:00 p.m. — Cocktail Party, City Club, Adolphus Tower Building; Dallas Security Dealers Association, hosts.

Monday, April 22

10:00 a.m.—Ladies only—Champagne Brunch and Style Show, Zodiac Room; Neiman-Marcus.

10:00 a.m.—General Session and Open Business Meeting, Junior Ballroom — Welcome and Proclaiming Dallas "Invest in America Week"; Honorable R. L. Thornton, Sr., Mayor.

10:15 a.m.—Address, Robert H. Craft, The Chase Manhattan Bank, New York City, President, Investment Bankers Association of America.

10:45 a.m. — Address, Sinclair Armstrong, Chairman of The Securities and Exchange Commission, Washington, D. C.

11:00 a.m.—Committee Reports by Chairmen:

Education Committee—Hugh D. Dunlap, Goodbody & Company, Dallas, Texas.

Municipal Securities Committee—Eugene D. Vinyard, Central Investment Company, Dallas, Texas.

Public Relations Committee—Earl G. Fridley, Fridley, Hess & Frederking, Houston, Texas.

Legislation Committee—Chas. C. Pierce, Rauscher, Pierce & Company, Dallas, Texas.

Membership Committee — Edward D. Muir, Muir & Company, San Antonio, Texas.

Report by Municipal Advisory Council of Texas—W. E. Tinsley, Executive Director, Austin, Texas.

12:15 p.m. — Nominating Committee Report — Wilbur Frederking, Chairman, Fridley, Hess & Frederking, Houston, Texas.

Election of Officers:

12:30-1:15 p.m.—Cocktails, Junior Ballroom.

1:15-2:45 p.m. — Luncheon, Junior Ballroom.

Principal Speaker, Professor Backwards.

3:00-5:00 p.m.—Optional Inspection, Tour of Dallas-Fort Worth Turnpike. Host, Texas Turnpike Authority, J. C. Dingwall, Secretary-Treasurer.

7:00 p.m. — Western Party, Womans Building, State Fair Grounds; dress, western and informal. Entertainment, Bobbie Williams and his RCA recording band, and The Commodores.

Tuesday, April 23

Field Day—Brook Hollow Country Club.

8:00 a.m. On—Golfers Starting Times.

11:00 a.m.-2:30 p.m.—Cocktails and Luncheon.

2:30-5:30 p.m. — Bridge, Gin Rummy, etc.

7:30 p.m.-1:00 a.m. — Cocktails and Dinner Dance; formal. Music, Skinny Ennis and Orchestra. Entertainment, Fran Warren, Chiquita and Johnson, Candy Candido.

Members of the Convention Committee are: Lewis F. Lyne, General Chairman, Mercantile National Bank at Dallas, Dallas; Clarence E. Sample, Entertainment, Mercantile National Bank at Dallas, Dallas; Morris A. Dudley, Jr., Registration, Rauscher, Pierce and Company, Dallas; W. Perry McPherson, Transportation, Merrill Lynch, Pierce, Fenner & Beane, Dallas; Jack Munger, Golf, Keith Reed & Company, Dallas.

Ladies Reception — Mrs. R. B. Smith, Mrs. Lewis F. Lyne, Mrs. Taylor B. Almon.

Members of the Executive Committee are: Taylor B. Almon, Rauscher, Pierce & Company, Dallas, Chairman; Earl G. Fridley, Fridley, Hess & Frederking, Houston, and John P. Henderson, M. E. Allison & Company, San Antonio, Vice-Chairmen; Dean P. Guerin, Eppler, Guerin & Turner, Dallas, Secretary-Treasurer, and R. R. Rowles, Rowles, Winston & Company, Houston; William F. Parvin, Austin, Hart & Parvin, San Antonio; Wesley Hickman, Schneider, Bernet & Hickman, Dallas; W. Wallace Payne, First of Texas Corporation, San Antonio, ex-officio; Milton R. Underwood, Underwood, Neuhaus & Company, San Antonio, ex-officio; William C. Porter, Dittmar & Company, San Antonio, ex-officio, and R. B. (Brud) Smith, Keith Reed and Company, Dallas, Executive Secretary.

The Group in making the announcement of the program for the Convention have issued a series of (bottled in) bonds handsomely engraved, with the list of various events attached in the form of coupons.

With Columbine Secs.

DENVER, Colo. — Francis E. Perrin is now with Columbine Securities Corp., 1780 South B'dwy.

With Boettcher & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Bartle H. Day has become connected with Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange. Mr. Day was formerly with Investment Service Corporation.

With Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Donald R. Dwyer has become associated with Eastman Dillon, Union Securities & Co., 135 South La Salle Street. He was formerly with Bache & Co., and Fairman, Harris & Co.

Gross, Rogers Men With First California Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Nelson B. Gross, Jack B. Rogers, Henry Marin and J. Ellis Dion, all formerly officers of Gross, Rogers & Co., have become associated with First California Company, 647 South Spring Street.

Also joining the First California staff are William G. Cuppa, James E. Edgerton, Jr., George R. Frost, Joseph G. La Puma, Odile K. Lathan, Herman J. Lofgren and William E. Mohr, who were all previously with Gross, Rogers & Co.

Social Security Benefits: Cost Of Today's Plan Tomorrow

By ROBERT J. MYERS*
Chief Actuary, Social Security Administration,
U. S. Department of Health, Education and Welfare

Chief Social Security Actuary terms our present Federal system neither fully-funded nor pay-as-you-go but rather somewhere in between. Mr. Myers describes the present benefits, including the new Disability Insurance Trust fund which is separate from the old OASI fund; emphasizes factors that should be considered in integrating private pension and disability planning; and despite expectations of approximate crossing of income input and outgo benefits sometime between 1957-1959 and at approximate five-year intervals, believes that adherence to scheduled rate increases will, after 1959, make possible financing the present program without need for further taxation

Sound management procedure always involves a careful delineation of the problem or the field of activity. This is equally true of the topic that I am to discuss. The phrase "social security" in its most general interpretation is so broad as to be virtually meaningless. Rephrased as the "security of the whole society" would lead it to encompass all activities of mankind—not only physical and mental but even spiritual. As the term is commonly used, in its broadest sense it connotes measures for economic security under governmental auspices, and as such has been widely used throughout the world since its origination in the United States more than two decades ago. The general public, however, does not often use the term to include such programs as unemployment insurance and workmen's compensation, but rather limits application to the Old-Age, Survivors, and Disability Insurance program under the Social Security Act. Accordingly, my remarks will be confined to the OASDI program.

Robert J. Myers

The title I have chosen further narrows down the discussion to the question of future costs. The specific phraseology involves the question of tomorrow's costs. This is a relative matter and undoubtedly we are not referring to "tomorrow" as being 24 hours hence but rather a long-distant tomorrow — paralleling to some extent the views of many theologians that the seven days of creation were not merely the 24-hour days to which we are accustomed. Then, too, tomorrow does not mean to us only what it did to the prudent ant in Aesop's fable—let alone the grasshopper — because good management necessarily involves long-range consideration of the cost impacts of a deferred benefit program, be it a private pension plan or OASDI.

Tomorrow's Costs

For many business purposes, cost studies need to look ahead only a few years, but this is by no means sufficient for retirement systems. All actuarial valuations —either implicitly or explicity—consider the experience that will develop over the next half century or so—and, in fact, in many cases into perpetuity. In this respect the OASDI program is no exception, because although costs may not be predictable with great exactitude, it is certain that they will rise for many years in the future.

Previously, the OASDI system has been referred to as a deferred benefit system. This might sound a bit strange to those of you who know individuals who have qualified for maximum benefits after only a relatively few years of contributions. In certain respects such as this, the system has much less of a deferred benefit character than most private pension plans. Yet, there are elements of deferral in that many of those in the population aged 65 and over retired or were widowed before social security coverage became available. At the present time, about 60% of the aged population are receiving benefits under the program or would be receiving them upon retirement from substantial gainful employment. Several decades hence, this proportion will rise to a figure in excess of 90%.

Perhaps the most basic question of all is what do we mean by the cost for the social insurance system or, for that matter, of any retirement plan? We must recognize that there are various sound methods of financing long-range benefits. To a certain extent these different methods may depend not only on the size of the group but also on the type of employer or employment involved. A private employer must of necessity provide for the eventual complete funding of the liabilities of his plan in order to safeguard the beneficiaries and the covered employees if he should cease business. This same procedure is not essential, and perhaps not even desirable, for a governmental plan whose existence can safely be presumed to be perpetual. Of course, this is no license for financial irresponsibility.

Congressional Policies

The clear Congressional intent is that the OASDI system should be completely self-supporting from contributions of employers and workers—or taxes, if you prefer to use that equivalent term —and the interest earned by the fund. In other words, there is not to be any subsidy or contribution from the general Treasury. This policy, however, is by no means a full description of the financing method. In addition, Congress has provided that the contribution schedule should be an increasing one, rising from the present combined employer-employee rate of $4\frac{1}{2}\%$ to an ultimate rate of $8\frac{1}{2}\%$ in 1975 and thereafter. The result is neither a fully-funded system nor a pay-as-you-go basis but rather somewhere in between—probably nearer the latter. The trust fund does not merely serve as a contingency reserve but is intended to grow and provide interest, which is to be used to meet the deficiency arising from the excess of benefits outgo over contribution income in the distant future.

Two Views of Cost

As far as management and labor are concerned, the cost of social security can well be said to be the tax rates specified in the law. From an actuarial standpoint, however, the cost of the system really is the benefit disbursements —either in dollars, or, perhaps more significantly, in relation to covered payroll. These two different ways of looking at costs, however, are not as dissimilar as might be thought because under the self-supporting thesis, the benefit costs will have a direct effect on the taxes imposed for the support of the system. If the benefit experience is such that the cost materially exceeds what had been estimated, either a downward adjustment in benefits or an upward adjustment in contribution rates would be called for—from a political standpoint, probably the latter would be the likely course of action under such circumstances. On the other hand, if the benefit costs did not turn out to be as high as estimated, it is possible to increase benefits without revising the tax schedule or to hold the tax schedule as a lower level.

In actual practice, wage rates over the past two decades have risen quite significantly. This factor considered alone has resulted in reduction of benefit costs—not in terms of dollars, but in comparison with payroll. The reason for this is the weighted benefit formula, such that those with lower earnings receive relatively larger benefits than those with higher earnings, so that as earnings rise the benefit relative to earnings falls, whereas contributions are, of course, proportional to earnings.

Private Pension Considerations

It is for this reason that the OASDI system is flexible as to benefit levels since any inflation of earnings levels lowers the relative cost or, in other words, frees certain costs that can be used for benefit liberalizations. This is a very important matter to keep in mind in connection with planning of pensions to supplement social security.

In several instances in the past, benefits have been increased without a corresponding rise in contributions as a result of this feature. On the other hand, some benefit liberalizations have been accompanied by increases in the contribution schedule—either on a deferred basis as in the 1954 Amendments or on an immediate basis as in the 1956 Amendments, when disability benefits were added.

In considering the effect of social security on private pension plans, it is essential to keep in mind the lesson of history that frequently when social security benefits have been increased, there were corresponding changes in the tax schedule. It almost goes without saying too that one should look not only at the social security tax this year, but also the amount eventually provided for in present law. In the initial legislation of the 1935 Act, the combined employer-employee rate was to begin at 2% and was to rise gradually to an ultimate level of 6% by 1949. In actuality, the 2% rate was "frozen" through 1949—largely because the excess of income over outgo was substantial, and it was argued that the development of a large fund was not necessary. Since 1949, every contribution increase scheduled in the law by the various amendments has occurred so that the rate went to 3% in 1950, 4% in 1954, and $4\frac{1}{2}\%$ in 1957.

Ultimate Tax Rate

But what is to be the tax rate ultimately? The original legislation called for a 6% rate in 1949 and after. The 1950 Act set the ultimate rate of $6\frac{1}{2}\%$ in 1970, while the 1954 Act upped this figure to 8% in 1975. The legislation last year provided a further boost to $8\frac{1}{2}\%$. It is, of course, impossible to predict whether this figure will be raised by subsequent legislation. Under the self-supporting theory, however, it is obvious that any liberalizations that cannot be financed through any savings in cost that might arise from higher earnings levels or from favorable operating experience must be paid for by higher tax rates—possibly in the near future and certainly ultimately. We should not be too sanguine on counting too much on cost savings due to rising earnings because such savings result only from what is in effect a relative devaluation of the benefits. Accordingly, any sharp rise in earnings levels will likely produce a successful demand for increased benefits that will use up the savings that appear to be present.

Perhaps up to this point, I have dealt too much in generalities about the long-range financing of the program. This, I believe, is necessary as a background for considering what may perhaps be of more interest to this audience—the likely experience in the next five years. In the past, contribution income has materially exceeded benefit outgo but the gap has been rapidly closing. In the past calendar year, contributions exceeded benefits by only about 10%. Looking at it another way, total income including interest exceeded total outgo, including administrative expenses, by only 18%. In absolute terms, however, this 18% was a rather sizable sum, namely about $1 billion.

Two Trust Funds

In the future, in considering the financing of the social security system, we have to consider not merely one trust fund as in the past, but rather two. There is one trust fund for old-age and survivor benefits and another for disability benefits. The separate Disability Insurance Trust Fund was established by the 1956 Amendments to answer the argument that the cost of the disability benefits then enacted could be so high as to affect adversely the OASI Trust Fund. Accordingly, this fund pays out the new monthly disability benefits, while the increased employer-employee contribution of $\frac{1}{2}\%$ for all future years is channeled into this fund.

The OASI Trust Fund now contains about $23 billion, while the Disability Insurance Fund has just started operations and so is relatively small at the moment. As to the OASI Trust Fund, it seems almost certain that at some time in the next few years contribution income will fall below benefit outgo. It is very unlikely that this will occur in 1957, quite possible that it will occur in 1958, and it is almost certain to occur in 1959. In 1960, however, the scheduled increase in the contribution rate will probably swing the balance the other way. Furthermore, the effect of the interest earnings will quite likely result in a positive net income to the fund in 1958 and quite likely also in 1959, although it is conceivable that then the fund might then have a small drop. The Disability Insurance Trust Fund, on the other hand, will almost certainly show an excess of income over outgo for at least the next five years.

Will Be Self-Financing

What does this all mean in regard to the likelihood of the tax schedule being sufficient to support the program in the near future? From a long-range standpoint, it is not serious if the OASI Trust Fund were to decrease to a slight extent from one year to the next in the next few years. It would seem likely that this would be merely a temporary downward movement that would be offset by the scheduled quinquennial rises in the tax rate. In fact, the long-range cost estimates indicate that toward the close of each five-year period in the future, the income and outgo curves under the OASI portion of the program will either cross or come close to crossing, but at the beginning of the next five-year period, there will be a sizable excess of income over outgo. Accordingly, over the years —despite possible decreases toward the close of each five-year period—it appears likely that the Trust Fund will grow to a magnitude considerably above that now prevailing. It is therefore my considered opinion that the scheduled increases in the social security tax rates—both the one immediately ahead in 1960 and the others scheduled—will, if carried out, be sufficient to finance the present program without need for further taxation.

Cost Consciousness

In closing, I should like to emphasize one extremely strong point of the OASDI system insofar as sound management and long-range planning are concerned. It is quite fortunate that over the years there has been such a strong cost-consciousness on the part of all who have been directly concerned with the operation of the social security program. This extends not only to the agency of the executive branch of the government that has this direct responsibility, but also, and quite importantly, to the Congressional committees dealing with social security legislation. Although these committees have in general examined the benefit and coverage provisions first, they have never failed to consider just as carefully the resulting increased costs involved. Upon such examination, invariably the necessary financing provisions, within a reasonable margin, were made—based on the best available actuarial estimates —or else the benefits that would have seemed desirable to provide were reduced or restricted. With this very responsible attitude and careful analysis continuing, it seems to me that our social security program in all the "tomorrow to come" will be on a sound financial basis.

*An address by Mr. Myers before the Employee Benefits and Pension Planning Conference, American Management Association, Chicago, March 12, 1957.

Connecticut Plans Turnpike Bond Sale

State Treasurer John Ottaviano, Jr., announced March 25 that the Expressway Bond Committee has scheduled a meeting for Thursday, Mar. 28, to discuss fixing a sale date for $50,000,000 Expressway Bonds, Third Series, for the financing of the Connecticut Turnpike. The Treasurer said that the Committee has previously informally agreed on certain changes in the bond terms which should be attractive to investors.

It is contemplated that the Third Series Bonds will first be optionally redeemable Jan. 1, 1965, eight years from their date.

Another change is the division for financing purposes of the Turnpike into two sections by the Connecticut River with a priority established for the permanent financing of the section west of the Connecticut River. This will not affect the construction program of the eastern section, as costs thereof will be temporarily financed by general obligations notes of the State. However, no Expressway Bonds will be issued for the eastern section until all costs of the western section have been permanently financed and provided that independent engineers' estimates, have again established that the entire Turnpike, including the eastern section, would be self-supporting from revenues.

A third change is a covenant against financing any other expressway by issue of Expressway Bonds, thereby in effect establishing a closed-end lien to prevent dilution of Turnpike revenues. Previously, it would have been permissable to pool the Turnpike revenues with revenues of any other toll road which might be financed in the future. The new provision will make it necessary for any such future toll road to be independently financed.

Strikes and Sterling

By PAUL EINZIG

Internationally known British Economist discusses the present strike and sees no reason for sterling to decline below parity for next three, or even six, months, despite the possibility of the strike's further spread. Taking a long run view, Dr. Einzig believes the cost of the strike's partial failure to the nation would be offset by the beneficial effect of the failure on industries in general.

LONDON, Eng. — Towards the middle of March there was a sharp deterioration in the labor situation in Britain. A strike developed in the shipbuilding industry, and at the time of writing, a strike in the engineering industry appears to be inevitable, while there seems to be a strong possibility of a railway strike. Even though these strikes have been threatening for some time, the developments during the second week of March produced a sharp impression on the Stock Exchange and on the foreign exchange market. There was a marked setback both in Stock Exchange quotations and in the sterling-dollar rate.

Dr. Paul Einzig

While the effect of such grave industrial developments on equities is understandable, there seems to be less justification for the fall in Government loans and other fixed interest bearing securities, or for the depreciation of sterling. There is no reason why the widespread strikes should lead to a rise in interest rates. On the contrary, since the Bank rate is maintained at its high figure of 5% in order to prevent a relaxation of the credit squeeze, the decline in the demand for credit and in the amount of public issues that the strike is liable to cause, should enable the authorities to lower the Bank rate.

The position is more complicated as far as sterling is concerned. There can be no material justification for an immediate sharp fall, seeing that the effect of the strikes on the balance of payment, though immediate, is not liable to affect the actual supply of foreign exchanges for some time. Most dollars and other foreign currencies which are offered today in the market originate from exports effected some time ago, and the market will not feel the absence of the proceeds of engineering and shipbuilding exports until some time later. The depreciation of sterling was therefore purely psychological. This appears to have been realized after a few days, and the partial recovery on the Stock Exchange was accompanied by a partial recovery of sterling.

Economic Cost

Of course it would be idle to try to minimize the gravity of the effect on sterling of a prolonged strike in Britain's most important exporting industry. Should both parties prove to be stubborn, the loss of engineering and shipbuilding exports would weaken the gold reserve considerably even before the advent of the autumn pressure. If a settlement is reached on terms favorable to the workers, it must mean a substantial increase in costs of production in the industries directly concerned, and the higher prices of equipment would mean an all-round increase in the cost of capital investment in general. If, on the other hand, the workers feel impelled to resume work on terms they consider unfair, the effect of such a settlement on their attitude might have an adverse influence on productivity.

Since both industries are fully employed and have to quote long delivery dates, it will in any case be impossible to make up for lost time by stepping up the output. Any exports lost as a result of the strike constitute a dead loss and not merely a postponement of exports. Moreover, as far as shipbuilding is concerned, the delay caused by the strike is liable to divert orders to Japan and Germany, with detrimental effect on long-range prospects.

We must consider, however, the other side of the picture. The strikes are liable to affect not only production but also consumption. Unless an early settlement is reached, millions of workers and their dependents will have to manage on a drastically reduced spending power. This would affect the volume of imported food, raw materials and manufactures. It would also release more goods for an export drive by industries not affected by the strike. The difficulty of selling in the domestic market would induce these industries to concentrate on export drives. The uncertainty of the economic prospects would result in a curtailment of spending by many millions of wage-earners and others who are not involved in the strikes. In other words, the disinflation which the prolonged credit squeeze has been unable to bring about, and which was brought about only temporarily and to an inadequate extent by the economic consequences of the Suez crisis, would take place as a result of a prolonged strike.

No Threat to Sterling

Needless to say, on balance the gold reserve would necessarily be affected by the strike, to a considerable extent in spite of the mitigation of its effect by the decline in consumer demand. But it is well to bear in mind that mitigating effect when trying to assess the effect of the strike on sterling. What matters is to realize that, even if the next few months should witness a decline in the gold reserve instead of its seasonal increase, that decline is not likely to be of a magnitude that would force the Government's hand in the direction of a devaluation.

Had the reserves not been reinforced by the dollar facilities arranged with the International Monetary Fund and the Export-Import Bank, and by the deferment of the instalments on the American and Canadian loan agreements of 1946, the effect of the strike and of the ensuing autumn drain might have reduced them below danger level. As it is, the reserve could stand the strain even if the strike should continue for months, and even if workers of other industries were to join the engineering and shipbuilding workers in their strike.

There was no justification for the pronounced initial psychological effect of the strike on sterling. The foreign exchange market need not concern itself unduly with anything that is liable to happen beyond the next three months. And in so far as anything can be regarded as certain in this world full of uncertainties, it is that sterling will not decline below $2.78 within the next three months, or even within the next six months.

Long Run View

How sterling's prospects would be affected in the long run if, after a prolonged strike, the greater part of the 10% increase demanded by the strikers were to be conceded, is quite another question. Many categories of British engineering goods would cease to be competitive abroad. What is perhaps even more important, the success of the wages demand would encourage the trade unions in many other industries to follow the example, and wages inflation which was kept down to a reasonable degree in 1956 would resume its full progress.

From this point of view, even a partial failure of the strike would produce a salutary effect in discouraging excessive wages demands. If the unions concerned in the present strike were to spend a large proportion of their large funds without being able to achieve anything like their full demands, the cost of the strike to the nation would be offset by the beneficial effect of the failure on industries in general. The mitigation of overall employment through the indirect effects of the strike would tend to operate in the same direction.

And even if the worst came to the worst, and a prolonged strike were to deplete gravely Britain's reserves, it might possibly bring about a state of emergency in which, confronted with a major danger, the British people usually show themselves at their best. Some such shock is badly needed, and when it comes, it is liable to produce a salutary effect.

Harold B. Smith Joins Shearson, Hammill

NEWPORT BEACH, Calif. — Harold B. Smith has become associated with the New York Stock Exchange firm of Shearson, Hammill & Co., 3331 Via Lido. Mr. Smith was formerly with Pershing & Co. in New York City. Prior thereto he was New York manager for Collin, Norton & Co. and was with Sweetser & Co., Lage & Co., Frazier Jelke & Co. and Charles Head & Co. Mr. Smith is well known from coast to coast in the trading fraternity as the Chairman of the National Advertising Committee of the N.S.T.A. from 1939 to 1956. During his term as National Advertising Chairman, in cooperation with the "Commercial and Financial Chronicle," the Year-Book Convention issues covering the national conventions yielded over $175,000 to the N.S.T.A. Treasury.

Harold B. Smith

Mr. Smith was one of the original founders of the National Security Traders Association and of the Security Traders Association of New York. He was also formerly a member of the Corporate Bond Club of New York and the Bond Club of New Jersey.

With J. A. Hogle

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Ezra Ratner is with J. A. Hogle & Co., 507 West Sixth Street.

The Diminishing Burden Of Consumer Credit

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

Depicting consumer instalment credit's true role as broadening the market for mass-production industries, "Journal of Commerce" editor explains why it cannot serve as a tool for economic stabilization except, like other types of demand for investment funds, that it ought not be financed at the price of general inflation. General economic rather than individual risk considerations, according to Dr. Luedicke, is held to be more reliable guide as to soundness of instalment credit practices, and selective controls are found unnecessary to protect the consumer. Author doubts 1957 consumer credit rise will exceed last year's unless auto sales pick up during the next few months, and foresees the growth of such credit as the economy grows, though the rate of increase over the next decade will not match the past ten years.

Much of the current confusion about consumer credit and consumer credit control is traceable to two factors:

(1) The distortion of the economic role of consumer credit from that of a relatively simple tool in modern merchandising into that of an instrument for the manipulation of cyclical business swings.

Heinz E. Luedicke

(2) The attempt to use past "emergencies" as a pretext for the establishment of permanent consumer credit controls. In this sense, even the establishment of stand-by controls would have to be regarded as a permanent facet of credit policy.

There is too much talk about consumer credit control and not enough about consumer credit.

There is too much talk about the role of consumer credit in achieving economic stability and not enough about its use in achieving higher living standards.

There is too much talk about the role consumer credit control ought to play in perfecting general credit control and not enough about its role in modern merchandising of durable consumer goods —both from the sellers' and the buyers' points of view.

The trouble with consumer credit today is that the monetary economists have been permitted to annex this field as their exclusive domain while the views of business economists have been largely ignored.

I. The Conflict

The past year brought the underlying conflict over the role of consumer credit to a climax in the Federal Reserve Board survey of consumer credit. The first five volumes of this survey have just been published. The whole survey will consist of six volumes.

This survey was requested by the Council of Economic Advisers at the direction of the President, for the specific purpose of investigating the desirability or necessity of consumer credit stand-by controls. The research job grew out of all proportion. Yet today, a year and six volumes of reports later, the monetary experts still dominate the debate; and they are still poles apart in their views on consumer credit control.

The disagreements among them revolve around two points:

(1) Can consumer credit be controlled through general credit restraints, or would it take selective qualitative controls (on top of general restraints) to limit its use if there is need for strong anti-inflationary credit curbs?

(2) Should stand-by controls for consumer credit be a permanent feature of the credit machinery, or is it preferable to deal with "emergencies" as they may arise in the future?

There is no agreement on either of these questions.

The Federal Reserve Board study failed to bring the conflicting viewpoints closer together. Consequently, I doubt very much that the Administration will try to make a case for permanent instalment credit controls as a result of this study. Actually, by failing to make a convincing case for control, this study supplied the strongest argument against any form of consumer credit control at this time—even the stand-by variety.

II. Distorted Aims

While the drive for consumer credit controls ostentatively is aimed at making over-all credit policies more effective, at least some of those who are pushing hard for them do so because they see in the control of consumer credit an additional tool for economic stabilization.

They believe that consumer credit controls can and should be used for contracyclical purposes: to hold back consumer purchases through changes in terms when demand threatens to outrun the supply of durable consumer goods; and — conversely — to encourage instalment purchases of durable consumer goods when demand is lagging.

This concept is fallacious. It is, of course, possible to curtail instalment purchases by making terms prohibitive; but the theory breaks down when put into reverse because there is no such thing as a planned postponement of demand for consumer goods. Consumer attitudes during an economic downswing cannot be reversed simply by a change in instalment credit terms as long as the public believes that the price level is headed lower or unemployment headed higher.

With modern mass production industries closely geared to instalment credit sales, this kind of contracyclical manipulation would constitute a rather hazardous gamble; it probably would result in a permanent loss of sales rather than in their postponement.

Even more obnoxious are suggestions to guide secular industry growth rates through credit instalment regulation. Such proposals have been made tentatively. They would gear instalment credit controls to what the "planners" regard as sustainable rates of production and sales in key sectors of the economy, like automobiles or other durable consumer goods. Such schemes would be only one step removed from outright control of production.

While suggestions such as these will not get anywhere, certainly not under the present Administration, they do show up some of the more devious motives behind the current drive for consumer credit regulation.

III. The Economic Setting

The true economic role of consumer credit, notably instalment credit, lies in broadening the market for mass-production industries. Its pioneers did not even dream of serving economic stabilization.

The current controversy over consumer credit control is largely due to the fact that the monetary experts still are dealing with the problem in terms of 1955—while it should be dealt with in terms of 1957 and 1958.

As so often is the case, the formulation of economic policies frequently requires so much time that conditions may have changed drastically by the time such policies are ready to be put into effect. The classic example for this was the way in which anti-inflationary policies were pushed in President Truman's mid-1948 and 1949 Economic Reports although it should have been obvious by then that price inflation was over and the country was actually headed into the 1949 recession.

The conditions that led to the heated consumer credit controversy in 1955 no longer exist, or have at least been greatly modified. The fact of the matter is that the problem never was quite as acute as it was made out to be primarily by those who are anxious to divert funds from consumer credit into other fields, notably mortgage credit.

Actually, consumer credit merits an important assist for getting us over the hump in 1954. This had nothing to do with any magical contracyclical powers, but was merely a reflection of the fact that easier credit terms broadened the market for automobiles.

In retrospect, it is easy enough to wonder whether the 1955 upsurge in automobile buying really was a blessing. But let us not forget that, at the time, we thought we needed that second postwar durable consumer goods boom badly to pull us out of the recession set into motion by the leveling off in the post-Korean defense boom.

The outstanding fact today—and this is all too often overlooked by the critics of consumer credit—is that consumer credit got over its 1955 upsurge—call it a binge, if you want—without any serious hangover and without doing damage to the overall economy.

IV. Sound Footing

Not enough has been made of the fact that for January, 1957, for the first time since the latest instalment credit boom got under way late in 1954 or early 1955, repayments on instalment loans exceeded new credit extensions. That cannot be explained away as merely seasonal.

This drop may not be too significant by itself, but it is important because it demonstrates that the 1955 instalment credit upsurge was brought under control before it developed into a real threat to the "normal" level of retail trade. There was a lot of borrowing from the future but obviously not enough to upset the apple cart.

While instalment buying certainly represents "borrowing from the future," the 1955-1956 experience has proved to my satisfaction that the American consumer knows how far it is safe for him to go in incurring instalment debt. His resistance to temptation may be weakened at times, but not for long. Actually, his resistance to temptation is strengthened by a generally sound attitude toward saving. Recent studies and surveys on savings attitudes made by the Michigan University Survey Research Center have disproved the cynical belief that saving in the United States today is widely regarded as unpatriotic.

The American consumer is a free spender, but he is also provident. Only widespread fear of monetary inflation would be likely to upset this attitude.

V. Yardstick for Soundness

Consumer credit is not the kind of business whose soundness can be determined by fixed yardsticks. (But, then, what business can?) Neither the position of the individual borrower, nor the impact of consumer credit aggregates on the economy as a whole can be judged as to its soundness by any ratios, correlations, or mathematical equations.

The risks involved in consumer credit are predominantly a matter of "terms."

It is safe to say that most of the problems in this field would largely disappear if adequate criteria for consumer credit terms were available. Where should we look for such criteria?

There has been, since the 1955 experience, a good deal of discussion about the amount of "equity" which an instalment purchaser ought to have in his purchase.

This reflects a fear that we may have erred in moving away from older criteria for terms that roughly assured that the instalment debt outstanding equaled the market value of the collateral.

As the banks have come more into the role of instalment lenders, the emphasis has switched from the older collateral concept to personal character as a criterion.

It is easy, anyway, to overrate the security which may be found in terms. In defense of such departures from the collateral concept, it should be noted that even if this principle were followed closely, a drop in the price of the used product could quickly leave debt outstanding in excess of the market value of the collateral.

So far as the soundness of the total consumer credit load is concerned, quite a bit of work has been done in relating instalment credit to disposable income; however, comparisons of current ratios to prewar are meaningless. These comparisons ignore the impact of the "revolution in the procurement of services" that has been going on for some time and is continuing.

This is not a new discovery, but it is an observation that probably can be used more effectively in the defense of instalment credit totals and their rate of increase than has been the case thus far.

Instalment payments are increasingly taking the place of cash outlays that formerly had to be made for needed services. Instalment payments on refrigerators and washing machines have replaced cash payments to the iceman and the laundryman. What maids used to get in wages now goes to pay off debt for numerous household gadgets. Cash spent for movies and theatres now helps pay off the instalments on TV and radio sets. And so on.

Just as the payment on mortgages is not a net new burden to the home buyers, but, at least in part, substitution of rent, in consumer instalment debt we have similar substitutions of debt for cash outlays. Even the payments on the family car are, in part, substitution for public transportation outlays.

This fact alone suggests that previously accepted criteria for instalment lending can now be stretched quite a bit without hurting anybody. Certainly there is no reason to be alarmed because consumer instalment debt outstanding, in 1955, reached 13% of disposable income as against 7.5% in 1929.

VI. Restraint versus Control

The fact that the problem of consumer credit is no longer acute—and is not likely to turn acute again in the near future—does not mean that the subject should promptly be dropped from public discussion, however.

Actually, these discussions should be pushed now because conditions make it possible to develop a more balanced judgment. The experience since the flare-up of the demand for consumer credit control has shown two things:

(1) General credit restraints had at least the same impact on instalment credit as on other forms of credit. Total private debt increased $51 billion in 1955—but the rate of increase dropped to $35 billion in 1956. The drop in the rate of increase was 30% for total private debt, but about 50% for instalment credit.

(2) Voluntary restraint in the field of instalment credit worked as well as anywhere else, and probably better. The problem, despite the 1955 upsurge, never did get out of hand.

Perhaps the most impressive demonstration of buyer and seller restraint in this field was the fact that 1956 brought a reversal rather than a continuation of the 1955 trend. Even in 1955, there was no magic in terms alone. The 1955 pattern resulted primarily from the success of the new auto models. Liberalized terms then helped. The same terms in 1956 failed to induce another buying spree, nor was any effort made to speed up lagging automobile sales by a further loosening of terms.

Under these circumstances, the case for consumer credit control is now weaker than it ever was, and it wasn't convincing even late in 1955.

By coincidence, publication of the first five volumes of the 1956 Federal Reserve Board study on consumer credit control followed by only ten days publication of the latest Bulletin of the Instalment Credit Commission of the American Bankers Association in which banks and other lenders in the consumer credit field were urged to exercise an increasing degree of prudence and to follow a policy of "controlled flexibility" in the period ahead.

As far as timeliness is concerned, you can trade in the five volumes of the Federal Reserve report for the scant five pages of this Bulletin of your own organization.

Probably, you all have seen this Bulletin prior to your departure for this Conference. Just let me refresh your memory by quoting one more sentence from it. "Until the economic climate can be brought into better focus," the Bulletin stated, "credit policies should lean toward the conservative and selective approach."

Restraint in the consumer credit field does not only mean that banks and other financial institutions must resist the temptation to go along when demand for consumer goods shows signs of running away; it also means the development of sound procedures for the day-by-day conduct of the business.

I feel sure that the Federal Reserve study of consumer credit, in the end, will prove a valuable addition to the literature on this subject, particularly its sections dealing with actual procedures and experiences. These sections should prove especially valuable because consumer credit, over the years to come, will continue to attract more financial institutions, particularly banks. This puts a premium on the availability of pretested experience records because they can help to hold down

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*An address by Dr. Luedicke before the American Bankers' Association's Instalment Credit Conference, Chicago, Ill., March 20, 1957.

Keeping Values in Balance

By DON C. PRESTON
Seattle, Washington

Mr. Preston concerns himself with equilibrium balancing during the business cycle and suggests our recent prosperity period "has created the necessity for new thinking . . . and understanding of real facts and not fancies of the past or fear of the present and future." Relating securities with consumption items, the author suggests we master as thorough a knowledge of the former as we do of the latter, improve our value measurement yardstick whether buying blue chips or stocks near investment stature, and not hastily dump securities any faster than we would dump personal possessions when prices drop.

Value received is the basis upon which sound barter and trade is planned and executed. When for any reason, the proper value return has decreased or vanished, value received is no longer in balance with the money, material or labor expended. Adjustments then must be made to bring them into proper relation with one another.

Don C. Preston

Often it has taken depressions of varying degrees of severity to adjust the value of goods and labor. When again in proper balance with the various mediums of exchange, a new economy based upon value received is brought about. Without this balance no true, safe or full prosperity can be achieved.

Looking back on the depression of the 1929-30 period, the writer as a merchant of that time, dealing mostly in merchandise requiring contract selling, remembers clearly the value received unbalance. Frantically he disposed of all new merchandise and stopped all new purchases, maintaining only repossession sales and collection offices.

To be a successful merchant of that time, one had to obtain and hold selling franchises from the few leading manufacturers of the day, whether it was automobiles, musical instruments, appliances or any manufactured article generally selling on an installment basis. Manufacture competition being rather limited, a dealer was under heavy factory pressure and obligation to hold his selling rights.

Generally no real necessity seemed to exist whereby manufacturers felt it necessary to their competitive life to greatly improve or expand the value of their products. Apparently their thinking was that their initial successes, together with their great name value, would carry them successfully on forever; all one had to do was follow them to riches and glory. The halo was shining bright.

The pressure for sales, combined with the new easy payment plans, no down payments and years to pay the balance, soon produced an over bought public. However, they were gradually coming to realize that the balance owing no longer covered the article's current value, depreciation and use value had decreased faster than the balance owed. No longer did they feel the need to keep up with the Joneses in merchandise in which they had lost interest, and no longer were they ashamed of repossessions. In fact, it became a national pastime to repudiate obligations wherever possible.

At last, and from real necessity, manufacturers did design and produce merchandise with great appeal and value, resulting in a gradual customer return, recreating a new and sounder credit situation, and allowing the wheels of industry to start turning, producing a real and new prosperity. Never had the American people been able to buy such values at such a low dollar cost.

Many other factors were, of course, contributors to the chain reaction generally blamed on the stock market's crash, where the value received balance had gotten out of hand. Not only money and goods were out of balance but people's minds were also out of balance with true values, riding gaily along with the myths of the times that prosperity, wealth, and happiness could be secured and held by investing their hard earned dollars in situations without a balanced value to their dollars invested.

Not only was it necessary for the manufacturers to change their value thinking, but the people who bartered their services for dollars had to get in line with a new understanding of their time and work value in relation to their productive value and dollar purchasing power. Throwing out of balance the actual worth value of a person's time against value received by the employer disturbs a natural law of balance, bringing on corrective measures until the value balance has again been achieved.

New Understanding Required

While the events of the past do not necessarily form an accurate pattern for the present and future, the fundamentals never change. Fortunately, however, men learn from experience and do adjust themselves as other creatures of nature, to life's ever changing conditions and demands.

Our very great and real continuous prosperity of the many past years has created the necessity for new thinking, analysis and accurate understanding of real facts and not fancies of the past or fear of the present and future.

Ours has been such a forward and pushing prosperity that it is very difficult to adjust our minds and actions to normal situations, we are constantly looking for and expecting abnormal investment opportunities. Unless there is a shortage of something where the known supply is less than the immediate demand, we feel that the situation is not a healthy one.

We are full of contradictions, such as: there is too much copper, too much lead and too much of many other natural resoures. While there is never too much oil, coal and other groups of natural resources, we take comfort in large reserves of some things and are alarmed with what we think is an over supply of others.

Investment premiums are paid for securities of oil companies having large proven underground reserves of oil and gas. This in spite of the present necessity for strict production controls and the always present unbalance between refined gasoline and oils of various types.

Short and Long Run Considerations

Copper, one of the metals in short supply in the earths surface, suffers market wise whenever the demand does not exceed the production. New resource discoveries are seldom bullish. This even though copper is a strategic metal of great importance and its domestic use is expanding with great rapidity.

All-out production of any natural resource, any manufactured article or any commodity would not only be a foolish waste of material and labor but would shortly wreck the economy. We must learn to live, invest and prospect under normal production and manufacturing conditions. Profitable production in balance with demand is the answer to a healthy economy. A great reserve of natural resources is a blessing and necessity. Industry excesses and abnormal situations must be brought into balance to maintain a stabilized economy and a proper balance of values.

Purchasers for others, through trust and pension funds, institutional investors, etc., do as a rule restrict their purchases to well established so-called investment issues; issues of such high investment standing that no personal criticism could possibly be made against them for such purchases should they suffer a severe market drop. Personally, these same well informed investment gentlemen no doubt know of and are buying for their own accounts, issues they feel may be approaching a so-called investment stature at a price more in line with their true value than the top issues, but ones on which they would suffer more from criticism should they drop in price. This effort at personal protection from criticism and purchasing names without full analysis of values creates excessive prices beyond current values, making them vulnerable to any market weakness.

Heavy investments in a limited number of name issues tend to push them away beyond their true market value from a dividend and price earnings ratio in spite of their long range prospects, and cause a considerable market slump where there is any let up in the buying support of these inflated issues. This very unbalance causes a complete market disturbance.

Usually the gap between the favored investment issues and others of near investment stature is too great, and eventually that gap must be brought closer together. Either the over priced ones have to drop or the others move up to create a better balance. This could be accomplished and we would have a sounder market if the large investment people would search for and purchase those issues of sound companies for their true current and future values rather than the inflated issues where it is felt no sales talks or defense of purchase judgment is necessary.

Value Insight

There are many contradictions in actual value appraisals between the purchase of a home or any personal article connected with our personal living and the purchase of securities. We would not think of a personal purchase without a thorough understanding of its actual dollar value. On the other hand we gaily and optimistically invest in securities without much actual knowledge of their true value in balance with the dollar value invested.

Daily quoted security market prices serve as a guide governing a current willingness to buy or sell at a stated figure. There are no such quotations on homes, business or other personal possessions. Would the public hastily dump these personal possessions as they sometimes do securities when the quotations frighten them?

How many of us use a yardstick of value measurement in the purchase of securities? In fact by even the purchase of one share in any company we become a business partner in that business to the extent of the percentage of our holdings. We should know whether or not we have made a good investment from a value standpoint. The price paid, balanced against income and the opportunity for capital appreciation, sets its true value, not its selling up or down but measured by its present and future income possibilities.

Investing in the so-called blue chips, growth stocks, and those with large natural resources gives no positive assurance of being a balanced value purchase. It is only a good purchase when the price paid is within reason as to actual earnings, dividends and capital appreciation within a reasonable length of time.

Scott Pierce Joins G. W. Walker & Co.

G. H. Walker & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, announced that Scott Pierce has become associated with the firm in the municipal bond department. Mr. Pierce formerly was with Phelps, Fenn & Co.

C. Radford Van Ness With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—C. Radford Van Ness has become associated with Harris, Upham & Co., 135 South La Salle Street. Mr. Van Ness was formerly a partner in Francis I. du Pont & Co.

With Alm, Kane, Rogers

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Louis S. Kuhn has become connected with Alm, Kane, Rogers & Co., 39 South La Salle Street. He was previously with White & Co.

With Thill Secs.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—George J. Gawronski is now with Thill Securities Corporation, 704 North Broadway.

Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

VENTURA, Calif. — Don W. Bowker is now with Dean Witter & Co., 129 South Chestnut Street.

Industrial Diversification: Good or Bad for America?

By JAMES F. CLARK*
President, ACF Industries, Inc.

Leading industrialist contends intelligent diversification: (1) can mean more jobs, more plentiful goods and services, more scientifically run firms, higher profits; (2) improves firm's credit, aids economic growth; (3) does not destroy small business; and (4) intensifies competition. ACF head evaluates the pros and cons of diversification, major types of diversification, motivating factors, and impact upon companies, employees, community and country. According to Mr. Clark, "desire for growth" is the over-riding reason, and other considerations involve offsetting "declining or non-growth market" or compensating for "seasonal or cyclical demand."

How widespread is industrial diversification? How important is it as a national phenomenon? It is so widespread that examples of larger companies which have not diversified to some degree are now harder to find than examples of companies which have.

James F. Clark

The New York "Times" describes diversification as "a postwar industrial phenomenon," and adds that, "It is almost a way of life for present-day American business." "Fortune" Magazine writes: "Here at the height of the most prosperous era in U. S. history, when almost any company could be excused for sticking to the things that are working so well, thousands of companies are furiously diversifying into new lines."

One statistic suggests the immensity of the topic we are considering. Since the end of World War II, American business has spent more than 200 billion dollars on new plant facilities. Our slide-rule friends have not yet broken down the 200 billion, but I would guess that diversification prompted at least half of that expenditure.

When I speak of diversification, I mean **product** diversification. I would define it as the process of expanding the line of goods or services offered for sale. Minnesota Mining and Manufacturing diversified when it began offering the public Scotch Tape, a new product. Sears Roebuck diversified when it began selling automobile insurance, a new service. Incidentally, it added life insurance only last week.

Diversification is not an exclusive practice of large corporations. A neighborhood apothecary who adds a food counter is diversifying just as much as the General Tire and Rubber Company was when it bought the RKO motion picture studios. Or perhaps, in the light of today's practices, I should turn my example around and say that a drug store which decides to carry drugs is diversifying!

Defines Diversification

Economists and business analysts cite dozens of types of diversification, but two pairs of categories pretty well cover the field. All product diversification is either **external** or **internal**, and either **divergent** or **convergent**. Briefly, diversification is called **external** when a new product is added by the acquisition of an outside facility. **Internal** diversification involves product expansion within an existing framework. Bell and Howell diversified internally when it began making and selling microfilm and, more recently, tape recorders and hi-fi.

Diversification is **divergent** when a company applies its know-how to make a product that is unrelated to its current lines, as occurred when the American Machine and Foundry Company, once exclusively a manufacturer of heavy equipment, added children's toys and automatic pin setters for bowling alleys to its line. **Convergent** diversification describes product expansion in familiar areas. A current example is furnished by ACF's own Carter Carburetor division, which has developed and soon will market fuel injection to join its other fuel system products. Obviously, internal or external diversification can be convergent or divergent.

Diversification, then, comes in different forms as well as sizes.

While on the subject of definitions, we should remind ourselves that the words "diversification," "merger" and "acquisition" are not synonymous. Merger and acquisition are two of several ways of enlarging a **company**. Perhaps some of you remember the line, "Now we will put Worthington Pump and International Nickel together and get pumpernickel." Diversification implies new products. Companies can merge or acquire without diversifying. The mergers of Packard with Studebaker, and of the Chase National Bank with the Bank of Manhattan Company are familiar examples.

And it seems hardly necessary to say that companies can diversify without merging, as ACF did when it established its Nuclear Energy Products division.

A merger or an acquisition may, of course, **result** in diversification — external diversification. This is common but not typical. The Federal Trade Commission reports that of 2,000 mergers and acquisitions recorded from 1951 through 1955, only 25% were for purposes of diversification. Since the balance is 75%, I think we can conclude that the desire to diversify differs from the urge to merge.

Motivating Factors

What is the thinking is back of this desire to diversify? To paraphrase "Fortune": Why, when things are working well, are so many companies diversifying into new lines? Authorities have found as many as 43 answers, but I am going to limit this discussion to three.

The over-riding reason for diversification is the desire for growth. American business feels today that merely holding your own is not enough . . . that standing still is, in effect, moving backward. Someone has said: "Business is like riding a bicycle — either you keep moving or you fall down." I certainly will affirm that constructive growth is a valid business goal, and that intelligent diversification can contribute to it. Today, with a minimum of exceptions, the largest American Industrial companies are diversified.

The other reasons for diversification are more specialized. One is the need to offset a declining or non-growth market. In every generation — almost every year — changing tastes and technologies make certain commodities obsolete. The makers of harnesses, harpoons and hatpins literally had to diversify or die. Buffalo Forge is one example of those companies that elected to **live**. Buffalo once made pumps for windmills and bellows for blacksmiths. Some of us are old enough to remember them. Buffalo is still in the air transfer business, but today Buffalo Forge devices blow air for air conditioners.

Another major reason to diversify is the desire to offset seasonal or cyclical demand. The standard example is furnished by the railroad equipment industry. On this subject you might call me an expert: The old American Car and Foundry Company, predecessor of ACF Industries, originally made railroad cars almost exclusively. Our American Car and Foundry division still is a leader in the railroad equipment business, but we certainly know something about the uneven demands of cyclical markets.

If I were to draw you a graph of the peaks and valleys in that area of our business over the last 50 years, it would resemble a profile of the Rocky Mountains. It would also point up very clearly the reasons for diversifying our fields of activity.

In the old days, almost 100% of our income came from the railroad industry. Last year, 60% of ACF's profits came from non-railroad and non-defense work. The demand for railroad equipment is still cyclical, but we no longer rely on it exclusively.

Evaluating Good and Bad Diversification

Let us bear in mind, though, that we cannot evaluate diversification per se. It must be assumed that in appraising its advantages we are considering **intelligent** diversification where related experience and skills, both technical and managerial, provide a basis for success in the new or extended area of operation.

With that premise established I shall deal separately with the effects of diversification in terms of its "goodness" or "badness" for the company, the community and the nation.

Since the purpose of diversification is to make new customers and increase profits, it would be very interesting in this evaluation if we could make an estimate of what it has added up to in dollars. This of course would be an arduous task, because so many companies have diversified and in so many ways.

However, the very fact that it is continuing at an accelerated rate across the whole industrial scene is evidence of the promise it holds for those who do it wisely. And there **are** statistics to confirm that it **can** pay off.

We might take as examples the Radio Corporation of America and General Electric, two major companies that have extended their interests into many diverse fields.

In the decade between 1946 and 1956, sales of all manufacturing companies in the United States increased 172%. RCA's sales in the same period increased 377%, and GE's 349%.

More Profit and Credit

In those same 10 years ending in 1956, profits after taxes of all manufacturing companies increased 225%. RCA's profit increase was 264%, and General Electric's an impressive 388%.

Increased profitability is usually reflected in stock appreciation, and in higher dividends. Here again, diversified companies have done better than the national averages.

Successful diversification can have two subsidiary effects that are highly important to this appraisal. If it results in offsetting

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*An address by Mr. Clark before the Albuquerque, New Mex., Chamber of Commerce, March 12, 1957.

From Washington Ahead of the News

By CARLISLE BARGERON

The only way I can explain it is that I have become completely perverse. There's no other way to explain the fact that while I sat watching the McClennan's Senate Committee investigation of Dave Beck I kept pulling for Beck. I have never known the man, never met him and unquestionably he and his fellow Teamster officials have been eating high off the hog of Teamster funds.

Carlisle Bargeron

Westbrook Pegler has been exposing them for 10 years. Even the stuff about Subordinate Teamster Boss Brewster and his race-horses and the fact that he paid for, at least some of their upkeep, out of Teamsters funds. About a year ago two Portland, Oregon, reporters won the Pulitzer Prize for an exposure of the evil doings of Teamster officials in Portland. Pegler never got a Pulitzer Prize for his work. What he got was a loss of clients for his column. They complained that he was boring, writing every day about the labor racketeers.

At the height of the New Deal, in 1936, Washington correspondents were flocking out to Seattle to interview Beck in his ornate offices and they wrote eulogies about what a big business man he was. It was during the 1944 campaign when Roosevelt was a successful candidate for a fourth term that he was the honor guest of the Teamsters at one of the swankiest parties Washington has ever known. That was the occasion when some of the Teamsters leaving the swanky party and feeling no pain got into an argument with four young naval officers as to the extent of their Roosevelt patriotism and beat them up.

Now at this late date, for some reason, headline hunting Senators in the guise of making a study of the labor situation with a view to passing legislation, which is the only warrant for a Congressional investigation, decide to go after Beck and the Teamsters.

I don't mind them gone after in the slightest. Unquestionably their power as well as the power of other labor leaders should be curbed. But one of the first things Congress should consider is just how these labor leaders got this power in the first instance. They got it from the New Deal which sanctified the picket line and, through legislation and Presidential support, brought about a condition whereby it is almost impossible for millions and millions of Americans to get a job unless they belong to a union. The New Deal certainly gave the Teamsters their power, a power by which a truck cannot enter New York City, for example, without a union driver on the truck.

Secondly, the McClellan Committee knows plenty enough about the Teamsters' organization to base legislation. Their investigators have made a thorough study. They know more about the misdeeds of Teamster officials than the officials do themselves.

But, Senators being what they are, they can't stop here. They must haul in Beck and others amid a fanfare of publicity and put on a big show of mauling them in public. For the sanctimonious McClellan to contend that he is just making a study is ridiculous. He has all the information he will ever get. No, the purpose is a show; the committee hearings are widely advertised in advance, they are televised in the instance of Beck's appearance and you can bet your boots that Senators who never show up for a more important committee meeting, show up for this one, and each one wants to get in his bit. They lecture the witness, browbeat him, say anything to get in on the publicity.

You might say that Beck deserves such as this. The fact is that these Congressional committees have a way of treating respectable business men the same way.

There was the spectacle of Senators asking Beck why he didn't resign from the Executive Council of the A. F. of L.-CIO because the Council had resolved that any labor union official taking the Fifth Amendment should resign not only from the Council but from his leadership. The obvious answer is why the Council won't kick him out. The reason for this is that Beck has the largest union and the A. F. of L.-CIO wouldn't like to lose its contribution.

Beck is eminently right when he says the orderly way to bring him to brook for any wrongdoing is through the judicial processes. Any man in as complicated a mess as Beck is would be a fool to try to explain it to a group of headline hunting Senators and not take refuge under the Fifth Amendment. It may not be good public relations the way Beck is doing. But he wouldn't have a chance in the world trying to combat the Senators on their home grounds.

As I have said before, I have no brief for Beck but the spectacle of a mob after a man has always annoyed me.

Joins H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Howard N. Young is now affiliated with H. L. Jamieson Co., Inc., 1419 Broadway.

Franconi Opens Office

DALLAS, Tex.—John L. Franconi has opened offices at 308 South Harwood Street to engage in a securities business.

J. S. Griffith Opens

(Special to THE FINANCIAL CHRONICLE)

BUENA PARK, Calif.—John S. Griffith is engaging in a securities business from offices at 8191 Dale Street.

Fred James Opens

RUSH SPRINGS, Okla. — Fred James is engaging in a securities business from offices at 413 Arapaho Street.

Harold Osherow Opens

PATERSON, N. J. — Harold H. Osherow is conducting a securities business from offices at 216 Lyon Street.

Form Phillips Inv. Co.

YUMA, Ariz. — Phillips Investment Co. has been formed with offices at 47th Fifth Street. Partners are Charles D. Phillips and Sidney S. Woods.

Prospective Developments in The Mortgage Market

By JOHN F. AUSTIN, JR.*
President, Mortgage Bankers Association of America
President, T. J. Bettes Company, Houston

Possibility of a total of one million or fewer home units this year is postulated by mortgage banking head, in foreseeing more of an easing in the present mortgage market. While conventional lending possesses brightening prospects for some increased volume, Mr. Austin draws a downward loan trend picture for insured and guaranteed mortgages. The MBA President anticipates greater strength by savings and loan associations, life insurance companies and mutual savings banks, and notes encouraging prospects for tapping Pension Funds. Reviews principal legislative developments affecting construction and lending industries.

The year 1957 is now well underway; what can we expect the balance of the year to hold for the Mortgage Market? One thing seems certain — we will not see the fast changing type of picture that we did last year. There should be changes, to be sure, but I think they will be more slowly formed and we should be able to anticipate them somewhat better. The tremendous influence of politics, or rather, legislation, will be keenly felt by our industry. Mortgages and home building have already had a good bit of time in the national legislative spotlight and they will likely continue in that spotlight not only this year but also next. This is a year in which there is a flood of bills; and in which almost anything could happen.

John F. Austin, Jr.

Legislative Developments

Extensive hearings have been conducted on the question of interest rates on veterans' guaranteed home loans, the future of the VA program, additional authorization for the Federal National Mortgage Association, and proposed modifications of the FHA structure, intended to provide some form of substitute for the terminating loan guaranty program.

Throughout all this the interest rate question stalks like a troubled ghost. To the Congressional mind it is a frightening specter which no-one cares to face. Instead of boldly getting rid of it by the simple magic of a rate increase, the tendency is to try to find an escape from it by every device imaginable. . . .

In addition to the matters I have already mentioned, there are many other subjects of legislation by which the building and mortgage interests might, in some way, be affected. Among them are aid to depressed industrial areas, aid for small business, changes in the Internal Revenue Act affecting real estate investment, a proposal to create a system of Federally chartered mutual savings banks, and an extensive review of banking laws which, in a number of ways, bear on mortgage and construction lending. All in all about 200 bills which touch our fields of activity have been introduced.

Increased Construction Financing

As for the market place itself, I expect to see a gradually increasing availability of construction financing. Failure to attain one million houses this year will be attributable to artificial obstacles created by unrealistic interest rate policies with respect to insured and guaranteed loans and possibly other disruptive government actions.

Last year, over-all, we had the greatest outpouring of new credit in history. This was made possible by a notable increase in both the rate and absolute volume of savings over the previous year and a restrained increase in the volume of bank credit. Funds for investment were hard to get, not because the supply was contracting, but, rather, because the demand reached unprecedentedly high levels.

Basically, the situation will be much the same in 1957, but there should be a noticeable change in emphasis, particularly after this quarter of the year has been passed. The change is this: The supply of funds will grow somewhat faster than in 1956 and the demand will grow somewhat more slowly and this is primarily because tight money has already had its desired effect, not only in the housing sphere, but also in plant expansion and, possibly, even in consumer buying.

Now, how will the Mortgage business fare in the climate we anticipate for 1957?

Easier Mortgage Market Ahead

As a result of the drop in residential building, as well as the now probable easing of industrial and business demands for capital, institutional investors are likely to find themselves with more funds than they anticipated at last year's end. In such a case, the Federal Reserve would no longer feel obligated to keep its present tight rein on bank credit.

This prospect indicates that we will see a somewhat easier situation ahead—a situation of which the mortgage market should be able to take swifter advantage than the bond market because of the builder's ability and need to increase production quite rapidly. I do not foresee a period of easy money by any means—more an easing of our present situation. It is altogether probable that we stand on the threshold of a new economic era — and has been voiced by many others, but for diverse reasons; it may well be an era in which we have a chronic shortage of money — an atmosphere that we have not known for some time but an atmosphere in which we can live, prosper and progress. The same laws will continue to apply—even more so than has been the case recently—the forces of supply and demand will function as they have historically.

Since October, I have done a good bit of traveling around this country of ours for and on behalf of our Association; I have had a chance to talk with representatives of a wide segment of our financial community and I think I have gained some very valuable experience.

And from this experience let's try to read the crystal ball.

Conventional lending should be able to continue to go along as it has during the past months, with brightening prospects for some increased volume. But when we look at the insured and guaranteed sector, it is a different story.

Downward FHA-VA Loan Trend

The best indications of the future, as far as FHA and VA loans are concerned, are applications for insurance and requests for appraisals — and these continue their downward trend.

Although total applications for FHA insurance during January of this year rose 25% over December, 1956, seasonal adjustment softens the impact considerably and in comparison with January of last year applications are off 18%. As compared with Januarys of previous years, current volume lagged behind every postwar year.

Under the Veterans Administration loan guaranty program appraisal requests in January were down 5% from December, 1956; but compared with January a year ago, requests for appraisals were down 40% over-all. I can see no clear prospect for anything but a continued decline. The only hope for averting practically a complete drying up of this market lies in the possibility of a rate increase which has already been bounced around by Congressional committees.

The Chairman of the House Veterans' Affairs Committee has expressed the view that the concern of his committee is with the veteran and not with the predicament of the homebuilders or the state of the housing market. He has also indicated that ample opportunity has been provided to the veterans living in metropolitan areas to exercise their rights to the benefits of the loan guaranty program, and that, as he sees it, the remaining need is limited to that of the veterans living in remote towns and rural places. The direct lending bill that he has sponsored is strictly limited in this respect.

At the same time, consideration has to be given to the fact that for some 6.5 million men who served during the Korean conflict period the benefits of the Servicemen's Readjustment Act do not expire until Jan. 31, 1965. Hence, the additional question of what is to be done about this large group. Are their privileges to be allowed in effect to lapse because a sub-market interest rate shuts them out of the market? Or should the interest rate be raised? Or should government funds, directly or indirectly, be used to keep the program going? Or should FHA be modified to provide an alternative borrowing medium, leaving the residual VA program to die on the vine?

These are some of the questions which will have to be resolved during the present session of the Congress.

Specific Mortgage Supply Sources

Looking more specifically at the mortgage money situation we find some definite reasons for encouragement when you take each of the three main types of mortgage lending institutions under observation. The savings and loan associations, last year, concentrated on improving their liquidity position and therefore their asset growth was not reflected in mortgage acquisitions. They should continue to grow this year and, with their higher degree of liquidity, they will certainly do a larger volume of lending. All but a small fraction of this will, of course, be conventional lending.

Life insurance companies, having worked off, last year, the large commitments made in 1954 and 1955, and with the extraordinary good sales of life insurance in 1956, should be a bigger factor in the mortgage market; this, in spite of continued heavy demands from other investment areas. That pressure seems certain to be somewhat less than it was last year. A great deal, of course, will depend on what happens to the VA rate and how well the FHA and VA rates stand up in a still highly competitive market.

Mutual savings banks have been in a situation not greatly dissimilar from that of the life insurance companies. As the year progresses I think the savings banks will be back more strongly in the market than they have been for several months, for the same reasons that I think the insurance companies will be back.

The prospects for tapping the Pension Funds are, at least, encouraging. There have been and continue to be, attempts by various groups to interest those who guide these funds in the acquisition of mortgage investments—attempts to show that mortgages can, and in fact are already in isolated cases, quite suitable to their investment needs. These attempts have not been completely without success; however, in recent months the pension trusts have been all but overwhelmed with investment opportunities from every quarter. This has enabled them to sit back and pick and choose the most attractive opportunities from an almost unbelievable array of submissions. We have, in this case, as in others so vivid, been victims of the high state of prosperity enjoyed by the country as a whole.

1957 Prospects

Let's take a final look at the market prospects from the housing unit standpoint: 1957 should see an increase in the number of conventionally financed units to perhaps as many as 650,000. If, as I believe they will, money conditions begin to ease somewhat this spring, the downward trend in FHA volume should be halted and we might assume something like 180,000 units from that source. A sharp drop in VA activity seems inevitable despite whatever may be done by a rate increase, if that should somehow come about, but at worst, the VA program is likely to account for 150,000 starts. These assumptions indicate the possibility of a total of 1,000,000 or fewer units this year.

Nineteen fifty-seven will be another year of adjustment for mortgage bankers. It will be a year in which those who are interested in the maintenance and advancement of a free market economy must be constantly alert and must be ever-ready to participate in the formation of policy. We must not relax our attention; we must not pass up our opportunities. We can be assured of the soundness of what we stand for, and trust in the ultimate rewards of our patience, persistence and willingness to work towards these goals for which we stand.

*An address by Mr. Austin before the Southern Mortgage Conference, New Orleans, La., March 21, 1957.

Heller, Grunwald Formed

Heller, Grunwald & Co. has been formed with offices at 120 Broadway, New York City, to engage in a securities business. Sigmund G. Heller, a principal of the firm, will be located in the New York office.

A branch will be maintained at 225 East Redwood Street, Baltimore, under the management of Norbert S. Grunwald.

THE MARKET . . . AND YOU

By WALLACE STREETE

With no incentive to prompt any decisive action, the stock market lolled around again this week making the current stalemate one of rather unusual duration. Except for a February sinking spell that didn't go too far, the market has marked time essentially for the better part of half a year now.

A Stalled Market

The stubborn refusal of the list to go either way was so pronounced that some of the market students were already on record predicting a continuation of the stalemate throughout the rest of this year. The last period of such indecisive action over a long pull was following the 1946 market break and into 1949 when the long upturn started in earnest.

* * *

It is a simple matter to show an even longer market stall. For more than a score of months now one 500-stock average has held in a range of 49.74 high and 40.80 low. Being approximately in the middle of the range currently makes it a pretty safe bet that it will be some time before there is a breakout, barring any sudden drastic shock from some news source.

* * *

The fact that auto sales don't seem to have spurted in the traditional spring pattern added some specific weight on the market, although it failed to spark any concentrated selling in the issues involved.

* * *

Steel operations were still subsiding slowly which, also, was hardly an incentive to spur aggressive purchasing. The downdrift, however, was so gradual that it failed to start any scare selling.

Copper Pros and Cons

Copper issues that had had their share of gyrations recently as the price of the red metal dropped from an historically high level were able to stand their ground well for the most. Some of the fat earnings resulting from the high-price era helped to bolster sentiment. Predictions that the worst of the copper decline was over also were a boon to timid copper followers.

* * *

The pros and cons over the different copper situations were the familiar ones, but Anaconda was rather more favored than most, largely because it has emerged as the world's largest uranium producer. It accounted last year for about a third of domestic production. Moreover, it is not unimportant in the aluminum scene and ranks as the fourth largest producer of primary metal. The fact that the issue was available at around a 30% trim from its peak made it something of a bargain item, too. This, incidentally, discounted the fact that last year the company was able to boost profits significantly and scoot into the No. 18 slot in the list of the nation's top money makers. Kennecott which has been a top money maker steadily is in No. 16 spot, with Anaconda now in position to challenge Kennecott's leadership.

Drugs Stand Out

The drug shares, and particularly those that produce the Salk vaccine, were among the better-acting sections of the undistinguished over-all market, tales of a shortage in the vaccine naturally firing a bit of speculative zeal. Allied Laboratories, second largest producer of the polio vaccine, had its vocal champions largely because the company turned in a doubled net per share last year. Moreover, Allied has been selling at around nine times earnings where comparable companies have been rated at around 15 or 16 times earnings. There is some thought being given to listing the issue on the New York Stock Exchange.

* * *

Other drug shares, too, had good news to report to keep up the market enthusiasm. American Home Products lifted profits last year by more than 50% on sales increase of only about half that much. Eli Lilly, the major Salk vaccine producer, estimated that sales of this item in the first half year should exceed that for all of last year.

Among the oils, where an occasional favorite was able to stand out, Atlantic Refining has been buoyant and by most market yardsticks offers among the better values around. It is selling at only approximately nine times earnings—a low ratio in this group—and about equal to its book value. The stock hasn't been overly prominent since it digested Houston Oil properties. If, as some quarters expect, a dividend hike is in prospect, the issue would come close to offering a 5% yield.

* * *

U. S. Pipe has had a placid market life for the most since its 4-for-1 split in 1955 and lately has subsided to where it also is in the 5% yield bracket. It is a candidate for better earnings this year what with price increases, new more efficient facilities and good demand for its cast iron pipe and fittings, a field in which it accounts for about half of domestic production.

* * *

General Railway Signal has also had a mundane market experience since it was split last year. The split shares have lolled in a range of half a dozen points since they appeared, although General is expected to be a prime beneficiary of railroad automation which, in turn, is the bright, new promise for the harassed rails. The stock at recent levels has been available at less than 10-times-earnings.

Interesting Sleeper

American Machine and Metals has been in the doldrums for an even longer period. It held in a 10-point range last year which was a tighter band than it had carved out in the two previous years. So far this year the range has narrowed even more, despite record sales and earnings, a yield of around 5½% and at a price only some seven-times this year's estimated earnings. The company seems assured of boosting profits this year since it is operating at higher levels than it was a year ago.

* * *

The fact that American Machine's current dividend was earned twice over last year makes it a candidate for some liberality, the consensus favoring a stock payment. The company is an important factor in the gauge and instrument business, in various industrial machinery, motors for appliances and its manganese mining operations. In recent years the company has diversified to end the highly cyclical nature of its old operations.

* * *

Baldwin-Lima-Hamilton in recent months has subsided rather drastically after its runup with other makers of road building machinery in last year's enthusiasm. But this hasn't altered the bright outlook of the company over the huge highway program which will provide a 10-year demand. The company's profits were in something of a decline until last year when there was some indication that the trend was finally reversed. The stock lately has been available at half last year's peak.

[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 Geddes, Andrews

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Irving W. Andrews, Jr. has become connected with Geddes, Andrews & Co., 2632½ F Road.

First Boston Corp. Elects New Directors

The First Boston Corporation, 100 Broadway, New York City, has announced that Robert L. Harter, Andrew N. Overby and Edward Townsend, Vice-Presidents, have been elected to the Board of Directors.

Robert L. Harter

Andrew N. Overby

Edward Townsend

Mr. Harter, who was elected a Vice-President of the corporation in 1944, first joined First Boston in 1931. A graduate of the University of California, he was previously associated with Crocker First National Bank and Sutro & Co., both of San Francisco. He is connected with the firm's Sales Department.

Mr. Overby, who resigned as Assistant Secretary of the Treasury and United States Director of the International Bank for Reconstruction and Development to join the corporation in March, 1957, is concerned with all aspects of the investment company's business with particular emphasis on international and monetary affairs. Prior to his service as Assistant Secretary, he was United States Executive Director, and later, Deputy Managing Director of the International Monetary Fund.

Mr. Townsend, who was elected a Vice-President in January, 1955, is associated with First Boston's Underwriting Department. He joined First Boston in 1946 after serving four years as a major in the Ordnance Department of the U. S. Army. A graduate of Yale University, Mr. Townsend had previously been associated with Central Hanover Bank and Trust Company, now The Hanover Bank.

SEC Defers Proposed Revision of "No-Sale" Regulation No. 133

The need to study further the "no sale" doctrine underlying Rule 133, according to Commissioner Sargent, necessitates holding up scheduled revision.

SEC postponement of the Revision to Rule 133, as announced in Realease No. 3698, was discussed by Securities and Exchange Commissioner James C. Sargent in an address before the Houston Regional Group, American Society of Corporate Secretaries in Houston, on March 15, 1957.

James C. Sargent

In discussing this subject, Mr. Sargent stated as follows:

"Some of these abuses have stemmed from the fraudulent use of our Rule 133. As you know, the rule is an interpretive expression by the Commission that for the purposes of registration of new securities, 'no sale' is involved in the issuance of securities pursuant to certain types of statutory mergers, reorganizations, consolidations, and reclassifications of securities. Inasmuch as the securities issued—pursuant to the rule—are deemed not to be a 'sale,' as that word is defined by Section 2(3) of the Securities Act, the registration requirements of the act are not applicable. The rule has been abused and the securities sold by the 'boiler rooms' were 'freed up,' in reliance on the rule, and resold to American investors without benefit of the fair disclosure registration requirements of the Securities Acts.

"On Dec. 7, 1956, we issued a proposed revision of the rule, which, in effect, would have reversed our present position and would have required registration of securities issued in such mergers, consolidations, reorganizations and reclassifications. Public hearings were held on Jan. 17, 1957. We have reviewed the record of these hearings and the written material submitted by all segments of the industry and the Bar with regard to this proposal.

Letter to Mr. Lane

"The Commission, this week, announced that it does not presently contemplate adopting the revision of Rule 133 as announced in Release No. 3698 until further study of the problem. This announcement is made so as to remove any uncertainty that may exist as to contemplated action by companies in the area covered by the rule. In a letter to Mr. Chester T. Lane, Chairman, Committee on Administrative Law of The Association of the Bar of the City of New York, the Commission has expressed the view that it is in the public interest to reappraise the so-called 'no sale' doctrine underlying Rule 133 'in light of our administrative and enforcement experience, and to seek a solution more consistent with the fundamental disclosure and anti-fraud principles of the statutes which we administer.' In this letter we have taken the position that a change in the rule may be worked out which would effectively deal with the problem. Consideration as to a statutory amendment to deal with the problem is another approach the Commission is presently exploring. The Commission will welcome any rule or statutory amendments which might be submitted by interested persons."

Krensky Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Herman Kaplan has been added to the staff of Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Joins A. C. Allyn

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Oris E. Kelsay has become connected with A. C. Allyn and Company Incorporated, 101 West 11th Street. Mr. Kelsay was formerly with B. C. Christopher & Co.

OUT NOW—The General Electric Annual Report discusses

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- The opportunities ahead (President's Report) . . . . P. 1
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- News in automation — industrial sales . . . . Pp. 4-5
- Progress on earth satellite, missiles, atomic electric power . . Pp. 8-9
- Developing leaders for the future in a growing nation . . . . . Pp. 10-11
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- New business in gas turbines P. 16
- More defense for the taxpayers' dollar . . . . P. 17
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If you would like a free copy

of the Annual Report, write Dept. 2-119E, Schenectady, N. Y. If you own General Electric shares held in the name of a broker, or in the nominee name of a bank or trust company, write to Dept. 2-119R, and we will mail you regularly our share owner publications.

Progress Is Our Most Important Product

GENERAL ELECTRIC

LETTER TO THE EDITOR:

Pending Merger Bill's Harmfulness Is Exposed by Noted Expert

Leading consultant in corporate reorganizations and expansion writes of the dangers in the pending merger bill (HR 2143) now being examined by Congressman Celler and his anti-trust committee. Former SEC Administrator Burck believes this Bill will have a serious effect on the economy's growth; harm small- and medium-sized businesses; and questions whether it is fair to penalize 95% in order to catch 5%. Reader Burck proposes alternative measures to realize the Bill's basic objective of blocking transactions which run counter to our anti-trust laws.

Editor, Commercial and Financial Chronicle:

I thought my views on the pending Merger-Acquisition Bill (HR 2143), which were placed in the Committee's Hearing Record, would be of more than passing interest to your readers.

Arthur A. Burck

This Bill proposes a waiting period of 60 days on contemplated mergers where the purchase price of the company to be acquired exceeds $2 million and the combined net worths exceed $10 million. The Anti-Trust Subcommittee of the Judiciary Committee, House of Representatives, under the Chairmanship of Congressman Emanuel Celler, is examining this subject.

I. Summary of Views.

(a) This legislation, in my opinion, will unintentionally but inevitably bring hardships to the vast middle group of businesses on which the future of America depends, and could thereby distort the natural growth of our economy:

(1) It will needlessly and harmfully impede the sound growth of thousands of medium-sized companies in the range of $6 to $25 million net worth.

(2) It could harm another important segment of our business community: owners of companies in the $2 to $7 million range who for valid reasons may seek to sell their businesses during the coming years.

(b) On the other hand, it will impose no real obstacles — and may indeed create advantages— for certain acquirers whose activities may not be in the national interest:

(1) The corporate giants which can acquire what they want through economic strength will find that its restrictions are mere flyspecks in their plans, and indeed they may be indirectly aided by such legislation.

(2) The "professional" acquirers will find opened up vast new areas ripe for profitable exploitation.

The detailed reasons behind these views are set forth below:

II. These Views Stem From 19 Years of Varied Experience in Mergers and Reorganizations.

In weighing these views, it should be kept in mind that the undersigned speaks from a background of 19 years of specialization in the field of acquisitions, mergers and reorganizations. As you will note from the record, experience in hundreds of these transactions has been gained in many capacities: as a business and financial consultant, Wall Street lawyer, broker, tax adviser, financial analyst and eight years as an attorney in the SEC's Corporation Reorganization Unit.

These views are submitted at the suggestion of Robert Bicks, Esq., an Assistant Attorney General in the Antitrust Division. Last November, Mr. Bicks was a guest lecturer at the Conference on Mergers sponsored by the American Management Association, and the undersigned was then afforded an opportunity to debate informally with Mr. Bicks the substance of the views set forth herein, following which Mr. Bicks urged the undersigned to testify to the same effect before the appropriate Congressional Committees.

III. The Basic Objective of the Bill Is Commendable.

At the outset, it is stressed that no one can soundly quarrel with the basic objective of the bill: to afford the government a reasonable opportunity to block transactions which run counter to the anti-trust laws. I differ only with the method, since I believe that this objective can be achieved by alternate measures which will not impose severe hardships on certain segments of the business community. My views also stem from my personal observation that at least 95% of today's acquisitions pose no problem of anti-trust violation. This in turn raises the basic question of whether it is fair to penalize the 95% of the business community which is law-abiding in order to make it simpler to catch the 5% of the acquirers which, unintentionally or otherwise, ignore the anti-trust laws. At the very least, the Committee will want to weigh the harm done to the vast majority alongside of the need to curtail the small minority.

IV. Subtle Reasons Why Bill Will Impose Widespread Hardship.

It is respectfully submitted that, as a practical matter, this proposal will work serious hardships on (1) medium-sized acquiring companies having net worths above $6 million, and (2) sellers of businesses worth more than $2 million.

These consequences ensue not from cause and effect which are visible on the surface but rather from subtle factors which are largely subjective. Perhaps these subjective factors are patent only to those of us who live in the midst of the marketplace for mergers and who therefore appreciate the delicate inter-workings of this market which often generates a particular merger. These subjective factors can best be illustrated by a series of hypothetical situations:

(a) Supposing the reader were the owner of X Company, a business having a sales price of $3 million, and for valid reasons you wanted to find a buyer. Further suppose that you had the choice of dealing (1) with Y Company which has a net worth of $8 million so that the transaction would entail a 60 day wait, or (2) an acquirer (individual or corporate) where the wait would not be involved. Whether you liked it or not, you probably would choose the second alternative. Why? Nothing is more disruptive to the seller's business than an unwarranted waiting period. Regardless of what secrecy may be attempted, word almost inevitably leaks out, and unfortunate consequences may then ensue to the seller's business. Competitors can use the sales rumors with telling effect; key employees, uncertain of status, may defect; finances may be adversely affected during such an interregnum.

(b) A substantial part of the mergers and sales of businesses in the small to medium range, originate through the activity of investment bankers, brokers, finders and other intermediaries. To those of us who understand the thinking and ways of these intermediaries, there is no doubt that intermediaries with company to sell will avoid like the plague any acquirer who has to wait 60 days. Put yourself in the place of a broker who has just been given authority to sell X Company for a price of $3 million. Self-interest requires that such intermediaries deal to the extent possible with acquirers who act expeditiously. They are paid only if their deal closes, so that they waste their time and money if they get their deal tied up with a "slow" acquirer and in the meantime someone else brings about a deal with a "fast" acquirer. That is why certain companies and professional acquirers are always concluding so many acquisitions. Because it is known to intermediaries that they act with expedition, they receive most of the good deals. The "amateur" acquirers who have not learned to move expeditiously receive submissions only from the novice intermediaries, or when the deal is of no interest to the more expeditious acquirers. These already are the realities of today. Now if you superimpose a 60 day additional delay on the buying activities of many companies, is there any doubt that intermediaries will channel their flow of deals away from such companies? It is the small- to medium-sized acquiring company which will be primarily hurt; the very large companies rely less on intermediaries since they can afford to maintain a staff to seek out suitable acquisition opportunities.

(c) Let us suppose, however, that X Company does work out an agreement to sell for $3 million to Y Company, which has a net worth of $8 million. X and Y then notify the government, and the deal marks time for 60 days. In the meantime, the deal leaks out to certain of the professional acquirers who decide that X Company is worth $3.5 million to them. They offer X Company that amount and a "prompt" closing unaffected by the 60 day wait that applies to others. It is probable that Y will lose the deal. It is natural to expect that this sort of surveillance will surround most deals during the 60 day suspense period. Companies in Y's position will be left only the deals that the astute acquirers do not want. They will spend their time and money developing deals, and end up as a "stalking horse" for the professionals and their coterie of finders.

Inevitable Effect Summarized

In summary, the inevitable effect of such legislation would be as follows:

(a) Acquiring companies having a net worth in excess of $6 million will be preempted to a considerable extent from dealing in an important area of the diversification field: companies which cost $2 to $7 million. Is it fair to put these buying companies at a serious competitive disadvantage in this market?

(b) By the same token, this major segment of the buying market will be denied as a practical matter to sellers in the range above $2 million. It is a matter of hard economics that if you take away this part of the buying market, sellers in this range will suffer. Inevitably they as a group will realize a smaller price, or a less satisfactory deal, if they are compelled to deal in a restricted buying market. Buyers who can pick up the deals without the waiting period will be the gainers. As I see it, the bill would have the effect of creating an area particularly ripe for the activity of speculators (individuals, syndicates or smaller corporations) who could buy to advantage because of the great competitive advantage they will enjoy. On the assumption that these will not be the logical acquirers for these businesses, is our national economy bettered by legislation which will tend to bring about sales to the less logical acquirers rather than to the corporation where the seller's business appropriately belongs?

(c) The corporate giants have the economic strength so that they can acquire at will, whether or not a 60 day wait is involved. Indeed, this bill may help them; to the extent that it dries up the market among medium-sized buyers, it should make more situations available to the giants. As above pointed out, the seller of a $3 million company faces much embarrassment when word leaks out of a prospective sale to a little-known $8 million company. But would this same embarrassment exist if the buyer is General Motors? I think not. Also, as already noted, these large companies rely less on originating intermediaries.

(d) The above results, in my opinion, will not be materially mitigated by the bill's provision for establishment of "procedures for the waiver by the appropriate [authority] . . . of all or part of the notification and waiting requirements in appropriate cases. . . ." I assume that the appropriate authorities will, largely on an *ad hoc* basis, dispense with the requirements where the parties can demonstrate that the wait serves no purpose, or would be harmful.

But such waiver comes too late in the process to check the chain of events which is set in motion prior to the time the parties are in a position to apply for a waiver.

When the owners of X Company, or their intermediaries, first cast about for a buyer, they will have no way of knowing whether a waiver will be granted. Rather than gamble on the possibility of a waiver, they will set their thinking in favor of buyers who can move without delay. From that moment on, a large category of buyers will in practical effect be preempted from dealing with X.

V. If Constructive Mergers Are Artificially Deterred, Our National Economy Will Suffer.

Of course, the proposed legislation will have one undoubted effect: to reduce sharply the number of mergers. Such a result may please many who thoughtlessly find it easy to damn *all* mergers. It will not please the great majority of informed citizens who appreciate that most mergers serve a healthy and vital purpose—they are the results of fundamental economic forces which if artificially prohibited will run contrary to the basic precepts of our capitalistic economy. While the activities of some professional acquirers may not always be in the public interest, and while certain evils occasionally creep into the merger field (there are indeed many areas where Congressional action may be warranted), the great majority of mergers stem from sound business reasons:

(1) Estate tax considerations inevitably compel a disposal of the successful family or closely-held business when it reaches a certain size.

(2) Credit conditions and lack of capital may make mandatory a merger. Unfortunately, small- and medium-sized businesses are always at a disadvantage in our capital markets. Until legislation corrects this situation — perhaps through tax incentives—the small entrepreneur often has no choice except to seek out a merger.

(3) Technological obsolescence forces many companies to find stronger partners.

(4) Time often erodes the managerial competence of enterprises which once flourished. The hard fact is that thousands of our businesses are in real need of the injection of new talent and ideas which a change of ownership usually entails.

(5) Many companies tie up more capital than is warranted by the business needs or the return thereon to their stockholders; in large part this capital has accumulated during the past 15 years of lush earnings when, whether justified or not, the principal stockholders have plowed back earnings rather than pay dividends which would be largely absorbed by personal income taxes. The result is that today you will find thousands of companies that have assets out of proportion to the amounts earned for stockholders. From the national standpoint, this entails a great waste of capital which could be more productively employed elsewhere. The national welfare is thus furthered when new owners take over and effect a better use of such capital.

There are other good reasons for mergers, but the important point is that if they are artificially prohibited not only will our economy in general suffer but also hardship may occur unnecessarily to many important groups: workers, stockholders, suppliers and entire communities.

VI. The Basic Objective of the Bill Can Be Achieved Through Other Alternatives.

Perhaps the above consequences might be justified if satisfactory alternatives were unavailable. But this is not the case: the following are examples of satisfactory solutions:

(a) By raising the figures at which notice is required so as to exclude medium and smaller companies. For example, notice might be required where the combination involves a $30 million net worth, or a purchase price in excess of $7 million. This approach may be sound for these reasons:

(1) When larger companies are involved, there is a much greater probability that anti-trust violations may occur. By the same token, the likelihood of violations may be infinitesimal among smaller combinations.

(2) If the corporate parties are of substantial size, the dangers inherent in "leaks" and rumors during the waiting period are less troublesome. It is the smaller company which is likely to suffer in the ways above indicated while marking time for 60 days.

(3) As above noted, it is in this range that the activities of intermediaries have an important influence in the pairing up of parties.

(b) By providing that companies in this lesser size range may elect to give the 60 day notice, but if they elect not to do so, they must supply the government the same data when the transaction is publicly announced: that if within 60 days *after* such data are supplied, the government proceeds against the acquisition, it will have the same legal remedies as would be available if the transaction were not consummated; that the parties would be precluded from setting up any defense that the transaction had consummated. In other words, if corporate parties elect not to give advance notice, they would move ahead at their peril. If the government later intervenes successfully, the parties would face the problem of unscrambling the transaction, whatever the cost and difficulty.

VII. Conclusion.

I believe that the points I have raised should be fully explored by all those affected by this legislation, and by Congressman Celler's Committee.

ARTHUR A. BURCK
McClellan & Burck
Consultants

37 Wall Street
New York City

Form Bagwell Assoc.

KILGORE, Texas—John J. Bagwell, Jr., is engaging in a securities business from offices at 600 East North Street under the firm name of Bagwell & Associates.

Joins E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Cal.—Fred. W. Willey has become connected with E. F. Hutton & Company, 1035 Van Ness Avenue. He was previously with Dean Witter & Co.

M. S. Clopine Opens

JULESBURG, Colo.—Myron S. Clopine is conducting a securities business from offices on Star Route.

Two With Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John G. Gasteiger and Wade E. Havens have become associated with Samuel B. Franklin & Co., 215 West Seventh Street.

F. C. Cornell Opens

JENKS, Okla.—Francis C. Cornell is engaging in a securities business from offices on Route No. 2.

Joins F. I. Du Pont

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Marvin D. Riley has become connected with Francis I. du Pont & Co., 1200 J Street. He was formerly with Reynolds & Co.

McCormick Co. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—J. Peter VerCruisse has been added to the staff of McCormick and Company, 3761 Wilshire Boulevard.

Some Realism on Prospects Of Atomic Power Development

By HONORABLE CARL T. DURHAM*
U. S. Congressman From North Carolina
Chairman, Joint Committee on Atomic Energy

In going over some of the problems that must be faced in maintaining atomic power world leadership, Joint Congressional Atomic Committee head calls for: (1) three to four year long range military planning instead of present goals geared to current productive capacity; (2) scalpel to replace meat axe in Aircraft Nuclear Propulsion program; (3) better development and construction program for large scale power reactors; and (4) financial incentive program and provisions for stronger management and engineering personnel. Representative Durham suggests meeting the nuclear challenge and opportunity by accelerating our program with considerably more private and public funds, risk-taking and effort, and recommends supporting equipment suppliers' export efforts, and outlines other recommendations since "time is of the essence at this juncture."

I think we have made a great deal of progress since the first Atomic Energy Act was passed in 1946. I further believe that we have made considerable progress since the Act was amended in 1954.

Carl T. Durham

Perhaps the greatest single reason for this progress over the years has been that we have had a civilian Atomic Energy Commission responsible for the program, carrying out its activities through industrial and university contractors with administration in the field. More recently the 1954 amendments have encouraged greater private ownership and participation, permitted greater declassification of technical information, and provided the basis for the international Atoms for Peace program.

In this paper I want to take a somewhat different approach and review some of the hard facts and raise some of the hard questions which are necessary to an understanding and solution to the problems which face us. These facts and questions have for the most part emerged out of the open statutory hearings which the Joint Committee has recently concluded and other executive hearings which we have held.

In passing let me add that in bringing up these matters, I am following the tradition of the previous Chairmen and past and present associates on the Joint Committee. As you know, our Committee in addition to being the only Joint Committee with legislative functions, has a tradition of being a kind of watchdog for the atomic program. Moreover, we take real pride in providing encouragement and are sometimes the spur for the Executive branch to establish necessary policies and programs in the atomic energy field.

Need for World Leadership

Our overriding problem as I see it, is how to maintain our world leadership in atomic energy. In the field of atomic weapons and military reactors this is necessary for our immediate survival. In the field of civilian atomic power, it is necessary for our world prestige and long-time survival.

First, I would like to touch upon our military atomic energy situation. Our scientists and engineers at our great Los Alamos and Livermore laboratories have done a remarkable job in improving the weapon designs which are showing up in our stockpile.

Our vast plants for producing weapon material, U-235 and plutonium, are turning out record quantities of material. But here our first question arises. Are we producing enough plutonium, taking into account the revolution by which nuclear weapons are supplanting conventional weapons? Unfortunately our military planning is apparently geared to current productive capacity instead of our needs three or four years hence. This is obviously a subject which cannot be explored publicly in its entirety. Suffice it to say that it will be high on the list for consideration by the Joint Committee in coming weeks.

In the field of military reactors, we can take a great deal of pride in the outstanding success of the Naval Reactors program, under the leadership of Admiral Rickover. The Nautilus has been the prototype for the complete transformation of the Navy to nuclear propulsion. Currently we have the Nautilus and the Sea Wolf operating, with seven other atomic subs under construction, and plans for six additional subs, a guided missile cruiser, and an aircraft carrier.

In the field of Army Package Power Reactors, we also are making progress. The demonstration plant at Fort Belvoir is scheduled for operation this spring. Several other promising approaches are being explored.

In the field of aircraft nuclear propulsion we are also making progress. The Atomic Energy Commission in its 21st Semi-Annual Report announced that the first jet aircraft engine powered by atomic energy went into operation at the GE-Idaho site in January, 1956.

Aircraft Nuclear Propulsion

But there we encounter our second question. For despite steady progress since a cutback in 1953, the Defense Department is again using the meat axe instead of the scalpel on the Aircraft Nuclear Propulsion program. Here is a program where the sound principles of management have constantly been violated. Management has been indecisive with authority spread out among several different offices and branches. In the current cutback, no objectives, schedules, or target dates have been set to provide guidance in the program. Here again, the Joint Committee is trying to help get the program back on a sound course.

Now turning to the civilian power reactor field, we can also point to considerable progress. We have a remarkably diversified program at the experimental level. Eight or more different reactor concepts are being developed to the experimental reactor stage by the Commission.

Moreover, we have in the 5,000 kw Argonne experimental boiling water reactor our first regularly operating atomic power plant. I had the honor of pulling the lever that brought the plant up to power last month.

We are also looking forward to the 60,000 kw Shippingport reactor coming into operation next fall. It will be our first full-scale atomic power plant. The Joint Committee has consistently followed the progress of this project and its predecessors in the naval reactors program. From these projects we have gained some experience and insight into the problems facing the civilian atomic power program. Only last week some of my associates and I visted Shippingport and were greatly impressed with what we saw.

We can also take some encouragement in the response which private power companies, and state, municipal and cooperative power agencies have shown towards the Commission's invitations to participate in the power demonstration program, or to go out on their own hook in planning to build atomic power plants. The responses which have occurred since the last session by such organizations as the Virginia-Carolina group, the New England Power Company, the Ohio Valley group, the Northern States Power Group, the Pacific Gas & Electric Company, the Pacific Power & Light group, and the Chugach Cooperative, are gratifying, particularly in view of some of the problems I shall discuss later.

Stature of Large Scale Power Reactors

But as indicated at our recent hearings, we have run into some real problems and questions in regard to our program for the development and construction of large scale power reactors. At the outset of the hearings, I made two observations which were abundantly borne out during the hearings and subsequently. In my opening statement I said:

"Some of the things which perplex us are the following:

"(1) Although we see steady progress in our technology, the technical and engineering problems encountered appear to be considerably greater than anticipated. This discouraging note applies to both Government-financed and privately-financed projects. The Joint Committee was informed last Friday that cost estimates for two major power reactor projects—one private and one Government-financed—have increased approximately $15,000,000, which amounts to 20% to 40% of original estimates. We have been informed privately of similar cost increases on other projects. Schedules of completion on some projects have also apparently been extended, or should be extended.

"(2) Although the immediate financial incentives in this country for reactors does not appear good for the next 10 years, the need for reactors abroad is apparently very great and immediate. Thus the Three Wise Men of EURATOM indicated that EURATOM needed 3,000,000 kw of atomic power in 1963 and 15,000,000 by 1967. This would mean 30 reactors the size of Detroit Edison by 1963 and 150 by 1967. This is a lot of reactors, but AEC and the State Department say the goal is feasible. I don't need to point any moral from the above."

A sample of statements during the hearings confirming these increases in cost and completion dates is as follows:

The Yankee Atomic Power group reported that "an estimate has been made which indicates that over-all costs of the plant will exceed the original estimate of $35,000,000 by a substantial margin." The completion date has been moved from late 1959 to late 1960.

AEC indicated that the estimate for the Consumers Public Power District project had increased 80% to 100% from the original estimated $25 million. The completion date has been moved from 1959 to 1961.

Westinghouse representatives stated that current estimates for the Pennsylvania Power & Light aqueous homogeneous reactor are "appreciably" higher than original estimates.

AEC Commissioner Thomas Murray indicated that estimates for small atomic power plants had also gone up. The 10,000 kw Wolverine Electric Co-op project had "already increased about 25%." AEC representatives indicated that the original estimate for the Elk River Co-op had been withdrawn by the equipment manufacturer, with an indication in later testimony of a 30% increase.

It should be noted that most of these increases are in estimated costs before even design is completed. Thus it is possible that actual costs might be reduced or, more likely, increased.

Cites Admiral Rickover's Observations

The reasons given for these increases in costs, in addition to normal price increases, were unanticipated development and engineering problems, usually in the non-nuclear portions. Admiral Rickover had some important things to say about these problems in a recent speech as follows:

"Many factors have been suggested as the major source of difficulty in achieving nuclear power. Secrecy, the novel scientific concepts involved, legal and governmental restrictions — each of these has been cited as the major stumbling block.

"The main problem is with materials and equipment generally considered as conventional, but which must conform to the exacting standards required of all components of a nuclear power plant. . . .

"It has not been difficult to focus the necessary attention on the novel features of nuclear power, such as the nuclear reactor itself. . . . But it has been very difficult to get sufficient effort directed toward the more conventional aspects of nuclear plants—the heat exchangers, the pumps, the valves, the instrumentation. Here normal engineering and manufacturing techniques have proved to be inadequate when applied to nuclear plants."

Admiral Rickover also had something to say about the management problems involved:

"We have found that before a company can produce heat exchangers, valves, pumps, instruments, or other components suitable for a nuclear power plant, a complete revision of its normal organizational procedures is necessary. A full time project manager responsible directly to top management must be placed in charge of the nuclear products. He must establish new levels of engineering and scientific competence. This generally requires that personnel be given special education and training.

"New tools and procedures for inspection must be developed and put into use. Facilities for testing raw materials and the final product must be designed and installed. Often these are very expensive.

"In short, an entirely new level of technical and administrative competence must be built up for even the so-called conventional-type equipment."

Now I assure you that the reason I dwell on these problems is not because I want our program to look bad. I certainly do not. But these somewhat unpleasant facts raise a number of questions. Of particular interest are the following:

(1) Who is going to pay these increased costs?

(2) What are their implications as to the realities of private participation in atom power development during the next five or ten years?

Increased Costs and Financial Incentive

On the question of who is going to pay for the increased costs, it is probably going to be primarily the equipment manufacturer. AEC by reason of its fixed contributions to demonstration projects, has encouraged the placing of the risk of loss on the equipment and component manufacturers. The same policy is standard practice among power companies and co-ops in contracting for a commercial project. Some of the additional costs will be shared by power operators to be charged off through their rates. The difference between the estimated cost of nuclear plants and the cost of a conventional plant of the same capacity will, of course, have to be borne by the power operator.

Perhaps it was looking at these hard facts and questions that prompted Mr. Frank McCune, Vice-President of General Electric in charge of their atomic energy work, to write to the Committee that their number one problem is the following:

"Of primary importance is the present lack of economic incentive. Normally a business begins to grow rapidly when its products produce increased value for its customers. Presently there is much to do before atomic power is competitive in our normal markets; hence our customers are spending money on their projects rather than receiving increased value from them. I believe that it takes more than the usual faith and courage to invest heavily in such a business environment."

As you know, a recent survey by the Atomic Forum confirmed that industrialists believe that the lack of a financial incentive is their number one problem.

Stronger Professional Personnel

Getting back to my realism once again, I would like to make one further observation: Perhaps all of us in one degree or another have erred in treating the program as if commercial atomic power were here or just around the corner in this country. Actually all of the problems are normal for a large-scale research and development effort. It is "par for the course" in development work to sometimes miss cost estimates by 100% and completion dates by a year or two.

A further question arises growing out of the above observation, to wit: Are we not applying methods applicable to large-scale conventional power projects, rather than methods more attuned to large-scale research and development work in the atomic energy field?

Thus, for example, the co-ops and private power companies (with one exception) are contracting for the development and construction of their reactor plants on a "turn-key" basis to the private equipment company. This amounts to practically complete delegation of technical and administrative direction of the project to the equipment company. The co-op or private company have few supervisory engineers or management specialists assigned to supervise or bird-dog the project. Yet in some cases, the equipment company has never before built a complete reactor.

In contrast, the AEC in building the Shippingport reactor has a complete technical staff under Admiral Rickover and an extensive field management and pro-

*An address by Representative Durham at the 5th Atomic Energy Conference, National Industrial Conference Board, Philadelphia, March 14, 1957.

curement supervisory staff working with the prime contractor and subcontractors. Yet even here with an adaptation of an established design, it is taking more than four years to complete the reactor project.

Now what are the implications of some of the above facts for you as engineers and businessmen? It seems to me that it raises the question of whether you should get stronger management and engineering personnel in the private utility groups, municipalities and co-ops to direct and supervise the work of their contractors. Moreover, there should be greater recognition that the work is primarily at a research and development stage, and that this costs a great deal of money.

More Private and Public Funds

Now what are the implications of our realism for all of us as citizens? It seems to me that it means if we really want to accelerate our atomic energy program under present conditions, it will take considerably more private and Government funds, risk-taking, and effort by everyone concerned. It particularly means the training of many more people in nuclear work.

That brings me to the question of whether it is worth it. I think it is, if we are measuring its worth in terms of world leadership. For our atomic leadership has become a part of our foreign policy, whether we like it or not.

At the present time our present leadership is being seriously challenged. The British only last week announced that their already large scale program had been quadrupled. This includes approximately 20 power stations involving 30 to 40 reactors for a total of 5 to 6 million kw at an estimated capital cost of $2½ billion. These power reactors will begin coming on the line in 1960.

As I have indicated, the six nation European EURATOM group has plans for three million kw by 1962 and 15 million by 1967. Japan is also interested in developing atomic power rapidly.

Although the Russians are undoubtedly behind us in technology, they have an ambitious program, both in terms of variety of reactor concepts and total number of plants and kilowatts produced. According to the statement of the Soviet spokesman, Dr. Ivan V. Kurchatov, and other Soviet announcements, the Russians expect to have between 2 million kilowatts and 2 and a half million kilowatts by 1960, with considerable capacity coming into operation in late 1958.

The Joint Committee reported last year that, based on Soviet achievements in other aspects of atomic energy development, and in other technological fields, there is no reason to believe the Russians cannot achieve their goal provided they give it top priority.

Then there are the Latin American and under-developed nations who are looking to us for help.

The challenge and opportunity is there. The question is, can we meet it? I believe we can. But we can't afford to wait another year or two.

One of the most challenging and, in a sense, encouraging things that came out of our recent hearings was that this urgent need for atomic power in foreign countries offers a great opportunity for our domestic atomic equipment industry to get some experience and make some money in foreign markets until atomic power becomes more economic here. But there are many complex problems to be solved in encouraging this international development.

Witnesses were practically unanimous that we need a far more aggressive program to back up our equipment suppliers in their efforts abroad. Red tape needs to be cut, and reactor projects need to be considered and sold as a package including fuel fabrication and reprocessing in order to compete with our friends abroad.

Recommendations

Now, in summary, what do we do about it? Taking the broad sweep of our world leadership in weapons and in military and civilian reactor development, I would recommend that we seriously consider the following: (All subject to further study and consideration by the Joint Committee.)

(1) We should authorize construction of an additional plutonium producing reactor at Hanford, Washington. It would seem wise to also make provision for utilizing the waste heat for producing electric power.

(2) We should authorize the development and construction of a Mark I Flying Prototype of a nuclear propelled aircraft with a realistic target date for completion.

(3) We should substantially increase AEC funds for reactor research and development work.

(4) We should inaugurate an accelerated domestic reactor demonstration program which will ensure that we will have a variety of operating prototype power reactors in this country by 1961 or 1962.

(5) We must establish a foreign power-reactor demonstration program which will assist friendly nations abroad and help provide research and development assistance and a foreign market for domestic equipment manufacturers.

(6) We should enact the indemnity legislation to cover liability for reactor accidents.

Finally, I would like to emphasize that time is of the essence at this juncture. I don't believe we need a "crash" program. But on the other hand we can't afford to wait too long where our national prestige and world leadership is at stake.

This is not the first time that the Joint Committee and the Commission have faced the need for urgency in our atomic energy program. I am hopeful that we can and will work out a program in this session which will satisfy our needs and obligations as a world power.

Birkenmayer Adds

(Special to The Financial Chronicle)

DENVER, Colo. — James C. Marks has been added to the staff of Birkenmayer & Co., Denver Club Building. He was formerly with Colorado Investment Co.

With Marache Dofflemyre

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Hubert R. Weiss is with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange.

Shearson Hammill Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert R. Jones is no with Shearson, Hammill & Co., 520 South Grand Avenue. He was formerly with Noble, Tulk & Co.

Pasternack Admits

David H. Cohen became a partner in Pasternack & Co., 25 Broad Street, New York City members of the American Stock Exchange.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

The seriousness of the statutory loss situation in 1956 for the fire insurance companies, and for many of the casualty companies, is brought out in the data that are now beginning to appear. As has been observed here, many specialty units made out satisfactorily, those that write relatively few and profitable lines, or those that are adjuncts to finance and other companies that have need of an insurance subsidiary.

But almost all of the multiple-line carriers, both fire and casualty, turned in statutory losses, some of them of serious proportions. And the unfortunate part of it is that 1957 bids fair to be another bad year if the first few months' indications mean much. Alfred M. Best Company, a leading insurance statistical service, have estimated that the industry was thrown for a statutory loss in 1956 of $150 million, and that the combined loss and expense ratio was the highest since 1932.

Statutory results, plus or minus, give us a measure of a company's showing in the underwriting portion of the business, for, after all, underwriting operations are the primary function of an insurance company; investment activities are secondary.

There follows the 1956 combined loss and expense ratios, compared with 1955, of a number of leading fire and casualty companies, together with their statutory results for the two years. It will be noted that some of the casualty units did not go into the red in 1956, or that their losses were small. Mostly, this was due to their having stuck to casualty lines of writings. The casualty companies that took on sizable lines of fire and allied writings pretty generally turned in poor showings.

A good example by way of comparison between a straight fire company and a casualty under the same management is Hartford Fire and its affiliate, Hartford Accident & Indemnity. The parent registered a statutory loss of about $1,500,000; the Accident subsidiary a profit of over $2,000,000.

Combined Loss and Expense Ratios and Statutory Results

	Loss & Exp. Ratios		—Statutory Results—	
	1955	1956	1955	1956
American Surety	98.4%	102.0%	$472,000	—$1,341,000
Banks & Shippers	94.4	97.4	304,000	— 123,000
Boston Insur.	106.5	108.6	—2,513,000	— 3,655,000
Camden Fire	99.3	101.2	— 259,000	— 440,000
Commercial Ins.	99.7	108.2	— 151,000	— 1,983,000
Federal Ins.	87.7	96.2	4,988,000	830,000
Firemen's (Newark)	99.2	102.4	1,382,000	— 2,841,000
Hanover Fire	99.1	104.5	106,000	— 2,457,000
Hartford Fire	93.9	100.6	8,612,000	1,564,000
Home Ins.	98.7	106.3	— 73,000	—14,746,000
Ins. Co. No. Amer.	96.3	98.0	430,000	— 2,701,000
Maryland Cas.	93.4	100.7	4,478,000	— 2,902,000
Massachusetts Bond.	96.3	98.2	1,465,000	550,000
New Hampshire	102.7	105.9	— 534,000	— 1,678,000
North River	98.0	102.7	123,000	— 874,000
Pacific Fire	94.4	97.4	347,000	— 140,000
Providence Wash.	98.9	107.0	816,000	— 1,129,000
U. S. Fid. & Gty.	96.6	99.4	3,072,000	— 5,338,000
U. S. Fire	98.6	102.9	— 204,000	— 2,022,000
Westchester	98.3	102.9	43,000	— 1,062,000
Aetna Casualty	95.9	98.3	5,653,000	854,000
Aetna Insur.	98.7	103.8	351,000	— 5,470,000
Continental Ins.	95.1	103.4	2,231,000	— 2,846,000
Fidelity & Deposit	82.5	86.5	2,204,000	2,598,000
Fidelity Phenix	95.4	105.7	1,661,000	— 3,773,000
Fire Ass'n	100.2	105.1	— 556,000	— 1,770,000
Great American	99.6	103.2	325,000	— 3,419,000
Nat. Union Fire	100.5	108.2	— 437,000	— 3,097,000
Northern Ins.	94.0	95.5	12,000	659,000
Phoenix Ins.	102.7	107.1	—1,161,000	— 3,889,000
Springfield Fire	102.0	108.9	— 740,000	— 4,109,000
Amer. Automobile	95.8	108.8	958,000	— 8,454,000
Amer. Ins. (Newark)	102.5	104.9	—1,464,000	— 6,653,000
Continental Cas.	92.2	94.9	10,586,000	7,116,000
Fireman's Fund	97.5	108.3	— 980,000	—12,905,000
Glens Falls	98.4	103.1	725,000	— 3,328,000
National Fire	100.9	114.5	—1,726,000	— 9,656,000
Security Ins.	99.2	108.8	128,000	— 1,501,000
Stand. Accident	97.7	102.1	706,000	— 2,396,000

Now, the seriousness of the condition that confronts insurance management is brought out when we relate statutory loss figures to capital funds (policyholder's surplus). This ratio of losses to capital funds runs as high as 20%; and, obviously, some of the smaller companies cannot continue this state of affairs for many years, even though investment income constitutes a big off-set. And, of course, if we go into a bear market on the general security list, matters will become even more painful.

So, with losses continuing heavy in the early months of 1957 (January and February fire losses were nearly $30 million above the same two months of 1956, or about 16½%) it clearly becomes a matter of upward rate readjustments. Unless these are ordered into effect by the state supervisory authorities some of the less fortified units could find the going rough, indeed.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is digesting the recent money raising operation of the Treasury and, at the same time, it is trying to figure out the coupon rate and maturity of the bond which will be used in the exchange offer which is expected to be made to owners of the F and G savings bonds. In spite of these problems the market action of Treasury securities has not been unfavorable with the short-term issues still very much in demand.

The favorable reception for the 3⅜% and 3½% new money issues was due in part to the better feeling which is appearing towards the bond market, along with the larger amount of money which is appearing for investment in near-term government securities.

Although the monetary authorities say the credit policies at the moment are "passive," there are not a few money market observers who believe there will be a definite ease in these policies in the near future.

Recent Offerings Very Well Received

The better tone which has been in evidence in the bond market, and this applies to all phases of it, had a favorable effect on the securities which were offered by the Treasury for new money raising purposes. To be sure, there was the further attraction of having these obligations payable through the tax and loan account of the commercial banks, and this was responsible for more than a wee bit of the very sizable oversubscription which was received by the government for these issues.

The 3⅜% due Feb. 14, 1958 were offered in the amount of $2,250,000,000 and subscriptions in excess of $100,000 were made on a 31% allotment basis. The 3½% due May 15, 1960, was made available to the extent of $750,000,000, and in this instance allotments were on a 12% basis for subscriptions above the $100,000 figure. It was reported that subscriptions were roughly $7 billion for the 1958 maturity and $6 billion for the notes due in 1960.

The action of the money market following the announcement of the favorable new money raising venture of the Treasury indicates that the extreme tightness which has been so much in evidence for a long period of time has given some ground. The change so far has been very minor and this does not mean that money and credit conditions are going to be easy by a long shot. It does, however, indicate that there is likely to be increasing amounts of money available for investment in bonds, and as far as governments are concerned, these commitments will probably be confined mainly to the short-term liquid issues.

Evidence of Decline in Bank Credit

The fact that the commercial banks were not large sellers of the new issues which were obtained in the recent new money raising operation of the government seems to make clear to certain money market specialists that the demand for bank funds is not quite as pressing as it has been at times in the past. Also, the money which has been coming into the near-term government market, according to reports, is still on the increase. There are also evidences that corporations, in spite of the demand for funds that came with the payment of the March 15 income taxes, have been very sizable buyers of Treasury bills. Pension funds, that is the private ones, according to advices, have likewise stepped up their commitments in the shortest government obligation.

A 3¾% 25-Year Bond for "F" and "G" Issues?

It is hoped that the $3 billion which was just borrowed by the Treasury will carry them through the current fiscal year ending June 30. However, if there should be need for additional funds, it is the opinion of Treasury officials that the weekly offerings of 91-day bills will be increased, as has been true in the past. With the cash needs of the Treasury taken care of, for a time at least, it appears as though the measures which will be undertaken to provide for the F and G maturities are the important unknowns as far as the bond market is concerned.

To be sure, this will be an exchange offer, but it is the marketable feature that has the bond market interested. It is the contention of some money market specialists that a marketable Treasury issue in order to be well received, even in an exchange offer, must meet the competition of corporate and tax free bonds. This would indicate a coupon rate of at least 3¾% for a 25-year issue.

A Longer 3½% Bond Also Suggested

On the other side of the fence are those money market followers who hold the opinion that the Treasury in taking care of the F and G savings bond should put out a real long-term bond, with a maturity to run to either 1987 or 1990 and a coupon rate of 3½%. It is pointed out that such an issue would appeal to the real savers, whereas those that did not like the exchange offer could get cash and reinvest the proceeds in higher interest bearing corporate or tax-free bonds. The government could sell short-term obligations to get the money to pay off those that did not make the exchange.

Two With Creger & Co.

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—Kenneth L. Clark and Henry F. Figge are now with J. D. Creger & Co., 13412 East Whittier Boulevard.

Chicago Analysts Hear

CHICAGO, Ill. — L. F. McCollum, President of the Continental Oil Company, will address the luncheon meeting of the Investment Analysts Society of Chicago to be held March 28 at the Adams Room of the Midland Hotel.

Securities Inc. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Frank J. Cook has been added to the staff of Securities Inc., Farmer's Union Building.

Three With Carroll

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Harold C. Ballard, Donald R. Lee and Larry D. Preston have joined the staff of Carroll & Co., Denver Club Building.

Walter Plankinton Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James W. Brafford and Rodney V. Linn have become connected with Walter R. Plankinton, 1637 South Broadway.

$10 Million Issue of Puerto Rico General Obligation Bonds Sold

The First National City Bank of New York is manager of an underwriting syndicate which was awarded on March 26 an issue of $10,000,000 Commonwealth of Puerto Rico General Obligation Bonds, due July 1, 1958 to 1977, inclusive.

The group submitted a bid of 100.0331 for a combination of 5s, 3½s, and 3.70s, representing a net interest cost of 3.7283% to Puerto Rico. Two other groups competed for the issue, an account headed by the Chase Manhattan Bank specifying a net interest cost of 3.736%, while J. P. Morgan & Co. and associates bid on a net cost of 3.753%.

The bonds were reoffered at prices scaled to yield from 2.60% to 3.70%, according to maturity.

Participating in the offering are Chemical Corn Exchange Bank; Lehman Brothers; C. J. Devine & Co.; B. J. Van Ingen & Co.; Harriman Ripley & Co. Inc.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Beane; Banco Popular de Puerto Rico; Lee Higginson Corp.; and A. C. Allyn and Co. Inc.

Mercantile Trust Co., St. Louis; F. S. Smithers & Co.; Braun, Bosworth & Co. Inc.; C. F. Childs & Co. Inc.; Andrews & Wells, Inc.; Kean, Taylor & Co.; F. Brittain Kennedy & Co.; Lyons & Shafto Inc.; Stifel, Nicolaus & Co. Inc.; The First Cleveland Corp.; Seasongood & Mayer; Park, Ryan, Inc.; Lakeside Securities Corp.; Janney, Dulles & Battles, Inc.; Indianapolis Bond and Share Corp; and Prescott & Co.

Join Allen Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Walter R. Bauer, Eldwon W. Brummett, Henry A. Cross, Jack H. Cys, Angelo V. Fiocca and Duane A. Marshall are now with Allen Investment Company, Mile High Center.

Form First United Corp.

BROOKLYN, N. Y. — First United Corp. has been formed with offices at 1000 Flatbush Avenue to engage in a securities business. Officers are Harold Daly, President; Thomas Green, Vice-President, and L. I. Daly, Secretary and Treasurer.

Continued from page 6

Development of Tight Money And the Near Credit Outlook

banks to sell them (without taking such a loss) and thereby provide more money to loan to the would-be borrowers.

The Federal Reserve could have done this and it could do it today, but it didn't and it shouldn't. Indeed the Federal Reserve did the contrary and reduced its holdings of U. S. Government bonds by $20 million during 1956, and by selling almost $2 billion of government bonds in January and February of this year thereby offsetting the seasonal reduction in loans and the seasonal decline in currency in circulation. The policy of the Board of Governors of the Federal Reserve System has been, and even today is, a wise policy. Any contrary action, any artificial easing of credit would have enabled (and, in effect, caused) the banks to make more loans, which means that there would have been more would-be borrowers (consumers, corporations and states) bidding up the price of a limited volume of labor and materials. That would only have accelerated our inflation.

Money is tight for the relatively simple reason that we have all wanted more things than we could afford and despite the fact we couldn't afford them, we bought them anyway. As a consequence, we have spent more than we saved, have borrowed all that was available and are now clamoring for more.

3. How Long Will Credit Remain Tight?

Will credit ease? Yes, credit will ease, just as it will stop raining, sometime.

When? Like a child who is bad in front of company but becomes good as soon as the company leaves, credit will become more plentiful when it is less in demand.

In attempting to look forward, it is important to give one glance backward and note that the increase in bank loans has been going on for some while as an incident of great inflationary pressures. There are some indications that the present inflation is reaching its later stages. The increase in loans of 5% in the last six months of 1956 was really less than the seasonal increase of the last half of 1955. It is also interesting to note that during the past two months commercial and industrial loans (as indicated in the case of leading banks in this district) declined some $200 million, $100 million of which has been regained.

Much of the recent decline is purely seasonal. The stores that borrowed in order to carry Christmas inventories have been paid for their goods and have reduced their loans. There has been a seasonal decline in consumer credit as customers who invariably borrow a great deal for Christmas borrow less than their repayments during the months of January and February. Nevertheless, the decline during January was more precipitous than last year, and February did not produce a gain comparable to that of last year.

This greater decline may be due in part to the fact that some manufacturers, disturbed by the size of inventories that have increased for 23 successive months, have cut back production in order to "balance" inventories.

Nevertheless, credit is still tight. Indeed the average rate which the banks were willing to pay on United States Treasury Bills recently was 3.24%, close to a high point. Most banks look with disfavor on requests for loans to purchase equities or to redeem capital. They are not interested in new borrowers unless they give promise of being permanent depositor customers. Most banks today are saving their credit for good local growing customers who need it to expand production or carry comparatively large accounts receivable or inventories and the banks urge reduction even in these categories. . . .

The program states that we are to discuss the outlook for changes in the availability of credit, but I am reminded of a story Dr. Conant told at the University earlier this week. He said that as a young chemistry professor he performed an experiment for his class, announcing in advance that when he added a certain material to others already in the bowl, there would be an explosion. He added the material and nothing happened. The class laughed and was dismissed. An older professor sitting in the back of the room came up to Dr. Conant and advised him: "Young man, throughout the rest of your life be a historian rather than a prophet."

If I were forced to make a guess, and it would be nothing more than that, I would anticipate that business will be good through the first half of this year and that the demand for credit will continue strong throughout that period. Bank loans may well be higher on June 30 than today or at the year-end or at any prior date.

However, in the second half of this year the upward pressure may decrease a bit. There is some evidence of consumer resistance to price increases. There is some indication in lower appropriations that plant construction may decline late in 1957 or in 1958. During the first three-quarters of last year there was a continuous decline in corporate net profits. A few industries find that already completed plant expansion programs have outrun immediate demand for products. It is possible that these factors may cause corporate planners and consumers to spend just a little bit less in the latter part of this year and early next year.

If so business activity may decline slightly even though governmental expenditures increase and the consumers' purchasing power remains high. Even before any such business decline actually occurs, but in anticipation thereof, the Federal Reserve Board may begin to buy government bonds and make it possible for the banks to loan more funds. Thus, the demand for credit may decline and the supply increase late this year or early in 1958.

Johnson, Lowry Formed

COLORADO SPRINGS, Colo.—Johnson, Lowry & Co. has been formed with offices in the Mining Exchange Building, to engage in a securities business. Officers are Wendel E. Lowry, President; E. G. Johnson, Vice-President; M. T. Lowry, Secretary-Treasurer, and Alvin J. Johnson. Alvin J. Johnson and W. E. Lowry are partners in Al. J. Johnson & Co.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

First National City Bank of New York has promoted J. Ed Warren and Leo N. Shaw to be Senior Vice-Presidents. Mr. Warren has been Vice-President in charge of the Bank's Petroleum Department, and Mr. Shaw has been Executive Vice-President and Manager Overseas Division.

Leo N. Shaw J. Ed. Warren

Direct supervision of the Overseas Division will be assumed by George S. Moore, Executive Vice-President. Mr. Moore has been in charge of the Domestic Division which handles all domestic accounts of the bank except those of the New York City branch offices. Frank T. Mitchell, Vice-President, was promoted to Manager Overseas Division and will be directly associated with Mr. Moore.

J. Howard Laeri, Executive Vice-President, who has been in charge of the Bank's 74 offices in Greater New York, will take charge of the Domestic Division.

* * *

Irving Trust Company, New York announced on March 25 that Lester Grieb, Vice-President, will be in charge of the new Irving office scheduled to open this summer at Park Avenue and 54th St. Mr. Grieb has had many years experience in the banking field.

Now under construction, this office at 400 Park Avenue will be Irving's 11th complete banking office in Manhattan. Incorporating the newest ideas in equipment and layout, this office will offer business and individuals in the area a complete banking service.

* * *

Robert L. Cushing and Harold F. Selesky, former Assistant Vice-Presidents, have been elected Vice-Presidents of **Chemical Corn Exchange Bank, New York,** it was announced on Mar. 21 by Harold H. Helm, Chairman. Messrs. Cushing and Selesky are members of the bank's metropolitan and national divisions, respectively, with headquarters at 165 Broadway, New York.

Robert L. Cushing Harold F. Selesky

* * *

Roy T. Hurley, Chairman and President of the Curtiss-Wright Corporation, has been elected a Director of **Manufacturers Trust Company, New York** it was announced by Horace C. Flanigan, Chairman of the board of the bank.

Mr. Hurley fills a vacancy on the bank's board created by the retirement of George J. Patterson.

* * *

The Bank of Montreal, Canada, has entered into an agreement to acquire as its New York headquarters the 21-story building owned by **The First National City Bank of New York** at 2 Wall St., it was announced by Gordon R. Ball, President. The bank expects to take possession some time in 1959, when it will move from its present location at 64 Wall St.

In addition to four basement floors containing machinery, vaults, storage and other space, the Bank of Montreal plans to use the first four floors above street level, all of which are air-conditioned, for its banking operations.

When the Bank of Montreal moves into its new quarters at 2 Wall St. in 1959, it will be celebrating its 100th anniversary in New York. The bank, which appointed agents in New York in 1818—a year after the founding of the institution in Montreal — established its own offices at 23 William St. on Jan. 1, 1859, shortly thereafter moving to 32 Pine St. During subsequent years, it occupied two premises on Wall and Pine Streets and, in 1910, took possession of its own building at 64 Wall St. where it has remained up to this time.

* * *

A. Herbert Planteroth has been elected administrative Vice-President and member of the board of directors of the **Commercial State Bank and Trust Co. of New York,** it was announced on March 21 by Jacob Leichtman, President.

Mr. Planteroth, formely associated with the **Manufacturers Trust Co. of New York** for 25 years, served as Vice-President and Personnel Director of the bank.

The banking executive, who will be assistant to the President and be active in the management of the bank, started his career in 1912 with the Union Exchange National Bank.

* * *

Arthur W. Mellows of the London office and Rodman Frank and Marie Pastorini of the Wall Street office have been elected Vice-Presidents of the **Bankers Trust Company, New York,** Quarter Century Club, Arthur W. Schlichting is President.

Bank of Babylon, Babylon, N. Y., was given approval by the New York State Banking Department to increase its capital stock from $446,250, consisting of 44,625 shares of the par value of $10 each, to $573,750, consisting of 57,375 shares of the same par value.

* * *

Formal opening of its new Hillside Avenue office building is scheduled for March 30, it has been announced by Clifton F. Thomas, President of the **Richmond Hill Savings Bank, Richmond Hill, N. Y.**

Arthur M. Salisbury, who is Assistant Secretary of the bank, will be the officer in charge.

* * *

At the meeting of the Board of Directors of **State Bank of Albany, Albany, New York,** the following changes in title were made:

Frederick McDonald, formerly President, was appointed Honorary Chairman of the Board.

Hollis E. Harrington, formerly Vice-President and Assistant to the President, was appointed President.

* * *

Northern National Bank of Presque Isle, Me., increased its common capital stock from $600,000 to $900,000 by the sale of new stock effective March 14 (9,000 shares, par value $100).

* * *

George Winans Harris, President of the **First National Bank of Dunellen, N. J.,** died on March 23. He was 88 years old.

Mr. Harris was an incorporator of the First National Bank of Dunellen in 1907, and was its President for 33 years and director for more than 30.

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Edgar C. Gaarn, President of the **Roxbury National Bank, Roxbury, N. J.,** died on March 24. He was 57 years old.

* * *

W. G. Semisch, President of **The Second National Bank of Philadelphia, Pa.,** reports that the Comptroller of the Currency, has approved a new site.

Site of the new bank office is located at Rising Sun Ave., Unruh St. and Martins Mill Rd. Building is expected to begin about midsummer, while completion of the ultra-modern building is scheduled for the early part of 1958. This new addition will make a total of four offices for Second National serving the Greater Northeast.

* * *

Mervin B. France, President, and Arthur P. Williamson, Chairman of the Board, following a special Board meeting at **Society National Bank, Cleveland, Ohio,** jointly announced the election of William Harvey Kyle to the Presidency, effective May 1. On the same date Mr. Kyle will become a Director of Society National Bank and a Trustee of Society for Savings.

Mr. France, who has served as President at Society National Bank since its formation in January 1956 will continue in his present positions of President and Trustee of Society for Savings, as well as Director of Society National Bank.

* * *

First National Bank of Middletown, Ohio, increased its common capital stock from $1,100,000 to $1,320,000 by the sale of new stock, effective March 11 (132,000 shares, par value $10).

* * *

J. M. Killpack has been elected Executive Vice-President and H. R. Harris Vice-Chairman of the Board of the **Central National Bank of Cleveland, Ohio.** W. E. Caldwell Jr., E. L. Carpenter, A. C. Knight and Frederick Lynch Jr. have been elected Senior Vice-Presidents.

* * *

American Fletcher National Bank and Trust Company, Indianapolis, Ind., on March 21, offered holders of its $10 par value capital stock rights to subscribe for 100,000 additional shares at the rate of one new share for each four shares held of record March 20, 1957. The subscription price is $33 per share.

A group headed jointly by The First Boston Corporation, City Securities Corporation, Collett & Company, Inc., and Indianapolis Bond and Share Corporation will purchase any unsubscribed shares when rights expire at 3:30 p.m. Indianapolis time on April 8, 1957.

Proceeds from the sale will enlarge the capital base of the bank to sustain further expansion of its services, particularly its lending activity. Total loans of the bank increased from $64,877,000 at the end of 1954 to $110,125,000 at the end of 1956.

The bank's capital, giving effect to the current offering, will consist of 500,000 shares of capital stock, $10 par value.

* * *

Marcus A. Aurelius, retired Chicago banker, died on March 22. His age was 84.

* * *

A series of new assignments in the correspondent bank department of **First National Bank in St. Louis, Mo.,** was announced on March 19 by William A. McDonnell, Chairman of the Board.

Effective April 1, Carroll F. Burton, Vice-President, will assume personal supervision of banking and commercial coverage in Illinois, Kentucky, Indiana and Missouri. Mr. Burton will continue to assist Wilhelm R. Mesenbrink, Vice-President in charge of First National's correspondent department, in the management and direction of this division of the bank.

E. Leslie Bloom and Joseph Orlando, Assistant Vice-Presidents, who are now assigned to Illinois, Indiana and Kentucky, will continue in this territory. In addition, Arthur Fowler, Assistant Vice-President, will move into the Illinois-Indiana-Kentucky territory.

First National's Missouri territory will be covered by Leonard J. Schrewe, Vice-President; Charles F. Teschner, Assistant Vice-President, and Harold G. Kuhlman, Assistant Cashier.

Effective April 1, Tennessee, Mississippi, Georgia, Alabama and Florida will be assigned to Raymond T. Swancutt, Vice-President.

Harry L. Smith, Vice-President in charge of the bank's Arkansas, Louisiana and Texas territories, will be assisted in Arkansas after April 1 by Louis E. Straub, Assistant Cashier.

* * *

William Moeller, Vice-President, **First National Bank in St. Louis, Mo.,** will retire under the bank's pension plan April 1, 1957, after having been associated with First National and its predecessors for 40 years.

Mr. Moeller has represented his bank in Illinois, Indiana and Kentucky since 1938.

Upon his retirement from First National, he is joining Schreiber, Dail & Company, Investment Securities, and will represent them in the three state area and in St. Louis.

He joined the Auditing Department of the **St. Louis Union Bank** in 1917 and, when that institution merged with two others to from the First National Bank in St. Louis, he was transferred to the Credit Department.

In 1938 he became an Assistant Vice-President in the correspondent bank department and was assigned to the Illinois, Indiana and Kentucky territory. He was placed in charge of this three state area in 1944, succeeding the late R. Palmer McElroy.

* * *

By a stock dividend, the common capital stock of **The First National Bank of Atlanta, Ga.,** was increased from $9,000,000 to $10,000,000, effective March 15 1,000,000 shares, par value $10).

* * *

Broward National Bank of Fort Lauderdale, Fla., was increased from $1,200,000 to $1,500,000 by a stock dividend and from $1,500,000 to $1,650,000 by the sale of new stock, effective March 13 (165,000 shares, par value $10).

* * *

The First National Bank in Sylacauga, Ala., increased its common capital stock from $100,000 to $200,000 by a stock dividend, effective March 12 (20,000 shares, par value $10).

* * *

The Bank of California, San Francisco, Calif., shareholders in a special meeting on March 19 approved the 2-for-1 split of the bank's common capital stock, effective April 2. The new shares will be issued shortly thereafter.

The split, originally proposed at the January annual meeting, reduces the par value of the stock from $20 to $10, and increases the number of shares outstanding to 1,257,150 from the present 628,575 shares. Price of the stock has been around $70 a share since the first of the year.

At the January directors' meeting, the quarterly dividend of 60 cents a share was increased to 65 cents. After the split, the next quarterly dividend will be declared at the rate of 32½ cents a share.

Morgan Stanley Group Offers $250,000,000 American T. & T. Debs.

An underwriting group headed by Morgan Stanley & Co. comprising 133 investment firms offered for public sale yesterday (March 27) a new issue of $250,000,000 American Telephone & Telegraph Co. 28-year 4⅜% debentures. The debentures, which are due April 1, 1985, are priced at 101.214% and accrued interest to yield approximately 4.30% to maturity. The underwriting group was awarded the issue at competitive sale yesterday on its bid of 100.5399% for the indicated coupon.

This is the third quarter of a billion dollar sale of straight debentures by American Telephone within the last three years. The most recent Telephone sale was on July 1, 1956 involving 3⅞% debentures maturing in 34 years.

The company proposes to use the proceeds from the sale of the debentures for advances to subsidiary and associated companies, for the purchase of stock offered for subscription by such companies and for extensions, additions and improvements to its own telephone plant.

The new debentures will be redeemable at 107.214% to and including March 31, 1959, 106.714% to and including March 31, 1960, and thereafter at prices decreasing to the principal amount after March 31, 1980.

A consolidated statement of American Telephone and its principal telephone subsidiaries for 1956 shows total operating revenues of $5,825,298,000 compared with $5,297,043,000 in 1955. Total income for 1956 before interest on funded debt and other interest deductions was $922,395,000 compared with $814,883,000 in 1955.

Bennett Adds to Staff

(Special to The Financial Chronicle)

HOLLYWOOD, Calif. — Leland R. Smith and Carl G. Sohmer are now with Bennett & Co., 6253 Hollywood Boulevard.

With Scherck, Richter

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — William J. Frost is now connected with Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange.

F. G. W. Moeller Joins Schreiber, Dail & Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—F. G. William Moeller has become associated with Schreiber, Dail & Co., 315 North Seventh Street. Mr. Moeller was formerly a Vice-President of the First National Bank of St. Louis with which he had been associated for almost 40 years.

With A. C. Allyn

(Special to The Financial Chronicle)

MADISON, Wis. — Joseph L. Dwyer is with A. C. Allyn and Company Incorporated, First National Bank Building.

Marshall Co. Adds

(Special to The Financial Chronicle)

MILWAUKEE, Wis.—Lester C. Berryman is now connected with The Marshall Company, 765 North Water Street.

Present and Future Peaceful Applications of Atomic Energy

By DR. DAVID A. KEYS*

Scientific Adviser to the President, Atomic Energy of Canada, Ltd.

Canadian Atomic Energy group's Scientific Adviser predicts the next 10 years will see a great nuclear electric power development in Canada and abroad. Dr. Keys estimates Canadian known uranium ore reserves at 225 million tons and 1958 production at $300 million; explains uses isotopes have been put to; reports on progress of nuclear power demonstration plant costs in Canada; and speculates on future ability to provide other sources of nuclear energy. Calls attention to extent of hydro power in Canadian provinces, and on plans being made to use this nuclear energy-source to propel ships, plants, and trains as well as generate electricity and provide heat.

The discovery of nuclear fission and the subsequent first experimental demonstration of a practical self-sustaining reactor on Dec. 2, 1942, created new fields of fundamental and applied research, introducing what is commonly called "the atomic age." No other discovery has brought about such worldwide interest, —industrially, scientifically and politically.

Dr. David A. Keys

Nuclear energy has aroused a wide stimulus in prospecting for the only naturally occurring metal from which such vast quantities of power may be released, as you well know — uranium. But many other elements have been found to have special properties in this field, such as zirconium, beryllium and deuterium, which formerly were of purely scientific interest only. Others have had their applications extended and hundreds of new isotopes of the various elements have been artificially created and applied in many industrial operations. Nine new elements that didn't exist 15 years ago have been made and many of these already have their industrial uses. We are in a period of such rapid advance in scientific knowledge and technological development that all countries are experiencing a deficiency in trained personnel to supply the demand.

Extracting Nuclear Energy

The basic principal upon which all present peaceful developments of nuclear energy depends is the application of the energy released in the form of heat and radiations in a reactor accompanying the fission of the isotope of uranium of mass 235, which comprises 0.7% of natural uranium. Of the several hundred different ways of extracting this nuclear energy from uranium by neutron bombardment that physicists have thought of, only about a dozen are at present found to be feasible from an engineering point of view. When a neutron enters the nucleus of a uranium 235 atom, it causes a violent disruption of the nucleus into two atomic fragments which fly apart with high velocity but are stopped in a small fraction of an inch by striking neighboring atoms, thus transforming their kinetic energy into heat. At the same time two or three, 2.5 on the average, neutrons are ejected at high speeds which, by appropriate design of the assembly can be made to produce further fissions, thus creating a chain reaction releasing enormous amounts of energy from small quantities of uranium. More than a hundred reactors have been constructed and operated while a larger number are now in the process of being built or planned in various parts of the world. Many employ natural uranium metal, others uranium enriched with the isotope uranium 235 or use salts of uranium, while still others favor the breeding possibilities to utilize the fissionable plutonium and uranium 233 which can be produced in a reactor from the non-fissionable fissile materials, uranium 238 and thorium 232.

Ore Production

Canada is fortunate in possessing large supplies of uranium ore, its known reserves amounting to about 225 million tons. The annual uranium production in Canada by 1958 will be in the order of $300,000,000 and it is estimated that the total value of the uranium contracted for delivery before March 31, 1962, will be in excess of one and a quarter billion dollars.

Though the conflict in political ideologies has been a factor in this rapid development of nuclear energy, yet it is the peaceful uses of this vast new source of energy which will be of ultimate benefit to mankind of all nations. Already millions of kilowatts of energy are being released in reactors, which have three main functions. They produce many isotopes of known and new elements, which have found useful applications in industry, agriculture and medicine. Professor W. Libby has estimated that already such isotopes are saving American industries $200 million annually and another equal amount for agriculture. Reactors produce heat which already has been used to replace fossil fuels in the production of steam for the generation of electricity. This at the present time is of special interest to all those countries whose deficiency in fossil fuels and hydro sources requires the import of coal and oil to meet their ever increasing demands for power. And thirdly, certain types of reactors can produce more nuclear fuel from non-fissionable uranium 238 and thorium 232 than they burn up thus, theoreticaly at least, making it possible in the future to use all our fissile material for the generation of power. All these applications of nuclear energy are increasing today at an accelerated rate. A few illustrations will indicate how much this new source of energy will mean to the welfare of humanity, increasing the efficiency of known processes, creating new industries, improving the standard of living of all peoples, including those of the most advanced nations, and permitting more leisure, which mankind must learn to use for his intellectual improvement and advancement.

The Use of Isotopes

Isotopes such as cobalt 60, iridium 192, strontium 90, thulium 170, thallium 204, iodine 131 and phosphorus 32 are widely used in industry for radiography: measuring and controlling the thickness of pliofilms, newsprint, tissue paper, tin plating, sheet metal and the automatic rejection of empty or incompletely filled packages moving on conveyor belts: Liquid levels in metal tubes, fineness of slurries in tubes, detecting corrosion in tubes used in oil refineries and electrical generating stations. Even the separating of coal from shale has been accomplished on a laboratory scale by the use of the radiation from thulium 170. The testing of wear on moving parts in bearings, tires or roads, coating of oil on filaments, the discharge of electrification on printing and weaving machines, determination of cracks in aeroplane propellers, action of catalysts and the use of

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*An address by Dr. Keys before the 25th Annual Convention of the Prospectors and Developers Association, Toronto, Canada, March 4, 1957.

Impetus Natural Gas Will Give To the Entire Canadian Economy

By CYRIL T. YOUNG, F.R.G.S.*
Director, Northern Ontario Natural Gas Co.
Vice-President, Prospectors and Developers Association

Terming the east-west natural gas pipe line, which may reach Montreal in 1958, as "the greatest single project that has happened in Canada" since the Canadian railroads were built, Mr. Young surveys the impetus natural gas will give to mining, metallurgy, making of new mines, metal and ore-processing, pulp and paper industry, chemicals and petrochemicals, and secondary industry, and concludes total expenditures across Canada during each of the construction years will come to about a billion dollars. Indicates composition of financing by Canadians and Americans, and foresees natural gas having a demand not envisioned in Canada today.

Canada — the best country in the whole world to live in—is today entering into the great and splendid future which is the destiny her rich natural resources entitles her to among the nations of the world. At the outset I should state that our Northern Ontario Natural Gas Company Limited has directly or indirectly all the franchises to serve towns and industries all the way from Winnipeg to Toronto. Engineering and office management is Canadian. We expect to be very happy with all the Canadians we will work with, from East to West, for high above the wonderful natural resources of Canada stands the loyal and the adventurous quality of its citizenship.

Cyril T. Young

Many of my friends across the north will recall my personally filing with the Board of Railway Commissioners for Canada an "alternative" route for Trans Canada Pipe Line away from the rocky shores of Lake Superior and the treacherous clay slides along the rapid rivers flowing into Superior. Slides 2,000 feet long, would, once the forest cover is broken up on the hillsides, slide and slip into the rivers taking the pipe line with it, making gas delivery to the East totally impossible. Following a $2,000,000 expenditure in surveys by Trans Canada Pipe Lines, they finally adopted the alternative route filed by me with the Board of Railway Commissioners across Northern Ontario, and there the pipe line will be laid in 1957-58.

Greatest Single Project

Having been on the construction of both lines of the Canadian National Railways and Superintendent of Resources Development C. N. R. from coast to coast for years and thereby knowing Canada as few men had the opportunity to know it, I am strongly of the opinion that the present pipe line from East to West is the greatest single project that has happened in Canada since adventurous men and money built the Canadian Pacific Railway and the Canadian Northern. Few people comprehend what natural gas is going to mean to mining and metallurgy and the making of new mines and processing of ores and the metals which make Canada the envy of so many other countries. This can also be said of the pulp and paper industry, second only to mining in its northern expansion and awaiting other production in its further growth which natural gas alone can bring.

*An address by Mr. Young before the 25th Annual Convention of the Prospectors and Developers Annual Meeting, Toronto, Canada, March 6, 1957.

I am not unaware that when clean natural gas is put into the pipe lines at the gathering stations that there has been extracted some of the essentials such as sulphur, which products caused Sherritt Gordon Mines to locate at Edmonton, the chemical section of their $36,000,000 successful investment in the mining and processing of their ores and chemical products. I also know, however, that International Nickel, Noranda Mines and others can process clean natural gas with sulphides which these mines have in quantity. The use of natural gas is the best method by which they can make elemental sulphur. Naturally the Province of Alberta will have the greatest potential recovery of sulphur from the sour gas from which our clean gas will be produced and which will balance out Canada's current 360,000 tons a year sulphur in import bills today from Texas and elsewhere.

Chemical and Secondary Industries

On the average it costs around 2½ cents a pound to freight chemicals from Edmonton and Calgary to Toronto and Montreal and it is informative that freight rates on chemicals from the petrochemical section of the Texas gas fields to Ontario and Quebec are still lower than our Canadian rates from Edmonton and Calgary to the East. Were it not that the pipe line is coming through the north country, the NORTH would have a still greater battle to ever obtain secondary industries aided by natural gas. Natural gas is the best fuel yet known to man and not only in the separation of nickel copper ores with their sulphur content but also in the new processing of pelletizing iron, of which Boston Creek low grade iron ore is only one example. The benefits will not appear to the ordinary citizen until he sees the size of the payrolls that will ensue from the new industries across the North.

There is a very strong industrial momentum building up in Canada today in chemicals and in their allied industries and it can only be compared to what happened in United States during the war. With the north country's tremendous natural resources and Canadian know-how, we are going to travel at a still faster pace than was the case in other countries built up by chemicals throughout the world.

One of the benefits to the agricultural clay belts through which the route passes will be the production of fertilizing products similar to the production of fertilizers at Consolidated Smelters, and thereby increase the values of our agricultural production because we all know that the continued cropping of the various clay belt areas now necessitates fertilizers, the benefits of which it is hard to envision. It would, for instance, be a brave man who would have envisioned and stated what has already happened in uranium and kindred metals within the last five years. Uranium is a very large sulphur user as Norand's new plant at Blind River area exemplifies. In the North one cannot yet foresee what research will do, for not only mine but forest products and the various uses which natural gas will be put to not only in heating and in other household uses as well as industrial. Research should investigate pyritic golds to recover gold values, using natural gas in the processing.

Savings Involved

In its benefits to metallurgy, natural gas can be used for the synthesis of ores and the refining of ores where a very close control of the process is required. Because it is a clean fuel, its lack of ash and other residue does not contaminate mine concentrates. Added to this is the fact that its flexibility is equally efficient in large or small quantities and therefore makes it possible to reclaim small amounts of precious metals with relatively small-scale operations, even permitting the final product to be shipped instead of shipping concentrate - bearing their higher freight rate. One can study natural gas operations all the way from Butte southward towards the Panhandle where you will find that gas has often supplanted electric power and gas machines are installed instead. The role played by gaseous fuels in the United States during the last 15 to 20 years is strongly indicative of what will happen in Canada. In 1938, 12% of the total energy used in the United States came from natural gas; in 1955 the natural gas share has been increased to 25%. Between 1938 and 1955, total energy requirements —industrial, domestic and commercial—in the United States, increased by about 100%. In that same period, the amount of energy supplied by natural gas increased by nearly 400%.

In a country as cold as the north country, a lowering of the costs of fuel will mean much to our labor throughout the North, lowering and equalizing cost of all heating fuels in the North, because from the Scranton coal fields all the way there will yet be a lowering of freight rates and of coal prices. Instead of putting the coal dealer out of business, his volume of business will increase through the accentuated growth of the North. Important industries realizing the advent of natural gas will start to move northward as the $7,000,000 DuPont industry locating at North Bay exemplifies. The difference is due to the fact that now coal has to *roll* very long distances from the American fields to our northland, whereas natural gas will *flow* from West to East and gas and oil in our Prairie Provinces will be to us one of the greatest gifts that a kind Providence has given to Canada. Large booster stations will be erected every 100 to 150 miles along the route of the pipe line.

Proven Gas Reserves

The starting point for the development of this great new industry—the natural gas industry —is the availability of ample gas supplies. In the ten years since the Leduc discovery in Central Alberta, proven gas reserves has increased tenfold from 2¼ to 24 trillion cubic feet—and remember that these reserves have developed without any specific incentive for developing gas reserves, but oil.

Northern Ontario Natural Gas Company has franchises to serve municipalities and industries all the way from the Prairies to Toronto and the volume of gas that will ensue because of one company having the business will be even greater than anticipated. Large industrial users, like our pulp and paper mining industries, will also use what we call "valley gas" which enables the levelling out of rates, affording cheaper rates than could be possible in an area where it is only residential. Only the Fuel Board of Ontario can set the rates to consumers, and that rate has already been carefully examined and scheduled and will be quite low to consumers. It is too early to state here how low these rates will be, but we know that they may even be lower than the gas rates now quoted and probably only one-half of the cost of gas to cities like New York on the eastern seaboard. The saving of at least $100 million per year in U. S. dollars will come at a time when the current Canadian-U. S. dollar trade balance badly needs that help. There is nothing to worry about, and while the rates must, of course, be high enough in their yield to make financing on a large scale practical in bond issues, yet on the other hand, the rates will still be low. When all of the municipalities have had their final hearings before the Board, this can be more accurately dealt with in a further informative announcement.

The main 34" pipe line (of which over 200 miles are completed) from the western gathering stations, Trans-Canada having expended on surveys, etc. $15 million of private money already, will be laid to Winnipeg, and then through part of the north country in '57. Also the branch line which will build from North Bay to Sudbury may be constructed at the same time, because International Nickel is the heaviest desirable load between Winnipeg and Toronto. One can envision the lines being extended to Noranda and beyond through arrangements now underway, and to Blind River Uranium field as well.

The Canadian market promises to use at least 180 billion cubic feet of gas per year in the fifth year of operation. This one pipe line will deliver four times the amount of equivalent energy that will be generated by the much publicized St. Lawrence electric power development.

Financing Northern Ontario Natural Gas

Bond, debenture and share financing of the Northern Ontario Natural Gas will first be offered the residents of the North who are franchise participants and then to Canadians in general to an extent exceeding $30 million. Should Canadians not finance the Northern Ontario Natural Gas Co. bonds, then, of course, they will not only be offered to, but will be taken up by our neighbors across the Niagara "always more bond than fortressed boundary," because American risk capital as well as their tourist trade will continue to receive cordial welcome to Canada. There are about $10 billion invested in the natural gas industry on this continent, which is an informative compilation.

Demand for natural gas on a cold winter day may be as much as 15 or 20 times the demand on a warm summer day. Consequently, natural gas companies must maintain large reserves to meet these daily peaks, and, of course, line capacity and pressures with which to deliver the gas to each market.

The importance of underground storage thus may be readily understood, for huge volumes of gas must be "on tap" for instant delivery to meet changes in weather and constant increasing demands of householders heating with gas. Approximately 45% of Union Gas Co.'s residential customers now use gas for their entire space heating requirements.

Underground storage simply means that the company uses depleted gas fields — fields from which the original gas was withdrawn and into which gas is now pumped during the summer, or days of light demand, in readiness for the winter ahead.

The Union Company presently uses two underground storage fields in Dawn Township, Lambton County. The approximately 15 billion cubic feet of gas they originally contained was removed over the years. Replenished, they act as a bank, upon which the company can draw against sudden peak demands, as well as for sustained supply throughout the heating season. Gas is forced in under pressure. This means storage for Alberta gas they have extensively contracted for over a 20-year period.

Provinces and Dominion Cooperation

The participation, in a link across Ontario by the Ontario Government of a $35 million loan, payable by Trans Canada Pipe Line is typical of Premier Frost's aid to the North, and also his so admirable stand differing from his predecessors, rather than an iron curtain between the Provinces and the Dominion of Canada so nonconstructive.

The announcement by the Right Honourable C. D. Howe of the construction of this important link by this Crown company from Winnipeg to the Head of the Lakes this year, and finally to Kapuskasing brings natural gas to Kenora and Dryden. Then on with all its potentialities vital to Canadians to the Head of the Lakes, which would not have been possible had not Right Honourable Mr. Howe, associated with Premier Frost insisted on an all Canadian route, which, of course, would have by-passed Port Arthur and Fort William, in fact, by-passed all of what we call the developed Northern Ontario country down to North Bay and Sudbury lying beyond the Head of the Lakes.

The franchises for furnishing gas from the main pipe line to the cities, towns, and huge industries at the Head of the Lakes, Kenora and Dryden, are controlled by the Northern Ontario Natural Gas Co., affiliated with Twin City Gas Co., and on this project alone the estimated expenditure at the Head of the Lakes is $10 million. This amount of money has nothing to do with the cost of building the main pipe line.

To consumers across Canada let me make it crystal clear that Natural Gas does not have the explosive hazards of manufactured gas at all. Further, the Government in Ontario is going "all out" in the matter of safety appliances, even as to the manufacture of gas appliances to be installed by dealers to customers everywhere in Ontario. Inspection is also a "must," as well as is servicing by the various gas companies taking gas from the main pipe line. Their cooperation with town and city installation for piping in streets is one of tremendous magnitude all the way from Winnipeg to Montreal. In all this, Mr. Archie Crozier, Chairman of the Ontario Fuel Board has been so very business-like and diplomatic, with all the conflicting interests, as to here merit mention, as also has the Honourable Mr. Porter and Premier Frost. As construction proceeds, these Ontario links must have pipe line laying companies of the highest standard like Canadian Bechtel and Mannix, because it is a tougher job across the North country than through the prairie provinces. It involves "top" pipe laying equipment, not second to Texas. This wonderful pipe line—largest in the world is no stronger than its weakest link.

Refugee Labor Supply

It is vital to mention labor here because of the statements of the admirable Gordon Report, and in all the Bank President's yearly statements that labor and material will prove a "bottleneck" in further construction this year. Paramount in relieving this situation of labor will be the influx of high class young immigrants from Hun-

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It's a Man's Duty to Teach His Wife to Be a Widow

By MRS. CHARLES ULRICK BAY*
Chairman of the Board and President, A. M. Kidder & Co.
Executive Committee Chairman and Director,
American Export Lines, Inc.

First woman to hold positions of Chairman and President in a New York Stock Exchange firm contends "it's every man's duty to teach his wife to be a widow." The A. M. Kidder & Co. top executive outlines eight vital steps necessary in educating a wife to handle her own affairs, and sketches the extent her own husband developed this educational process. Mrs. Bay maintains the statistics are with the wife, they cannot be changed, and, it is the women who are inheriting the Earth.

America's women have come a long way since Susan B. Anthony first voted her way into the jail-house. Today, women, and I reverently say, bless them, have the vote, they have the wealth, and they have their say-so in virtually every purchase made.

Mrs. C. Ulrick Bay

Today women hold over 20 million of the nation's jobs. The ranks of women in industry and business grow daily. And they will continue to grow.

To our country, the employment of women in increasing numbers has become most essential. This was recognized in the report last week of the National Manpower Council which reported to President Eisenhower that this rapidly increasing employment of women has added a new dimension to the nation's total manpower resources.

I'd like to go a little further. I'd like to say that the increasing employment of women has added a new potential for executive manpower.

We certainly don't assert that a woman has any special claim to authority and position just because she is a woman.

Need More Female Executives

But, what we do assert is that today's woman — especially the gifted and enterprising woman— has a new and deeper responsibility than ever before in our history. She has a responsibility to carry her share of the leadership along with men of equal ability.

Frankly, there are not enough women in top executive positions in today's business world.

Thousands of men are serving as top brass in thousands of businesses—but the number of women in such jobs you can count on the fingers of your two hands.

A top executive position requires many abilities. It requires a combination of good judgment, emotional maturity, stamina, and enterprise.

Only a minority of business people possess these needed abilities.

It is a rare man who can serve as a good chief executive.

And let me say right here that there are just as many rare women in this country as there are rare men.

One of the reasons, I believe, that more women are not holding executive positions is that too many women underrate themselves.

Women have many talents, many abilities. For example, many women do an expert job in home management — running a household, planning an addition to the house, supervising the contractor in a manner that would do credit to the administration of a major iron and steel company.

The skillful, intuitive bargaining abilities of women are well known.

America needs leaders.

Our country is woefully short of executive leadership.

And this situation promises to become worse as the years roll on and our country, its gross national product and its population grow like Jack's amazing beanstalk.

What a tragedy it would be if we were to maintain the old superstitions which wall out millions of capable executives merely because they are women.

What a loss it would be to the nation in economic misdirection, in lagging product designs, in impaired employment relations, and in ill-conceived financing.

Indeed, in this crucial period of rivalry with the Soviets, the very security of our nation is involved in this problem.

No talented woman should stand back today.

Now, of course, every woman can't step right out of her home into the business world. I know that many of you have many problems, some of varying ages at home. I know that you have many important responsibilities.

Making Women Partners

But there is something you can do—at home—to take your place with America's women. And that something is to get your husband to tell you more about his business.

Your husband's business should be your business. Knowing more about it will make you a better wife. Knowing more about his business will prepare you for any eventuality.

There are still too many men who regard us as just "sweet things" to be provided for but not to be told anything.

A few weeks ago I had the privilege af appearing with that wonderful lady of television— Arlene Francis—on her coast-to-coast NBC "Home" show. Naturally, we talked about widowhood, and I told her how my husband, quite unknowingly, had prepared me for the present.

Many women all over the country wrote to me. Many thought I had done something wonderful by pointing out that husbands should tell their wives more. The hundreds of letters were most upsetting to read. In fact, nearly all of them could be summed up in the words of a lady from New England who wrote: "The only thing in business that I share with my husband is signing the joint income tax return."

Fortunately, my husband and I were always partners.

He shared his thinking with me. I always thought that maybe a lot of people wondered why I was always trailing along with him to business luncheons and conferences.

During our long stay in Norway, when my husband was beset with many official duties, and when it was necessary to run his businesses by long distance, I was his sounding board, chief counsel and closest business partner. Time and time again he'd discuss a business problem with me, urging me to take the opposite viewpoint to help clarify his thinking. "I want you to understand what I'm doing and what I'm planning to do," he said many times.

All of this — this sharing of thoughts and plans, this eagerness for my thinking—was evidently all part of my husband's plan to make certain I understood business in general—and his own activities in particular.

I am grateful for this rich and varied experience. I now have an opportunity to carry on the ideals of my husband, and to actually put to work the knowledge I have acquired over the years as his business partner in varied enterprises.

Educate for Widowhood

My big point—and I'd like to stress this again and again—is that it's every man's duty to teach his wife to be a widow.

I will never understand why so many husbands fail to plan for their wives' widowhood in spite of the statistics that show that women outlive their husbands at least seven years.

Primarily it's because we all have that "it can't happen to me" attitude. To most young and middle-aged Americans death does not seem inevitable. We persist in this attitude even though in this country more young people are killed in highway accidents and more middle-aged husbands are killed by heart attacks than in any other country in the world!

The statistics are with the wife. They can't be changed.

Don Rogers, in his excellent book, "Teach Your Wife to Be A Widow," which I hope all of you will take the time to read thoroughly, comes up with a startling and profound fact. It's this:

The best wives often make the poorest widows.

The girls who devote most of their lives to being good companions, good homemakers, good mothers, hard workers in their community affairs and churches, are generally the ones who know the very least about managing their husbands' estates. They are babes in the woods when left alone—they are the girls who are at the mercy of the business world when they find it thrust upon them.

Rare indeed is the wife who knows all that can be known about her husband's business life.

Is there a wife in this audience who knows, or is there a husband in this audience whose wife knows:

All about her husband's income.

All about his investments.

All about his debts.

All about how he handles his family expenditures.

All about his business enterprises.

Where his will is filed.

How much insurance he carries.

Who will be administrator of his estate if anything happens to him.

How much of a tax bite will be made on his estate.

Who Inherits the Earth?

Let's at this point face a rather blunt fact: One of the beatitudes in the Bible is a bit outdated. You know the one where it says that the Meek Shall Inherit the Earth. Well, it's no longer quite true— or perhaps it's becoming too true. At any rate, it's not specifically the meek who are inheriting the earth—it's the women!

The latest survey conducted by the New York Stock Exchange on the ownership of the securities of public corporations shows that a little better than half of the stocks owned in this country are in the possession of women. A majority of these women, of course, inherited these stocks from their husbands.

So when we consider the fact that his wife is quite likely to survive him, it seems to me that a man is plain negligent when he is willing to work himself to an untimely end for the sake of acquiring some wealth, and then fails to instruct his wife what to do with it.

If he's going to dump it into the hands of a naive and inexperienced wife, he has wasted his life.

Women have a flair for business details that men seldom possess— and that once she's innoculated with the business bug, a wife makes the best business partner a man ever had—and his reward will be tenfold because of the peace of mind it brings.

Need I tell an audience as sophisticated as this one of the paramount importance of a will? I would add, however, that it's not the oldtimers who need a will most, it's the younger married couples. A young wife faces many more years of possible widowhood than does an aging wife. And a will is the most necessary fundamental structure of a peaceful and secure widowhood.

Eight Vital Steps

There are eight vital steps necessary for the husband to take in teaching his wife to handle her own affairs. They are:

Teach her to handle budget matters, to write checks, to plan the family spending programs.

Prepare her for some gainful occupation.

See that she understands the stock market and the handling of investments.

Make sure she gets to know your banker, your broker, your insurance man and your lawyer.

And then, to give her the tools to work with.

Prepare a will.

Stretch insurance to cover the mortgage on your home.

Keep some emergency money in her own private savings or checking account.

Write her a letter instructing her what to do and what not to do.

I know that this subject is not a pleasant one, but I surely don't need to tell anyone that this subject is most important. It's not only most important to husbands and wives, but to the nation and its future.

If I have convinced only one husband to tell his wife more about his business, I am most happy.

I confidently look forward to the day, maybe not too far off, when all husbands will take their wives into their confidence.

I am hopeful that in my new responsibilities. I can help make this come true.

*An address by Mrs. Bay before the Young President's Organization, White Sulphur Springs, March 20, 1957.

With Curran Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Raymond E. Flaniken is now with The Curran Company, 4336 Fourth Avenue.

Significance to the U. S. of Quebec's Low Grade Iron Ore

By ROBERT BERGERON*
Staff Member, Department of Mines, Province of Quebec

Quebec mineral's expert probes the varied and extensive iron deposits, describes the activities of the mining companies in the Province, and ascertains significance of Quebec developments for the United States. While there still are obstacles to bringing these large, low-grade iron deposits into production, Mr. Bergeron believes even the remote deposits will pay off. Author states that large scale mining and feasible beneficiation techniques provide answers to rapidly diminishing Lake Superior ores and steel scrap and lump ore.

Large scale mining and beneficiation of low grade iron ores provide answers to two major problems now facing the United States steel industry, namely the rapid exhaustion of the "direct shipping ores" of the Lake Superior area and the sharp need of steel scrap and lump ore, both of which have been essential to the open hearth process which produces 90% of the steel in North America. The beneficiated concentrate, properly agglomerated, has higher iron content and a lower moisture than most "direct shipping ores." It can be used in the blast furnace which makes pig iron, and in the open hearth furnace which converts pig iron to steel. In the latter operation, the need for scrap steel is cut 50%. In 1955, consumption of low grade iron ores in the United States, was about 1% of the total consumption of iron ores. In 1984, it will be 27%, according to Verne D. Johnston's estimates.[1]

The mineral resources of the Province of Quebec are known to be varied and extensive. This is particularly true of the iron ores. In addition to the large and remarkably high grade deposits of Iron Ore Company of Canada in the Schefferville area, huge deposits of low grade iron-bearing material have been found in many parts of the province. The locations of most such deposits are shown on the accompanying map.

District of Lake Mistassini

A number of mining companies have searched for iron deposits in the Lake Mistassini district. The most active companies in the area are Canadian Cliffs, Limited, and M. J. O'Brien, Limited, which jointly control more than 500 claims in a belt about 30 miles long. The first mentioned company is a wholly-owned subsidiary of Cleveland-Cliffs Iron Company, which has had experience in the treatment of low grade iron ores in the Marquette Range in Michigan. Exploration work was initiated in 1952 and included considerable detailed geological mapping, trenching and stripping, surface sampling, ground geophysics including dip needle traversing, and a limited amount of diamond drilling. A number of deposits have been located as a result of this work. Metallurgical tests were performed on the low grade iron-bearing material.

An average crude analysis of 18 samples taken in two ore zones gave roughly 31% iron, 50% silica with low sulphur, manganese, alumina and titanium dioxide. A Davis magnetic tube test with a 100-mesh grind gave a concentrate averaging 66% iron and 8% silica.

The iron ores of the Lake Mistassini district are low grade but have good concentration characteristics. If a large tonnage is available, the probable future accessibility of these ores with the improvement of transportation facilities (most of the deposits are located less than 100 miles from the town of Chibougamau), could make this area an important source of iron ore.

District of Mount Wright-Mount Reed

Three main companies have been actively searching iron ores in the area. These are Bellechasse Mining Corporation, Quebec Cobalt and Exploration, Limited, and Cartier Mining Company, Limited.

Bellechasse Mining Corporation staked claims in the Mount Wright area in 1952. This was followed in subsequent years by detailed geological mapping, dip needle surveying and diamond drilling. The company reports that this exploration work has indicated roughly 100 million tons of ore grading about 30% iron. A preliminary study of concentration techniques has shown that a commercially acceptable concentrate could be produced. In 1956, the company granted an option on its Mount Wright property to W. S. Moore Iron Company, which will continue the exploration work on these claims.

As a result of an air-borne magnetometer survey done early in 1955, Bellechasse Mining staked a group of 60 claims in the Midway Lake area approximately 25 miles southeast of Mount Wright. Exploration work, consisting mainly of detailed geological mapping, trenching, surface sampling, and dip needle traversing, has indicated a possible large tonnage of iron-bearing material grading 30% to 31% iron. Preliminary concentration tests have shown that a concentrate grading 68% to 69% iron and 5% silica could be obtained. In the spring of 1956, the company granted an option on its Midway property to Midway Iron Company, a subsidiary of Pickands Mather Company.

Quebec Cobalt and Exploration, Limited, has outlined a large tonnage of iron-bearing material grading 32% iron. The iron oxides are mainly coarse hematite with minor magnetite. Jones and Laughlin Steel Corporation acquired an option in the spring of 1956 on this large, low grade, iron deposit. Drilling and other testing of this deposit was started during the 1956 season and will be continued in 1957.

Cartier Mining Company, Limited, a subsidiary of United States Steel Corporation, explored the Matonipi Lake area, approximately 60 miles east of Mount Reed in 1951. Exploration work started in the Mount Wright-Mount Reed area in 1952, when many groups of claims were staked. The company did a great amount of diamond drilling, detailed geological mapping, prospecting, and geophysical surveying between 1951 and 1956. Many deposits containing a very large tonnage of iron-bearing material grading approximately 30% iron were outlined. Cartier Mining has recently announced its decision to bring its deposits into production. This undertaking involves: the building of a concentration plant in the Mount Reed area with an annual capacity of 10 million tons of high grade pellets; the organization of open pit mines capable of producing up to 25 million tons of low grade ore annually; the construction of a railway joining Shelter Bay, on the north shore of the St. Lawrence River, to Mount Reed, a distance of 187 miles; the erection of a hydroelectric power plant on the Hart-Jaune River; the erection of a mining town in the Mount Reed area; and the organization of docking, loading and storage facilities at Shelter Bay.

District of Ungava Bay

Following the discovery of direct shipping ore in the Schefferville area, many mining companies have searched for similar material north of the holdings of Hollinger North Shore Exploration Company. No high-grade ore was found, but a huge tonnage of concentrating grade, iron-bearing material has been disclosed within the sedimentary iron formation of the northern part of the Labrador Geosyncline or the Labrador Trough. The Trough is a folded unit of sedimentary and volcanic rocks intruded by mafic sills and extending from the Mount Wright-Mount Reed area to almost the northwest tip of Ungava Bay. Iron formation is known to occur throughout most of the length of this belt.

Four main companies hold mineral exploration licenses and claims in the northern part of the Labrador Geosyncline. These are: Consolidated Fenimore Iron Mines, Limited; Oceanic Iron Ore of Canada, Limited; International Iron Ore, Limited; and Atlantic Iron Ore, Limited.

Consolidated Fenimore Iron Mines, Limited, holds two blocks, one on Larch River about 20 miles west of Kaniapiskau River, the other in the vicinity of Leaf Bay. Exploration of the iron formation included detailed geological mapping, representative sampling, surveying, prospecting, and approximately 30,000 feet of diamond drilling. The company reports that one billion tons of concentrating-grade ore have been indicated. More than 90% of this is within 25 miles of tidewater. Fenimore also has made extensive studies concerning beneficiation techniques and the location of docks, mill site and town site. However, early in 1956, the company announced its intention to delay a final decision as to production until all available information had been gathered and investigated. The North Finger Lake deposit would be the first one worked. This contains about 200 million tons of ore and is located some 20 miles south of Leaf Bay. The initial annual production would be one million tons of concentrate. The best process available would be a straight magnetic separation with flotation cells for concentrating the tailings. During the 1956 season the company started building an airstrip south of Leaf Bay.

Oceanic Iron Ore of Canada, Limited, which is controlled by the Rio Tinto Mining Company of Canada, holds two blocks and claims in the area south of Payne River. Following a preliminary investigation of the area in 1954, the company carried out an extensive program of exploration in 1955 and 1956. This included surface exploration, detailed geological mapping, surveying and diamond drilling. Most of the drilling was done at the Morgan Range, a prominent range of hills extending northwesterly some 12 miles from Morgan Lake about 20 miles south of Payne Bay. Mapping and drilling of a part of this range have indicated 275 million long tons of iron-bearing material grading approximately 32% iron, with an additional 85 million tons of lower grade material underlying the principal iron band. Estimates of tonnages in adjoining drift-covered areas based on incomplete drilling results and one a magnetometer survey raise the overall total by 165 million tons. Drilling of another iron range on the south shore of Payne River was started near the end of the 1956 field season.

Payne Bay is one of the best of the few potential harbors in Ungava Bay. A favorable site for docks capable of handling the largest ore boats is found on Oceanic Iron Ore property. A big difficulty is the shortness of the shipping season, which extends from about July 15 to Oct. 25. To offset the short season, it is proposed to ship ore concentrates during the summer from Ungava Bay to a storage point where trans-shipments could be made during the winter months. The coast immediately south of Godthaab, Greenland, is said to offer favorable sites for that purpose.

The production of the iron ore, or concentrates, of the Morgan Range would be hauled to Payne Bay for shipment. Preliminary surveys to locate a railroad between Morgan Range and Payne Bay have been completed.

Beneficiation methods have been carefully investigated, and concentration tests on the magnetic iron ores have shown that a 65% iron concentrate in the form of pellets can readily be obtained.

During the summer of 1956, Oceanic Iron Ore had a number of independent consultants and specialists examine its properties south of Leaf Bay in order to determine the methods of producing iron concentrates at a profit. Plans call for an open pit mine, a processing plant, a town site, an airport, a seaport, storage facilities and as already mentioned a transshipment port. All this would represent a minimum expenditure of $100,000,000. The initial annual production rate has not been announced yet. It will probably be at least two million tons of pellets.

Atlantic Iron Ore, Limited and International Iron Ore, Limited, obtained in 1953 two mineral exploration licenses on the west coast of Ungava Bay. These two companies, controlled by C. S. Eaton, are owned by Consolidated Premium Iron Ore, Limited, a Canadian investment company.

International Iron Ore holds a license on 600 square miles north of Payne River. In the vicinity of Robert Lake (latitude 50°25' N. and longitude 70°30' W.) and particularly at Kayak Bay near the mouth of Payne River, detailed geological mapping, sampling and drilling have indicated large tonnages of concentrating grade iron-bearing material.

Atlantic Iron Ore's license covers about 160 square miles in the Hopes Advance Bay area. In the vicinity of the bay and north of Ford and Red Dog Lakes, 16 and 8 miles west-northwest of it, exploration work has indicated large tonnages of iron-bearing rocks of concentrating grade.

Production studies are now in progress and a final decision should come within a few months. The construction of an airstrip was completed last fall. Concentration tests have shown the possibility of obtaining high-grade iron pellets. A transshipment point, roughly 660 miles from Hopes Advance Bay has been selected by the company at Rype Island near Godthaab, Greenland. Plans call for shipping 10 million tons annually from Hopes Advance Bay, starting between 1958 and 1960. The overall cost of the project would be in the neighborhood of $100,000,000.

Other Low Grade Iron Ore Deposits in Quebec

Aconic Mining Corporation holds an extensive magnetite sand deposit located at Natashquan on the north shore of the St. Lawrence, about 530 miles northeast of Quebec City. The company estimates the probable reserve to be between 15 and 18 billion tons of magnetite-bearing sand grading approximately 4% iron. The annual current iron concentrate production is about 40,000 tons, but the company expects to increase this to 100,000 tons by April 1957, and to 1,100,000 tons by 1959.

The **Hilton mine,** formerly known as the Bristol mine, will soon produce iron pellets. This mine is located about 20 miles northwest of Ottawa and is now equally owned by Stelco Mines, Quebec, Limited, and by Bristol Quebec Mining Company. The latter, in turn, is owned by Jones and Laughlin Steel Corporation and Pickands Mather and Company. The ore will come from a low grade magnetite deposit which was discovered in 1870 and worked between 1872 and 1894. It has recently been decided to re-open the mine and build a concentrating plant for an annual production of 600,000 tons of pellets grading about 66% iron. Mining will be done by open-pit methods.

Magnetic iron ore grading 32% to 35% iron was discovered a few years ago near Duncan Lake, about 56 miles southeast of Fort George on James Bay. Preliminary exploration carried out by J. C. Honsberger has indicated at least half a billion tons of ore to a depth of 600 feet. This estimate still has to be proven by diamond drilling. Preliminary concentration tests have been very satisfactory.

Recently it was reported that diamond drilling done by **Atlin-Ruffner Mines** indicates the probable existence of an important low grade iron deposit in Montgolfier Township, about 80 miles north-northwest of Amos. The grade of the deposit is approximately 30% iron, according to the limited amount of assaying done to date.

Another large low-grade iron deposit has recently been discovered in Houded Township, Pontiac County. This property is located about 32 miles west of a point on the Mont Laurire-Val d'Or highway 70 miles northwest of Mont-Laurire. The deposit consists of magnetite-rich material grading 28% to 30% iron in quartz-plagioclase gneiss. Concentration tests have shown that a 65% to 68% iron concentrate with a recovery of 90% can be obtained with a 60-mesh grind. In January, 1957, O'Leary Malartic Mines, Limited, which held the major interest in the property, accepted an offer from Holannah Mines, Limited, to take over and develop its iron property.

Conclusion

It can be seen that there are still obstacles to overcome in order to bring most of these large, low-grade iron deposits into production. However, most of the metallurgical problems concerning beneficiation techniques have been solved, and, at the present time, one can state that, providing the existence of large tonnages of low-grade iron ore of concentrating grade, ways will be found to make even the most remote deposit pay off.

*From an address by Mr. Bergeron presented with the permission of the Deputy Minister, Department of Mines, Province of Quebec, before the 25th Annual Convention of the Prospectors and Developers Association, Toronto, Canada, March 6, 1957.

1 "An Expert Looks at Iron Ore Sources in 1984"; Eng. and Mining Journal, Vol. 156, No. 12, pp. 86-89, 1955.

G. F. Faux Opens

QUEENS VILLAGE, N. Y. — George F. Faux is conducting a securities business from offices at 110-07 Francis Lewis Boulevard.

Oil and Mineral Progress In Saskatchewan Province

By J. H. BROCKELBANK*
Minister of Mineral Resources
Province of Saskatchewan

Prospects of tax incentives, steel industry formation, 1957 mineral production of $170 million as against $115 million in 1956 and $1.5 million in 1932, ability to supply one-third of Canada's total oil needs in five years hence, and potash production by 1958-60, are described by Mineral Resource minister to illustrate Saskatchewan progress into a well balanced economy from its dependence on wheat—still its foremost industry. Mr. Brockelbank predicts a bright future for the next twenty-five years.

The Province of Saskatchewan was formed in 1905, but it was over 25 years later at the end of 1930 when Saskatchewan received from the Federal Government its domain in lands, forests and minerals; therefore, our period of history in dealing with these resources in Saskatchewan practically coincides with the life of Prospectors and Developers Association. In our Province we are still very young in the matter of pre-Cambrian exploration and development. Our oldest producing mine and until a few years ago our only producer, commenced a couple of years before the birth of this Association.

J. H. Brockelbank

There are at least two reasons for the late start in this field in Saskatchewan. The first and probably the most important is a geographical reason. The most southerly point of the 90,000 square miles of our pre-Cambrian area is about 700 miles north of Toronto. The southern end of James Bay is still 200 miles south of our pre-Cambrian area, which extends nearly another 400 miles north. At the beginning of this century railways passed through large areas of the pre-Cambrian Shield in other parts of Canada, but in Saskatchewan 30 years of this century had gone by before a railway was within 100 miles of the southern edge of our pre-Cambrian area. Under these circumstances and while the administration of Saskatchewan's resources was under the Federal Government it could not be expected that active promotional interest in our northland would be in evidence. When the Province got its resources naturally this area occupied a much more important position in the life of Saskatchewan than it had occupied in the life of Canada.

Claim-Staking Rate

Under Federal jurisdiction claims were staked in 1914 in the Flin Flon area. After many problems were solved and about 15 years later these claims were converted into the Hudson Bay Mining and Smelting Company mine. A survey of the boundary between Manitoba and Saskatchewan showed this property to be partly in each Province. There were other flashes in the pan prior to 1930, but none of them proved to be of value.

In 1931 the first of Provincial administration, only 173 claims were staked in the pre-Cambrian area of Saskatchewan. Prospecting continued at a low ebb for the next two years, until interest began to run high in the Athabasca area and in the four years, from 1934 to 1937 inclusive, over 4,000 claims were staked. The highest record was in 1936 when 1,180 claims were staked. In the following six years from 1938 to 1943 inclusive, less than 100 claims per year were recorded. It was not until 1948 that we again had over 1,000 claims recorded in one year. From that time on, with one exception, we never fell below 1,000 claims in any year. However, even these figures indicate that exploration and prospecting was only touching a tiny fraction of our whole pre-Cambrian area. The record of 1,180 claims recorded in 1936 stood as an all-time record until the year 1951, when for the first time we had over 2,000 claims recorded. In 1952 twice as many claims were recorded as in the previous year. Interest in uranium had reached a high point by this time and during the last four years, that is from 1953 to 1956 inclusive, the average number of claims recorded in each year was over 11,250 with a peak of over 18,000 claims recorded in 1953. In the last couple of years a feeling of insecurity in the future of uranium mining and good prices for base metals caused a definite swing towards prospecting for base metals and consequently a better distribution of prospecting over our pre-Cambrian area.

Uranium, Copper and Iron Ore

So much for claim staking, but all of you here know that a claim is not a mine — the subsequent work which may prove mines is all important. In the last year we had over 150,000 feet of diamond drilling done. Many shafts were put down and underground work was done during the last few years. As a result we have a number of mines producing uranium and a further number assured of production with the completion of the new Lorado Mill near Uranium City. Two new base metal mines are assured of production in the Flin Flon area. A two million ton ore body of copper on Lac La Ronge will be produced when more ore is proven to make a mill an economic project. Many other properties are very interesting and are receiving the attention they deserve.

All of this activity has created a much greater interest on the part of Saskatchewan people. To encourage this interest we have been studying the Income Tax Laws and advocating certain changes, which would provide a definite tax incentive to encourage the Saskatchewan business man and farmer to put some money into this exploration and development work. We have published a report on Income Tax Incentives for Canadian Mineral Development by John G. McDonald of Toronto and some copies of this report are available here at this Convention.

At the present time two interesting deposits of iron are attracting some attention—one is located in the Choiceland area, east of Prince Albert. It has the disadvantage of being under 2,000 feet of sedimentary rocks, but it has the advantage of being right beside the railway. The other deposit is in the far north and has been optioned by a major steel company. These deposits are of special interest, as I believe it is inevitable that Western Canada will sooner or later have a steel industry.

The story of production of minerals in Saskatchewan illustrates our progress. The total value of all minerals produced in our Province in 1932 was about $1½ million. Last year in 1956 this value is over $115 million—$68 million of which is for metals. In this year, 1957, we are forecasting a figure of $170 million—$90 million of which will be metals. Saskatchewan produces more wheat than all the rest of Canada put together and it will not be many years until the total value of our mineral production will equal the value of our wheat production.

Oil and Gas Rediscovery

I would like to give you a look at our mineral activity in the southern part of our Province. First in oil and natural gas—production was started in a very small way just over 10 years ago; in fact at that time the Annual Report of one oil company included these words: "The Company has withdrawn almost completely from Saskatchewan to concentrate its efforts on more promising areas." Just about at that same time the great discovery was made at Leduc in Alberta. This was the first great discovery of oil on the Prairies since Turner Valley, which was many, many years before. The Leduc discovery started exploration all over again in all Three Prairie Provinces. Now we have over 2,500 wells capable of producing oil and 150 wells capable of producing gas in Saskatchewan. New producers are coming in at the rate of about three per day. Last November, Saskatchewan oil production was over 82,000 barrels per day. In the year 1950 all Canada produced less than 80,000 barrels per day. For the first 11 months of 1956 the total oil production in Saskatchewan was 400,000 barrels more than total Saskatchewan refinery runs. Saskatchewan with its mechanized farms, its cold climate and long distances is a heavy per capita consumer of oil products. On balance in 1956 we were more than self sufficient in oil production. It will not be long until we will exceed the 100,000 barrels per day mark. I will not be surprised if within 5 years Saskatchewan is producing one-third of Canada's total needs in oil. Revenue to the Province from oil and gas rentals, royalties and bonuses in the year ending March 31, 1951 was less than $250,000. In the first nine months of the present fiscal year that revenue amounted to $16½ million.

Potash Development

Another very interesting mining development we have is in potash. At the present time 3½ million acres are being explored. These potash deposits which extend all the way across the Province were discovered in 1946. They are located from 2,800 to 3,400 feet below the surface. Sinking shafts through this depth of sedimentary rocks presents many problems, but that is being done. We expect

Continued on page 36

*An address by Mr. Brockelbank before the 25th Annual Convention of the Prospectors and Developers Association, Toronto, Canada, March 5, 1957.

Looking Forward Confidently At British Columbia Resources

By HARTLEY SARGENT*
Chief, Mineralogical Branch
British Columbia Department of Mines

Leading mineralogist reviews highly diversified mineral resources and prospecting techniques in British Columbia, and the extent to which developing hydro-electric power, oil-gas pipe lines, and extensive air-rail-road-shipping changes have aided mining, metallurgical operations, and the communities in which those industries are carried on. Mr. Sargent believes that with insight and adequate rates there should be a long period ahead for large and diversified mineral production.

At this time of the year 1932, a speaker addressing your first meeting in dealing with British Columbia would probably have had 1931 in mind, and would have been forced to rely on preliminary estimates of production for that year. Today we have the advantage of having final figures for the years 1931 to 1955, but for the year 1956 must rely on preliminary estimates.

Let me remove any worries at this point and explain that I don't propose to burden you with the statistics for 25 years. We shall see with the aid of maps and some graphs something of the mineral production in British Columbia in 1931 and 1956, something of the scope of the industry, and also something of power and transportation facilities.

For the Prospectors and Developers Association 1957 is the 25th anniversary. In British Columbia we look upon 1957 as the 100th anniversary of the discovery of placer gold at the mouth of Nicoamen River. Coal had been discovered earlier and Nanaimo had been established as a coal mining centre in 1852. The discovery of placer gold timed so as to invite California's forty-niners and many others to engage in a new search for wealth, triggered the gold rush of 1858. The gold rush brought about very rapid exploration and development of British Columbia, leading to uniting the whole mainland area under one government in 1858, union of the Vancouver Island and mainland colonies in 1866 and entry into Confederation as a Province of the Dominion of Canada in 1871. Coal and placer gold continued to be the minerals of greatest economic importance of several decades, but structural materials in the form of brick, building-stone, sand, gravel, and builders lime, had made places for themselves before British Columbia entered Confederation.

In the final decade of the 19th century lode-mining came into its own and we had an era of lode-gold mining, of silver and lead production, pioneer mining of low-grade copper-gold ore, and smelter building. By the 1920's placer-mining had almost dwindled away, lode-gold production was about holding its own, copper had become the principal metal, and zinc had become of substantial importance being not greatly outclassed by lead which was vying with copper for first place.

Increasing Diversification

The industry was becoming increasingly diversified, a trend illustrated by the addition to the list of products, of gypsum in the mid-twenties, the provision begun in 1929 for large-scale use of sulphur at the Trail smelter, and by the increasing recovery of by-product metals at the smelter.

*An address by Mr. Sargent before the 25th Annual Convention of the Prospectors and Developers Association, Toronto, Canada, March 4, 1957.

Although the mineral industry of British Columbia was then dominated by copper, lead, and zinc, it is interesting to recall that lode-gold mining was already being revived before base-metal and silver prices began to tumble in 1929. Consequently, early in the hungry thirties, lode-gold production increased rapidly, placer-mining also expanded making its contribution to the output of the one metal whose price and desirability grew while the others diminished.

Because this is your 25th anniversary the period 1931-1956 is of particular interest. We shall trace the developments in British Columbia with the help of a series of graphs. Graph A (Fig. 1) represents for the years 1931, 1939, 1947, 1955 and 1956 the value of mineral production. Graph B represents the quantities and Graph C the prices, for gold, silver, copper, lead, and zinc for those years.

We have come to call gold, silver, copper, lead, and zinc, the "principal metals." The metals, antimony, bismuth, cadium, indium, and tin, recovered from silver-lead-zinc ores, are members of the group "other metals" which also includes iron, mercury, and tungsten. Graphs A, B, and C deal with the principal metals individually, and Graph A also deals with values of "other metals," industrial minerals," "structural materials," and "fuels" as groups.

The large rectangles in Graph A represent the total value of all mineral production for the years 1931, 1939, 1947, 1955 and 1956. Within these wide rectangles the narrower bars represent individual metals or groups of products. These bars are at a scale three times that of the wide rectangles. Height is their significant dimension. For 1939, the bar for gold is slightly higher than the wide rectangle, thus for that year, gold made up a little more than a third of the total value of all mineral products, similarly in 1947 lead contributed somewhat more than a third, and for the years 1955 and 1956 zinc has contributed from 29.8% and 31.2% of the total value.

In representing quantities of copper, lead and zinc (Graph B) we have used the same scale 50,-000,000 pounds of metal to a vertical division; gold is represented at 100,000 oz. and silver at 1,000,-000 oz. to the scale division. Similarly in representing unit prices (Graph C), a scale division is equivalent to $10 per ounce for gold, 10 cents per ounce of silver, and 10 cents a pound for copper, lead, and zinc.

Gold Production

We note in Graph B, that in 1931, the quantity of gold was about 160,000 oz., silver about 7,-500,000 oz., copper about 30,000,-000 lb., lead something more than 200,000,000 lb., and zinc about 200,000,000 lb., and from Graph C it is apparent that the unit prices were: for gold a little more than $20 an ounce, for silver less than 30 cents an ounce, for copper say eight cents a pound, and for lead and zinc a very small amount, actually less than three cents a pound.

To some extent Graph A indicates the gold boom that flowered in the thirties and withered during World War II. In 1939, not quite the peak year, gold exceeded 500,000 oz. in quantity and $21,000,000 in value. The 1947 graphs suggest that conditions were favorable for mining silver-lead-zinc ores and production was booming. Our graphs skip the 1951 boom occasioned by very high prices for silver, lead and zinc and represented in value rather than quantity of metal.

Graph A indicates increasing total value of mineral products, as we progress from 1939 to 1956. We have noted the increasing value of lead and zinc and the change in the relative importance of the different metals, gold, lead, and zinc. The graph also shows that "other metals," "industrial minerals," and "structural materials" have increased in value and in relative importance. Recently tungsten and iron have accounted for substantially more than half of "other metals." Sulphur and asbestos make up the greater part of the value of industrial minerals, and the large increase since 1947 is mainly attributable to asbestos, of which production began in 1952. Increase in the structural materials group has been fairly general. Fuels have declined in relative importance, reflecting declining coal output, offset in part by increasing price. In 1955 production of gas was recorded and in 1956 oil was added. Their individual values are still too small to show on such a graph but they hold important promise for the future

We had upsurges in exploration activity directed toward gold in the early thirties, toward war metals in 1941-43, toward lead and zinc in the late forties, and toward copper more recently. We have also had in the last 10 years tremendous activity in exploration for petroleum and natural gas.

Some of these facts are more readily apparent from our second set of graphs (Fig. 2) representing: the number of placer claims and leases recorded, the number of lode claims recorded, the number of free miners' licenses issued, and in the petroleum and natural gas section, the area under permit, license or lease and the footage drilled. The petroleum and natural gas graphs begin at the year 1947, because the activities began that year.

We can readily discern the preliminary phase of the gold boom with the sharp increase in the number of licenses issued and in claims and leases recorded. However, we should note that most of the increase, so apparent in the production statistics from 1934 to 1942, was from claims that had been held for many years and mainly from mines that had records of previous production. In this period substantial quantities of ore were found in southern British Columbia, the Sheep Creek and Hedley camps were revived, Bridge River became the principal producing area. Wells and Tulsequah became important producing centres and the high price for gold helped to maintain production from the Portland Canal camp.

1956 Copper, Oil and Gas Boom

Claim recordings and licenses show little of the war metals boom, however, the production records show production of mercury and tungsten increasing rapidly from a negligible value in 1939, to more than $5,000,000 in 1943, only to be cut off virtually completely in 1944. The copper boom of 1956 and the petroleum and natural gas activity are readily apparent in the appropriate curves.

We have traced changes in mineral production and in mining activity in the past 25 years. Many other changes having a very important bearing on all phases of the mineral industry in British Columbia have occurred in that period. Some of these changes are discussed under the headings: Air Photos and Maps, Power and Energy, and Transportation.

Air Photos and Maps

Air photographs were available for limited parts of British Columbia 25 years ago. Today vertical air photographs are available for almost the whole of British Columbia and each year the coverage is being improved by filling in gaps and by re-photographing for greater detail or for better quality.

The availability of topographic maps has improved tremendously in the past 25 years. For many parts of British Columbia, amounting to nearly half the total area, topographic maps at scales from four miles to the inch to one mile to the inch are available. For the whole province National Topographic maps are available at eight miles to the inch.

Air photography and the use of helicopters to speed ground surveys have made it possible to provide the data necessary for new maps in a fraction of the time formerly required. Consequently when more detailed mapping is required for an area the need can now be satisfied much more quickly than in the past.

Geological mapping has been facilitated by the availability of topographic maps. The amount of effort devoted to mapping has been increased, as a consequence the area for which geological maps are available has been increasing at a gratifying rate. The technique of making use of fixed wing aircraft and of helicopters in reconnaissance mapping, that the Geological Survey of Canada has been applying so successfully in the Territories and Arctic Islands, was applied in a large area in northern British Columbia in 1956.

Power and Energy

You have heard something of the hydro-electric developments in British Columbia, and of the building of pipelines for moving oil and gas. Total hydro-electric generator capacity has increased from 700,000 horsepower in 1932 to 2,400,000 horsepower at present. Naturally much of this energy is conveyed to the major population centers for industrial and domestic use. However, at least 40% is used by mining and metallurgical operations, and the communities in which the mining and metallurgical industries are carried on.

Under the heading *Transportation* something should be said about roads, railroad, air routes,

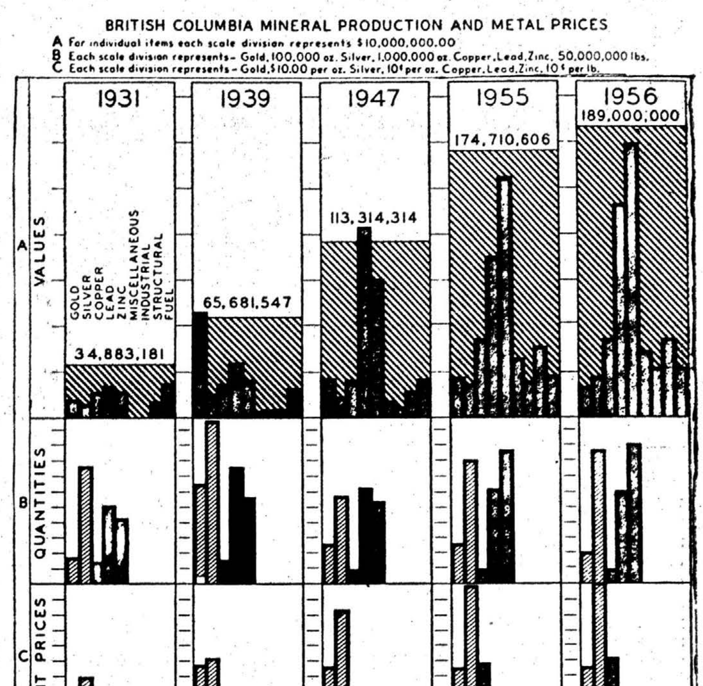
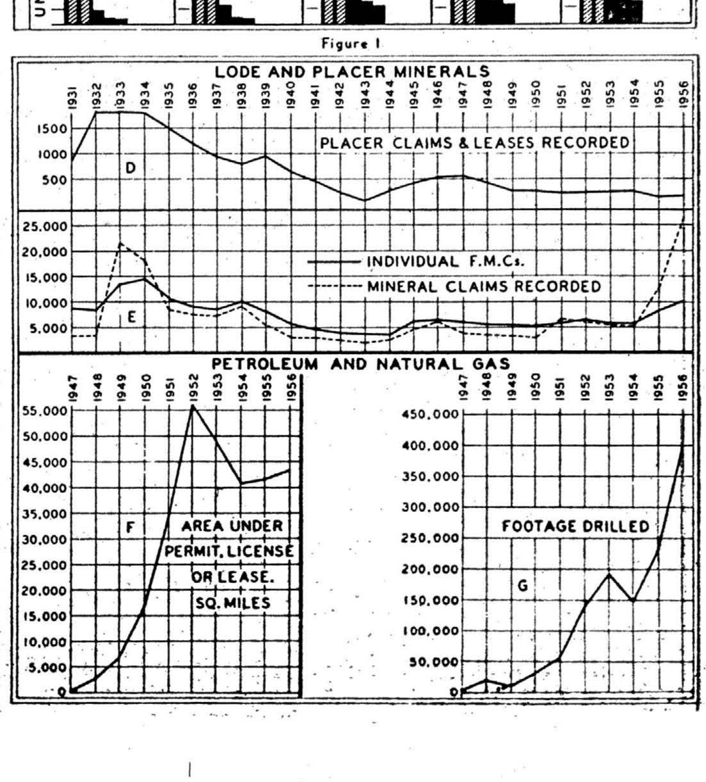


Figure 1



shipping routes, and pipelines, and about the direct use of aircraft in exploration.

Road Developments

In the last 25 years extensive changes have been made to the road system, including the reconstruction of the main highways to bring them to modern highway standards. However the construction of roads into areas previously not accessible will undoubtedly be of greater interest to the exploration-minded. The roads to which I should like to drawn your attention (see Fig. 3) are:

(1) Alaska Highway.
(2) John Hart Highway.
(3) Completion Prince George to Prince Rupert.
(4) Williams Lake-Bella Coola.
(5) Fort St. James to Mansons Landing lateral.
(6) Cassiar road and its extension to Dease Lake.

Two of them cross the Rocky Mountains, two cross the Coast Mountains, and two are laterals. These roads have helped both exploration and production. The Alaska Highway has played a large part in the postwar exploration for petroleum and natural gas. The Fort St. James-Mansons Landing lateral made it possible to bring the Pinchi Lake mercury property into large production in a very short time. The Cassiar road, built to support a dredging operation on Upper McDame Creek, in 1947 and 1948, encouraged further prospecting in that area, leading to the discovery of the Cassiar Asbestos mine in 1950. Production started in 1952, and to date some 50,000 tons of asbestos valued at more than $14,000,000 has been hauled to market over that road.

Railroad and Air Routes

Changes of importance have been made to two railroads (see Fig. 4). The extensions of the Pacific Great Eastern railway, connecting Vancouver with the former terminus at Squamish, and extending the northern terminus to Prince George, and the further extension now being made to Dawson Creek and Fort St. John, have made and will make a great difference in the cost of moving freight into and out from central and northeastern British Columbia. The Canadian National branch line from Terrace to Kitimat performs a similar service for a smaller area.

Our map showing air routes (Fig. 5) does not need to differentiate those existing in 1931 from those established in the past 25 years for the reason that virtually none existed in 1931. Air travel is now one of the commonplaces.

The practice of chartering an aircraft to deliver a prospector and his gear at a remote lake developed later in British Columbia than it did in other parts of Canada. We stuck to our horses for quite a time, but the hay burners are now almost entirely replaced by vehicles powered by internal combustion engines.

So far the changes noted have been improvements, however some former services have deteriorated. The use of aircraft, trucks, and buses has resulted in the reduction or abandonment of some rail and boat services. This is notable on the coast where some points are served less frequently than formerly. For this reduced service, regular service by aircraft to a point 20 to 50 miles away is only partial compensation.

Pipelines

Pipelines (see Fig. 6), one for oil, in service since October 1953, and one for gas, scheduled to be in service this year, are important in the distribution of fuel. The oil pipeline (Trans Mountain Oil Pipe Line Company) enters British Columbia via Yellowhead Pass bringing oil from Alberta to markets in British Columbia and northwestern Washington. It supplies refineries at Kamloops and in greater Vancouver. The natural gas trunk line (Westcoast Transmission Company Limited) now under construction is to bring gas from northeastern British Columbia and a neighboring area in Alberta to southwestern British Columbia and to the International Boundary, for distribution in the northwestern United States. A branch line taking off near Kamloops is to serve the Okanagan valley and extend to Trail and Nelson. Oil and gas are very convenient fuels. The crude oil in the pipeline needs refining, consequently the supply comes from the nearest refinery rather than the nearest point in the pipeline. Natural gas, being ready for use, its availability at any point along the pipeline may lead to very interesting developments.

Prospecting Techniques

Our final item relates transportation and techniques of prospecting. The rugged nature of two thirds of British Columbia has limited airborne geophysical surveys. Northeastern British Columbia does not suffer from this topographic limitation, and a great deal of airborne magnetometer work has been done there in connection with exploration for oil and gas. An increasing amount of the airborne magnetometer surveying is being done in more mountainous parts of British Columbia using fixed wing aircraft, and a start is being made using helicopters in terrain considered too rugged for effective work with fixed wing aircraft. In northeastern British Columbia seismic surveys have been used extensively and effectively in exploration for petroleum and natural gas. In the large areas of muskeg, transportation of equipment is a serious problem. Swamp buggies and other devices have been tried to overcome the difficulties caused by muskeg and gumbo. To date the most effective solution found has been to move the equipment in the winter while the muskegs and soft ground are thoroughly frozen.

In the past few years a great deal of use has been made of fixed wing aircraft and of helicopters in transporting prospectors, geologists, and scouts, particularly in northwestern British Columbia. A good deal of use has been made of both types of aircraft for reconnaissance geological observations, and it is expected that much more use will be made in the Coast Mountains area in the next few years.

Looks Forward Confidently

Our title is suggested by the good Quebec adage "the more things change the more they are the same." Mining has gone on in British Columbia for more than 100 years. Early in the day it became apparent that British Columbia possessed highly diversified mineral resources. Comparing the 1931 list with that of the last two years, we find six new metals in regular production adding $10 million to the annual value, four new industrial minerals adding $8 million, and oil and gas which although so far of small annual value hold great promise for the future. Mines have been exhausted, but new ones have been found. Southern British Columbia remains capable of maintaining the output of 25 years ago, and northern British Columbia is advancing rapidly. Twenty-five years of production and exploration have certainly made changes, but they leaves us able to look forward confidently to a long period of large and diversified mineral production, provided exploration is carried on with insight and at adequate rates.

Figure 3

Figure 4

Figure 5

Figure 6

N. Y. Post Office Opens Information Center For Mailing Procedure

Robert H. Schaffer has opened a Postal Information Center at the General Post Office, 8th Ave. and 33rd St., New York, which representatives of businesses in the City may attend in order to become fully acquainted with the correct procedure to be employed by the firm's mailing departments. This is achieved through the use of films and related visual data. Sessions are held every Tuesday, Wednesday and Thursday, as shown in the accompanying program, and any one desiring to attend is requested to indicate the specific week (or weeks) on a form which can be obtained either in person or by writing to the above-mentioned postal office.

Details of the program are as follows:

I

Tuesday: 2:30 to 5:00 p.m.

A. Coordination of office and company mailing practices with postal operations to obtain substantial savings in time and money.

B. Description of the classes of mail; an explanation of their use in fulfilling your particular business mailing needs efficiently and economically.

II

Wednesday: 2:30 to 5:00 p.m.

A. Parcel post services: emphasizing safe packaging, accurate rating, time-saving procedures in mailing and receipting; special delivery and special handling.

B. Insurance and C.O.D. services: securing fullest coverage; initiating "tracer" and "claim" actions for fast results.

III

Thursday: 2:30 to 5:00 p.m.

A. Registered and Certified mail: description and advantages of each service.

B. Postage stock and Stamped Envelopes: purchase and care. Reduction of postage loss by understanding procedures dealing with redemption and refunds.

C. International Mailing: avoidance of delays and losses through adequate understanding of requirements.

Monon Equipment Trust Ctfs. Offered

Halsey, Stuart & Co. Inc. and associates on March 26 offered $1,050,000 of Monon Railroad 4¼% serial equipment trust certificates, maturing annually Nov. 15, 1957 to 1971, inclusive.

The certificates are priced to yield from 4% to 4.25%, 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 174 box cars estimated to cost $1,315,200.

Associates in the offering are—Dick & Merle-Smith; R. W. Pressprich & Co.; Freeman & Co.; and McMaster Hutchinson & Co.

Forms Julian Francis & Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Julian F. Fleg is engaging in a securities business from offices at 291 South La Cienega Boulevard under the firm name of Julian Francis & Co. Mr. Fleg was previously with Daniel D. Weston & Company.

Recent Copper Developments In the Chibougamau District

By J. ROBERT ASSAD*
Quebec Department of Mines

Quebec mining official details recent development in the Chibougamau area where important copper production, estimated to produce 200 million pounds of copper annually in two to three years, is taking place without rail facilities. Mr. Assad describes the producers and potential producers, exploratory developments, and concludes Chibougamau's importance as a copper producing area is assured.

Introduction

The Chibougamau camp can take pride in uniqueness and surprising success. It is unique in that it is the first camp to prove that an area located in the interior can become an important copper producer without railway facilities. That it is a surprising success is demonstrated first, by the rate at which new deposits have been found, and second, by the fact that last year Chibougamau produced 21.5% of Quebec's total copper production.

J. Robert Assad

Assuming that the development plans indicated by four of the important mining concerns will prove feasible, it may be of interest to make a rough estimate of the potential of the district within two or three years, when these properties will be exploited.

The present operators, with set milling rates, can produce some 77.5 million pounds of copper each year.

Milling rates for the other five important properties have not yet been determined, but in most cases the tonnage and grade available is fairly well known as a result of surface drilling. In some cases, tonnage figures are not yet well established and a low estimate, which included only the more definite ore, has been purposely chosen. To these estimates of ore reserves, one can apply the rule of thumb which states that a modest milling rate is represented by the tonnage contained in the mining of half a vertical foot per day. In this way it can be estimated that these potential mines can produce approximately 125 million pounds of copper annually.

In summary then, this means that within two or three years Chibougamau may produce a total of some 200 million pounds of copper each year. This sum, when compared with present production figures, represents over 80% of Quebec's copper output and approximately 30% of the total production from all Canadian mines.

*An address by Mr. Assad before the 25th Annual Convention of the Prospectors and Developers Association, Toronto, Canada, March 6, 1957.

Location and Access

The Chibougamau district is located in northern Quebec, some 130 miles northwest of Lake St. John. An all-weather gravel road links the area with St. Felicien at the head of this lake. Rail facilities will be available shortly by way of a 190-mile branch line originating near Senneterre along the C. N. R. transcontinetal route. Within a year a second railway line will linke Chibougamau with the Lake St. John region.

Review of Developments

In this discussion of recent developments in Chibougamau, I propose first, to outline the regional geology and then to give details concerning both the producers and potential producers. An outline of the general characteristics of the mineral deposits in the anorthosite belt followed by a survey of exploration developments in the various sectors of the camp will complete the review.

Although many of today's producers and potential producers were known prospects when the Quebec Department of Mines completed the road to Chibougamau in 1950, there were at that time no deposits outlined that could be mined.

Opemiska Copper Mines resumed operation in 1952, after initial development in 1937, and by late 1953 production started at the rate of 400 tons/day. Exploration and development of the Campbell Chibougamau property resulted in production at the rate of 1,700 tons/day of mid-1955 when hydroelectric power became available. Chibougamau Explorers began shaft sinking in 1952 on their gold-copper property located some 30 miles south of Chibougamau. Merrill Island Mining Corp. sank a 350-foot shaft on their indicated ore zones in 1953, leased part of their holdings to Campbell Chibougamau Mines and then stopped operations until 1955.

Regional Geological Setting

Basically, the region lies within the Temiscamian sub-province and at the east end of a "greenstone belt" which is truncated, some eight miles east of Lake Chibougamau, by an area of gneisses regarded as belonging to the Grenville sub-province. This greenstone belt, which is composed of basic to intermediate volcanic and subordinate sedimentary rocks has been invaded by extensive amounts of a large variety of intrusives, ranging from ultrabasics to granite.

Basic to intermediate rocks, varying from serpentinite to diorite, are the oldest group of intrusives and occur essentially as sill-like bodies which are in part related to, and in part younger than, the volcanic rocks.

The Chibougamau anorthosite and related gabbros form the main geological feature of the area and take the form of a canoe-shaped intrusive with the long axis trending northeast.

Granitic plugs and batholiths intrude these rocks. A significant mass occurs along the axial portion and at the south and east boundaries of the anorthosite body.

A young series of coarse clastic rocks, called the Chibougamau Series, unconformably overlie all other rocks and occur as isolated remnants mainly within down-faulted blocks.

The older volcanic, sedimentary and basic intrusive rocks are folded, steeply inclined and have a general easterly trend. Compositional banding within the anorthosite-gabbro indicate that the northwestern limb of the intrusive dips north, while the southern limb dips southeast. This may indicate that the structure represented is that of an anticline plunging northeast with limbs inclined at 50 degrees to 70 degrees.

Faulting in the region is widespread and may be divided into two sets. The first set consists of major northeast-trending faults, three of which are named, from west to east, (1) the Gwillim Lake-Waconichi Lake fault, (2) the MacKenzie Narrows-Dores Lake fault and (3) the Tachee Lake fault along the east side of Lake Chibougamau. The second set consists of faults and shears trending northwest to west and these occur commonly near the major northeast-trending faults as along Dores Lake and in the Opemiska Mine area where, in both regions, they are the ore-bearing structures.

Recent Developments

(a) Producers

Campbell Chibougamau Mines Ltd. is in its second year of production and ranks fourth among all copper producers in Quebec. After the first year of production, reserves to the 1,150-foot horizon amounted to over 2.5 million tons. The shaft has been deepened from 1,200 to 2,100 feet during the past year and reports state that ore extensions at depth are being confirmed.

Chibougamau Explorers Ltd. went into production in February of last year at a rate of 500 tons/day.

Reserves at Opemiska Copper Mines Ltd, a year ago were given as over 2¼ million tons averaging 4.08% copper. This represented an increase in reserves of about one million tons for each year since 1954. Recent developments indicate that reserves have increased by another million tons during the last year while the indicated potential of the mine has increased even beyond this. Two main features have determined this growth. In the first place, the No. 3 or main ore zone in the mine widens considerably with depth and good continuity down to the 1,500-foot horizon is indicated. Secondly, a new and important ore body has been located in the Perry zone area of the property about one-half mile east of the main shaft. Underground exploration is in the process of determining the exact nature and potential of this new body.

Production at the Opemiska mine, which was curtailed by fire early in November of last year, will be resumed shortly but at an increased mill rate of 1,400 tons/day. The main, or No. 1 shaft is being deepened from 1,100 to 2,000 feet while a new shaft is being put down to the 2,000-foot horizon on the Perry zone.

(b) Potential Producers

The Bouzan Mines ore zone lies along the dip extension of the Copper Rand-Eaton Bay ore zone. The ore enters the Bouzan property at a vertical depth of 750 feet and at the 1,000-foot horizon the ore zone has a possible strike length of 500 feet. The available tonnage along this zone is not yet known.

Campbell Chibougamau Mines has explored two properties which are now regarded as being future producers. At the Cedar Bay property an existing shaft has been de-watered and reports indicate a possible tonnage of over 1¾ million tons averaging 1.6% copper and .1 oz. gold. At the Kokko Creek property, drilling to the southeast of the surface showing at the head of the bay, has outlined an ore zone which is reported to contain about 1,850 tons/vertical foot averaging 2.38% copper.

Chibougamau Jaculet Mines extended the Dores Lake favorable zone northward with its initial discovery a year ago. An active drilling program continued during the past year and at the present time shaft sinking is in progress. Two main ore zones, some 800 feet apart, occur in the southern part of the property, and a third zone is being explored about 4,000 feet to the northeast. Definite tonnage values have not as yet been determined, but reports indicate that a large tonnage may be outlined grading about 2% copper.

Copper Rand Chibaugamau Mines Ltd. was formed a year ago to merge the assets of Copper Cliff Consolidated Mining Corp. and New Royran Copper Mines Ltd. Diamond drilling was followed by the sinking of two shafts late in 1955, one of which is located at Cedar Bay and the other on Machin Point on Gouin Peninsula. Underground development of the three indicated ore zones has been in progress for over six months. The Copper Cliff-Cedar Bay zone and the Royran-Machin Point zone on the east side of Dores Lake are similar in size and tenor, each containing a reported 2,500 tons/vertical foot grading between 1.5% and 1.8% copper. The Royran-Eaton Bay zone on the east side of Gouin Peninsula is the most important zone and is said to contain some 4,500 tons/vertical foot grading between 2% and 3% copper.

The concentrator will be erected on Machin Point. The capacity of this mill has not been decided upon but one with an initial capacity of 5,000 to 6,000 tons/day has been suggested.

Copper Rand is presently sinking a third shaft at the northern tip of Merrill Island to explore an ore zone drilled some years ago which indicated approximately one-half million tons averaging 2.2% copper.

Merrill Island Mining Corp. deepened its shaft from 350 to 1,000 feet during the past year to explore at depth the possibilities of increasing the previously determined reserves of nearly three-quarters of a million tons of 2.8% copper.

Shaft sinking was also in progress at the Quebec Chibougamau Goldfields property during the past year to allow for underground examination of an ore zone reported to contain nearly one million tons grading 1.14% copper and .107 ozs. in gold.

General Characteristics of the Deposits in Anorthosite

All the deposits in the Dores Lake sector are found in the anorthosite-gabbro intrusive on both sides of a major fault that runs through the northern half of Dores Lake. The fault dips from 50 degrees to 60 degrees northwest except in the region of the Campbell Chibougamau property where it is nearly vertical.

Shear and faults of a second order treading N 50 degrees W to nearly due west occur in the anorthosite on both sides of the major fault. The shear zones vary in width from a few tens to a few hundred feet. In general, those south of Cedar Bay and Machin Point are narrow, while those to the north are wider and may be termed schist zones.

These northwest to west-treading shears contain all the important ore zones and so may be classed as a control of the first order. A group of grey dioritic and porphyritic dikes intruded into shear zones exert a second, but less rigid, control on mineralization. This is shown by the deposits on Merrill Island, the Quebec Chibougamau Goldfields deposit and the Copper Rand-Eaton Bay deposit where ore occurs adjacent to and within dikes.

There are two main types of deposits among the Dores Lake group. The first type, which is represented by the deposits on Merrill Island and those on the mainland just north of Merrill Island, occurs in "fairly pure . . ." brecciated anorthosite that is sheared and intruded by dikes along a relatively narrow zone. Original textures in the anorthosite gradually fade toward the sheared and mineralized area. The sulphides occur both disseminated and in massive form and are consistently associated with quartz, some chlorite and local carbonate. The main sulphide assemblage is pyrrhotite, chalcopyrite and pyrite for all the deposits except the Quebec Chibougamau Goldfields deposit where only a small amount of pyrrhotite occurs.

The second type of deposit is represented by the Copper Rand-Cedar Bay and Machin Point zones and, probably, the Jaculet deposit. Here the ore zones lie within wide areas of sericite-chlorite-chloritoid and carbonate schist. The mineralization consists of veinlets and stringers of siderite, chalcopyrite and lesser pyrite impregnating the host along the schist planes.

The Copper Rand-Eaton Bay zone appears to have features belonging to both groups in that it possesses dike control, it contains some pyrrhotite and the gangue minerals include both quartz and carbonate.

Recent Developments in Exploration

Dores Lake: Detailed exploration is in progress along Dores Lake both to the north and to the south of the ore-bearing sector. Bateman Bay Mining is continuing an active drilling program on its property at the north end of the lake and has intersected local mineralized zones. Obalski (1945) Ltd., located west of Merrill Island, is steadily drilling its property but deep overburden conditions preclude rapid progress. Chibougamau Mining and Smelting has done some preliminary drilling at the southern end of Dores Lake.

Lake Chibougamau: The area covered by Lake Chibougamau as well as the area to the east of the lake has been surveyed by airborne geophysical methods. This is being followed by detailed ground exploration.

During the past summer Portage Island Chibougamau Mines drilled a new mineralized zone under Hematite Bay along the north-central shore of the island where anorthosite, greenstone and granite are in contact. Extensions of this zone are being explored and it may represent the first important copper zone to be found in greenstone in the Dores Lake-Chibougamau Lake region.

Grandines Mines has completed another drilling program on its property north of Portage Bay. The ore occurs in a brecciated granite and present estimates of ore stand at nearly half million tons grading 2½% copper.

During the past year Chibougamau Asbestos Ltd., drilled the surface showings on Mackenzie Island in MacKenzie Bay north of Lake Chibougama where asbestos occurs in a serpentinized dunite. Extensive surface stripping and sampling followed the drilling.

Yorcan Explorations has actively exlored its holdings in Lake Chibougamau during the past year. Reports of the past few weeks indicate that a new copper-bearing mineralized zone has been discovered at the north end of the Yorcan property less than 1,000 feet from the east shore of Portage Island and along the common boundary with The Campbell Chibougama "K" group. The encouraging drill results indicate an east-trending zone that dips south and which contains local nickel and minor cobalt values along with the copper content.

In the area east of Lake Chibougamau, Dominion Gulf explored the magnetite formations which occur within the layered gabbro-anorthosite intrusive. Two main magnetite zones, one 80 feet and the other 200 feet wide, have been traced for over 1¼ miles and bulk samples show a content of 43.4% soluble iron and 7.4% titanium. It is understood that the Jones and Laughlin Steel Corp. has taken an interest in the property.

Opemiska Mine Area: Little success was encountered with the recent drilling along the gabbro and pyroxenite bands in the area north of the Opemiska Copper Mines property. To the east of Opemiska Mines, Chiboug Copper Corp. was engaged in drilling which located the faulted extension of the sequence of volcanic, basic and ultrabasic rocks which occurs in the Opemiska shaft area. A strike separation of some 13,000 feet along the Campbell Lake fault is indicated. In the area near the fault values of 1% copper over 5- and 10-foot lengths are reported in theo ffset Ventures-like gabbro, but at a distance from the fault both to the east and to the west of the Chiboug Copper property, similar rocks rarely contain more than 0.2% copper over 1 and 2 feet.

Gwillim Lake-Scott Lake: During the past year much activity was centered in the Gwillim Lake-Scott Lake area where general exploration and diamond drilling were carried out. However, no important developments were recorded.

Lake Waconichi: Exploration, including some diamond drilling has been completed at the north end of Lake Waconichi in the Chibougamau Series where disseminated chalcopyrite occurs in quartzite and argillite. Although the chalcopyrite occurs locally along shear zones, the possibility that chalcopyrite may also occur in zones parallel to the bedding should not be overlooked.

Conclusions

Developments of the past few years have assured Chibougamau's importance as a copper producing area. It was this promise of importance that led to the active prospecting and exploration that Chibougamau has witnessed recently. Improved transportation facilities combined with a better knowledge of the area will now allow efficient and detailed exploration which is most certain to prove successful.

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Graham, R. B.—"Geology and Mineral Occurrences, Chibougamau, Que." Can. Min. Jour. Vol. 72 (1951) pp. 65-71.

Malouf, S. E.—"Prospecting in Chibougamau." Can. Min. Jour. Vol. 77 (1956) pp. 92-95.

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Fay Day & Co. Opens

Fay Day is engaging in a securities business from offices at 42 Broadway, New York City, under the firm name of Fay Day & Co.

American Electronics Stock at $11 a Share

An underwriting group headed by Van Alstyne, Noel & Co. and Crowell, Weedon & Co. on March 21 offered 190,000 shares of $1 par value common stock of American Electronics, Inc. at $11 per share.

Net proceeds from the sale of 130,000 shares will be added to the company's general funds to be available for general corporate purposes. The company's backlog of unfilled orders and volume of business have been increasing which has necessitated carrying of larger inventories. As of March 19, 1957 the company had borrowed $3,180,060 to provide funds to finance increased working capital requirements. Approximately $350,000 of the proceeds will be used to reduce these borrowings and approximately $125,000 will be used to acquire testing equipment in establishing a testing laboratory. The balance of 60,000 shares are presently outstanding and are being sold for the account of three shareholders.

American Electronics, Inc. is engaged in the development, engineering and production of electronic, electrical and nuclear components and equipment. The market for the company's product's are all branches of the Armed Forces, other government agencies concerned with the defense program, major aircraft manufacturers, research centers and many of the leading manufacturers in the electronics field. In 1956 approximately 70% of total sales were to military customers and government agencies and approximately 30% to industrial, medical and commercial customers. The company believes that the commercial market for its products will expand with the growth of automation and wider industrial, medical and commercial applications of computers and process-control systems.

Charles Dohanich Opens

MURPHYSBORO, Ill.—Charles Dohanich is engaging in a securities business from offices here. He has been with Taussig, Day & Co., Inc.

Forms Gale Company

Martin J. Gale is conducting a securities business from offices at 1750 Grand Concourse, Bronx, New York under the firm name of Gale Company.

Joins Carroll & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—William A. Grantz has been added to the staff of Carroll & Co., Denver Club Building.

With Columbine Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Wilbur J. Deisher has become connected with Columbine Securities Corp.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Florence S. Mummey is now with Keller & Co., 31 State Street. Miss Mummey was previously with Keizer & Co., Inc., and John G. Sessler & Co.

Canada: A Dynamic Economy Propelled by Rich Resources, Broad Markets, Sound Money

Continued from first page

Pacific Air Lines (a CP subsidiary), fly over 65,000 miles in routes (at home and abroad). Over 2,000 miles of the Trans Canada Highway is now completed and Canada has over 185,000 miles of surfaced road to lure and challenge the new 300 horsepower swept-wing chariots pouring out of Detroit, and across the river at Windsor, Ontario. The St. Lawrence Waterway is moving ahead, opening vast new vistas for ocean transport into the mid-continent, and huge new electric power installations.

About metals and minerals, it's hard to know where to begin. To the big aluminum production of Aluminium Ltd. will, in the coming months, be added a new $130 million plant of Canadian British Aluminium Ltd. at Baie Comeau, Quebec, adding 160,000 tons of ultimate aluminum capacity.

Highest Potential Uranium Source

Perhaps the most sensational Canadian mineral advance has been in uranium. Five years ago, there was much argument as to the relative uranium production potential of the U. S. and Canada. That argument has now been resolved—and all in favor of Canada. The vast ore bodies located and developed at Blind River and Beaverlodge have proved broad in their extent and just one Canadian property (Consolidated Denison) has an ore reserve greater than the entire present indicated U. S. total. We have now witnessed the development of radioactive riches to a point where a number of companies have attained mature corporate stature. Northspan, Pronto, Algom, Stanrock, Gunnar, Stanleigh, Bicroft, Can Met and Lorado have all issued long term bonds eagerly sought by investors, who three years ago, were viewing this indispensable industry with either disdain or disinterest.

Among other minerals useful in our missile and atom age are, of course, nickel, with International still by far the world's largest producer; followed at a respectable distance by Falconbridge and Sherritt-Gordon. The production of lithium concentrates is now two years old with Quebec Lithium Corp. (Val d'Or, Quebec) turning out better than 1,000 tons a day; and exciting new ore bodies (spodumene) located at Cat Lake, Manitoba and around Great Slave Lake in the Northwest Territories. Ilmenite, the basic ore for titanium, is in increased output.

Leading Producer of Traditional Minerals

Among the more traditional minerals, Canada still leads the world in production of asbestos and platinum, is third in gold and fifth in copper and lead. Chibougamou, which is a long word synonymous with copper, has moved ahead rapidly in the last year with Campbell the leader there, and the Sudbury and Newfoundland producers advancing their production. The lowered price of copper has taken some of the romance (and profits) out of the copper stocks, but the indicated future world demand for the metal seems to provide the necessary insulation against what appears at the moment as an oversupply.

Petroleum and natural gas, mainly in the three prairie provinces of Manitoba, Saskatchewan and Alberta, have been roaring, aided by added throughput of oil by the pipelines—Transmountain to the West, and Interprovincial to the East. Both of these stocks have smiled on their shareholders.

The Natural Gas Pipelines

Of course, the biggest factor relates to natural gas transmission. The Westcoast Transmission line was financed in 1956 and the securities were swiftly snapped up by investors. This 650-mile pipeline from Peace River to the Pacific and to the U. S. border, will give commercial outlet to billions of c.f. in presently capped gas wells. Even more dramatic in its impact, is the Trans-Canada line to the East. After surmounting a dozen king-sized political hurdles, the line has now been financed with construction about to move ahead. Units consisting of a $100 bond and five shares of stock, offered in New York at $156, raced swiftly to a 25 point premium. Ultimately this new natural gas line will run all the way from Winnipeg to Montreal and, in a broad band extending for 2,240 miles, open up new horizons for industrial growth by expanded supply of this volatile and valuable fuel.

Farm and Forest Output

While the balance of Canadian economy is rapidly swinging in the direction of mining and manufacture, the fabled farm and forest output of Canada should not be lightly slurred over. If you like potatoes, none are grown better than those from New Brunswick, and Prince Edward Island. Wheat pours out in rare profusion and quality from the prairie provinces — the same three that derrick up the petroleum; and the cattle fairs at Edmonton and Calgary will display as fine beef on the hoof as you'll find anywhere on this planet. From 825,000 square miles of forest land come the makings of fine timber, and the grist of the pulp which has made Canada the leading paper producer in the world delivering well over 6 million tons of newsprint a year. In British Columbia, you'll see trees 300 feet high and 10 feet thick.

Mecca for Foreign Capital

Quite naturally, in addition to the zeal, the industry, the energy of the populace of Canada, and its super-opulent storehouse of natural resources, another element is necessary to make this elegant economy sing—money. This is supplied by the native thrift of their people and the magnetic appeal of Canada to outside investors; and it is implemented by financial institutions and functioning markets of the first magnitude. Nine splendid banks, citadels of solvency, with their branches literally honeycombing the Dominion, functionally serve personal and corporate banking needs, and provide their shareholders with elite investments in their capital shares. The rising trend of interest rates in 1956, propelled most of these bank shares to new highs in net earnings (with per share gains for the year in some instances of 25%). The longest dividend payer is Bank of Montreal with a 129-year unbroken skein of cash payments to shareholders.

Major Life Stock Companies

Canadians have been traditionally very large per capita buyers of life insurance, and, sensitive

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Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets Sound Money

to their protection and annuity needs, are seven major companies — Sun, Manufacturers, Great West, Canada Life, London Life, Mutual of Canada and Confederation. Whereas in the U. S. 70% of life insurance is written by mutual companies, in Canada the stock companies prevail and it is quite common to find life insurance contracts and stock in the issuing company held by the same individual to maximize both the protection and investment phase of his insurance coverage. These life stocks are well represented on the list of long dividend-payers.

Excellent Exchange Facilities

An enterprise economy as vibrant as that of Canada depends, of course, on markets, and Canada boasts the most active one in the world—the Toronto Stock Exchange—a'buzz with eager volatility, especially in the lower priced and more venturesome mining shares. In addition, together with the Montreal Exchanges there are traded in quantity stocks of the more renowned Canadian corporations—such as those contained in the accompanying list of long-term dividend payers. Stock exchanges in Calgary, Edmonton, Vancouver and Winnipeg also provide markets in more regional securities. These exchanges, whose memberships include not only local brokers but big national underwriting firms, provide fluidity to the economy; and wire connections with leading American firms of bankers and brokers assure a rapidity and efficiency of quotation and execution service which have done much to popularize and encourage broad international participation in Canadian investment.

Land of "Confident Investment"

Not only have investors, both corporate and indivdiual citizens of many nations of the free world, sought placement of their funds in Canada but investment trusts have flourished. There are nine big ones devoted to Canadian securities with total combined invested assets of around $350 million. Canada is indeed a land of confident investment.

Consistent Dividend Payers

No better illustration of the basis for this confidence could be displayed than the list which follows of the broad and diverse Canadian enterprises, renowned for the durability of their dividend payments. Whether the aim is blue chip quality, steady or rising earnings and dividends or exciting opportunities for scintillating capital gains, Canada offers you the correct political and financial climate; classically fine corporations; a background of progress and profitability in the past; and a solid basis for confidence in the future. The Maple Leaf symbolizes a forest of financial oaks.

TABLE I

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

10 to 128 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Agnew-Surpass Shoe Stores, Ltd. — Makes and distributes shoes through retail chain	23	0.40	7	5.7
Aluminium Ltd. — Largest producer of aluminum ingot in the world	18	*2.35	115	2.0
Andian National Corp., Ltd. — Operates oil pipe line in Colombia, S. A.	13	*0.35	4.75	7.4
Anglo-Canadian Pulp and Paper Mills, Ltd. — Newsprint and allied products	11	2.00	37	5.4

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.

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Oil and Mineral Progress In Saskatchewan Province

the first mine to be in production by the end of 1958 and by 1960 to have two or three mines producing potash. The principal use of this material is for fertilizer. With a rapidly growing world population and the consequent increasing demand for food the potash industry has a bright and promising future.

The Saskatchewan Department of Mineral Resources has carried on a number of activities designed to encourage and help in the prospecting and developing of our northland. For some years we have operated a Prospectors' Assistance Plan, details of which members of my staff will be glad to give you. We have done geological surveys and mapping. In two years we carried on an Aerial Magnetometer Survey over limited areas. This year we propose to carry out an Electro-magnetic and Magnetometer Survey by air on 1,600 square miles. As far as I know we are the first Province to undertake this work as a service to the prospector.

The Department of Mineral Resources has endeavored to keep close contact with the industry from prospecting to production. An organization such as this one is of real value to us. It is impossible to consult every prospector, every developer and every mining company on any important matter, but a good representative organization overcomes that difficulty.

Bright Future for Balanced Economy

This development of oil and mineral industry is having a profound effect on the economy of Saskatchewan. It has made possible the establishment of a number of important secondary industries. We now have a wire and cable plant, a cement plant, a steel pipe plant, a sewer pipe plant and others, either in production or coming into production in the very near future. Saskatchewan in its early days was a Province of one industry—agriculture. That industry was dominated by one principal crop—wheat. We are now well on the way in building a well balanced economy, consisting of agriculture, mining, oil and gas production and forest industries, together with all of the secondary and service industries necessary. No one group either in government or in industry, has been entirely responsible for this desirable change, but it is another practical demonstration of what can be accomplished through goodwill and cooperation, with vision and courage. The future is bright, but I hesitate to forecast. Always in my forecasts I have been too conservative. Even in election campaigns when a politician may be inclined to go the limit, my forecasts have been left behind by achievement. The next 25 years will be great years for the Association and its members and I am sure too that they will be great years for our Province—Saskatchewan.

Southern Ry. Equipment Trust Ctfs. Offered

Halsey, Stuart & Co. Inc. and associates on March 22 offered $5,540,000 of Southern Railway 3¾% equipment trust certificates, maturing semi-annually July 15, 1957 to Jan. 15, 1967, inclusive. These certificates, second and final instalment of an issue aggregating $11,080,000, are priced to yield from 3.50% to 3.80%, according to maturity.

Issuance and sale of the certificates are subject to authorization by the Interstate Commerce Commission.

The issue is to be secured by 200 steel hopper cars; 103 auto parts cars and 1,050 box cars, estimated to cost not less than $13,-850,000.

Associated in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter & Co.; Freeman & Co.; New York Hanseatic Corp.; Wm. E. Pollock & Co., Inc.; Shearson, Hammill & Co.; McMaster Hutchinson & Co.; and Suplee, Yeatman, Mosley Co. Inc.

Joins F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Phillips Farrington has joined the staff of F. S. Moseley & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

With Gage-Wiley

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Arthur H. Billion is now with Gage-Wiley & Co., Inc., Third National Bank Building.

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Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Anglo-Huronian Ltd. Holding & operating co.—chiefly interests in Can. gold mining	17	0.50	11¾	4.3
Anglo-Newfoundland Development Co., Ltd. "Ord." Newsprint and allied products; also mining interests	12	0.60	9⅞	6.1
Argus Corp., Ltd. Investment co.—manufacturing & merchandising interests	10	0.80	16⅞	4.7
Asbestos Corp., Ltd. Mining & milling of asbestos fibre	19	1.60	32	5.0
Ashdown Hardware Co., Ltd., J. H., "B" Large wholesale and retail business in general hardware	19	0.72	11½	6.2
Aunor Gold Mines Ltd. Ontario gold producer	16	0.16	1.88	8.5
Auto Electric Service Co. Ltd. Service distributors of automotive electrical carburetors & auxiliary equipment	10	0.975	12⅞	7.6
BANK OF MONTREAL Operates 602 branches and agencies throughout the world ● See Bank's advertisement on page 37.	128	1.60	52	3.1
Bank of Nova Scotia Operates 510 branches and sub-offices throughout the world	124	2.00	57¼	3.5
Banque Canadienne Nationale Operates 247 branches in Canada	75	1.50	42	3.6
Barber-Ellis of Canada, Ltd. Stationery and printers' supplies	26	5.60	b42	13.3
Beatty Bros. Ltd. Manufactures barn and stable equipment, household equipment, pumps, etc.	17	0.50	6¼	8.0
Beaver Lumber Co. Ltd. Lumber & building supply retailer, 274 branches in Canada	13	0.80	17	4.7
Belding-Corticelli Ltd. Makes nylon, silk and rayon threads for all purposes	34	0.10	10	1.0
Bell Telephone Co. of Canada Most important telephone system in Ontario and Quebec	76	2.00	45⅞	4.4
Belleterre Quebec Mines, Ltd. Quebec gold producer	12	0.10	1.92	5.2
Biltmore Hats Ltd. Men's fur felt and wool felt hats	23	0.40	7	5.7

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
b Bid.

Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
		—Canadian $ §—		
Brazilian Traction, Light and Power Co., Ltd. "Ord." Diverse utility interests in Brazil	16	†0.75	7⅜	10.2
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	22	1.70	30	5.7
British American Oil Co. Ltd. Petroleum production, refining, distribution	47	0.925	46¾	2.0
British Columbia Power Corp. Ltd. Holding co., controlling B. C. Electric Co. Ltd.	39	1.30	44	3.0
British Columbia Telephone Co. "Ord." Second largest privately owned telephone system in Canada	41	2.00	45	4.4
Brock (Stanley) Ltd. "B" Laundry supplies, hardware, plumbing supplies, etc.	11	0.40	8	5.0
Building Products Ltd. Asphalt roofing, flooring and insulation	30	1.80	29½	6.0
Burlington Steel Co. Ltd. Steel rolling mill & related oper.	20	1.50	31	4.8
Burns & Co. Ltd. "B" Meat, lards, butter, poultry products, etc.	10	0.65	11½	5.7
Caldwell Linen Mills, Ltd. Makes wide variety of linen and cotton products	14	0.80	14	5.7
Calgary & Edmonton Corp., Ltd. Leases oil and gas drilling rights in Alberta	20	0.10	27	3.7
Canada & Dominion Sugar Co., Ltd. Cane and beet sugar refining	26	1.20	22½	5.4
Canada Bread Co., Ltd. Bread and cake wholesaler and retailer	14	0.10	3.00	3.3
Canada Iron Foundries, Ltd. Holding and operating company—machinery & equipment interests	12	1.50	36½	4.1
Canada Life Assur. Co. One of the largest Canadian companies underwriting life, accident and sickness insurance	102	4.15	149	2.8
Canada Malting Co., Ltd. Malt for the brewing & distilling industries	29	†2.00	50	4.0

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.

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Impetus Natural Gas Will Give To the Entire Canadian Economy

gary, bringing with them, their skill and experience, as well as important labor quotas from the British Isles, again of a class as nearly equal to our own young Canadians, as is available overseas.

This is the place to make reference to labor through immigration. We are fortunate that these new citizens will come as friends and neighbors to own new homes here, and make Canadian citizens who are not bringing strange new red doctrines of Government and faith, but honoring our Constitution, and reverencing our God, will emulate the simple faiths in which we have been reared and which we are transmitting unsullied to our children.

Typical of the benefits derived from the pipe line is the encouragement which is resulting in building the new Welland mill with its capacity of 200 to 300 thousand tons of 20" to 30" diameter pipe for Eastern Trans Canada Co. construction, and saving $300 million to Canada. Totaling all the expenditure across Canada over the coming construction years upwards to a billion dollars of spending programs, on everything from gathering stations and petrochemical plants in the West through to the East, including heating and power connections by contractors, as a direct result of the vision in building an "all Canada" pipe line. Information is that in the North, our Northern Ontario Natural Gas Co. will readily finance upwards to $30 million, creating a major sales potential; in the Toronto area, Consumers Gas far in excess of $60 million preparing for natural gas usage; in the Oshawa, St. Lawrence, Ottawa, Hull areas, a huge amount, as yet not off the drafting boards as to compilation; in the Union Gas Lines now covering all the towns, cities, and industries from Sarnia to Niagara easily $50 million which includes the Dawn storage share. In Montreal, already provided for by purchasing the present manufactured gas, plant remodeling and extensions will far exceed $50 million when completed and ready to take gas from Sarnia to Niagara, easily $50 consumers mean typical "Canadian sales"—making for a greater Canada.

Reach Montreal in 1958

Answering the constant enquiry as to when the East will get gas, the right-of-way is being cleared and all preparation for the huge "spreads" to get to work early en route to Winnipeg, and the drive will be on to reach Montreal in '58 regardless.

On analysis of Trans Canada it is found that of the $236,500,000, to be raised, Canada is expected to supply $113,750,000, or something over 48%. In addition, of course, the Federal Government and Ontario are to build the $118 million line. But of what might be called the risk capital, U. S. investors would have an equity of less than 50%. For the unit issues there will be, as I understand it, 73% sold in Canada and 27% in the United States which makes me feel very happy and proud.

However, of the $124 million in bonds, $20 million will be delivered by the U. S. banks making the loan of the same amount. This leaves $104 million of which $70,390,000 has been underwritten by U. S. investment houses and $33,610,000 to Canadian firms to date of writing. These bonds are secured as interest and principal by a first mortgage on the pipe line under trust deed to the National Trust Co. of Toronto.

Bond Financing

The success of financing gas bonds across all the United States envisions our success in bond financing, if Canadians are too cautious and miss out, the risk capital, if you want to call it that, is available elsewhere as exactly as Texas and New York developed the oil in Alberta, without which we could not have gas, as they go hand in hand in production. It is informative that the admirably compiled Gordon Report shows that the estimated use of atomic energy power will only be 4% of the total power usage in 1980. With the scarcity of economic hydro power ahead, Natural Gas could have a demand not envisioned in Canada today.

Canada—the best country in the whole world to live in, and to make sound investments in, will do it again—your Canada—an "all Canadian Line."

Joins Logan Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Fernand L. Nevarez has become connected with J. Logan & Co., 2115 Beverly Boulevard.

With Daniel D. Weston

LOS ANGELES, Calif.—David Menaker is now with Daniel D. Weston & Co., Inc., 618 South Spring Street.

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Present and Future Peaceful Applications of Atomic Energy

radioisotopes as tracers in chemical industries have all found useful applications.

In Agriculture many new facts about fertilizers have been found, especially through the work of Dean J. W. T. Spinks of the University of Saskatchewan. The radiations have produced new types of rust resistant tobacco; peanuts which yield 7% more oil; grains with stronger stems and a type of barley which holds its seeds up so as to be readily gathered with a combine. The elimination or at least reduction of the screw worm by use of sterlized males has already saved millions of dollars to farmers in the southern United States. In Forestry the life history of certain insects, such as the pine weevil and others, has been traced, as well as the uptake of nutriment by the roots of trees and the movement of the sap at different seasons and growing under various conditions of shade, moisture and soil.

The effect of radiation on preserving food, keeping meat fresh at normal temperatures for several weeks, potatoes without sprouting for a year, and the sterilization of vegetables, fruits, flour, milk and certain antibiotics are among the applied uses of the radiations from isotopes. Biologists, limnologists and those interested in silviculture are employing such radioisotopes to solve many of the problems which have defied other methods of attack.

Medical Applications

The application of isotopes to medical theraply in the treatment of malignant diseases is generally accepted in many cases. Thus, . . . radiation from cobalt 60 sources, first pioneered by the late Dr. A. J. Cipriani, and produced in the NRX reactor, developed and supplied as a practical radiation equipment by the Commerical Products Division of Atomic Energy of Canada Limited, is used in more than 60 hospitals in Canada, the United Kingdom, United States and other foreign countries. Iodine 131, phosphorus 32, gold 198, strontium 90 and caesium 134 are a few of such radioisotopes new used for such purposes. Last year the Commercial Products Division shipped more than 50,000 curies of isotopes, equivalent to the radiation which about 110 pounds of radium would emit.

This amount of activity was about equal to the combined amount shipped by both the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority during the same period. The number of separate shipments made by the Canadian company, however, would be very much less since each "theratron" machine contains the equivalent of at least one pound of radium in radiation intensity, or 500 curies of cobalt 60. Most research workers only require a few millicuries of a radioisotope, either to use as direct tracers, or to label other chemical compounds with an active atom in place of an inactive one and so be able to follow the process by the radiation which it emits. The simultaneous development of electronic equipment for detection, measurement and control has made many of these applications possible.

Nuclear Power

With the increase in population and the raising of the standard of living of all peoples, the demand for power, especially electrical power, is increasing at an accelerated rate in all countries. Fossil fuels in most countries are not available in sufficient quantities to meet this requirement and those which have hydro sources can only supply a fraction of the total energy needed. As as example of how this demand for electrical power has grown even in the most advanced countries, the electricity used in the United Kingdom in 1920 was less than 6% of what was consumed last year. Moreover, there are 60,000 more people in the world today than there were yesterday. Coal has been the greatest source of energy but even Great Britain is now importing coal and oil to meet her energy requirements. Other countries are importing

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Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
		—Canadian $ §—		
Canada Packers Ltd. "B" — Full line of packinghouse prods.	22	1.625	36	4.5
Canada Permanent Mortgage Corp. — Lends on first mortgage security, issues debentures, accepts deposits	101	3.30	83½	4.0
Canada Steamship Lines, Ltd. — Freight and passenger vessels: other diverse interests include hotels	14	1.00	31	3.2
Canada Vinegars Ltd. — Vinegar and apple products	32	1.00	17¾	5.6
Canada Wire and Cable Co. Ltd. "B" — Copper and steel wires and ropes	18	†0.75	20	3.8
Canadian Bank of Commerce — Operates 760 branches throughout the world	89	1.60	54¼	2.9
Canadian Breweries Ltd. — Holding co.—brewing and grain milling interests	12	1.50	25¼	5.9
Canadian Bronze Co., Ltd. — Holding co. — subsidiaries make bronze bearings, bushings and castings	29	1.445	27½	5.3
Canadian Celanese Ltd. — Synthetic yarns and fabrics	21	0.75	13¼	5.7
Canadian Fairbanks Morse Co., Ltd. — Exclusive sales agents for Fairbanks, Morse & Co. of Chicago	19	1.15	21	5.6
Canadian Gen. Elec. Co., Ltd. — Exclusive manufacturing & selling rights of General Electric products in Canada	27	11.00	755	1.5
Canadian Gen. Invest. Ltd. — Management type invest. trust	28	1.28	27¾	4.6
Canadian Industries Ltd. — Chemicals and allied products	30	0.50	19	2.6
CANADIAN INGERSOL-RAND LTD. — Manufactures compressors, pneumatic tools, pulp and paper	27	†2.5333	43	5.9
● See Company's advertisement on page 35.				
Canadian Oil Cos., Ltd. — Petroleum refining & distribution	31	0.60	27¾	2.2
Can. Pac. Ry. Co. "Ord." — "The" private railway system of Canada	13	1.50	32½	4.6
Canadian Tire Corp., Ltd. — Automotive accessories, parts, etc.	13	0.70	110	6.4

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.

Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Canadian Westinghouse Co., Ltd. Airbrakes and large variety of electrical apparatus	11	1.00	40	2.5
Celanese Corp. of America Yarns and fabrics	18	*0.625	b14	4.5
Central Canada Invest. Ltd. Investment co. — large insurance interests	73	0.80	30¼	2.6
Chartered Trust Co. General fiduciary business	22	1.40	55	2.5
Chateau-Gai Wines Ltd. Wines and juices	12	1.00	14¾	6.8
Collingwood Terminals, Ltd. Operates a 2 million bushel grain elevator in Collingwood, Ontario	15	1.10	11⅛	9.9
Commoil Ltd. Oil props. in West. Canada, also holding co.	19	0.20	3.25	6.2
Conduits National Co., Ltd. Rigid eltctrical conduits, elbows, couplings, etc.	20	0.80	10¾	7.4

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 47

Confederation Life Assoc. Wide range of endowment and life policies	33	2.00	127	1.6
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	24	1.75	27½	6.4
Consol. Paper Corp., Ltd. Owns five mills; daily newsprint capacity 2,479 tons	11	1.70	39⅛	4.3
Consumers' Gas Co. of Toronto Manufactures and distributes gas in the Toronto area	109	0.80	28	2.9
Consumers Glass Co., Ltd. Wide variety of glass containers	21	1.50	28	5.4
Corby (H.) Distillery Ltd. "A" Holding and operating co. — alcohol and spirits	20	1.10	16	6.8
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	22	0.70	12	5.8
Crain, R. L. Ltd. Manufactures & sells continuous business forms	11	0.60	23½	2.6

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

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Present and Future Peaceful Applications of Atomic Energy

coal and oil also as their principal source of power. This indigenous lack of fuel in most countries has turned their attention to the possibilities of suing nuclear energy.

One pound of fissionable fuel contains 100 million kilowatt hours of energy, the equivalent of two and a half million pounds of coal. When one considers that the average man can exert only about 67 kilowatt hours per year by working 240 eight-hour days and that the ordinary family in this country uses perhaps 5,000 kilowatt hours per year, it is not difficult to realize why so much interest is being taken in employing nuclear fuel. The recent blockage of the Suez Canal has given an extra impetus to the development of nuclear power, especially among those European countries who have been depending upon oil as a source of power.

Knowledge and Research

The enormous amounts of heat liberated by the fission of a pound of nuclear fuel is the basis for production of steam to operate conventional electric generating equipment. Many types of reactors for this purpose have been suggested, using natural uranium metal, enriched uranium metal, uranium oxide, uranium 233, plutonium and the salts of uranium in solution or slurry form. Coolants have been suggested of various types — ordinary water, heavy water under pressure, gases, liquid metals and just the active steam from boiling solutions. These ideas have required much new knowledge and research about the nuclear constants of materials, their behavior under radiation, corrosion and metallurgical properties. Many of the designs are at present beyond the experience of manufactures to meet the requirements but advances in all such knowledge are proceeding ahead at a pace that was not thought possible a few years ago. Already many reactors have been constructed in pilot form which have successfully produced electric power in small amounts — a few thousand kilowatts. Actually a few are now supplying power to normal distribution systems, such as the Calder Hall plant in England: the land-based prototype of the U. S. submarine reactors; a small French unit; the Russian power unit and the latest type to come into operation; the American boiling water one, which started delivering power on Feb. 7 of this year. The first large power reactor is the Calder Hall gas-cooled one, which commenced delivering 65,000 kilowatts last October. Several other large plants both in the United Kingdom and the United States will commence operation before the end of this year. By 1975, the British expect to produce from nuclear energy the equivalent of 40 million tons of coal annually, about 40% of their electrical power requirements. Plans for the construction of 17 civilian power reactors have been announced by private companies in the United States which will provide 1.4 million kilowatts of electricity, apart from the Government-owned Shippingport plant which will be operating next year delivering 65,000 kilowatts. The French Government is also planning to generate large amounts of electricity from nuclear energy as are many of the other European and Asiatic countries. When all such plants get into operation, the demand for uranium and thorium naturally will increase.

Water and Fossil Power In Canada

But to consider our own Canadian position. Quebec and British Columbia have large quantities of undeveloped hydro power sites still available. The other provinces, however, have very limited supplies or none at all. Ontario will have used all its available hydro power by 1962 and will then need to develop its further requirements by steam generating plants. To compete with coal or other fossil fuels, the cost of nuclear power must be in the range of 5 to 6 mills per kilowatt hour. In Europe the competitive price would be about 10 mills per kilowatt hour. The scientists engineers at Chalk River have been investigating the possibilities of producing electricity by nuclear energy which would be competitive with fossil fuels, both by their investigations of a fundamental nature into the behavior of fuel elements under radiation, corrosion and metallurgical research. Their experience with natural uranium heavy water moderated reactors has been especially rewarding. The NRX reactor is probably the most suitable of any known reactor for carrying out such investigations of fuel elements, clad in various ways, using different types of coolants. For this reason both the U. S. and U. K. cooperate with our scientists in performing such tests.

Plant Demonstration Costs

As a result of a feasibility study by a group of engineers from several Canadian power utilities under the leadership of Mr. H. A. Smith of the Hydro Electric Power Commission of Ontario, and with the cooperation of Dr. W. B. Lewis and Mr. J. L. Gray of Atomic Energy of Canada Limited and the advice of the staff at Chalk River, a small nuclear power demonstration plant is now under construction at Des Joachims. It will use natural uranium oxide, be heavy water moderated and cooled and will develop 20,000 kilowatts of electricity. It is not expected that this plant will generate electricity at a price which is competitive with coal-fired plants but it will provide experience for operation, reliability and the manufacturing companies which are designing and making the components. This joint effort by the Ontario Hydro, the Canadian General Electric Company and Atomic Energy of Canada Limited is a first step in this new

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Two With Ashton & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Lois A. Budman and Harvey T. Walker have joined the staff of Ashton & Co., 15315 West McNichols Road.

With Paine Webber

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Clifford O. Leslie is now with Paine, Webber, Jackson & Curtis, Third National Bank Building.

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Present and Future Peaceful Applications Of Atomic Energy

field of applied engineering in Canada. A further study is now being made on a larger plant by the same group with the general purpose of producing power that will be competitive with coal. In 10 to 15 years, such plants may well replace fossil fuelled stations.

Canada last year had about 21.3 million installed horsepower of electrical generation and used about 78 billion kilowatt hours. The demand for electricity is increasing at about 7% per year. It is probable that this energy could be obtained from using about 2,000 tons of natural uranium per year, if it was irradiated for 7,000 megawatt days per ton and a conversion from the heat generated to electricty developed is 25%. It seems quite reasonable that the burn-up may be increased and the heat conversion also improved, which would consequently reduce the amount of natural uranium needed. Dr. W. B. Lewis last January outlined his ideas on such power prospects in the Chalk River publication AECL 395. The next 10 years will see a great development in nuclear electric power stations, both in Canada and abroad.

Propel Ships, Planes and Trains

So far we have discussed the use of nuclear energy for the development of civilian use in generating electricity. But plans are already being made to use this source of energy as a means of propelling ships, airoplanes and trains. The submarine has already proved feasible as a type of vessel that can be safely operated on nuclear energy. Plans to build nuclear power plants to put in ships, cargo, oil tankers and ice-breakers are already being put into execution. Russia has announced that it will complete this year an ice-breaker which will use only 5 oz. of nuclear fuel per day and will operate for three years without refuelling. They have also announced plans for a locomotive, 164 ft. long, weighing 300 tons which will develop 8,000 horse-power and will run from Moscow to Vladivostock on 1.1 lbs. of nuclear fuel compared to 600 tons of coal now required.

The United States have announced that they have flown an airoplane with an operating reactor in it but not propelling it. They have also stated that a land-based reactor has driven a normal propeller used in such planes. The British too are planning nuclear engines for ships. Such devices will probably be costly to start with but like all other new developments, costs will decrease with experience. There doesn't seem much promise at present of using nuclear energy in motor cars, owing to the bulky shielding which a reactor requires. The possibility of small mobile units for use in developing power and space heating in mining districts away from normal supplies of power in our north country seems very hopeful. The present cost of diesel-electric power is such districts may be as high as 25 to 35 mills per kilowatt hour and when our manufacturers become familiar with the techniques of construcing reactors, no doubt nuclear energy may be a much cheaper source of power in such remote districts.

Breeder Reactors

In the fission process of uranium 235 an average of 2.5 neutrons are released at each fission. It requires one of these to maintain the chain reaction, leaving 1.5 which may be used for other

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Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
		—Canadian $ §—		
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	28	2.00	50	4.0
Crown Trust Co. General fiduciary business	57	0.60	23	2.6
Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	39	4.00	220	1.8
Distillers Corp.-Seagrams Ltd. A holding co—interests include a complete line of whiskies and gins	20	1.70	30¼	5.6
Dome Mines Ltd. Ontario gold producer	37	0.70	12	5.8
Dominion and Anglo Investment Corp., Ltd. Investment holding company	17	16.00	425	3.8
Dominion Bridge Co., Ltd. Bridges, cranes and structural steel of all kinds	44	0.75	19½	3.8
Dominion Engineering Wks., Ltd. Wide variety of machines and equipment	15	1.20	21	5.7
Dominion Fabrics, Ltd. Towels, tapestries, draperies, etc.	30	0.40	10⅜	3.9
Dominion Foundries & Steel Ltd. Makes wide variety of primary steel products	20	0.80	30	2.7
Dominion Glass Co., Ltd. Wide variety of glassware	39	1.40	51	2.7
Dominion Insurance Corp. Operates company for fire insurance, etc.	13	8.00	225	3.6
Dominion Oilcloth and Linoleum Co., Ltd. Wide range of linoleum and oilcloth products	70	2.00	29½	6.8
Dominion Steel & Coal Corp., Ltd. A holding co.—coal, iron & steel interests	11	1.00	21	4.8
Dominion Stores Ltd. Operates grocery and meat chain	15	1.125	39½	2.8
Dominion Tar & Chemical Co., Ltd. Distiller of coal tar & producer of its derivatives	11	0.50	12	4.2
Dominion Textile Co., Ltd. Wide range of cotton yarns and fabrics	45	0.60	8	7.5
Donohue Brothers Ltd. Owns and operates a paper mill at Clermont, Quebec	11	1.45	31½	4.6
Easy Washing Machine Co., Ltd. Electric washing machines, floor polishers, air circulators, etc.	13	0.65	13	5.0
Economic Invest't Trust Ltd. General investment trust business	30	1.60	39	4.1
Electrolux Corp. "Electrolux" vacuum cleaners, & air purifiers	13	*1.00	11	9.1
Equitable Life Insurance Co. of Canada Wide line of life and endowment policies	18	0.85	44	1.9
Falconbridge Nickel Mines, Ltd. Nickel, copper, cobalt; subsidiary produces steel castings	24	1.20	39½	3.0
Famous Players Canadian Corp., Ltd. Largest operator of motion picture theatres in Canada	22	1.50	16	9.4
Fanny Farmer Candy Shops, Inc. Operates large candy chain	29	*1.50	18¾	8.0
Federal Fire Insurance Co. of Canada Sells fire, rain insurance, etc.	14	3.00	b53	5.7
Ford Motor Co. of Canada, Ltd. "B" Automotive manufacturer	24	5.00	119	4.2
Foundation Co. of Canada Ltd. Engineers & general contractors	17	0.90	20¼	4.4
Fraser Companies, Ltd. Wide variety paper and lumber products; synthetic yarns and fabrics	13	1.60	32¼	5.0
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	11	1.00	15¼	6.6
Gatineau Power Co. Hydro-electric energy in Eastern Canada	19	1.25	27¼	4.6

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
		—Canadian $ §—		
General Steel Wares Ltd. Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	16	0.40	7⅞	5.1
Goodyear Tire & Rubber Co. of Canada, Ltd. Natural and synthetic rubber products	30	6.00	144	4.2
Gordon Mackay Stores Ltd. "B" Manages subsidiaries which distribute textile products and allied goods	32	0.50	7⅜	6.8
Granby Cons. Mining, Smelting & Power Co. Ltd. Copper producer in British Columbia, Canada	10	*0.25	13	1.9
Grand & Toy Ltd. Manufactures commercial & general stationery & business forms and distributes office supplies & furniture throughout Ontario	13	1.40	49	2.9
Great Lakes Paper Co., Ltd. Manufactures newsprint and unbleached sulphite paper	10	1.60	39½	4.1
Great West Coal Co., Ltd."B" Wholesale distributor of lignite coal	10	0.40	8½	4.8
Great-West Life Assur. Co. Wide range of life, accident and health policies	57	3.00	a300	1.0
Greening (B.) Wire Co., Ltd. Wide variety of wire products	19	0.30	5	6.0
Guaranty Trust Co. of Can. General fiduciary business	28	0.675	21	3.2
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	10	†1.20	26	4.6
Hahn Brass Ltd. Maufactures large variety of metal products	10	1.00	21	4.8

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 47

Hallnor Mines, Ltd. Ontario gold producer	18	0.19	3.00	6.3
Hamilton Cotton Co., Ltd. Wide variety of textile products	15	0.90	15	6.0
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	21	0.60	7½	8.0
Hayes Steel Products Ltd. Wide variety of automotive parts	14	1.50	30	5.0
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	10	†0.3125	6½	4.8
Hinde and Dauch Paper Co. of Canda Ltd. Wide variety of paperboards, boxes, etc.	23	1.80	44	4.1
Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	41	0.24	25¼	1.0
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	22	6.00	83	7.2
Huron & Erie Mortgage Corp. Lends money on first mortgage security and operates deposit and debenture accounts	92	1.40	32	4.4
Imperial Bank fo Canada Operates 234 branches throughout Canada	81	1.70	56¼	3.0
Imperial Flo - Glaze Paints Ltd. Varnishes, lacquers, enamels, paints, etc.	16	1.325	26	5.1
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	55	2.00	55	3.7
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprises	57	1.20	55½	2.2
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	45	0.675	11½	5.9
International Metal Industries Ltd. "A" Com. Holding co. Subs. Can. & U. S. mfr. water heaters, oil trade equipment, etc.	14	2.20	40⅛	5.5

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§ Add current Canadian Exchange Rate.
a Asked.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.

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Present and Future Peaceful Applications Of Atomic Energy

purposes such as loss through capture by the materials used in construction, escape or producing new nuclear fuel, from the surrounding uranium 238 or thorium 232. If more than one atom of these fissile materials is transformed by capture into an atom of a new nuclear fuel, we should have more fuel produced (of a different kind) than we burn up. This does not happen in thermal reactors such as the NRX owing to the neutron economy being too small. Reactors designed and constructed, however, for such a purpose are called "breeders." Prototypes have been constructed and actually found to breed. One operated at Harwell, using plutonium fuel, has actually had a factor of 1.7 and the large electrical power nuclear plant being erected at Dounreay in the north of Scotland is such a breeder type. In simple analogy, it is like running your motor car with a mixture of gasoline and oil say, for 20 miles on Imperial gasoline and finding after burning your gallon, you have 1.7 gallons of British American gasoline, made from a gallon of the oil you used. This, of course, won't work with oil and gasoline but it does happen when an enriched source of uranium 235 or plutonium is used surrounded with a blanket of uranium 238 or thorium 232 in a special type of reactor. The uranium 238 is transformed into plutonium or the thorium 232 into the nuclear fuel uranium 233. There are many problems still to be solved, such as removing the fission products which tend to "choke" the reaction by absorbing neutrons just as ashes do in an ordinary furnace. When using enriched fuel, the presence of the ashes will still permit the reactor to perform much longer than would be the case with the thermal reactors using natural uranium. The U. S. submarine, "Nautilus," which uses enriched fuel and is not a breeder in the above sense, travelled over 55,000 miles on a single fueling. If scientists could learn how to burn up 60% of natural uranium then according to a statement made by Sir John Cockcroft, ten tons of uranium per annum would supply the present needs of electricity in the United Kingdom. This is an objective for future research.

Other Sources of Nuclear Energy

The fusion of hydrogen, or its heavier isotope deuterium, into helium is a possibility which was envisaged many years ago, even before the chain reaction of neutron fission was discovered. The union of four hydrogen atoms to form one helium atom releases an enormous quantity of energy, and this was the explanation of how the sun and stars maintain their large output of energy over so long a period. The power, in the form of heat, falling on each square mile of the earth's surface per day from the sun is 3.5×10^{6} kilowatts, while that falling per day on the hemisphere is 1.7×10^{14} kilowatts. This is our largest source of energy. One ton of nuclear fuel per year will produce 2.7×10^{6} kilowatts of heat. The present world consumption of fuel, mostly coal and other fossil fuels, is about 4×10^{9} kilowatts per year. In a few decades, Mr. Palmer Putnam believes our resources of fossil fuels will be exhausted. With breeding, it is estimated that our reserves of uranium will be five or six times that

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Present and Future Peaceful Applications Of Atomic Energy

of fossil fuels. Hence the special interest in developing the use of nuclear energy. The fusion of the lighter elements to form heavier ones, such as hydrogen to form helium, needs the high temperatures which exist in the sun. These were not available on earth until the advent of the atomic bomb. When the proper ingredients were added to the bomb, the theory of such fusion proved correct, as you all know. Now we must await the discovery of how to bring about this fusion at a controlled rate by some new means. This will require fundamental research on the forces which hold a nucleus together and some method of bringing about this fusion slowly so we can extract the heat produced for the benefit of humanity. A way will eventually be found to accomplish this and then our source of energy will raise the living standard of all peoples and maintain it for centuries. Like most outstanding new discoveries, it will probably be made by a young man and all we shall require then is the same advance in mankind's ethical and peaceful development to make our world the place we all wish it to be for future generations. But even today, nuclear energy from uranium and thorium offers hopes of meeting the energy requirements of all peoples, to increase their happiness and welfare until the future sources of energy for mankind's prosperity can be discovered.

Olaf Lighthill With Dempsey-Tegeler Co.

LOS ANGELES, Calif.—Olaf B. Lighthill has joined the Los Angeles staff of Dempsey-Tegeler & Co., 210 West Seventh Street, it was announced by Lewis J. Whitney, Jr., partner.

Mr. Lighthill, who has been in the local securities industry for over 28 years, was formerly associated with Gross, Rogers & Co., as Vice-President and Sales Manager.

His prior affiliations include Barclay's Bank Ltd., London and Paris, and the Investment Research Organization of Kerr & Co., Engineers.

He is a member of the Stock Exchange Club of Los Angeles and Wilshire Country Club.

Harris, Upham Sponsors Program on WQXR

Harris, Upham & Co., 120 Broadway, New York City, nationwide investment brokerage firm with 35 offices coast to coast and members of the New York Stock Exchange, has announced that the firm is sponsoring, Monday through Friday, a new 23-minute program, beginning March 25 at 6:05 p.m., over Station WQXR, featuring recorded music and a "Wall Street Report" of the day's business activities.

New Member

SAN FRANCISCO, Calif.—William H. Agnew, Chairman of the Board of Governors of Pacific Coast Stock Exchange, announced the election of Irving L. Brooks to membership in the San Francisco Division of Pacific Coast Stock Exchange.

Mr. Brooks is a general partner in the firm of I. L. Brooks Securities Co.

Mr. Agnew, in announcing the election of Mr. Brooks, said this is the first new membership application processed by the new Exchange.

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Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1956
International Nickel Co. of Canada, Ltd. — Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	23	*3.75	101¼	3.7
International Paper Co. — Holding and operating co. — Operates pulp and paper mills in Canada and the U. S.	11	*†2.9325	102	2.9
International Petroleum Co. Ltd. — South American oil producer and refiner	39	*1.30	46¼	2.8
International Utilities Corp. — Management and development of natural gas and electrical companies in Alberta	13	1.90	47	4.0
Investment Foundation Ltd. — Management type investment trust	13	1.70	40½	4.2
Journal Publishing Co. of Ottawa, Ltd. — Publishers "The Ottawa Journal"	40	1.00	16	6.3
Kelvinator of Canada, Ltd. — Complete line of home appliances, parts and repairs	13	0.80	9	9.0
Kerr-Addison Gold Mines Ltd. — Ontario gold producer	17	0.80	16¾	4.8
John Labatt Ltd. — General brewing business	12	1.20	19	6.3
Lamaque Gold Mines Ltd. — Quebec gold producer	18	0.20	2.50	8.0
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	30	1.00	19	5.3
Leitch Gold Mines Ltd. — Ontario gold producer	19	0.06	0.75	8.0
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	11	0.60	b8½	7.1
Loblaw Cos. Ltd. "B" — Operates chain of "self-service" grocery stores in Ontario	34	†0.39375	17½	2.3
Loblaw Inc. — Operates 133 "self-service" food markets in northern New York, Pennsylvania and Ohio	18	*1.50	69¾	2.2
Walter M. Lowney Co., Ltd. — Chocolate and other confection products	21	1.00	20	5.0
Lucky Lager Breweries (1954) Ltd. — A holding company for four British Columbia companies	28	0.27	4.25	6.4
Maclaren Power & Paper Co. — Holding company—newsprint, limbering and power interest	15	3.50	83	4.2
MacMillan & Bloedel Ltd. "B" — Fully integrated lumber business; large exporter	16	1.00	30¾	3.3
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	17	0.20	2.20	9.1
Maple Leaf Gardens, Ltd. — Owns and operates Toronto sports arena of same name	11	1.30	21	6.2
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	11	0.50	8¼	6.1
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	12	5.00	145	3.4
Massey-Harris Co., Ltd. — Complete line of farm implements and machinery	11	0.50	6½	7.7
McCabe Grain Co., Ltd. "B" — General grain dealings	10	0.80	24	3.3
McColl-Frontenac Oil Co. Ltd. — Oil production, refining and distribution	13	1.40	59	2.4
McIntyre Porcupine Mines, Ltd. — Ontario gold producer	40	3.00	73½	4.1
Mitchell (J. S.) & Co., Ltd. — General supply house for many industries in Eastern Quebec	22	1.25	b32	3.9
Midland & Pacific Grain Corp., Ltd. — Deals in grain and operates line elevators in Western Canada	11	1.00	22	4.5
Minnesota and Ontario Paper Co. — Newsprint, specialty papers and other timber products	10	†1.40	32½	4.3
Molson's Brewery, Ltd. "B" — Montreal brewer	12	1.20	25	4.8

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b Bid.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §	Quotation Dec. 31, 1956♦ —Canadian $ §	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Montreal Locomotive Works, Ltd. — Diesel-electric locomotives and related production	11	1.00	15	6.7
Montreal Refrigerating & Storage Ltd. — Operates general and cold storage warehouse in Montreal	11	2.00	‡	‡
Moore Corp. Ltd. — Business forms, advertising display products, etc.	13	*1.60	49	3.3
Mount Royal Rice Mills — Manufactures and distributes rice products	11	0.25	14	1.8
National Drug and Chemical Co. of Canada, Ltd. — Wholesaler of drugs, chemical & general merchandise	16	0.70	10½	6.7
National Grocers Co., Ltd. — Ontario grocery wholesaler	15	0.60	22	2.7
National Steel Car Corp., Ltd. — Railway cars, automobile chassis, etc.	20	2.00	26	7.7
National Trust Co., Ltd. — General trust business, also accepts deposits	58	1.45	40	3.6
Neon Products of Western Canada Ltd. — Neon advertising signs	27	†0.60	12	5.0
Niagara Wire Weaving Co., Ltd. — Makes wire mesh, cloth, wire weaving machinery, etc.	23	2.50	35	7.1
Noranda Mines, Ltd. — Copper and gold producer	27	2.00	56½	3.5
Normetal Mining Corp., Ltd. — Quebec copper and zinc producer	11	0.65	5.95	10.9
O'Brien Gold Mines, Ltd. — Quebec gold producer	18	0.02	0.60	3.3
Office Specialty Manu. Co. Ltd. — Mfg. and distributes office furniture and supplies	11	0.80	16½	4.8

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 47

Ogilvie Flour Mills Co., Ltd. — Mills flour, feeds, and cereals	54	1.50	34	4.4
Ontario Loan and Debenture Co. — Accepts deposits and sells debentures; invests in first mortgages	86	1.15	27¼	4.2
Ontario Steel Products Co., Ltd. — Automotive springs, bumpers and plastic products	19	1.40	25	5.6
Page-Hersey Tubes, Ltd. — Industrial pipe and tubing	31	3.00	99½	3.0
Pato Consolidated Gold Dredging Ltd. — Operates a gold dredging project in Colombia, S. A.	13	1.35	4.55	3.0
Paton Mfg. Co., Ltd. — Woolens and worsted fabrics	18	0.80	b19½	4.1
Penmans Ltd. — Woolen, cotton and silk knitted goods	50	1.40	24½	5.7
People's Credit Jewellers Ltd. — Retailer of jewelry and associated merchandise	15	0.35	20	1.8
Photo Engravers & Electrotypers Ltd. — Photo engravings, electrotypes, commercial photography, etc.	23	2.125	40	5.3
Pickle Crow Gold Mines Ltd. — Ontario gold producer	21	0.10	1.25	8.0
Placer Development, Ltd. — Investment—holding company—gold interests	24	†1.00	13¼	7.5
Powell River Co., Ltd. — Largest producer of newsprint on the West Coast	19	1.85	43½	4.3
Power Corp. of Canada, Ltd. — A utility holding management and engineering company	20	2.00	55	3.6
Premier Trust Co. — Operates as trust company trustee, etc.	12	4.00	84½	4.7
Preston E. Dome Mines Ltd. — Ontario gold producer	17	0.08	6.90	1.2
Price Brothers & Co., Ltd. — Newsprint and related products	13	3.25	58	5.6

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b Bid.

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Savings and the Stock Market—Is Thrift a Virtue Again?

encouraging savings will further stimulate consumer spending.

Income taxes have their peculiar quirks elsewhere. We all give lip service to the desirabiliy of doing something more for small business, new business, inventors, and the little entrepreneurs. As a practical fact investments of this type, however, do not interest the better and bigger income group because the losses inevitable in risky matters of this sort are carved out of capital and not taken out of income. It is only in the petroleum and entertainment fields that we have rigged up our laws, precedents, and interpretations, so that it is practical to back a driller for petroleum or a playwright on Broadway since these two spheres of activities permit losses to be taken against current income.

While it would be extremely difficult it nevertheless could be worked through that losses for certain types of business ventures could be taken against income. Failing this, all these small businessmen and entrepreneurs will find the going rougher and tougher unless corporations can overcome their antipathy to backing an individual or a small enterprise without gobbling the whole of it in one full swoop.

The Mutual Fund

Since the workings of economics and finance are adjustable, it was not long before a group of remarkable salesmen developed in Wall Street or its periphery a new device, the mutual fund. The plan and the energies were geared to tap the developing incomes of the multitudes whose incomes had been rising above subsistence levels and who were receptive to saving methods other than the old stock and the savings bank and where there was the potential of both principal and income increasing.

The mutual fund industry, which rose out of nowhere during the past quarter of a century and which even now arouses latent opposition from many quarters, has become a $9 billion affair. The savings of the hundreds of thousands of small investors are professionally placed in a cross section of the best and better grade corporations in the United States. The record has been good, but of course there has been no testing period for the open-end fund during any prolonged recession or depression.

The amount of money is still not very significant in relation to total corporate assets but the few hundred million dollars per annum absorption of securities by this segment of society has been a fertile factor in capital formation applied to valid corporate enterprises, money which otherwise might have been spent or wasted on gold brick schemes. It has made available to the many who would never have had the facilities or experience or knowledge a medium for placing their savings in complicated corporate institutions.

Even more resisted than the mutual fund was the pension fund. Here the very beneficiaries worked hard to squelch it aborning since the corporate managements and the traditionalists, fearful of the liabilities, could not see that this device would be fruitful as a growing accumulation of tax-exempt savings which could be tapped for corporate financing through the process of investing in corporate securities. The pension trust, which among the enlightened corporations at

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Savings and the Stock Market —Is Thrift a Virtue Again?

the beginning of the century had been devoted exclusively to bonds, was modernized, investing in a mixed bag of equities and priorities, since the ultimate recipients of the pensions led by labor leaders were acutely conscious of the effect their actions might have and were having on the cost of living. To the corporate sponsor the use of growth assets as against mortgage assets were desirable for the same reason. Hence, equities as an ingredient on a long-term basis were acknowledged almost from the beginning. The pension funds, which now aggregate some $16 billion, thus are currently placing large savings, all tax-exempt, in the amount of a couple of billion dollars per annum both in high-grade priorities and quality-grade equities, as new money for corporate purposes.

Impact of Insurance Companies and Savings Banks

Life insurance companies and savings banks, the two big reservoirs of mass savings, have stuck to the old-line investments in mortgages and bonds, partly by habit and partly by statute, avoiding equities like the plague, and of course prohibited from buying foreign securities with all their perils and difficulties. However, with the inevitability of gradualness, there has been relaxation. Some of the savings institutions are permitted to allocate funds to bank shares in some states, and to equities other than bank shares in other states, and even the great Empire State, New York, finally has grudgingly permitted the life insurance companies to devote a paltry percentage to equities, still bearing in mind with vivid horror the abuses of life insurance funds in the early part of the century when Governor Hughes made his mark and imposed an iron set of regulations to maintain the safety and sanctity of life insurance.

In some countries the great insurance companies are given latitude in their investments, the emphasis being on the character of the officials and their responsibility, but here we still believe that by well-specified, precise rules the elusive art of investment can be predetermined. Foreign investments are merely mentioned because sooner or later the great reservoir of insurance funds will have to be tapped for overseas uses if the foreign policy of the United States is to be implemented. Should the life insurance companies, with $100 billion of assets and growing at the rate of $6 billion per annum, continue strait-jacketed or would it be socially desirable to have greater latitude in their investment policies and investment income, virtually tax exempt?

There is another area of savings activity which has been moving to the forefront after a withering but ineffective attack years ago — municipal bonds and other tax-exempt securities. The Federal Government, in an act of nobility and as a gesture towards social justice, disavowed tax exemption as a device to encourage the purchase of its securities and there was an attempt to have the states and municipalities follow suit. This went by the board because, *inter alia*, in the judgment of the respective municipalities and other agencies of governmental emission, there was not the confidence in the credit and stability, or the design of their projections, that would of itself attract the money without the tax-exempt feature.

The Growing Tax-Exempt Market

Who knows better than they whereof they speak? Hence, to finance all sorts of improvements, overcoming the growing obsolescence of cities, and providing the many facilities of a modern and moving world, the tax-exempt market is growing to great dimensions. Over a third of the total $112 billion governmental budget of this great country of ours comes from the lower echelons who are in a position to issue tax exempts. This market is a most peculiar one in that virtually nothing is listed; it is in the hands of syndicates, dealers, and banks scattered over the country; and offerings from a few hundred thousand dollars to a couple of hundred million dollars are underwritten and placed. The offerings are fragmented in that having many maturities during the long life of the issue, each year is of itself a separate security, and thus there is no large quantity outstanding of any one maturity, each maturity being a unique species.

Hence the market for all of these multitudes of issues of varying grades, of varying sizes, and related to the great span of years covering the due dates, depend upon over-the-counter efforts, individual placement, and the day-to-day variations of this cumbersome machinery. Even a professional has great difficulty keeping track of all these, of the qualities and values, yields and marketability. Although this presents no problem to the institutions who know what they want and buy to hold to maturity, it presents formidable obstacles in the way of attracting the ordinary saver who cannot comprehend the complexity and who may require greater marketability, but to whom the tax-exempt feature would have its appeal.

A possible solution to encourage popular savings in this field might be a mutual fund type device that could pass on the tax exemption. This would also give the saving propensity a safe haven, good marketability, and an adequate diversity of qualities and maturities. There is a possibility that proposals now being recommended may bring about the beginning of mutual funds for tax exempts, or the incorporation of this feature as an added inducement in exist-

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Provincial Transport Co. Operates coach lines in Quebec and Ontario	20	1.00	12¼	8.2
Quebec Power Co. Operating public utility	42	1.20	29¾	4.0
Robertson (P. L.) Manufacturing Co., Ltd. Wide range of screws and bolts	15	0.40	13	3.1
ROYAL BANK OF CANADA Operates 796 branches throughout the world ● **See Bank's advertisement on page 35.**	**88**	**2.05**	**68**	**3.0**
Royalite Oil Co., Ltd. Oil production and development	28	0.26	16½	1.6
Russell Industries Ltd. Holding company—machine tool interests	21	0.80	11	7.3
Sangamo Co., Ltd. Electric meters, motors, switches, etc.	20	0.60	12	5.0
Sarnia Bridge Co., Ltd. Steel bridges and related production	14	1.00	15	6.7
Scarfe & Co. Ltd. "B" Manufactures and sells varnishes, paints, etc.	10	0.20	‡	‡
Scythes & Co. Ltd. Manufactures cotton and wool waste, cotton, wipers, etc.	21	1.00	12¾	7.8
Shawinigan Water and Power Co. Quebec electric utility	50	1.80	83¾	2.1
Sherwin-Williams Co. of Canada, Ltd. Paints, varnishes, enamels, etc.	15	2.05	38	5.4
Sicks' Breweries Ltd. Beer, ale, stout and carbonated beverages	29	1.40	22	6.4
Sigma Mines (Quebec) Ltd. Quebec gold producer	17	0.40	4.50	9.0
Silverwood Dairies, Ltd. "B" Full line of dairy products	19	0.60	11½	5.2
Simpson's Ltd. Owns and operates through subs. dept. stores in Canada	11	0.50	20	2.5
Slater (N.) Co., Ltd. Pole-line hardware for power companies; also metal stampings and forgings	19	0.75	17⅞	4.2
Smith (Howard) Paper Mills Ltd. Pulp and paper manufactures in Canada	12	1.25	38	3.3
Southam Co., Ltd. Publishes seven daily newspapers across Canada; operates three radio stations	21	1.90	48	3.9
Southern Canada Power Co., Ltd. Operating public utility; Southern Quebec	34	2.375	49	4.8
Sovereign Life Assurance Co. of Canada Life and endowment insurance	38	2.00	b102	2.0
Stedman Brothers Ltd. Wholesale and retail small wares business	22	1.00	23⅝	4.2

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Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	41	1.70	71	2.4
Sterling Trusts Corp. — General fiduciary business	20	1.80	46	3.9
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	17	1.20	16	7.5
Supertest Petroleum Corp., Ltd. "Vot. Com." — Markets petroleum products in Ontario and Quebec	31	0.80	25	3.2
Sylvanite Gold Mines, Ltd. — Ontario gold producer	27	0.08	1.34	6.0
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	20	1.80	38½	4.7
Taylor, Pearson and Carson (Canada) Ltd. — Holding co.—interest in automotive and household appliances	10	0.55	9¾	5.6

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Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	31	0.10	1.60	6.3
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	28	0.24	5½	4.4
Toronto-Dominion Bank — Operates 460 branches, 448 in Canada, one in New York and one in London, Eng.	99	1.50	45¾	3.3
Toronto Elevators, Ltd. — Grain elevators, feed manufacturing and vegetable oils	18	1.00	19	5.3
Toronto General Trusts Corp. — General fiduciary business	73	1.40	31¾	4.4
Toronto Iron Works, Ltd. — Steel plate products and special metals	11	1.00	22	4.5
Toronto Mortgage Co. — Lends on first mortgage; issues debentures and accepts deposits	57	5.00	112¼	4.5
Traders Finance Corp., Ltd. "B" — Purchases installment sales obligations	10	2.40	40¼	6.0

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.

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Savings and the Stock Market —Is Thrift a Virtue Again?

ing funds. It could release an army of salesmen to point out the advantage of savings without the bite of income taxes. Whether or not this is palatable to everybody, it could become a very effective force for the encouragement of additional savings.

The biggest block of savings to finance the expansion of the capital equipment of the country arises from the internal generation of cash by the companies themselves, in the form of depreciation and retained earnings. This figure is currently over $25 billion a year, about 60% of which arises from depreciation and accelerated amortization and the remainder from retained earnings after dividend disbursements of about $11 billion and after sending on to the Federal Government its $22 billion participation. When Federal income taxes were way lower than the present 52% rate, the distinction between depreciation and retained earnings was less marked, that is, from a cash generation for capital expenditures point of view. With the tax load as heavy as it is, and understandably so since individuals are already pretty well staggering under their load, and sales taxes can only be invoked softly and if possible invisibly through the price structure of corporate products, corporations naturally press and push to the extent possible under the law for maximum cash flow exempt from the clutching hand of the internal revenue, because the other alternative is the disagreeable one of raising prices with all the hazards of its incidence on volume and then only getting $1 out of each $2 rise.

This point was an underlying stimulus to the argument, however meritorious, that the rising cost of construction of plant and equipment has invalidated previous depreciation rates; but to throw open the depreciation gates would mean depriving the exchequer of revenue needed now and eliminating the flexibility in restraining capital expenditures through withholding certification in a period of material and labor shortages. If corporations do not or cannot raise prices and if their internal generation of cash is not sufficient for the capital expenditures necessary to maintain and enlarge their positions for the future, either by lowering costs to neutralize the wage push or for expansion, then there is recourse to the capital market for equity and senior capital. Here the volume of savings and the condition of the money supply enter.

During the postwar period corporations have had pretty easy access to the capital markets at a very low interest cost until recently, and a good earnings multiple for their commons over the last few years. Should senior money become more difficult to obtain, competing as it must with

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higher coupons and tax exempts, and should the earnings multiples slide, many of the corporations may be boxed in and have to fit their cloth to the internal flow of funds. It is this interplay of forces which we are now experiencing with its implications on the price structure, capital expenditures, and employment.

From this cursory consideration of seven forces and sources touching on savings, two general observations strike me as perhaps worthy of comment.

Rigidities

First are the rigidities imposed by regulation and tradition too great to be salutary for the needs of a modern industrial capitalistic society in the interplay of savings for bonds, equities, small business and ventures? In the Securities and Exchange regulations there are a number of rigidities which could be reduced without endangering the basic purposes of the Act and yet improve the smooth flow of securities to the public. Small business and ventures should not be stopped from moderate access to current income, now limited capriciously to petroleum and playwriting. Should the great reservoirs of mass savings be confined to the narrow belt of prime credit instruments and should not the general public be able to buy tax-exempt securities in a simple form?

A second observation worth noting is that in the long frustrating endeavor to create needed savings for useful investment in a tax-ridden economy there is discernible all along the line a great movement here, there, and everywhere to outflank the second to the last line in the income statement. The life insurance companies function virtually as tax-exempt entities with social blessing. Cooperatives are supposed to do good profitlessly and taxlessly. Hence also the great attraction of tax-exempt securities outstanding in the amount of over $40 billion and being added to at the rate of over $3 billion annually.

A number of industries, like real estate and petroleum, have gained a following because of the catalytic action of the depreciation and depletion taxfree throw-off. Increased depreciation, research expenditures, higher maintenance deductions, and Lifo reserves are all avidly sought to get behind the tax curtain. Pension funds have been the greatest of the innovations to create a huge tax-free expense, whatever their social value, to provide for depreciation of human energy. So too with foundations, dividend credits, stock option plans, and many other devices. This great pincer movement to get behind or beyond the taxable throwoff of America may indeed be the only practical tenable tactic to gain ground for a dynamic economy.

Nevertheless the question may be raised whether this patchwork procedure is the best way to lubricate and make function our capitalistic society or whether the over-all strategy should not be to confront the problem more boldly and honestly and cut the taxes for individuals who save, giving them a reasonable incentive for a reasonable portion of their income. In effect, this would be an adaptation of the pension plan for individuals not now covered or not covered adequately. After all, in general, people don't know how to make money, they only know how to save it.

New Solution Required

These may be interesting points but by the time anything is done about most of these matters, there will be new adjustments and forces in being working their way stealthily through the economic labyrinth, requiring new thought and new solutions. We might conjecture where the current savings posture in relation to the stock market is leading and how these various forces may manifest themselves in stock prices and the position of our corporations in the foreseeable future.

(1) If corporations have great difficulty in getting access to sufficient savings through the capital markets, cash dividends will tend to rise more slowly from here on, since it will be policy to retain earnings.

(2) Companies will use stock dividends increasingly since, if they cannot lay their hands on the coin of the realm, they will print their own greenbacks.

(3) Contending with higher coupon bonds and rising yields on tax exempts, the slowed augmentation of dividends will adversely affect equity prices, making it less worth while for the corporation to raise capital via the equity route.

(4) Corporations will raise their prices, but slowly, as managements will be reluctant to test the markets and are loath to incur the opprobrium of public opinion, hostile to inflationary trends, and will use capital expenditures to the utmost to neutralize the wage push. Inevitably prices will rise, giving way to the wage push resulting from the strong statistical position of labor in a fully employed economy, and where at present and for the next five years those of working age are increasing far more slowly than those above 65 and below 18.

Government, politicians, and the public will be confronted with an interesting dilemma. They are against price rises since they are inflationary. They are against mergers since this decreases competition. They are not quite sure how they stand on wage increases since wage increases **per se** are good for increasing national income and purchasing power and incidentally tax revenues, but they are also bad if they result in price increases.

In any event there is very little that can be done about staying the double-barreled built-in escalation of wage contracts negotiated and to be negotiated, calling for stipulated wage increases and cost of living adjustments, but there is considerable doubt whether the strong companies in their respective industries will adjust their price levels fast enough and far enough to accommodate their weaker competitors. This means that there will be more Studebaker-Packards and Crowell-Colliers, old-line companies more or less dropping out of the race, and there will be a greater number of take-overs. Bigness of course is decried as a monster because concentration of power is a threat, and yet the fruits of technological research

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Canada: A Dynamic Economy Propelled By Rich Resources, Broad Markets, Sound Money

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
United Amusement Corp., Ltd., "A" — Operates 34 motion picture theatres in Montreal and other Quebec cities	32	0.50	b8	6.3
United Canadian Shares Ltd. — Holding co.—insurance interests	32	0.65	a19½	3.3
United Corporations Ltd. "B" — An investment trust of the management type	16	0.75	19½	3.8
United Steel Corp Ltd. — Steel plate and welded steel products	11	1.00	16¾	6.0
Upper Canada Mines Ltd. — Ontario gold producer	17	0.025	0.87	2.9
Viau Ltd. — Biscuits and confectionery	10	3.00	b75	4.0
Wabasso Cotton Co., Ltd. — Cotton yarns and goods	21	0.50	20	2.5
Waite Amulet Mines. Ltd. — Quebec copper-zinc producer	17	1.40	13¼	10.6
Walker (Hiram)-Gooderham & Worts, Ltd. — Holding company—extensive liquor interests	21	4.00	63¼	5.9
Westeel Products Ltd — Manufactures sheet metal	16	1.20	18	6.7
Western Canada Breweries, Ltd. — Serves four western provinces	20	1.20	25	4.8

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	24	0.80	23	3.5
Weston (George) Ltd. "B" — Fine biscuits, bread, cakes, confectionery, etc.	27	0.275	19¼	1.4
Wright-Hargreaves Mines, Ltd. — Ontario gold producer	26	0.12	1.60	7.5
Zeller's Ltd. — Operates chain of specialty stores across Canada	16	1.075	23½	4.6

TABLE II

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Abitibi Power & Paper Co., Ltd. — Newsprint and allied products	8	1.55	34	4.6
Acadia Atlantic Sugar Refineries Ltd. — Refines raw sugar cane & produces 50 or more grades & packages of sugar	6	0.50	8¼	6.1
Barymin Co., Ltd. — Prospectus, development & holding co.—gold and other metal interests	8	0.05	2.65	1.9
Bathurst Power & Paper Co., Ltd. "B" — Boxboards, corrugating materials, etc.	8	1.50	35	4.3

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.

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can probably only arise from bigness. Thus, companies will run deficits or go out of business during this period of indecisiveness, estopped from succor via mergers and acquisitions.

This points to a stock market which over-all will be dull and static if not downward, and there will be a tendency to distinguish between the impregnable companies in strong industries with capacity for administering prices judiciously as against the flimsy companies which must follow or which are subject to the whims and violence of the market place. To believe that the higher interest rates on bonds and the pull of tax-exempt securities will eclipse the demand for equities for more than a short period is to be unduly apprehensive. In the long run earning power will display its traditional greater potency than money rates, even without the assist from the diminishing purchasing power of a fixed income.

American Stock Exch. Plans Electronic Quotation System

President Edward T. McCormick reviews recent developments designed to better public information, service, and operating efficiency of the exchange.

Sixty people will be able to get quotations on any given stock listed on the American Stock Exchange within a period of one second as the result of a completely electronic quotation system now being investigated for probable installation by officials of the institution, Edward T. McCormick, President, revealed March 19 in an address before the Young Presidents' Organization in convention here at the Greenbrier Hotel at White Sulphur Springs, West Virginia.


E. T. McCormick

Mr. McCormick cited this development as one of several the American Stock Exchange has initiated in an over-all program for achieving its objectives of public information, public service and operating efficiency since he took over the Presidency in 1951. Others included the publication of a monthly magazine, the lengthening of the trading hours to permit Saturday closing, the preparation of a motion picture in color describing the Exchange, and so forth.

The Exchange official pointed out that the Young Presidents' Organization was well represented on his board, eighteen companies with member presidents being listed. He said he personally had missed by only six months an opportunity to become a member of the organization when he accepted the Presidency of the Exchange at the age of 40 years.

Freiday Partner

Aloysius F. Naples will be admitted to partnership in Freiday & Co., 61 Broadway, New York City, members of the New York Stock Exchange, as of April 4.

Gude, Winmill to Admit

John J. Kraus will become a partner in Gude, Winmill & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, as of April 4.

Pyne, Kendall Partner

Pyne, Kendall & Hollister, 52 Wall Street, New York City, members of the New York Stock Exchange on April 1 will admit Geoffrey C. Armbrister to partnership. Mr. Armbrister is a partner in Dobbs & Co.

Warburton, Barnett Admit

Warburton, Barnett & Greiner, 60 Beaver Street, New York City, members of the New York Stock Exchange, on April 1 will admit George A. Husson and John J. Langan to partnership. Both are partners in Dobbs & Co.

V.-P. of Hugh Johnson

BUFFALO, N. Y.—Edward G. Brouse will become a Vice-President in Hugh Johnson & Company, Inc., Rand Building, members of the New York Stock Exchange, on April 4.

Business Man's Bookshelf

Automatic Merchandising, 1957 Directory — National Automatic Merchandising Association, 7 South Dearborn Street, Chicago 3, Ill.—(cloth)—$4.50.

Automation in Business and Industry — Edited by Eugene M. Grabbe—John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y.—$10.

Comprehensive Export Schedule —Bureau of Foreign Commerce of the U. S. Department of Commerce — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.—$6.

Concentration in Canadian Manufacturing Industries—Gideon Rosenbluth—Princeton University Press, Princeton, N. J. — (cloth)—$3.50.

Consumer Instalment Credit — Part I, Growth and Import, Vol. 1, $125; Part I, Growth and Import, Vol. 2, $100; Part II, Conference on Regulation, Vol. 1, $1.75; Part II, Conference on Regulation, Vol. 2, 60c; Part II, Views on Regulation, $1.— Board of Governors of the Federal Reserve System, Washington 25, D. C.

Language of Investing — A Glossary — New York Stock Exchange, 11 Wall Street, New York 5, N. Y.—(paper)—Single copies on request.

National Communism and Popular Revolt in Eastern Europe— Edited by Paul E. Zinner—Columbia University Press, New York, N. Y. (paper).

Negotiations for Benelux: An Annotated Chronicle 1943-1956 — James E. Meade—International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper) 25 cents.

Prospects of Nuclear Power & Technology—Gerald Wendt—D. Van Nostrand Company, Inc., 120 Alexander Street, Princeton, N. J.—cloth—$6.

Savings and Loan Association Offices — Study of all offices in U. S. and Possessions — Federal Home Loan Bank Board, 101 Indiana Avenue, N. W., Washington 25, D. C.—(paper).

Science and Engineering in American Industry: Final Report on a 1953-54 Survey—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.—70c.

Science and Truth in Marketing Research—Alfred Politz—Harvard Business Review, Soldiers Field, Boston 63, Mass., $1.00.

Secretaries of State — Portraits and Biographical Sketches—Department of State Publication 6402—Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., $1.00.

Strengthening the Research Effort —American Management Association, Inc., 1515 Broadway, New York 36, N. Y.—$1.75.

Technical Cooperation in Latin America — Case Studies of Training Through Technical Cooperation — James G. Maddox and Howard R. Tolley — National Planning Association, 1606 New Hampshire Avenue, Northwest, Washington 9, D. C. (paper) $1.25.

Technical Cooperation in Latin American Agriculture — Arthur T. Mosher—(National Planning Association Study)—University of Chicago Press, Chicago, Ill., $6.00.

Treaties in Force — A list of Treaties and Other International Agreements of the United States —Department of State—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., $1.25.

221, Relocation Housing — Main points of aid available under Section 221 of the National Housing Act, presented in Question and Answer form—Housing and Home Finance Agency, Washington 25, D. C. On request.

Unemployment and Relief From the Local Government Point of View — Public Administration Service, 1313 East 60th Street, Chicago 37, Ill.—(cloth)—$5.

Uniform Systems of Accounts for Electric, Gas and Water Utilities — National Association of Railroad and Utilities Commissioners' — State Law Reporting Company, 30 Vesey Street, New York 7, N. Y.—Three separate publications, at $5 each.

United Nations Yearbook on Human Rights, 1953 — International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. —$5.00. (Set of Yearbooks 1946 through 1952 available for $24.00).

United States Foreign Trade Statistical Publications—Catalogue —U. S. Department of Commerce, 110 East 45th Street, New York 17, N. Y.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1956
British Columbia Forest Products Ltd. One of the largest producers of timber products in Canada	9	0.50	13¼	3.8
Bulolo Gold Dredging, Ltd. Operates a gold dredging project in New Guinea	9	0.50	3.95	13.0
Campbell Red Lake Mines Ltd. Ontario gold producer	5	0.3375	5.10	6.6
Canada Cement Co., Ltd. Portland cement	7	1.00	29½	3.4
Canada Flooring Co. Ltd. "B" Specializes in manufacture of hardwood flooring of all kinds	8	1.00	b14	7.1
Canada Foils, Ltd. Oldest and largest foil converting plant in Canada	8	0.40	13	3.1
Canadian Dredge & Dock Co., Ltd. General dredging; construction & repair work on waterways	7	1.00	b19	5.3
Canadian Ice Machine Co. Ltd. Engaged in air-conditioning and refrigeration field from manufacturing to installations.	5	0.10	b5	2.0
Canadian International Investment Trust Ltd. Management type of investment trust	6	0.90	15	6.0
Canadian Vickers, Ltd. Shipbuilding, repairs; also makes industrial and mining machinery	7	1.50	32	4.7
Castle Trethewey Mines Ltd. Silver producer, also has considerable investment portfolio	5	0.15	3.50	4.3
Commonwealth Petroleum Ltd. Oil properties in Western Canada, also holding company	5	0.15	4.35	3.4
Delnite Mines Ltd. Ontario gold producer	8	0.04	0.85	4.7
Dominion Corset Co. Ltd. Manufactures ladies' foundation garments	7	0.85	14¼	6.0
Dominion Scottish Investments Ltd. Investment trust of management type	5	1.00	26	3.8
East Sullivan Mines, Ltd. Produces copper, zinc, silver and pyrite	7	0.55	5.00	11.0
Empire Life Insurance Co. Operates as life insurance co.	6	0.75	a75	1.0
Erie Flooring & Wood Products Ltd. "B" Manufactures, processes and distributes hardwood flooring	7	0.10	2.50	4.0
General Bakeries Ltd. One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	6	0.20	4.90	4.1
General Petroleums of Canada Ltd. "Ord." & Class "A" Oil well drilling contractors	8	0.20	5.55	3.6
Great West Saddlery Co., Ltd. Wholesale distributor of general store mdse., and riding goods	7	2.00	a19⅜	10.3
Hydro-Electric Securities Corp. Management type investm't trust	9	0.40	9⅝	4.2
Industrial Acceptance Corp., Ltd. Purchases acceptances; also small loans & gen'l insurance business	9	†1.325	23¾	5.6
International Bronze Powders Ltd. Holding co. Subs. manufacture bronze and aluminum powders	6	0.70	b10¾	6.5
International Power Co., Ltd. Holding co. controlling public utilities in Central & So. America	8	2.40	286	0.8
Interprovincial Building Credits, Ltd. Home improvements financing	5	0.95	13½	7.0
La Luz Mines Ltd. Nicaragua gold producer	8	0.10	3.35	3.0
Lambert, Alfred, Inc. Manufacturers, wholesalers and retailers of footwear goods	6	0.60	15	4.0
London Canadian Investment Corp. Investment trust, management type	6	0.30	7¾	3.9
Lower St. Lawrence Power Co. Quebec electric utility	6	0.80	18	4.4

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
Macassa Mines, Ltd. Ontario gold producer	8	0.15	1.82	8.2
MacLeod-Cockshutt Gold Mines, Ltd. Ontario gold producer	8	0.10	1.19	8.4
Maxwell Ltd. Manufactures washing machines, dryers, lawn mowers and food choppers	7	0.50	7⅝	6.6
Mersey Paper Co., Ltd. Newsprint and related products	8	3.00	48	6.3
Milton Brick Co., Ltd. Makes first quality face brick	7	0.20	3.20	6.2
Mining Corp. of Canada, Ltd. Holding, exploration & financing company	8	1.10	20⅜	5.4
Mitchell (Robert) Co., Ltd. "A" Brass, bronze, nickel and other metal products	9	1.00	11	9.1
Modern Containers Ltd. Makes tube containers for tooth paste, shaving cream and other semi-liquid products	9	0.50	b10	5.0
Monarch Mortgage & Investments Ltd. Operates and owns number of apartment houses	9	3.00	45	6.7

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
National Hosiery Mills Ltd. "B" Manufactures ladies' hosiery	9	0.32	4.50	7.1
Newfoundland Light & Pow. Co., Ltd. Operating public utility	8	1.42	40½	3.5
Nor-Acme Gold Mines Ltd. Receives royalty from Howe Sound Co. through lease of company properties in Manitoba	5	0.015	0.39	3.8
Pend Oreille Mines & Metals Co. Lead-zinc producer, Washington State	5	0.125	3.20	3.9
Quemont Mining Corporation Ltd. Produces gold, silver, copper, zinc, and pyrites in Quebec	6	2.00	18¼	10.9
Quinte Milk Prod., Ltd. "B" Wide variety of milk products	8	0.15	4.50	3.3
Robinson Little & Co., Ltd. Wholesale and retail merchandising of dry goods & variety store lines	9	0.80	9	8.9
Rolland Paper Co., Ltd. "B" High-grade bond writing paper & related products	7	0.40	19½	2.1
St. Lawrence Corporation Ltd. Newsprint and allied products	6	2.00	17⅝	11.3
Silknit Ltd. Lingerie, swim suits and other rayon products	9	1.00	19¼	5.2
Simon, H. & Sons Ltd. Cigar manufacturer	5	1.00	11	9.1

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 —Canadian $ §—	Quotation Dec. 31, 1956♦	Approx. % Yield Based on Paymts. to Dec. 31, 1956
South American Gold & Platinum Co. Gold dredging operation, in Colombia, South America	6	†0.30	‡	‡
Stadacona Mines (1944) Ltd. Quebec gold producer	9	0.02	0.27	7.4
Standard Paving & Materials Ltd. General paving contractor	9	1.50	36	4.2
Sullivan Consolidated Mines, Ltd. Quebec gold producer	8	0.22	3.75	5.9
Union Gas Co. of Canada, Ltd. Production, storage, transmission and distribution of natural gas	8	1.40	64	2.2
Ventures Ltd. Holding, investment, promotion, exploration and development co.	8	0.40	38⅞	1.0
Victoria & Grey Trust Co. Operates as trust company	6	1.00	25	4.0
Western Plywood Co. Ltd. Manufactures and sells veneer & plywood. Plant in Vancouver	9	0.95	16½	5.8
Windsor Hotel Ltd. Owns and operates Windsor Hotel in Montreal	5	0.50	42	1.2
Wood Alexander Ltd. Operates wholesale hardware business	6	0.30	4.00	7.5
Yukon Consolidated Gold Corp. Ltd. Gold dredging operation in Yukon	6	0.06	0.55	11.0

♦ Quotations represent Dec. 31, 1956 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1956.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
‡ Inactive issue. No Exchange trading.

Greenwald Heads Public Relations For Nat'l Sec. & Res.

Burton J. Greenwald has been appointed Director of Public Relations of National Securities & Research Corporation, 120 Broadway, New York City, sponsors and manager of the National Securities Series of mutual funds, according to an announcement by Henry J. Simonson, Jr., President. In his new position, Mr. Greenwald will supervise public relations, sales promotion, advertising and production functions.

Previously Assistant to the President of A. J. Wood & Co., Mr. Greenwald is a graduate of the Wharton School of Finance and Commerce of the University of Pennsylvania. During the Korean War he served with the Navy and currently holds a Lieutenant's commission in the Naval Reserve.

New Kohn Branch

ELIZABETH, N. J.—Richard E. Kohn & Co., have opened a branch office at 279 North Broad Street.

Manager of the Elizabeth office will be Alton B. Plunkett of Spring Lake. Mr. Plunkett formerly managed the Elizabeth brokerage office of Theodore Levy, and before that was with Orvis Brothers, securities firm, in New York City and as manager of their Newark office.

Customers' representatives in the office will include Mrs. Sylvia Stamler of Springfield; Dr. Emanuel Stanton of Union; Sidney Lans of New Brunswick and Paul Marenus of Newark. Receptionist will be Miss Joan Natale of Union.

Ferris to Admit

WASHINGTON, D. C. — Ferris & Company, Washington Building, members of the New York and Philadelphia-Baltimore Stock Exchanges, on April 4 will admit John S. R. Schoenfeld to partnership. Mr. Schoenfeld has been associated with the firm for some time.

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As We See It

related notions, it is a serious handicap to sound international thinking on the part of the rank and file.

Among such ideas is the supposition on the part of many that people almost everywhere in the world (where self-government does not now exist) long for what we call democracy, and do not have it only because some tyrant at home or abroad is able to hold them in bondage or semi-bondage. Thus we seem to suppose that we can come to the foreign countries crying as with a voice from the wilderness about the virtues of our own system of government and our own social order and win friends in large numbers, thus limiting the encroachment of communism or any of the other forms of totalitarianism of the day. Of course, it is plain enough to the matriculate that our concepts of democracy and our supposed worship of it are quite foreign to many peoples in other lands and often without appeal.

Must Also Seek Support

Our foreign policy makers evidently must not only formulate wise policies but are under the necessity of gaining support for them from a rank and file often incapable of making any very intelligent decisions in these matters—or at least are incapable without the aid of careful presentations and convincing education. Naturally this state of affairs offers great opportunities to the demagogue and of course to the pressure groups with very special ends to reach. It used to be said that it was almost if not quite impossible to make successful appeals to voters in this country about any international question. The so-called foreign issues usually turned out to be duds vote-wise, so experience seemed to indicate. Save for a natural desire to avoid another world war, the same is probably true today—and the desire on the part of the rank and file to avoid war not infrequently offers a fertile field to all those with panaceas of their own.

Save for this dread of another world conflict—with atomic weapons at that — international issues regularly play secondary roles in the minds of the American voter. It is all but inevitably so, since the economic interests of the country are primarily at home, and the country is so large and varied that most of its citizens have almost no contact with foreign lands or foreign peoples. All of this is, of course, quite the opposite of what used to be true in Britain where the very life blood of the economy ran around the world. For many long years Britain has been under the necessity of exporting large amounts of manufactures in order to buy many of the ordinary necessaries of life from abroad since they were not to be had at home in adequate amounts.

Even when foreign affairs take a place in the programs of various groups or parties, they are usually discussed merely in terms of support for the United Nations or large sums sent abroad in aid. When George Gallup prepared a poll on "modern Republicanism" the other day, he defined the two major "wings" of the Republican party in these terms:

(1) A group which "includes persons like Eisenhower, Dewey, Nixon and Lodge, who want the Republicans to keep social security and welfare programs, to be active in international affairs and to support and strengthen the United Nations. This wing of the party is called the 'Liberal Republicans.'

(2) "The other group includes persons like Hoover, Knowland, McCarthy and other followers of the late Senator Taft. In general this group wants to cut down or reduce many social security and welfare programs; to get out of or limit our backing of the United Nations; and to reduce spending both at home and abroad. This wing of the party is called the 'Conservative Republicans.' "

It is to be noted that domestic policies take first place in both lists and that when it comes to foreign policy, the differences take the form of attitudes on foreign aid and the degree in which we support an international organization.

Extraordinarily Difficult

The truth of the matter is that it is extraordinarily difficult for us to formulate and pursue wise courses in international matters—assuming that we are to take an active part in world affairs. The extraordinary difficulty arises out of the fact that there is little or nothing in international experience of any nation to guide us. What is known as world politics has always been a game played by groups of powers each seeking gain for itself in this, that or the other part of the globe. Of course, none of them wanted major wars, but avoidance of them was not the main concern and was often secondary to what was regarded as the vital interests of some one or more of the participants.

Now we join the game with the sole purpose of preserving peace and preventing one of the old imperialist countries from taking advantage of conditions to spread its control over further large sections of the globe. Of course, there are many of the old hands at world politics who find it difficult to believe that that is all we seek. Many insist that we wish to extend our influence and power throughout the world for our own ends. But quite apart from such difficulties as arise out of this incredulity on the part of many other powers, the question of how best to preserve the peace is certainly not an easy one in many instances—as we are now finding out in the Middle East.

Obviously a program which contents itself with supporting the United Nations and giving away billions of our dollars is hardly to be termed a foreign policy. The United Nations is hardly more than an instrumentality which the powers of the earth use to play their games and seek their own ends. In this matter, too, current experience is proving a good if discouraging teacher. We are afraid that the Senator from Massachusetts oversimplified his analysis.

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plained shortly before his retirement as President of the New York Federal Reserve Bank:

"In developed countries which have experienced hyper-inflation, the central bank has only to mention the word inflation to bring a large measure of public support to a restrictive credit policy. When we mention inflation as a reason for trying to restrain a boom, . . . we are apt to be charged with crying wolf when there is no wolf, to be denounced as apostles of deflation."

Party Politics and Inflation

To the popular craving for more spending and the wide-spread apathy toward the dangers of inflation must be added the political situation. The inability of the Republican Party to gain control of either Senate or House, despite President Eisenhower's landslide victory, and the fact that the "liberals" of both parties, who promised lower interest rates and lower taxes, yet increased government spending, generally won out over the conservatives, may tempt the two parties to outdo each other in spending public funds to attract more votes. The 1957-58 budget seems to point in this direction.

Planning for Inflation or Stability

Some prominent economists, and many pseudo-economists and politicians still believe that limited inflation is desirable to maintain full employment, even though this "full employment" philosophy —maximum employment through credit expansion and public spending even at the cost of rising prices—has been one of the most serious threats to the viability of Western Europe. "The easiest way to conquer a country," Lenin wrote many years ago, "is by debauching its currency." Lord Keynes, generally regarded as the apostle of inflation, is said to have remarked shortly before he died that he must write another book to warn the British people that "there is also danger in inflation."[3] The warning remained unwritten, and for the past decade, with inflationary "full employment" doctrines dominating public thought, Britain has skidded downward from one crisis to the next.

The United States is still a long way from the British predicament, but in America, too, the "full employment" philosophy and Keynesian "under-consumption" theories have blinded millions of Americans to the dangers which threaten the nation.

Under the heading "Ike's Blueprint," Ernest K. Lindley, for instance described in "Newsweek" what he conceived to be the President's ideas on economic planning:

"The Federal Government . . . has an obligation to maintain continuous expanding prosperity, using all sorts of mechanisms, if necessary, to prevent a recession as well as inflation. The fatalistic notion that periodic recessions are inevitable and must be put up with is obsolete except in the minds of Communists and a vanishing minority of out-moded orthodox economists."[4]

No politician, businessman or labor leader calls for out-right inflation. Officially, they are all opposed to inflation. They merely demand that the government use "all sorts of mechanisms" to "maintain continuous expanding prosperity."

In his "Economics," probably the most widely used economics textbook of today, Professor Paul Samuelson, tells his students that a price increase of "less than 3% per year" (according to the 1955 edition) or "of less than 5% per year" (according to the 1948 edition) "need not cause too great concern." Actually, an annual 2½% increase in consumer prices would reduce the value of a $10,000 life insurance policy to $4,213 over a period of 35 years—a more than 50% expropriation of the majority of the people within a generation.

The Expropriated

To say that the American people are not aware of the dangers of inflation does not mean that they are not affected by it. Contrary to Lord Keynes who spoke of the "euthanasia of the rentier,"[5] inflation is far from "painless." But it has a numbing effect during its early stages, which explains why more than 100 million Americans have not yet awakened to the fact that they are being deprived of their property by the present policies.

If one adds to the $400 billion of savings in the form of life insurance policies, owned by 103 million Americans, the $29½ billion savings deposits in the mutual savings banks, the $50 billion time deposits in commercial banks, the savings capital of savings and loans associations of about $35 billion, and some $57 billion invested in U. S. Savings Bonds, the total amount of savings in these five categories alone exceeds $570 billion. Since the dollar depreciated by 2.8% in 1956, the value of these savings declined by almost $16 billion, so that more than 80% of the $19 billion increase in personal income last year was in effect due to the expropriation of one segment of the population for the benefit of another!

Nor was this the full cost of inflation. Some 70 million Americans are compelled by law to entrust part of their current income to the Federal Government in return for a promise by the government to provide old age security. Yet for years the government has pursued a policy under which it pays back to the people only part of the purchase power which it takes from them at every payday. If a large private corporation were to follow such a policy, its officials would be charged with fraud. In the case of the government, however, we speak of "national planning" and "social security."

The Meaning of Inflation

One reason for the general apathy of the public is the fact that the term "inflation" lacks a definite meaning. To the general public "inflation" usually implies the symptoms of inflation, namely rising prices, so that there seems to be no inflation if the price index remains stable,—even though the "stability" may be due to a statistical coincidence.[6] In the language of the economist, on the other hand, inflation refers to the fiscal, monetary and general economic forces which produce higher prices. The mere fact that the thermometer is stuck at a pleasant 70 above zero does not mean that the outdoor temperature cannot continue to rise to a stifling 110. This is exactly what happened during the past four years, and the Republicans were victims of bad semantics, when they proclaimed during the election that they had conquered inflation.

The Credit Inflation of the Past Four Years

The 1939-52 inflation which carried the dollar from 100 cents in 1939 to 76 cents in 1946 and 52 cents at the end of 1952, was the result of huge Federal deficits caused by World War II and the Korean War. Federal Reserve and commercial bank holdings of government securities increased from $18.8 billion to $88 billion, resulting in a 250% increase in demand deposits in 13 years.

The inflationary forces of the past four years were of a different nature. State and local indebtedness, jumped from $30.1 billion in 1952, to $48 billion in 1955, so that the total public debt, as shown in

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3 I am indebted for this statement to Prof. David McCord Wright of McGill University who, during a two-year stay in England, was able to collect some yet unpublished material on the late Lord Keynes.

4 "Newsweek," June 18, 1956.

5 John Maynard Keynes: "The General Theory of Employment, Interest and Money," 1954 Ed. p. 376.

6 The stability of the consumer price index during 1953-55 was due to two causes: (1) a considerable increase in productivity which partly off-set the expansion of credit, and (2) a statistical coincidence. While industrial prices rose (especially rent, from 124.1 to 130.3), the rise was offset by a decline in food prices (from 112.8 to 110.9). Once farm prices were stabilized and began to recover (from 108.8 in February 1956 to 114.8 in July), the consumer price index promptly rose to new record levels.

Table I, increased by almost 11% within three years.

Table I

Total Public Debt*

(At the end of fiscal years—in billion dollars)

	June 1946	June 1952	June 1955
Federal	269.4	259.1	272.8
State	2.4	6.9	13.1
Local	13.6	23.2	34.9
Total	285.4	289.2	320.8

*Compiled by Tax Foundation.

Moreover, while the Gross National Product and Personal Income grew by not quite 20% during the past four years, consumer short and intermediate term credit increased by 49%,[7] automobile paper by 83%,[8] real estate loans by about 40%,[9] and total loans of commercial banks by almost 40%.[10]

The 1955 prosperity was financed by a 20% increase in the consumer debt, and the $21 billion rise in the 1956 GNP, due largely to the 22% increase in capital investments—by the sale of more than $8 billion of stocks and bonds (a 35% increase since 1954), and a 16% rise in bank loans.[11]

Since 1945, personal indebtedness has increased more than fivefold. It amounts now to about $130 billion compared with about $30 billion at the peak of the 1929 boom. In 1929, home mortgages and consumer credit equaled 29% of total personal income after taxes; today 46%. The trend is similar in industry. The indebtedness of the steel industry, for instance, has increased more than 200%, or by roughly a billion dollars, since the end of the war.

The Wage-Price Spiral

Carried by the wave of credit inflation of the past 15 years, wages have risen out of all proportion to increased productivity. According to the U. S. Bureau of Labor Statistics labor productivity in manufacturing has increased by about 40% since 1939, while wages tripled.

Table II, moreover, does not take into consideration fringe benefits, which amounted to $36 billion in 1955. In the case of 124 major companies fringe benefits increase from 12.9% of the payroll in 1947 to 20.4% in 1955.[12] Since 1950 alone, compensation to workers has increased by about 50%, while corporate profits after taxes are somewhat below the 1950 peak of $22.1 billion.

These wage increases were possible only because of the continued inflation. Yet most union leaders show little concern. Mr. Walter P. Reuther, for instance, told his United Auto Workers that in 1957 "we are going to win the highest economic wage concessions we have ever won," not through negotiations—"we cannot convince General Motors to part with its millions by pious platitudes"—but through a "crash-strike program." Mr. Reuther knows, of course, that wage increases in excess of productivity increases are paid not out of General Motors "millions" but by a further depreciation of the dollar.

In his State of the Union message, President Eisenhower urged "leaders in business and labor to think well on their responsibilities to the American people," to "avoid unnecessary price increases," and limit wage increases to increases in productivity. By an irony of coincidence, however, the President, when reading the message, skipped the statement, "Through the next four years, I shall continue to insist that the executive departments and agencies of government search out additional ways to save money and manpower. I urge that Congress be equally watchful in this matter." And nowhere in the message did the President make it clear that industry, labor and the consumer cannot drive up prices unless the government cooperates by expanding credit.

The government's responsibility to prevent inflationary price increases is particularly obvious in the case of public carriers and public utilities. Within a year the eastern railroads asked for freight rate increases totaling 30% to offset direct or indirect wage increases, and thus far the Interstate Commerce Commission has granted increases of 13%, which raise the cost of rail shipments by about 700 million a year, with the demand for another 15% hike still pending. The unions did not claim that increased productivity justified higher wages. They simply threatened to cripple the nation's transportation system unless their demands are granted, the railroads pressured the ICC for corresponding rate increases in the name of "national security," and the ICC disregarded the harm done to the economy as a whole by the repeated wage and rate hikes.

The wage-price spiral situation is the same in most industries. After agreeing to a three year contract, which will ultimately raise wages and fringe benefits by $1,000 a year, the steel industry in 1956 raised prices by a record $8.50 per ton—following upon a $7.35 hike in 1955—with additional price increases to come as wages are stepped up automatically in 1957 and 1958. According to Mr. David MacDonald, president of the United Steel Workers, the contract constituted a major contribution to the "people's capitalism," the "program of sharing the wealth of American industry."[13] Actually, as Mr. MacDonald knows perfectly well, his "peoples capitalism" is not based on "sharing the wealth of American industry," but upon inflation and the expropriation of a large segment of the American people. The nation's school boards are not going to raise salaries by $1,000 during the next three years. Nor will the salaries of nurses, and the pay of the armed forces increase by such an amount. The fatal consequences are becoming increasingly obvious. To restore the salaries of university professors to the 1935-59 "parity" would require an 80% salary boost.[14] Hence the lack of qualified faculty members at a time when the survival of western civilization depends to a large extent upon our ability to keep abreast of the technological, scientific, and social problems of our time.

7 $27,202 (Dec. 1952) to $40,631 million (Nov. 1956).

8 $7,899 (Dec. 1952) to $14,449 million (Nov. 1956).

9 $101.1 (Dec. 1952) to $141.1 billion (Sept. 1956).

10 $64,163 (Dec. 1952) to $89,580 million (Nov. 1956).

All data taken from the Federal Reserve "Bulletin."

11 Outstanding commercial, industrial and agricultural loans at Federal Reserve member banks in 94 leading cities rose from $26.7 to $31.1 billion during 1956.

12 Chamber of Commerce of the United States: "Fringe Benefits," 1956.

13 "The Wall Street Journal," Sept. 18, 1956.

14 Study prepared by the Urbana Chapter of the American Association of University Professors.

Table II

Wages and Prices, 1914-1956

Year	*Consumer Prices	Changes		Average hourly earnings in manufacturing	Changes	
1914	42.9			$0.223		
1919	74.0	1914-19	+72.5%	0.447	1914-19	+113.9%
1929	73.3	1919-29	— 0.9%	0.566	1919-29	+ 18.7%
1939	59.4	1929-39	—19.0%	0.633	1929-39	+ 11.8%
1945	76.9	1939-45	+29.4%	1.023	1939-45	+ 61.6%
1952	113.5	1945-52	+47.6%	1.67	1945-52	+ 63.2%
1956(Nov)	117.8	1952-56	+ 3.8%	2.03	1952-56	+ 20.5%

*Consumer price index: 1947-49=100. Price and wage data taken from the Bureau of Labor Statistics: "Monthly Labor Review."

Built-in Inflators

Even if the inflationary boom should slow down during the comings months, wages and prices will continue to rise for some time. About 500 recent wage agreements covering more than five million workers provide for automatic wage increases in 1957 of more than $700 million, irrespective of business conditions and increased efficiency. Some 3½ million workers, moreover, will receive cost-of-living increases as a result of the rise in consumer prices.

For a decade to come, American business will be faced with a potential labor shortage. The sharp population increase during the postwar years has resulted in a rising demand for goods without a corresponding increase in the labor force. The number of 5-9 year olds, for instance, is nearly 40% larger than it was five years ago. Until this age bracket reaches working age, there will be a tendency for wages to rise and to produce a state of chronic inflation.

Modern Republicanism

Under these circumstances, it is somewhat naive to hope that business and labor can stop the wage-price spiral merely in response to the President's plea. The responsibility for the future of the dollar cannot be shifted that easily. It rests upon the two political parties, and especially upon the Republicans, who, unfortunately, seem reluctant to assume this historical responsibility.

Since 1952, President Eisenhower and his party have moved to the left. The emphasis has shifted from a "balanced" to a "flexible" budget; from less government spending and lower taxes to "affirmative" welfare programs. In contrast to the 1954 campaign promises, the 1956 platform was almost completely silent about a reduction in government spending, even though non-defense spending has reached an all-time high.

It is a dangerous illusion, if Mr. Arthur Larson, the father of the "Modern Republicanism" slogan, calls the Eisenhower wing of the Republican party "an authentic American center" between the Republican conservatism of 1896 and the Democratic liberalism of 1936. There is little difference, as far as welfare state philosophy is concerned, between President Eisenhower's "Modern Republicanism" and President Roosevelt's "New Deal." "Modern Republicanism" means the gradual eclipse of the conservative element of the party; it may mean a policy of chronic inflation.

The turning point in the President's philosophy apparently coincided with the Republican defeat in 1954. The Message to Congress in January, 1955, no longer promised reduction of taxes, and instead spoke of "economic expansion" and an "annual national output of $500 billion in 10 years." In the New York "Times" of Jan. 9, 1955, Mr. Arthur Krock suggested that this shift to the left was merely a political move to outfox the Democrats by adopting their spending and welfare program, thus forcing them further to the left. But what might have been a tactical move in 1955 designed to bolster the position of the Republicans, seems to have become the official party philosophy in 1957. With his own overwhelming victory and the defeat of his party before him, President Eisenhower, explained "Modern Republicanism" as "a philosophy that recognizes the Federal Government's responsibility to lead in making certain that productivity is so distributed that no one suffers privation through any fault of his own." In the heyday of the New Deal, President Roosevelt could not have expressed the paternalistic welfare state philosophy more clearly. To be sure, the President also called for "a sound dollar," but he did not make it clear whether he would be willing to sacrifice any part of his extensive welfare program in order to protect the "pensions and other benefits for older people."

Spending Within Our Means

Inflation can be controlled only, if the two parties really wish to stop it. A 2% reduction in Federal, state, and local, business and consumer spending during 1957 would suffice to stop the inflationary spiral, while a 2% increase in national indebtedness will further, and possibly seriously weaken the dollar.

As Federal Reserve Board Chairman Martin attempted to explain to the Patman Committee: "We can have in a given period, just so many houses, automobiles, household appliances, schools, manufacturing plants, and myriad other things. Creating more money will not creat more goods. It can only intensify demands for the current supply of labor and materials. That is outright inflation."

During the war, the American people understood the logic of the "butter-or-guns" choice. The same alternative confronts America today, but both parties refuse to face this fact. If defense spending has to be increased by $2 billion, other spending, whether for cars, schools or farm aid, housing, roads or hospitals, must be curtailed, if more inflation is to be avoided.

Public Spending the Cause of Inflation

While the inflationary impetus in 1955 resulted largely from increased consumer spending, and the 1956 inflation from the sharp increase in capital investments, White House and Congress apparently refuse to recognize that in view of the tight money market a further sustained price advance is possible only to the extent that the government provides additional credit or pursues an inflationary fiscal policy.

While the Federal budget shows a small surplus, total public spending—Federal, state and local—continues to exceed revenues, even though tax receipts doubled during the postwar decade.[15]

Table III

Total Public Expenditures

(in billion dollars)

	1945-46	1951-52	1955-56
Federal	$60.9	$67.9	$72.6
State	6.2	13.3	20.0*
Local	7.0	15.0	21.6*
Total	$74.1	$96.2	$114.2

(*Estimated by Tax Foundation)

Nor is the end of the spending spree in sight. During the last election alone, the voters approved the gigantic sum of $2.7 billion of new state and local bond issues, including almost $250 million for direct and indirect bonuses for World War II and Korea Veterans—a politically expedient gesture, but clearly inflationary and thus detrimental to the welfare of the nation as a whole.

While the Federal Government has no direct control over state and local spending, as long as we think in terms of overall national planning, the Federal Government would have to cut expenditures enough to produce a $5-6 billion, instead of a $1.8 billion surplus, in order to offset the $5-6 billion deficits at the state and local level.

15 Total tax revenues increased from $49.0 to $99.8 billion between 1946 and 1956; Federal taxes rose from $37.9 to $72.2; state taxes from $5.9 to $14.6; and local taxes from $5.1 to about $13 billion. (The Tax Foundation: "Facts and Figures on Government Finance, 1956-57, p. 104.)

Increased Defense and Non-defense Spending

Almost 60% of total spending goes for "national security." The public does not know, whether a good deal of water could be squeezed from the defense budget or not, but one need not be familiar with the inside operations of defense and foreign aid spending, to know that if defense outlays are increased at a time of full employment, spending has to be reduced in other sectors of the economy. If the armed forces feel that in order to increase the rate of re-enlistments, some $2.3 billion must be spent in the next two years to house servicemen and their families—the average cost limit per house was increased in 1956 from $9,000 to $16,000—the construction of civilian homes, of schools, factories or hospitals will have to be reduced correspondingly to prevent a further rise in building cost. Yet, instead of curbing non-defense spending both parties are outdoing each other in promising to expand all sectors of the economy at the same time. Planned expenditures for labor and welfare alone are 42% larger than they were in 1953-54.

Inflation in the Building Industry

While the Federal Reserve has been trying to prevent a further expansion of credit, the Federal National Mortgage Association pumped more than $400 million into the economy last year "to ease credit," and Congress seems ready to give FNMA an additional $500 million, which will further increase the inflationary price rise in the building industry. Home construction declined 16% last year, yet building costs increased by more than 5%. According to the "U. S. News and World Report"[16], the cost of a medium-priced house has increased by more than 40% since the middle of 1950. A tremendous burden is thus placed upon the prospective homeowner by the inflationary credit policies of Congress. Yet, the President proposes to pump another $1.7 billion[17] of easy credit into the housing market.

The construction of almost 11 million dwellings since the end of the war has overcome the acute housing shortage, and if Mr. Joseph Haverstick of the National Association of Home Builders, complains that "housing has suffered seriously as a result of the policies of our money managers whose concern is limited by the niceties of economic formulae and the cold-blooded equation of money supply and money demand"[18], he suggests in effect that those who save and provide mortgage capital should be further expropriated through inflation. Since the end of the war, the number of non-farm dwellings in America has increased by more than a third, while the purchasing power of the dollar declined by about 35%, yet Mr. Haverstick demands that "America must pursue its housing policy with the same vigor it has been pursuing its money policy."[18]

Federal Aid for Schools

Another popular, and dangerous welfare scheme of the moment calls for vast amounts of Federal aid for schools, without regard to the need in each individual case nor the general effect upon the economy. School enrollment from

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16 "Is a Buyers' Strike Coming?"—*U. S. News and World Report*, Jan. 18, 1957.

17 According to the Budget, the Treasury is to buy another $100 million of FNMA preferred stock, which would enable the latter to sell $1 billion of debentures to the public. In addition, the President wants the Treasury to lend $700 to the FNMA.

18 "The Wall Street Journal," Sept. 12, 1956.

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Kindergarten to college increased from 35.4 to 39.4 billion between 1953 and 1956, and will continue to increase during the next decade, and since local tax resources are supposedly inadequate to pay for the needed building program, President Eisenhower proposes to spend during the next four years more than $2 billion of Federal funds.

Actually, local resources after proper adjustment of state laws, are adequate, with few exceptions, to provide school facilities for educating the young to become "scholars, gentlemen, and citizens." They are not adequate, however, in some instances, to provide at the same time for a vast variety of educational frills, such as professionalized sports, scantily dressed drum majors, expensively uniformed bands and elaborate "recreational" facilities, which absorb at least 20% of the nation's cost of "education." If local businessmen have the money to finance uniforms for high school bands, should they not be expected first of all to finance the necessary classroom facilities? Federal subsidies, whether for schools or anything else, are a most wasteful way of providing local facilities. As Mr. Alfred A. Driscoll, the former Governor of New Jersey, recently pointed out, "every time a dollar is granted to a city for slum clearance, some 22½ cents is consumed as the Federal overhead expense of making the dollar available. For low-cost housing the brokerage fee is estimated at 39.9 cents." A Federal dollar for school subsidies might buy 80 cents or 70 cents worth of classroom facilities, but it will certainly contribute to a further lowering of the value of the dollar.

Moreover, there is not merely a shortage of 120,000 classrooms, America is also short at present 180,000 teachers. Another 80,000 lack adequate training, and close to 100,000 are expected to drop out within the next 12 months. With the government adding to the inflationary pressure, no conscientious person can advise young men and women at this time to go into teaching, one of the least inflation-proof occupations.

The Farm Aid Program

The most costly—and the most irrational welfare scheme of them all is the farm aid program. The fiction of "parity" prices disregards the fundamental changes which have taken place in American agriculture. Due to mechanization and scientific farming an acre of land produces about twice as much wheat or corn as in 1914. Pigs are ready for marketing in half the time, chickens lay almost twice as many eggs, and cows give almost three time as much milk. Since 1939 alone, the "average" productivity of a farm worker has doubled. It has increased little on marginal farms but has tripled and quadrupled on the large mechanized ones. Moreover, about a third of today's farm population derives most or part of their income from other sources than farming. The concept of "parity" has thus become largely meaningless.

The basic problem of agriculture is not overproduction but rural overpopulation. 88% of all publicly marketed farm products are raised by about two million farm enterprises; another 10% by 1.6 million marginal farmers; while the remaining 700,000 submarginal farm families produce only 2%.[19]

Under the present system, most of the farm aid goes to the prosperous top 46% of the farm population, with subsidies running above a million dollars annually for some highly mechanized enterprises, while the 700,000 submarginal farmers benefit little. Neither Congress nor the Department of Agriculture know how many farms could operate profitably without subsidies, but Congress pigeonholed an attempt to limit subsidies to $25,000 per farm, and nothing in the present farm aid program will assist the 700,000 submarginal farmers to find a new existence.

Housing, school and farm subsidies are only three of the literally dozens of welfare projects hidden in the more than thousand pages of the budget which has grown so big that nobody has any clear idea how much waste it contains. Senator Douglas thinks that expenditures could be cut by $2 billion, Senator Byrd suggests a cut of $5 billion, and even the President admitted that "anybody that is examining (the budget) seriously ought to find some place where he might save another dollar," but he quickly shifted the responsibility for eliminating unnecessary spending to Congress: "It is their duty to do it."

The Role of the Federal Reserve

In the general whirl of welfare spending and inflationary psychosis, the position of the Federal Reserve is precarious. The Board of Governors obviously did not "cause" the increase in interest rates and the present "tight money" situation, as some politicians, labor leaders and even businessmen have charged. The shortage of funds is the result of nation-wide over-spending and undersaving. Total Federal Reserve credit amounted to $27,156 million at the end of 1956, compared with $25,825 million at the end of 1952. In the meantime, reserve requirements were reduced, adding another billion to excess reserves and thus to the lending capacity of the banking system. Within 17 months, between June 1955 and November 1956, loans of commercial banks rose by about 19% to $89,580 million. In addition, the velocity of bank deposits increased considerably, as shown in Table IV:

Table IV
Increase in Bank Deposit Turnover

Period	New York	6 Major Centers	337 Other Cities
1955-56	7.9%	6.2%	7.4%
1953-56	34.0	13.3	15.9
1948-56	71.4	34.3	31.9

Source: Federal Reserve Bulletin

In fact, if the Federal Reserve were free to pursue a wholly rational monetary policy, it could be criticized for not having taken more drastic steps to stop the wage-price spiral of the past 18 months. But the Federal Reserve is not free; it is subject to constant political pressure. "The hard money policy," according to the Democratic platform, for instance, was "a crusade against full prosperity" which "increased the debt burden of the depressed farms, settled heavier cost on small business . . . and swelled the inordinate profits of a few lenders of money." While the Republican platform endorsed "the present policy of freedom for the Federal Reserve System to combat inflation and deflation by wise fiscal policy," this official pre-election statement did not prevent the Vice-President and the Secretaries of Labor and Commerce from attacking the Board of Governors, when it tried to stem the inflationary tide in the spring and summer of 1956.

Nor did it prevent the President from appointing Dr. Raymond J. Saulnier as the new head of the Council of Economic Advisers, even though he made it clear that in his opinion "the tight money policy" of the Federal Reserve "has gone too far." No one denies Dr. Saulnier's qualifications as a first-rate economist, but the fact remains that the President has again chosen as his chief economic adviser a man who is not likely to take a strong stand in supporting the Federal Reserve in its anti-inflationary battle. "I am on the anti-inflationary side" Dr. Saulnier recently explained, "but I would be among the first to advocate an easier credit policy to counteract tendencies toward deflation." [20]

This is a dangerous attitude at the present stage of the business cycle. As the experience of the past few years has shown, an easy credit policy to counteract temporary deflationary tendencies is not "anti-deflationary," but in the long run inflationary, since the additional credit pumped into the economy to prevent a temporary slowing down of the boom is not withdrawn as the boom resumes its forward speed, and thus acts as additional inflationary fuel.

Dangers of a Temporary Recession

As long as the boom continues, mild credit controls will not meet with too much opposition. But should the boom slow down—at present a distinct possibility after two years of inflationary excesses—the pressure on the Federal Reserve to provide more credit will increase quickly. Yet, while the economy may suffer from temporary unemployment, the inflationary pressure will continue, and prices and wages may rise further. In such a situation, the full employment equilibrium is not restored by easing credit, but by permitting prices and wages to decline from their inflated levels. Dr. Saulnier's suggestion to counteract a "tendency toward deflation" "with an easier credit policy" would, in the long run, merely increase the chronic inflationary pressure.

In the Economic Report, too, one finds an ominous reference to "flexibility in fiscal policy . . . to counteract inflationary and deflationary tendencies." Since the prevailing fiscal policy is clearly not designed to counteract the present inflationary pressure, the remark seems to indicate that the administration is thinking in terms of renewed deficit spending to counteract a slowing down of the boom.

"As long as the people demand, and in my opinion deserve, the kind of services that the (1957-58) budget provides" the President declared in a press conference, "we have got to spend that kind of money." Yet, on the other hand, if business slows down "compensatory spending" is to be increased in accordance with the "flexible fiscal policy" doctrine. It is this type of policy—welfare spending to the limit during times of prosperity, and more compensatory spending during a recession—which Secretary Humphrey warned will lead to "a depression that will curl your hair,"—or to a chronic inflation that will wipe out the savings of the American people and gradually destroy the foundations of the American economy.

In his Economic Report, the President pointed to the continued inflationary dangers, but just as he shifted to Congress the responsibility for budgetary restraints, he charged business and labor with the task of maintaining "both a high level of economic activity and stable prices." Government fiscal policy alone, according to the President, cannot stop the inflationary trend, and as far as monetary controls are concerned, "moderate restraints would not be sufficient . . . yet stronger restraints . . . would court the risk of being excessively restrictive for the economy generally."

Thus, for all practical purposes, the President accepted as unavoidable that "the moderate upward drift of the price level may not yet have run its course,"—the same "drift" which in the past 18 years has resulted in the depreciation of the dollar by 50%, and the partial expropriation of more than 100 million Americans. No lasting prosperity can be built on such a philosophy.

[19] Committee for Economic Development: "Economic Policy for American Agriculture," January 1956, p. 11.

[20] "The Wall Street Journal," Nov. 29, 1956.

Continued from first page

Banking in a High Level Economy

ing completely subjected to control by the government. These individuals have had a taste of power in the past and would return to it in the future with even greater vigor. Theirs is the belief that freedom and economic stability are incompatible. They wait on the one hand for unemployment and depression to appear, and on the other they scan the horizon for the clouds of inflation. In either event if they have their way, business and banking are to be made the scapegoats and government is to take over complete direction of both. It is the job of commerce, industry and finance—all three—to see that this never happens. To assure its prevention calls for all the care, foresight and statesmanlike planning that we can muster.

Bank credit and its proper and effective use stands at the very center of our problem. Today and ever since the Federal Reserve System regained its independence in 1951, our economy has been operating under a flexible monetary policy—a policy which permits interest rates and the availability of funds to vary in response to changes in the pressure on banks and the money markets. Monetary policy has become the economic governor that helps to set an over-all limit on the pace of our expansion. Fortunately, it is a governor that responds automatically to the actions of individuals and the business community, and is not imposed arbitrarily by some higher authority. One of the great merits of monetary controls is that they remain compatible with individual freedom.

Loans at a High Level

As you know, the money markets over the past two years have operated under a growing pressure. Money has become increasingly tight—not primarily because of action by the Federal Reserve, but because the demand for funds has been so very great. Aggregate bank loans in this period have increased by $21 billion, or almost 30%. Interest rates have risen substantially, and prices of bonds and other fixed interest bearing obligations have fallen. The demand for credit has indeed been so pressing that in order to provide it banks have sold no less than $11 billion in securities—a good proportion of these at a loss. Today as a result many banks have loans equal to 60% or more of deposits, and they have moved to a point where some might feel reluctant to reduce portfolios of government bonds any further.

I think you will agree with me that with our economy operating at a peak level and under full employment, it would have been folly to have seen credit stretched any further. To have done so would not have increased production, but would only have added to the bidding for labor and acted to increase inflationary pressures. Yet this is one of the very dangers which you and I must constantly guard against if we are to help preserve our free society.

The task of restricting credit in a high level economy, of determining which groups, which industries and which ventures are to gain essential lifeblood for growth, is indeed a delicate one, calling for statesmanship of the highest order. The objective of all of us in the end, both borrowers and lenders, is a balanced growth — a growth in which all parts of our economy expand in harmony, and no part moves forward so rapidly that it badly outruns its market. I think it might be helpful if we look at the record over the past two years in the light of this objective—to see wherein lay the plusses and where we may have encountered some minuses.

Rising Credit Demand

The major increase in credit in the past two years, of course, has gone to business. This is not surprising, since the principal function of commercial banks always has been to give assistance to commerce and industry. It has been interesting to me to observe over the years, however, how this assistance has gradually been changing. Three decades ago when I first traveled around the country, the biggest job of the banks was to help meet working capital needs, much of them seasonal in nature. Today these seasonal requirements have become much smaller, and new demands have arisen to take their place—chiefly funds needed for industrial expansion.

As an example, Memphis, Tenn., 30 years ago was typical of many cities across the country. Memphis at that time was primarily a distribution center, with large wholesalers, whose representatives traveled the surrounding countryside selling goods to the retailers. A substantial part of this business was handled on credit. The wholesalers borrowed from the banks to carry the retailers and the retailers carried their customers in turn. Once the crops were harvested, debts were paid all along the line. But by that time the yearly cycle required commodity merchants and processors to borrow in order to carry the grain and cotton. Today all this is changed. The Government through the Commodity Credit Corporation largely carries the harvested crops, and in any event the farmers' buying power now is much less important in relation to the total income of our people. Memphis is no longer chiefly a distribution center. It has become a substantial industrial city with much local industry as well as plants of large national corporations. Bank loans are no longer primarily seasonal; nor are they made solely for working capital. Industry in Memphis and in hundreds of other cities across the country has been modernizing and expanding, and this growth has only been possible because of help received from the banks.

Actually, when you look at credit demands in the past year, this new pattern shows up very clearly. One of the major factors in borrowing last year was the huge capital expansion undertaken by industry. I don't need to relate the details of this to you—of the great burst in spending for new plants and for the introduction of new products and new ways of doing things. Traditionally our industries have relied largely on internal sources—on depreciation and retained earnings—to finance such capital outlays. But for several years now, capital spending has outrun the internal cash flow, and business has been required to borrow on a long-term basis. Last year the aggregate funds required for expansion and modernization from all outside sources, including commercial banks, rose to a record $5 billion.

This in itself might not have been too difficult for the banks and capital markets to handle. However, a great many companies found themselves facing a substantial increase in working capital needs at the very same time plant and equipment outlays were expanding. It hasn't been widely recognized that working capital needs increased by almost $12 billion last year, and that this development was even more significant than the growth of plant and equipment in bringing about the very heavy borrowing of 1956.

It is interesting to look at bit more carefully at this record increase in working capital needs. A little more than half of the rise represented heavier investment in inventories—due partly, as you know, to higher prices. But the remainder, or close to $5½ billion, showed up in net receivables and represented in effect a futher extension in trade credit. Both of these trends will bear watching in 1957.

Inventories and Receivables

There are already signs that inventories are being brought under somewhat tighter control in a number of industries. This is one of the principal factors that has caused some slowdown in business for certain lines. But the picture on receivables is something else again. As you know, one of the characteristics of the mature stage of a business boom is for collections to slow down. Very often it is difficult to pinpoint the exact reason for this. Thus in recent months the excuse has been offered that a slowdown in payments by some companies has been one way of increasing volume with less borrowing. The wholesaler, retailer or even the manufacturer looks to his supplier for credit. One large company has found that its collection period has increased on the average by only two days. As a result, it has been forced to increase its own borrowing by $10 million. This is all well and good, providing that credit standards are not sacrificed in the process. There is always the danger, however, that some companies will tend to slow down the payment of their accounts after banks have told them they already have borrowed as much as their financial condition warrants.

There are those who claim that too much of the credit used by business in 1956 came from banks —that more of it should have been obtained from the capital markets. These critics have in mind particularly loans that were used for fixed capital purposes—that is, for financing plant and equipment. We don't know how large the volume of such bank loans was in 1956, although it undoubtedly was greater than in any previous year. Yet before passing judgment on such lending, it seems to me we would do well to recognize the unique character of the times in which we live. It is a period marked by unusual technical progress and change with great opportunities for investment and growth. We can't spend over $6 billion on research, as will be done this year, without coming up with a vast number of new products and new ways of doing things. I myself never cease to marvel at the range of opportunities that are unfolded before us at our own bank. There are the new rare metals, the electronic devices, and the radical weapons of defense. Even time-honored consumer items are undergoing change. Recently I visited the plant of one of our customers who manufactures blankets. In days gone by they stressed the fact that their blankets were 100% wool. Actually there isn't any wool in the blankets they make today. They were all produced with man-made fibres — lighter, warmer, and more easily washable. And so it goes with company after company and industry after industry.

Bank credit has a vital part to play in this process of growth and change, and loans which can be liquidated over a period of three to seven years now play a unique role in helping to finance economic growth. Banks are the main institutions that can supply such credits, since both insurance companies and the investment market are interested in longer maturities. Moreover, banks have shown a great deal of ingenuity in tailoring the terms of such loans to meet the special needs of particular industries — equipment loans geared to depreciation, oil production loans, and a host of others.

Medium Term Loans

It is not too much to say that without such credits from banks, many companies which do not have ready access to the investment market would labor under an almost impossible handicap. This is the case particularly for smaller business. The whole picture might be different if taxes were lower, and more funds could be generated internally. Unhappily, however, I am afraid that we cannot count on any tax reduction that amounts to much in the foreseeable future. So it seems vitally important that banks stay in the business of medium term lending. If they do not, or if they fail to do an outstanding job, we know well and good that the advocates of big government will make every effort to take over.

They once had a big hand in it with the RFC, ad now the Small Business Administration is growing increasingly active in the field —completely unnecessarily so in my judgment.

Even so, both banks and the business community have a very large responsibility in this matter of term loans, especially in times like the present. Again it is a question of not overdoing it—of care and wisdom in planning, and not building too far ahead of your market. Term loans should be held whenever possible to a maximum range of 5 to 7 years; and they should be reserved in times like the present for use in the improvement or expansion of production facilities — facilities that will increase output and help combat inflation.

Future Interest Rate Pattern

Before leaving this matter of business credit, I want to say a few words about interest rates. As you know, the very strong demand for funds has acted to push rates upward and payments of 4 to 5% by highly qualified borrowers are now typical, as against a level of 2 to 3% some six years ago. Indeed, the whole pattern of interest rates has been raised — from short-term U. S. Government obligations to the longest of mortgages.

We need to view this new level of rates with some perspective. There is no question but that the interest rates which prevailed in the 'Forties were artificially low. They were not established in a market that was permitted to operate in relative freedom. They were influenced and even established by government fiat — by action which carried forward a depression level of rates into the controlled economy of war, and then held on to it afterwards.

When you look at present rates, you must not forget that they now represent a level that has been reached under fairly heavy pressure. But actually the level is not high historically. Rates of 4 to 6% or more were counted as par in this country prior to the 'Thirties. Even today, an interest rate of 4% on bank loans is one of the lowest in the world. The equivalent rate for bank accommodation in Canada and Britain is 5½%; in France it is 7%; and in countries like Brazil, Argentina and Mexico, the rate ranges from 8% to 12% or more.

Doubts Return to 2% Rate

If we are to have a flexible monetary policy, we must, of course, expect interest rates to vary over the passage of time with significant changes in the demand for funds. I therefore do not think that there is any particular magic to the current level of 4%. It can move higher, or it can move lower. Yet if we are thinking of a range, or a broad level of interest rates, I believe it would be a serious mistake to assume that we are likely to return once again to the 2%-3% range that prevailed even as recently as 1950.

Actually, to return to such a range, in my judgment, would require a fairly major setback in our economy. This I am happy to say I quite frankly do not see. On the contrary, there are good and valid reasons why the demand for funds should remain relatively strong over the foreseeable future. The great technological advances now under way, our growing population, and not the least, the constant tendency for wages to move higher—all act to stimulate expansion and modernization of our production facilities. Never in history have our insurance companies and savings banks made forward commitments so far ahead—some into the 1960's. Then again, a return to a 2% rate for banks would be completely unsound economically. Banks have experienced rising costs, just as commerce and industry have. No bank could afford to take many risks at 2%—their earnings picture couldn't support it. A healthy banking system that can afford to make some risk loans requires an interest range higher than the depression level of the 'Forties, and fortunately it looks as though we shall continue to have it.

I cannot leave you today without saying a word or two about another form of credit—consumer credit. Banks play a major role in this field, too, as about one-sixth of total bank loans are made directly to consumers. You will recall that in 1955 consumers fell in love with the multicolored models of the auto industry, and we had quite a huge outpouring of credit. In one year, consumers increased their debt by no less than 20%, and in doing so I am afraid that the automobile industry was encouraged to produce at a rate that could not be sustained indefinitely.

Consumer Credit is Righting Itself

I am often asked whether I think consumer debt is too high. To someone who grew up in Central Illinois, where freedom from debt was a chief virtue, this is not an easy question to answer. Certainly we must all recognize that consumer credit is an essential ingredient in the American way of life. We could not have created the mass markets for cars and for refrigerators, and now for dishwashers and the modern kitchens, if we did not have it. Our economists tell me that consumer debt is not too high, and they produce all sorts of ratios to income, supernumerary income and other complicated measures to prove it. Yet I must confess to a feeling of some disturbance as I survey the trends. After all, consumer credit has grown from a level of $5½ billion in 1945 to $41 billion today —certainly a huge advance. Again it boils down to a question of balance.

I think the *rate* at which consumer credit grew over the decade to 1956 was more rapid than will be healthy in the future, and that we must adjust ourselves to a slower growth in the period ahead. Moreover, this rapid rate was achieved by an easing of terms which should not be carried any further. Ten years ago, new automobile paper was seldom written for more than 24 months, and a down payment of one-third was the standard. In 1955 a maturity of 36 months was not uncommon, with down payments ranging as low as 20%, often depending on the complicated process of bargaining over dealers' margins and trade-ins.

Fortunately there are signs that this tendency to over-extend consumer credit is beginning to right itself. The advance in the past year has been much less rapid, amounting to no more than half the rate of 1955. Down payments have been stabilized, and maturities are no longer lengthening. I think it is significant, too, that this return to a more healthy state is being accomplished voluntarily by both lenders and borrowers. It has always been interesting to me that the loss experience on consumer loans has been consistently low. This was true even in the depths of the depression, when we experienced widespread unemployment. The average American is a surprisingly good manager of his own affairs. He is honest; he knows the importance of a good credit standing; and he has a sense of when he is getting in too deep over his head. With these virtues and sound policies on the part of lenders, talk of government control over consumer credit makes no sense whatsoever to me.

The consumer has not only begun to hold his debt in somewhat better check; he also has started to save more. Last year savings by individuals finally rose to a postwar peak of $21 billion, and present indications are that this figure ought to be matched or exceeded in 1957. This of course is tremendously encouraging, and I like to think that the nation's commercial banks have played an important role in the process. For the huge demand for loans has induced many banks to seek more savings for the public. They are doing so first of all through payment of higher interest on savings accounts. But in addition to this, a number of banks have changed the emphasis in their advertising to concentrate more heavily on the need and desirability for increased savings. Our own institution has done this, and of course to be consistent we have cut back on advertising directed to personal loans.

Banks Need More Savings

I do not think there is any doubt but that banks must gain more savings if they are to meet the full credit needs of business in the years ahead. Actually banks have not gained their fair share of savings in recent years, and it shows up in the record of growth.

The use of the interest rate to increase savings reflects one final aspect of a tight money market. Today all segments of the financial markets have moved into extremely close competition—a competition where the free play of supply and demand in the market place is a primary determinant of where funds might be most effectively used. Business, home builders, individuals and government—all are competing freely for funds in the various markets. Again I think you will agree with me that this is as it should be. This past year the business need has been so strong that it has attracted some funds away from home building. Insurance companies have placed more funds in corporate securities; even savings banks have been attracted into strange new fields. A savings bank in New York, for example, is now making ship loans—government guaranteed loans on tankers that are chartered for years ahead by major oil companes.

Maximum Credit Freedom

This freedom of the markets to allocate investment funds is a natural accompaniment of the broad and general type of credit controls pursued by the Federal Reserve. There are those who object to it—who favor selective controls which would be imposed on only certain types of credit and have the effect of favoring other types. Certainly this would be a positive step toward a managed economy, and one to be avoided at all costs in my judgment. What we need and want is the maximum freedom possible under a flexible monetary policy. If we require any proof of the importance of freedom, we have only to look at the postwar experience of Western Europe. It is no accident that the countries whose economy and living standards have moved ahead most rapidly in Europe were the ones that permitted banks freedom of choice in lending. In the countries where the central bank dictated the lending policies of private banks, manufacturers were greatly handicapped in their production.

No, if we are to have any controls whatsoever, let them be directed to influencing the economic weather, and not rationing the raindrops. It is the great merit of our present monetary policies that they are aimed at doing just that—at influencing the economic weather. So far the skies have been sunny and blue, and the weather has been favorable to growth. Commerce, industry and finance have all done their part to help make it so. But none of us can relax for a moment in his efforts to maintain such a condition. If we do, those who would foster big Government and statism are standing by for an opportunity to manage things.

It is a very thin line we must walk—the line between over-expansion and under-expansion, or between inflation and unemployment. And it is a line we must walk independently, relying solely on our own best efforts. Neither business nor the banks can run to Washington for help at the first sign of any tough going. We must continually stand on our own feet, without any crutches from Government, if we are to prevail against statism. Again let me say it will take all the poise, understanding and statesmanship we can muster to hold to such a course. But hold it we must.

Joins American Secs.

(Special to The Financial Chronicle)

GREELEY, Colo.—Mrs. Helen H. Lake has joined the staff of American Securities Company, 1515 Eighth Avenue.

With Courts & Co.

(Special to The Financial Chronicle)

ATLANTA, Ga.—Lee M. Clarkson, Jr. is now connected with Courts & Co., 11 Marietta Street, Northwest, members of the New York Stock Exchange.

With Merrill Lynch

(Special to The Financial Chronicle)

MACON, Ga.—Arthur J. Kelly is now with Merrill Lynch, Pierce, Fenner & Beane, Dempsey Hotel

R. J. Steichen Adds

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — John M. Bolstad, Jr. is now with R. J. Steichen & Co., Roanoke Building.

Paul Kent Opens

(Special to The Financial Chronicle)

ROCKFORD, Ill.—Paul Kent is engaging in a securities business from offices at 2112 Grace Street. He was formerly with Conrads & Co.

Herbert R. Bloch

Herbert R. Bloch, partner in Benj. D. Bartlett & Co. passed away March 20.

Public Utility Securities

By OWEN ELY

Southern Company South Carolina Electric & Gas

Southern Company and South Carolina Electric & Gas are similar utility stocks except for the great disparity in size—they compare as follows:

	Southern Company	So. Carolina Electric & Gas
Annual Revenues (mill.)	$227	$43
Recent Price	21¼	20½
Dividend	$1.10	$1.10
Yield	5.18%	5.37%
1956 Earnings	$1.53	$1.51
Price-Earnings Ratio	13.09	13.06
Approx. Equity Ratio	35%	33%
Approximate Book Value	$15	$15

Both companies have been selling common stock recently. Southern Company is offering about $30 million common stock on a 1-for-13 basis at 20, with rights expiring April 4. South Carolina E. & G. on Feb. 12 offered 336,000 shares to stockholders on a 1-for-10 basis at $18.25 and the rights expired March 12.

The historical record of the two stocks shows greater irregularity of share earnings and price range for South Carolina in the earlier years of the postwar decade, due mainly to severe difficulties with hydro power in these years. The company was committed by contract to supply substantial power to two other utilities, and in drought years this was a considerable handicap since it required using obsolete steam plants or the purchase of expensive power. Due to the sharp fluctuations of earnings South Carolina E. & G. sold as low as 5¾ in 1947-48. Share earnings rose from 74¢ in 1947 to $1.33 in 1948 and $1.36 in 1949, but were almost cut in half in 1950 and dropped further in 1951 to 52¢. From that point on, however, with the addition of substantial steam generating capacity and with rapid growth in the area, recovery in earning power was steady and rapid. Southern's share earnings record was less erratic, though that company also suffered moderately from low water in 1950-51, with earnings gaining consistently after the latter year.

On the other hand, South Carolina E. & G.'s growth has been somewhat more rapid than that of Southern Company. Starting with 1948 when South Carolina acquired South Carolina Power, the comparison is as follows:

Increase in Revs.	Southern Company	So. Carolina Elec. & Gas
1956 over 1948	97%	124%
1956 over 1952	39	58
1956 over 1955	9	13

Southern Company is the largest of several southern holding companies. It serves a population of over 6,300,000 in the deep South—Alabama, Georgia, Mississippi and northern Florida. Industries in the area include steel, paper, coal, chemicals, lumber, glass products, food processing, metal and machinery. Agriculture is well diversified, including the raising of cotton, yarn, corn, fruit, livestock and tungnuts, the oil of which is used in paints and lacquers.

Southern Company's electric revenues, which approximate 99% of total gross (there being a small amount of heating and transit revenue) are about 35% residential, 26% commercial, 29% industrial, and 10% miscellaneous. The average residential revenue per kwh is extremely low—2.09¢ compared with a U. S. average of 2.60¢. Average use per residential customer in 1956 was 3,242 kwh, compared with the U. S. average of 2,956.

Southern Company expects continued rapid growth in its area and is spending $140 million on construction this year; it has recently taken over a subsidiary of Florida Power Corp., Georgia Power & Light at a cost of about $19 million, including assumed debt. The prospectus dated March 13 points out that important developments in the petrochemical field are taking place in northwest Florida. The largest integrated nylon yarn manufacturing plant in the world is located in this area, and other plants have been recently completed or are under construction for the production of nitrogen fertilizer, polyvinyl chloride, methanol, fine chemicals, acrylic fiber and zirconium. Industrialization of the Mississippi Gulf Coast is also proceeding rapidly, as is the Mobile area in Alabama. The development of oil and gas in Mississippi and Alabama is gaining headway. The large naval and air force bases in northwest Florida now have an annual payroll of over $125 million.

South Carolina Electric & Gas supplies electricity to a population of 700,000 in Charleston, Columbia and 405 other communities in the central, southern and southwestern sections of the State. It also furnishes natural gas to 28,600 customers. More important industries are manufacturing cotton, ice, clay and concrete pipe and brick, fertilizer and metal alloy; cottonseed oil production, stone quarrying, flour and lumber milling, clay and sand mining, tobacco processing, wood preserving and shipping. The Atomic Energy Commission is an important electric customer of South Carolina E. & G., through the Savannah River Project operated by du Pont. Gulf Oil expects to build a new big refinery in the area which should take considerable power.

Revenues are about 86% electric, 10% gas and 4% coach transportation. Gas revenues have doubled in four years. There were some 3,000 new gas-heating customers last year and similar expansion is expected in 1957; there is said to be a future potential of about 20,000 house-heating customers.

Despite recent issuance of additional stock, 1957 earnings are estimated at about $1.57, compared with $1.51 for 1956.

Join J. A. Overton

(Special to THE FINANCIAL CHRONICLE)

CORONADO, Calif.—Charles H. Keyser and Charles F. Marchall have become affiliated with J. A. Overton & Co., 1134 Orange Ave.

Continued from page 14

Industrial Diversification: Good or Bad for America?

cyclical influences, or product obsolescence, or promises accelerated growth, the resulting predictability of earnings most assuredly will improve a company's credit.

Increased profitability and stronger credit generate funds for research and development, and this may well be diversification's most important long-term benefit. It is research and development money that makes possible the new products that are the basis of an expanding economy.

According to the Small Business Administration, industry expenditures for organized research in the nine post-World War II years — a period of maximum diversification — totaled 49 billion dollars. That is twice as much as was spent for research in all the preceding years of our country's history.

Internal diversification can and does put idle facilities to work and build employment. This has not been stressed recently, perhaps because we have been so prosperous that most facilities and people are busy. But whenever work is created or found for an idle man or machine or both, every element in the country benefits.

I should like to touch very briefly on a non-monetary effect of diversification. It seems to produce less autocratic and more objective management thinking. The task of running a diversified business is just too complicated for any one man and any one set of prejudices. More and more, scientific management methods are being adopted, and authority is being delegated. At ACF, each of our seven product divisions is basically autonomous under its own president.

The new president of our Nuclear Energy Products division, Dr. Marshall G. Holloway, who for 12 years was a resident of Los Alamos and a distinguished pioneer in nuclear energy development, is directly responsible for the operation and performance of his division.

I am convinced that diversification promises a basis for greater managerial efficiency and for development of the reservoir of executive talent for which the need continues to increase with the growing complexity of industrial operation.

Those are the "goods" of diversification for business as I see them. What of the "bads"?

Drawbacks

The over-riding one is the prospect of failure, and this constitutes a real and ever-present danger. The only survey of the subject I have seen reports that less than 20% of new products marketed since the end of World War II have been successful. This does not mean, of course, that four out of every five new products marketed by established manufacturers as a result of diversification are doomed to failure. Many if not most of the items were ill-conceived, single-shot efforts of inexperienced or marginal producers. But no matter how you modify it, an 80% rate of failure certainly is a warning signal.

Diversification by product multiplication therefore is by no means an unmixed blessing for business. The mere desire to diversify is not enough. To be successful, it must be based on careful analysis, intelligent planning, and continuous control. And even then, there is no insurance against failure.

Now let us consider a topic that is the particular domain of Chambers of Commerce: a community in which a new plant of a diversifying company **might** locate.

Why do diversified businesses so often seek new locations? The answer is related, I believe, to a profound and exciting sociological development of which Albuquerque is a prime example. I refer to the current phenomenal growth of inland cities and smaller communities.

The centers of population are shifting dramatically today. You know about Albuquerque. Let us look quickly at some sister communities. The population of the United States has increased 12% since 1950. But in this short period the population of Wichita has increased 34% . . . of Denver, 31% . . . of Salt Lake City, 21% . . . of Phoenix, 45%.

Or consider banking activities, generally accepted as a reliable index of community life. The national figure, again since 1950, is a 6.9% increase. But the increase for Phoenix is 19.4% . . . for Denver, 9.1% . . . for Des Moines, 8.1% . . . for Indianapolis, 10.3%.

Albuquerque, Wichita, Denver, Salt Lake City, Phoenix, Des Moines, Indianapolis — all are without exception inland cities. Their growth has been at the expense of the great seaports. New York's population is up a minuscule 2%. Philadelphia has grown less than the national average. Banking activity in Boston is **less** than it was seven years ago.

The reasons for this shift are both technological and sociological. In no particular order, the major ones are: air transportation . . . communications . . . new types of fuel and sources of power, and wider distribution of both . . . increased in-plant training, which reduces the need for native skills in the local labor supply . . . the government's insistence on industrial dispersal . . . over-congestion of the great port cities . . . intelligent self-promotion of the type practiced by New Mexico in general and Albuquerque in particular.

Requires Change

The principal effect on business is a new geographic flexibility. Management today has a far wider choice of acceptable plant cites than existed 15 years ago. And the managements of diversified businesses have assumed the lead in taking advantage of these opportunities.

The reason for this can be found, I think, in a point of view. What kind of man — what kind of mind — is most apt to respond to the new? The person most likely to accept the challenge of change is in my opinion the one who has been thinking in terms of change. Whatever else may be said about diversification, no one will deny that it involves change. Diversified business tends to locate in the newer and more exciting industrial centers because the managers of diversified businesses are willing to try the new and different.

My conclusion concerning the impact of diversification on ambitious and growing communities which seek additional industry can be localized. Your best prospects for additional plants in Albuquerque are companies which are diversified or diversifying. Their managements will listen to your arguments with a receptive mind.

That leaves employees.

I could labor the point that successful diversification adds to the income from which higher wages and other benefits must be paid, but I prefer to concentrate on a special point.

Diversification, because it is expansive, creates jobs. I do not subscribe to the idea that automation is a bugaboo that will result in unemployment. Quite to the contrary I believe that unless there is a considerable acceleration of automation to increase the productivity of the worker, we will find in a few years from now that there is not enough labor in the country to meet the productive needs of our expanding economy.

We know that there is too much to be done. Recently, the General Electric Company advertised that new products have created 45,000 GE jobs since World War II. One out of every five people working there owes his position to products the company did not make before 1945.

It is obvious that successful diversification contains many elements of "good" for the nation. Certainly, more jobs, more plentiful commodities and services, more scientifically run businesses, fewer idle facilities and personnel, higher profits and dividends and wider community industrialization are developments to be desired and encouraged.

The effect of unsuccessful diversification is more difficult to assess. There can be no question that an unsuccessful venture produces dislocation—of capital and management skills as well as of community living and labor.

But I do not think we have to worry much about failure. Failure is an element of our competitive system and will be with us as long as one man can do a better job than another. But as long as men have new ideas and are willing to back them with money and energy we are going to have progress.

Helps Small Business and Competition

There remain two popular arguments **against** diversification that should be discussed.

Critics have said that diversification by the larger companies will destroy small business. I am unpersuaded. It certainly has not happened yet. According to a Dun and Bradstreet sampling, new business incorporations last year set an all-time high.

And it will not happen, in my view, because we see on every hand that big business is a steadily growing customer of the smaller firms. Who is going to make the components of the new products? Who is actually going to fabricate the thousands of new products that accelerated research and development bring out of the laboratories?

General Electric reports that it buys from 40,000 suppliers, most of them small, and that an additional 400,000 small companies gain all or part of their income from selling, installing or servicing its products. Our economy is just too needful — too busy, if you will — to permit any useful facility to go begging for lack of work for any extended period.

A second, and a related criticism of diversification is that it tends to create monopoly. Again, I feel that the precise opposite is true. Monopoly is characterized by lack of or limitations on competition. It is obvious that diversification **intensifies** competition.

I doubt very much that the Worthington Pump Company and Radio Corporation of America had more than a speaking acquaintance with each other even as recently as 1950. Today, as results of planned diversification, both market air conditioners. Today, Worthington Pump and RCA are competitors — and of Fedders, Philco Amana, Servel and York as well as each other.

Or we might take, as an example, the aluminum industry. Reynolds Metals, after specializing for many years in the manufacture of foil, and the Kaiser Steel interests, both with the help of the United States Government, became formidable competitors of Alcoa. Certainly this is a case in which diversification did not engender monopoly.

Diversification extends competition in the healthiest possible way for a free economy: The giants of industry are brought into competition with each other. I can imagine nothing as preventative of monopoly as that. The monopoly argument falls flat unless you believe that General Motors and General Electric and Worthington Pump and RCA—not to mention U. S. Steel and DuPont—can be driven out of business by competition. Personally, I do not believe it.

Denver & Rio Grande Western RR. Equipment Trust Ctfs. Offered

Halsey, Stuart & Co. Inc. and associates are offering today (March 28) $4,800,000 of Denver & Rio Grande Western RR. 3¾% equipment trust certificates, maturing semi-annually Nov. 1, 1957 to May 1, 1972, inclusive.

The certificates are priced to yield from 3.50% to 3.75%, 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 10 Diesel electric road switching locomotives; 200 box cars and 250 hopper cars, estimated to cost an aggregate of not less than $6,400,000.

Associates in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter & Co.; Freeman & Co.; Wm. E. Pollock & Co., Inc.; Shearson, Hammill & Co.; McMaster Hutchinson & Co.; Peters, Writer & Christensen Inc.; and Suplee, Yeatman, Mosley Co. Inc.

With Babbage Firm

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky.—Harry W. Cooke has joined the staff of Babbage & Kessinger, Security Trust Building.

With Security & Bond Co.

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky. — Harold S. Sharp is with Security & Bond Company, Mill and Short Streets.

James O'Donnell

(Special to THE FINANCIAL CHRONICLE)

James O'Donnell passed away March 24. Mr. O'Donnell, a member of the Security Traders Association of New York, was a partner in the former firm of McGinnis & Co.

With Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John R. Grossman is now with Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Courts Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—James B. Riley has been added to the staff of Courts & Co., 11 Marietta Street, N. W., members of the New York Stock Exchange.

With C. J. Nephler

(Special to THE FINANCIAL CHRONICLE)

PONTIAC, Mich. — Richard H. De Witt is now connected with C. J. Nephler Co., Community National Bank Building.

Henry, Franc Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Samuel P. Glassman is now with Henry, Franc & Co., 308 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Continued from page 5

The State of Trade and Industry

Truck makers were heartened by settlement of the Eaton Manufacturing Co.'s axle plant strike in Cleveland the week before. Full production was scheduled to be resumed Monday at Chevrolet's Willow Run truck plant and International Harvester's heavy-duty truck plant at Ft. Wayne, Ind.

Steel Production This Week Expected To Fall 1½ Points To 92% of Capacity

Steel prices will rise $5 to $6 a net ton at mid-year when steelworkers get a wage increase guaranteed under their three-year labor contract states "Steel" magazine the current week.

It added that buying to beat the price rise will bring an upturn in steelworks operations in May and June. Before that, the operating rate may continue to ease off.

The increase will be made through an upward revision of base prices, the same way prices were raised at the start of the contract last August when common forms of carbon steel went up an average of $8.50 a ton.

While employment cost increases this year will be about as much as last year's, producers will not pass them along in full. Demand for steel is lighter and the steel industry feels a responsibility to help restrain inflation.

Steel producers began adjusting price extras, charges for specific qualities, sizes and packaging, last December to help cover material and transportation cost increases stemming from last summer's round of wage hikes. Such advances have continued and now average about half as much as last August's increases, with some exceptions.

The publication said that steel inventories in most plants are fairly low for the high rate of consumption. Since the steelworkers' strike last summer, most metalworking plants have been aiming at a reduction in steel inventories. A good many users have their inventories down as far as is safe for current operating rates.

Signs are appearing that steel inventory reductions are tapering. In some areas, the demand for steel products is no longer declining, while in others, it is picking up slightly, continues this trade weekly.

Building of stocks before mid-year will repeat the pattern of several recent years. Users have stockpiled steel before mid-year as a hedge against the possibility of a steelworkers' strike and a steel price increase. The contract eliminates the threat of an industry-wide strike, but it assures that steel prices will rise, concludes "Steel."

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 an average of 92% of capacity for the week beginning March 25, 1957, equivalent to 2,354,000 tons of ingot and steel for castings, as compared with 93.5% of capacity, and 2,392,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1957 is based on annual capacity of 133,459,150 tons as of Jan. 1, 1957.

For the like week a month ago the rate was 96% and production 2,456,000 tons. A year ago the actual weekly production was placed at 2,452,000 tons or 99.6%. The operating rate is not comparable because capacity is higher than capacity in 1956. The percentage figures for 1956 are based on an annual capacity of 128,363,090 tons as of Jan. 1, 1956.

Electric Output Pointed Higher In Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 23, 1957, was estimated at 11,723,000,000 kwh., according to the Edison Electric Institute. This was a gain above that of the week before.

The past week's output advanced 73,000,000 kwh. above that of the previous week; it increased 589,000,000 kwh. or 5.3% above the comparable 1956 week and 1,816,000,000 kwh. over the week ended March 26, 1955.

Car Loadings Rise 2.5% Above Previous Week

Loadings of revenue freight for the week ended March 16, 1957, rose by 16,840 cars or 2.5% above the preceding week, the Association of American Railroads reports.

Loadings for the week ended March 16, 1957, totaled 689,226 cars, an increase of 3,243 cars or 0.5% above the corresponding 1956 week, and an increase of 38,302 cars, or 5.9% above the corresponding week in 1955.

U. S. Truck Production Lifts Over-All Automotive Output Above That of Previous Week

Automotive output for the latest week ended March 22, 1957, according to "Ward's Automotive Reports," rose above that of the prior week as a result of heavier production of trucks.

Last week the industry assembled an estimated 139,673 cars, compared with 141,038 in the previous week. The past week's production total of cars and trucks amounted to 162,610 units, or an increase of 706 units above that of the preceding week's output, states "Ward's."

Last week's car output declined below that of the previous week by 1,365 cars, while truck output moved ahead by 2,071 vehicles during the week. In the corresponding week last year 131,287 cars and 23,690 trucks were assembled.

Last week the agency reported there were 22,937 trucks made in the United States. This compared with 20,866 in the previous week and 23,690 a year ago.

Canadian output last week was placed at 8,488 cars and 1,731 trucks. In the previous week Dominion plants built 8,876 cars and 1,697 trucks, and for the comparable 1956 week, 10,086 cars and 2,456 trucks.

Business Failures Rose In Past Week

Commercial and industrial failures increased to 318 in the week ended March 21 from 301 in the preceding week, Dun & Bradstreet, Inc., reports. The toll was considerably heavier than the 208 last year and 232 in 1955. However, for the first time in six weeks, failures dipped below the prewar level and were 9% under the 350 in the similar week of 1939.

Casualties involving liabilities of $5,000 or more climbed to 282 from 262 a week ago and 182 in the comparable week of 1956. Small failures with liabilities under $5,000 declined to 36 from 39 in the previous week, but they remained above the 26 of last year. Twenty-six of the concerns failing during the week had liabilities in excess of $100,000 as against 27 in the preceding week.

Wholesale Food Price Index Scores 1957 High On March 19 Last

The wholesale food price index compiled by Dun & Bradstreet, Inc., climbed noticeably to reach $6.20 on March 19, the highest level since the $6.28 of Sept. 27, 1955. It was 4.6% higher than the $5.93 of the similar period a year ago.

Commodities advancing in wholesale cost during the week included beef, hams, bellies, steers, hogs, lambs, cocoa and eggs. Lower in price were flour, wheat, corn, rye, oats, barley, lard, cheese, coffee and cottonseed oil.

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 Recorded A New Low Level For 1957 On March 18 Last

Fluctuating mildly within a narrow range the past week, wholesale commodity prices were below the levels prevailing in the first two months of the year, although they remained about 2% higher than a year ago. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., reached a new low level for 1957 on March 18; at 289.40 (1930-1932=100), the index compared with 290.40 a week previously and 283.86 a year ago.

Grain prices sagged noticeably last week, with most of the loss in wheat and rye. The decline in wheat prices occurred notwithstanding strong export volume and reports of dust storms in some Winter wheat growing areas.

Corn prices were comparatively stable with buying stimulated by reports from Washington that the Department of Agriculture would help support prices, presumably by reducing its marketings of corn.

Declines in the prices for oats and soybeans were usually slight. Average purchases of grain and soybean futures declined to 35,000,000 bushels a day, compared with 42,000,000 bushels in the preceding week and about 38,000,000 bushels a year ago.

The downdrag in wheat prices was accompanied by increased buyer's resistance to flour prices. The flour inventories of most bakers were adequate for their current needs and trade observers were of the opinion that flour price reductions might be necessary to attract other than small replacement orders.

A moderate increase in cocoa trading pushed the prices up slightly. Warehouse stocks of cocoa rose to 301,328 bags, compared with 329,409 bags a year ago.

Coffee prices slid noticeably lower toward the close of the week.

Spot cotton prices were stable the past week. Purchases in 14 spot markets amounted to 85,800 bales last week, compared with 65,600 bales in the preceding week and 74,800 bales in the corresponding period a year ago.

Domestic cotton buying was usually confined to small lots for current delivery.

While export inquiries were numerous, actual bookings were in moderate volume. Although there were signs of improvement in the demand for cotton print cloths, considerable resistance to current price levels continued to be evident. Actual sales of cotton gray cloths remained sluggish.

Trade Volume In Latest Week Continued To Expand But Was Slightly Below 1956 Level

Although increased buying of Spring apparel boosted total retail volume moderately above that of the preceding week, it was slightly below the comparable 1956 level.

Year-to-year gains in the buying of furniture, housewares, and women's apparel were offset by sales declines in major appliances, men's clothing, and some food products.

Dealer inventories of new passenger cars climbed somewhat, but were less than a year ago.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 3% below to 1% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1956 levels by the following percentages: New England +4 to +8; Middle Atlantic 0 to +4; East North Central, South Atlantic, and Pacific Coast —4 to 0; West North Central —6 to —2; East South Central +2 to +6; West South Central —5 to —1 and Mountain —3 to +1%.

Total wholesale trade was close to that of the preceding week and slightly exceeded the comparable 1956 level.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended March 16, 1957, increased 2% from the like period last year. In the preceding week, March 9, 1957, a decrease of 10% was reported. For the four weeks ended March 16, 1957, a decrease of 3% was recorded. For the period Jan. 1, 1957 to March 16, 1957, a gain of 1% was registered above that of 1956.

Retail sales volume in New York City last week ranged from 15% to 18% above the corresponding level a year ago. The principal reason for the substantial increase was the fact that in the like period of 1956 the City suffered a heavy snowstorm which cut deeply into sales.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 16, 1957 advanced 8% from the like period of last year. In the preceding week, March 9, 1957, a decrease of 17% (revised) was reported. For the four weeks ending March 16, 1957 no change was registered. For the period of Jan. 1, 1957 to March 16, 1957 the index recorded a rise of 3% above that of the corresponding period in 1956.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ A A Oil Corp., Whitlash, Mont.
March 12 (letter of notification) 1,500,000 shares of capital stock and $25,000 of series A 6½% six-year convertible redeemable development notes (the latter in denominations of $100 and multiples thereof) to be offered first to stockholders, then to the public. **Price**—Stock, at par (five cents per share); notes, at face amount. **Proceeds**—For exploration, drilling and production of oil and gas expenses. **Underwriter**—None.

Adams-Phillips, Inc.
Feb. 20 (letter of notification) 5,000 shares of common stock (par $20) to be offered to stockholders, officers, directors and employees for a period of 10 days, the unsold portion to be offered publicly. **Price**—$21 per share. **Proceeds** — For purchase of additional autos and for working capital. **Office** — 10 S. Craig Ave., Pasadena, Calif. **Underwriter**—Pasadena Corp., Pasadena, Calif.

★ Addison Airport, Inc.
March 20 (letter of notification) $300,000 of 6½% convertible debentures due 1972 (convertible into common stock at the rate of $1.50 per share). **Price**—At face amount (in units of $100 and multiples thereof). **Proceeds**—For the purchase of equipment and hangar space and working capital. **Office** — 302 Texas Bank Bldg., Dallas, Tex. **Underwriter**—Creson, Sledge & Co., Dallas, Tex.

★ Aelus Wing Co., Inc.
March 19 (letter of notification) 150,000 shares of common stock (par $1) and 75,000 shares of preferred stock (par $1) to be offered in units of 10 common shares and five preferred shares. **Price**—$15 per unit. **Proceeds**—For completion of plant; development of housing projects utilizing "Sky-Clone" blocks; construction of "Hydro-Dynamic Ship"; and other corporate purposes. **Office**—224-26 East State St., Trenton 9, N. J. **Underwriter**—None.

Agricultural Equipment Corp.
March 1 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—To reduce obligation, purchase tools and for working capital. **Address**—P. O. Box 322, La Junta, Colo. **Underwriter**—Mountain States Securities Corp., Denver, Colo.

Allied Resources Fund, Inc.
Dec. 14 filed 400,000 shares of common stock (par one cent). **Price**—At market. **Proceeds** — For investment. **Underwriter**—Fund Corp., 523 Marquette Ave., Minneapolis, Minn.

★ Aluminum Co. of Canada, Ltd. (4/10)
March 21 filed $125,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans of $63,000,000 and for working capital and future construction expenditures. **Underwriters**—The First Boston Corp. and Morgan Stanley & Co., both of New York.

American Art Metals Co.
March 1 (letter of notification) 30,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For working capital. **Office**—433 Highland Ave., N. E., Atlanta, Ga. **Underwriter**—Johnson, Lane, Space & Co., Inc., Savannah, Ga.; and J. H. Hilsman & Co., Inc., Atlanta, Ga.

● 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. Statement withdrawn on Feb. 5.

American Laundry Machinery Co.
Feb. 27 filed 109,208 shares of common stock (par $20) being offered for subscription by common stockholders of record March 20, 1957 at the rate of one new share for each five shares held; rights to expire on April 3, 1957. **Price** — $25 per share. **Proceeds** — For working capital and general corporate purposes. **Underwriter**—Goldman, Sachs & Co., New York.

★ Anchor Securities Co.
March 13 (letter of notification) 60,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office** — W. Sprague Ave., Spokane, Wash. **Underwriter**—None.

★ Apache Oil Corp., Minneapolis, Minn.
March 25 filed 50,000 shares of common stock (par $2.50). **Price**—$6 per share. **Proceeds**—For investment in stock of APAF Co., a subsidiary; to carry an inventory of leases for present and future drilling programs; and for general corporate purposes. **Underwriter**—APA, Inc., another subsidiary, Minneapolis, Minn.

Applied Physics Corp.
March 8 (letter of notification) 32,000 shares of common stock (par $1). **Price**—$9.25 per share. **Proceeds**—To retire demand notes payable and for working capital. **Office**—362 W. Colorado Street, Pasadena, Calif. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

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.

★ Axe-Houghton Stock Fund, Inc., Tarrytown, N. Y.
March 19 filed (by amendment) 300,000 additional shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

Babcock & Wilcox Co. (4/8)
March 15 filed 535,148 shares of capital stock (par $9) to be offered for subscription by stockholders of record April 5, 1957, on the basis of one new share for each 10 shares held; rights will expire on April 22. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and to finance increased inventories and accounts receivable. **Underwriter**—Morgan Stanley & Co., New York.

Baltimore Gas & Electric Co.
Feb. 28 filed 577,883 shares of common stock (no par) being offered for subscription by common stockholders of record March 18, 1957 at the rate of one new share for each 11 shares held; rights to expire on April 3, 1957. **Price**—$31 per share. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—The First Boston Corp., New York.

Beautilite Co.
Dec. 28 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For partial payment for plant site; partial payment of obligation to Memorial Inc. and for working capital. **Office**—4718 W. 18th St., Houston, Tex. **Underwriter**—Benjamin & Co., Houston, Tex.

Bell & Howell Co., Chicago, Ill. (4/3)
March 13 filed 100,000 shares of common stock (par $10). **Price**—To be related to current market price on the New York Stock Exchange immediately prior to offering. **Proceeds**—Together with proceeds from private sale of $4,000,000 25-year 4¾% subordinated convertible notes, for general corporate purposes. **Underwriters**—Harriman Ripley & Co. Inc. and Lazard Freres & Co., both of New York.

★ Bendix Aviation Corp.
March 22 filed 288,264 shares of common stock (par $5) to be offered for subscription under the company's Stock Option Plan for officers and key personnel of the corporation and its subsidiaries.

Berkshire Gas Co. (4/8)
March 8 (letter of notification) 20,000 shares of common stock (par $10) to be offered to common stockholders around April 8, 1957 on the basis of one new share for five shares held (with an oversubscription privilege); rights to expire on April 29, 1957. **Proceeds**—To retire an outstanding debt. **Office**—20 Elm St., Pittsfield, Mass. **Underwriter**—None.

● Black Hills Power & Light Co.
March 7 filed 34,377 shares of common stock (par $1) being offered for subscription by common stockholders of record March 22, 1957 on the basis of one new share for each eight shares held (with an oversubscription privilege); rights to expire on April 9, 1957. **Price**—$22 per share. **Proceeds**—Together with funds from private sale of $750,000 5% first mortgage bonds, Series H, due May 15, 1987, for property additions and improvements and to repay bank loans. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ Blackstone Valley Gas & Electric Co.
March 21 (letter of notification) 90 shares of common stock (par $50) to be offered to minority common stockholders on the basis of one share for each six shares held; rights to expire April 12, 1957. **Price** — $105 per share. **Proceeds**—For working capital. **Office**—55 High St., Pawtucket, R. I. **Underwriter**—None.

● Bluefield Supply Co., Bluefield, W. Va.
March 12 filed 149,925 shares of common stock (par $4) to be offered for subscription by common stockholders on the basis of three new shares for each ten shares held. **Price**—$17 per share. **Proceeds**—For advances to wholly-owned subsidiaries and for general corporate purposes. **Underwriter**—None. **Offering** — Expected in April.

★ Brockton Edison Co.
March 12 (letter of notification) 478 shares of capital stock (par $25) to be offered to minority stockholders on the basis of one new share for each 13 shares held; rights will expire April 12, 1957. **Price**—$62 per share. **Proceeds** — To prepay bank loans. **Office** — 36 Main St., Brockton 67, Mass. **Underwriter**—None.

● Brunswig Drug Co., Vernon, Calif. (4/2)
March 11 filed 60,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To construct warehouse at Anaheim, Calif., to purchase inventories and for working capital. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

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.

California Electric Power Co. (4/2)
March 4 filed 300,000 shares of common stock (par $1). **Proceeds**—To repay bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co.; White, Weld & Co. **Bids** — Expected to be received up to 9 a.m. (PST) on April 2 at Room 900, 433 So. Spring St., Las Angeles 13, Calif.

● California Electric Power Co. (4/9)
March 11 filed $6,000,000 of first mortgage bonds due 1987. **Proceeds**—Together with proceeds from proposed sale of 300,000 shares of common stock, for property additions and improvements and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Lehman Brothers and Dean Witter & Co. (jointly). **Bids**—Expected to be received up to 9 a.m. (PST) on April 9 at Room 900, 433 So. Spring St., Los Angeles 13, Calif.

★ Capper Publications, Inc., Topeka, Kan.
March 25 filed $1,000,000 of five-year 4% first mortgage bonds, series six, and $3,000,000 of 10-year 5% first mortgage bonds, series seven. **Price**—At par. **Proceeds**—To redeem outstanding bonds and for improvement of present facilities and other corporate purposes. **Underwriter**—None.

Cargo Cool Corp.
Jan. 31 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To open and acquire additional truck terminal branches; for increased inventories; and for working capital. **Business** — Transport refrigeration equipment. **Office**—947 Communipaw Ave., Jersey City, N. J. **Underwriter**—Fred Kaufman Co., 120 Elm St., Orange, N. J.

● Centers Corp., Philadelphia, Pa.
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); subsequently amended to **$4,500,000 of debentures. Price** — To be supplied by amendment. **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 had agreed to purchase an additional 300,000 common shares and reoffer them to persons selected by it at $1.10 per share. Statement withdrawn Feb. 6.

★ Central & South American Acceptance Corp. (4/16)
March 22 filed 425,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital and other general corporate purposes. **Office**—Jersey City, N. J. **Underwriter**—Charles Plohn & Co., New York.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed $600,000 of 10-year 6% debentures. **Price**—90% of principal amount. **Proceeds—For research and development; expansion; equipment; and other corporate purposes. Underwriter** — None.

★ Chemical Fund, Inc., New York
March 18 filed (by amendment) an additional 1,200,000 shares of capital stock (par 50 cents). **Price—At market. Proceeds**—For investment.

Colorado Central Power Co.
Feb. 27 filed 74,175 shares of common stock (par $5) being offered for subscription by common stockholders of record March 4, 1957 on the basis of one new share for each 3½ shares held; rights to expire on April 2, 1957. **Price**—$22.50 per share. **Proceeds**—For construction program. **Underwriter**—The First Boston Corp., New York.

★ Colombia (Republic of) and Banco de la Republica (Colombia)
March 22 filed $70,000,000 of 4% notes dated March 1, 1957 and maturing in 30 monthly series, which are to be issuable in partial settlement (together with cash payments) of claims arising out of commercial transactions with Colombia which are subject to the provisions of Decree No. 10 of Jan. 24, 1957, of the Republic of Colombia, which provides for the liquidation of claims owing to United States banks and exporters as of Dec. 31, 1956, by payment in respect of each such claim of 60% in cash and 40% in the above-mentioned notes. Individual claims of less than $2,000 will be paid in full in cash.

Colt Golf, Inc.
Feb. 25 (letter of notification) 50,000 shares of common stock (par five cents). **Price**—$3 per share. **Proceeds**—For promotion and advertising; working capital; and for development of new products. **Business**—Manufacture and sale of golf balls. **Office** — 161 East 37th St., New York, N. Y. **Underwriter**—Landau Co., New York.

Columbia Gas System, Inc. (4/3)
March 8 filed 1,675,415 shares of common stock (no par) to be offered for subscription by common stockholders of record April 3, 1957, on the basis of one new share for each 13 shares held (with an oversubscription privilege); rights to expire on April 22. **Price**—To be fixed on April 2. **Proceeds**—For financing construction work of subsidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received up to 11 a.m. (EST) April 3.

★ Comanche Creek Oil Co.
March 14 (letter of notification) 75,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For oil drilling expenses. **Office**—1848 South Elena Ave., Redondo Beach, Calif. **Underwriter**—Samuel B. Franklin Co., Los Angeles, Calif.

Commonwealth Investment Corp.
Jan. 14 filed 499,400 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital to expand company's business and operations. **Office**—Sioux Falls, S. D. **Underwriter**—None.

★ Container Corp. of America
March 22 filed 600,000 shares of common stock (par $5), deliverable upon exercise of options to purchase common shares heretofore or hereafter issued by the company to eligible officers and employees of the company and its subsidiaries pursuant to its Stock Option Plan for Key Employees.

Conticca International Corp., Chicago, Ill.
March 13 filed 558,100 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds** — To discharge current notes payable, including bank loans, and long term debt in the total sum of approximately $1,030,000; for new equipment; and for working capital. **Underwriters** — Allen Shaw & Co., 405 Lexington Ave., New York 17, N. Y.; and Shaw & Co., San Marino, Calif.

★ Continental Turpentine & Rosin Corp., Laurel, Miss.
March 12 (letter of notification) 11,400 shares of capital stock (par $5) and $125,000 of 20-year 5% subordinate debentures dated March 31, 1957 to be offered in denominations of $100 to present stockholders, officers and employees of the corporation at rate of 3/10ths of a share of new stock for each share held and $300 debentures for each 100 shares held. **Price**—Of stock, $15 per share; and of debentures at face amount. **Proceeds**—For construction purposes in Shamrock, Fla. **Underwriter**—None.

● Cougar Mine Development Corp. (4/1)
March 15 (letter of notification) 560,000 shares of common stock (par one cent). **Price** — 50 cents per share. **Proceeds** — For diamond drilling on company's lands, prospecting expenses, working capital and other corporate purposes. **Office**—83 Campfield St., Irvington, N. J. **Underwriter**—Roth & Co., Maplewood, N. J.

★ De-Vel-Co. Mineral Development Co.
March 8 (letter of notification) 2,880 investment units under offer of rescission. **Price**—$25 per unit. **Proceeds**—For equipment and working capital. **Office**—324½ W. Main St., Denison, Tex. **Underwriter**—None.

Duval Sulphur & Potash Co.
Feb. 21 filed 300,000 shares of capital stock (no par) being offered for subscription by stockholders of the basis of three new shares for each 10 shares held as of March 14, 1957 (with an oversubscription privilege); rights to expire on April 8, 1957. **Price**—$25 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ Eagle-Picher Co.
March 13 (letter of notification) 7,272 shares of common stock (par $10) to be offered to employees pursuant to the 1957 Employees' Stock Purchase Plan at 95% of the closing price on the New York Stock Exchange on the day allocations are made. **Proceeds**—To purchase said securities. **Office**—American Bldg., Cincinnati 1, Ohio. **Underwriter**—None.

Eastern Utilities Associates
Feb. 18 filed 89,322 shares of common stock (par $10) being offered for subscription by common stockholders of record March 20, 1957 on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire on April 4, 1957. Stone & Webster Securities Corp., Boston, Mass., will act as subscription agent. **Price**—$30.50 per share. **Proceeds**—To purchase common and capital stocks of Blackstone Valley Gas & Electric Co., Brockton Edison Co. and Fall River Electric Light Co. **Underwriter**—Kidder, Peabody & Co.

★ Elfun Trusts, New York
March 22 filed (by amendment) an additional 150,000 units of participating interests in the Trusts. **Price**—At market. **Proceeds**—For investment.

El Paso Natural Gas Co.
Feb. 26 filed 300,000 shares of $5 convertible second preferred stock, series of 1957 (no par), being offered for subscription by common and common B stockholders of record March 18, 1957, at a rate of one new preferred share for each 56 shares held; rights to expire on April 2. **Price**—$100 per share. **Proceeds** — To reduce bank loans and for new construction. **Underwriter** — White, Weld & Co., New York.

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NEW ISSUE CALENDAR

March 28 (Thursday)

Falcon Seaboard Drilling Co.____Common
(Dillon, Read & Co. Inc.) 300,000 shares

New Orleans Public Service Inc.____Bonds
(Bids 11:30 a.m. EST) $6,000,000

Spokane, Portland & Seattle Ry.____Equip. Tr. Ctfs.
(Bids noon EST) $3,690,000

March 29 (Friday)

Nyvatex Oil Corp.____Common
(Milton D. Blauner & Co., Inc.) $225,000

April 1 (Monday)

Cougar Mine Development Corp.____Common
(Roth & Co.) $280,000

April 2 (Tuesday)

Brunswig Drug Co.____Common
(William R. Staats & Co.) 60,000 shares

California Electric Power Co.____Common
(Bids 9 a.m. PST) 300,000 shares

I-T-E Circuit Breaker Co.____Debentures
(Smith, Barney & Co. and C. C. Collings & Co., Inc.) $10,000,000

Revlon, Inc.____Common
(Reynolds & Co.) 241,020 shares

Reynolds Metals Co.____Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc. and Reynolds & Co., Inc.) 914,078 shares

United States Foil Co.____Class A common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc. and Reynolds & Co. Inc.) 746,270 shares

Vitro Corp. of America____Common
(Offering to stockholders—underwritten by Blyth & Co. Inc.) 178,646 shares

Western Massachusetts Electric Co.____Bonds
(Bids 11 a.m. EST) $12,000,000

April 3 (Wednesday)

Bell & Howell Co.____Common
(Harriman Ripley & Co. Inc. and Lazard Freres & Co.) 100,000 shares

Columbia Gas System, Inc.____Common
(Offering to stockholders—Bids 11 a.m. EST) 1,675,415 shares

Fisher Governor Co.____Common
(Glore, Forgan & Co.) 369,600 shares

Flintkote Co.____Debentures
(Lehman Brothers) $10,000,000

Pittsburgh Rys. Co.____Common
(Offering to stockholders of Standard Gas & Electric Co. —without underwriting) 547,678 shares

Southeastern Public Service Co.____Common
(Offering to stockholders—underwritten by Bioren & Co.) 92,500 shares

Western Maryland Ry.____Equip. Trust Ctfs.
(Bids 1 p.m. EST) $3,450,000

April 4 (Thursday)

Virginian Ry.____Equip. Trust Ctfs.
(Bids to be invited) $1,200,000

April 8 (Monday)

Babcock & Wilcox Co.____Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) 535,148 shares

Berkshire Gas Co.____Common
(Offering to stockholders—no underwriting) 20,000 shares

Katz Drug Co.____Common
(A. G. Becker & Co. Inc.) 50,000 shares

Lake Lauzon Mines, Ltd.____Common
(Steven Randall & Co., Inc.) $300,000

Wrigley Properties, Inc.____Common
(Offering to security holders of ACF-Wrigley Stores, Inc. —underwritten by Allen & Co.) 2,069,150 shares

April 9 (Tuesday)

California Electric Power Co.____Bonds
(Bids 9 a.m. PST) $6,000,000

High Authority of the European Coal and Steel Community____Bonds and Notes
(Kuhn, Loeb & Co., The First Boston Corp. and Lazard Freres & Co.) $35,000,000

April 10 (Wednesday)

Aluminum Co. of Canada, Ltd.____Debentures
(The First Boston Corp. and Morgan Stanley & Co.) $125,000,000

National Lithium Corp.____Common
(Gearhart & Otis, Inc.) $3,900,000

Norfolk & Western Ry.____Equip. Trust Ctfs.
(Bids to be invited) $6,600,000

Overnite Transportation Co.____Common
(Scott, Horner & Mason, Inc.) 126,000 shares

Roberts Co.____Common
(Straus, Blosser & McDowell) 190,000 shares

Sears Roebuck Acceptance Corp.____Debentures
(Goldman, Sachs & Co.; Halsey, Stuart & Co. Inc.; and Lehman Brothers) $25,000,000

April 11 (Thursday)

Iowa Electric Light & Power Co.____Common
(The First Boston Corp. and G. H. Walker & Co.) 220,000 shares

Mississippi Power Co.____Bonds
(Bids 11 a.m. EST) $6,000,000

United Illuminating Co. of New Haven____Common
(Offering to stockholders—no underwriting) $6,854,254

United States Leasing Corp.____Common
(Schwabacher & Co.) 800,000 shares

April 15 (Monday)

Baltimore & Ohio RR.____Equip. Trust Ctfs.
(Bids to be invited) $3,585,000

Herold Radio & Electronics Corp.____Preferred
(Amos Treat & Co., Inc.) $800,000

Quebec Natural Gas Corp.____Bonds
(Lehman Brothers and Allen & Co. in United States) $25,000,000

Quebec Natural Gas Corp.____Debentures & Common
(Lehman Brothers and Allen & Co. in United States) $15,000,000

United Artists Corp.____Debentures & Common
(F. Eberstadt & Co.) $10,000,000 of debentures and 350,000 shares of common stock

April 16 (Tuesday)

Central & South American Acceptance Corp.____Common
(Charles Plohn & Co.) 425,000 shares

Cincinnati, New Orleans & Texas Pacific Ry.____Equip. Trust Ctfs.
(Bids noon EST) $4,260,000

Florida Steel Corp.____Common
(McDonald & Co. and Kidder, Peabody & Co.) 300,000 shares

Roxbury Carpet Co.____Common
(Paine, Webber, Jackson & Curtis) 175,000 shares

Transcontinental Gas Pipe Line Corp.____Bonds
(White, Weld & Co. and Stone & Webster Securities Corp.) $50,000,000

Transcontinental Gas Pipe Line Corp.____Preferred
(White, Weld & Co. and Stone & Webster Securities Corp.) $10,000,000

April 17 (Wednesday)

Standard Pressed Steel Co.____Common
(Kidder, Peabody & Co.) 190,000 shares

April 22 (Monday)

Houston Oil Field Material Co., Inc.____Common
(Shearson, Hammill & Co. and Underwood, Neuhaus & Co.) 200,000 shares

Stevens Markets, Inc.____Class A common
(R. S. Dickson & Co., Inc.) 100,000 shares

April 23 (Tuesday)

Minneapolis & St. Louis Ry.____Equip. Trust Ctfs.
(Bids noon CST) $2,700,000

Northwestern Bell Telephone Co.____Debentures
(Bids to be invited) $30,000,000

April 29 (Monday)

Associated Truck Lines, Inc.____Class A common
(Cruttenden, Podesta & Co.) 125,000 shares

May 1 (Wednesday)

Chicago, Milwaukee, St. Paul & Pacific RR.____Equip. Trust Ctfs.
(Bids to be invited) $6,000,000

Laclede Gas Co.____Bonds
(Bids to be invited) $10,000,000

May 7 (Tuesday)

Cincinnati Gas & Electric Co.____Bonds
(Bids to be invited) $25,000,000 to $30,000,000

El Paso Electric Co.____Common
(Offering to stockholders—Stone & Webster Securities Corp. may be dealer-manager) 119,522 shares

May 9 (Thursday)

Alabama Power Co.____Bonds
(Bids 11 a.m. EDT) $14,500,000

May 13 (Monday)

General Aniline & Film Corp.____Common
(Bids 3:45 p.m. EDT) 426,988 A shares and 1,537,500 B shares

May 14 (Tuesday)

Chicago, Rock Island & Pacific Ry.____Equip. Trust Ctfs.
(Bids to be invited) $3,000,000

New York State Electric & Gas Corp.____Bonds
(Bids to be invited) $25,000,000

May 15 (Wednesday)

El Paso Electric Co.____Bonds
(Bids to be invited) about $6,500,000

May 16 (Thursday)

Washington Gas Light Co.____Bonds
(Bids to be invited) about $8,000,000

May 20 (Monday)

Public Service Co. of Colorado____Bonds
(Bids noon EDT) $30,000,000

May 21 (Tuesday)

Florida Power & Light Co.____Bonds
(Bids to be invited) $15,000,000

International Business Machines Corp.____Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) about $200,000,000

New York Telephone Co.____Bonds
(Bids to be invited) $70,000,000

May 23 (Thursday)

Reading Co.____Equip. Trust Ctfs.
(Bids to be invited) $2,475,000

May 28 (Tuesday)

National Fuel Gas Co.____Debentures
(Bids 11:30 a.m. EST) $15,000,000

June 3 (Monday)

Government Employees Corp.____Debentures
(Johnston, Lemon & Co.) about $500,000

June 4 (Tuesday)

Northern States Power Co. (Wis.)____Bonds
(Bids to be invited) $10,000,000

Virginia Electric & Power Co.____Common
(Bids to be invited) 1,000,000 shares

June 5 (Wednesday)

Boston Edison Co.____Bonds
(Bids to be invited) $25,000,000

June 6 (Thursday)

Georgia Power Co.____Bonds
(Bids 11 a.m. EDT) $15,500,000

June 10 (Monday)

Portland Gas & Coke Co.____Common
(Offering to stockholders—may be negotiated) about 112,988 shares

June 11 (Tuesday)

Consolidated Natural Gas Co.____Debentures
(Bids 11:30 a.m. EDT) $25,000,000

June 18 (Tuesday)

Southern Bell Telephone & Telegraph Co.____Debs.
(Bids to be invited) $70,000,000

October 1 (Tuesday)

Utah Power & Light Co.____Bonds
(Bids to be invited) $15,000,000

Utah Power & Light Co.____Common
(Bids to be invited) 400,000 shares

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Esk Manufacturing, Inc.
Feb. 8 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For manufacture and sale of molded plastic items. **Office**—100 West 10th St., Wilmington 99, Del. **Underwriter**—Ackerson Hackett Investment Co., Metairie, La. and Salt Lake City, Utah.

★ **Fall River Electric Light Co.**
March 12 (letter of notification) 291 shares of capital stock (par $25) to be offered to minority stockholders on the basis of one new share for each 16 shares held. **Price** — $52 per share. **Proceeds** — To prepay notes to banks. **Office**—85 N. Main St., Fall River, Mass. **Underwriter**—None.

Fisher Governor Co., Marshalltown, Iowa (4/3)
March 14 filed 369,600 shares of common stock (par $1), of which 184,800 shares are to be sold for the account of the company and 184,800 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Business**—Manufactures automatic control equipment. **Underwriter**—Glore, Forgan & Co., New York.

★ **Flexible Tubing Corp., Guilford, Conn.**
March 26 filed $600,000 of first mortgage bonds due 1972 (with common stock purchase warrants attached) and 32,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Together with proceeds from new bank loans, to repay present bank loans and for expansion and working capital. **Underwriter**—P. W. Brooks & Co., New York.

Flintkote Co. (4/3)
March 8 filed $10,000,000 of sinking fund debentures due April 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Lehman Brothers, New York.

★ **Florida Instruments, Inc.**
March 11 (letter of notification) 10,000 shares of 7% non-cumulative preferred stock. **Price**—At par ($10 per share). **Proceeds**—For research and development, working capital and other corporate purposes. **Office**—606 Failing Bldg., Portland 4, Ore. **Underwriter**—Star Sales, Inc., Portland, Ore.

Florida-Southern Land Co.
March 11 filed 600,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For construction of a 50-unit hotel-motel and various other related buildings and improvements; furniture and equipment; and working capital and other corporate purposes. **Office**—Tom's Harbor, Monroe County, Fla. **Underwriter**—Keystone Securities Co., Inc., Philadelphia, Pa.

★ **Flordia Steel Corp., Tampa, Fla. (4/16)**
March 22 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—McDonald & Co., Cleveland, O.; and Kidder, Peabody & Co., New York.

Florida Telephone Corp.
Feb. 21 filed 128,918 shares of common stock (par $10) being offered for subscription by common stockholders of record March 12, 1957 at the rate of one new share for each three shares held; rights to expire on April 1, 1957. Employees may subscribe for not more than 3,000 of the unsubscribed shares. **Price** — $16.50 per share. **Proceeds**—To retire $1,500,000 of bank loans and for additions and improvements to property. **Underwriters**—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Florida Trust, Pompano Beach, Fla.
March 4 filed 850 certificates of beneficial interest in the Trust. **Price**—$1,000 per certificate. **Proceeds**—To acquire by purchase, lease or otherwise, and to hold, own, subdivide, lease, mortgage, exchange, bargain, sell and convey lands and every character of real property. **Underwriter**—None.

Food Town, Inc., Washington, D. C.
Feb. 1 (letter of notification) 100,000 shares of 8% convertible preferred stock. **Price**—At par ($3 per share). **Proceeds** — To open and equip two new supermarkets. **Office**—20 "O" St., S. E., Washington, D. C. **Underwriter**—Rudd, Brod & Co., Washington, D. C.

Fruit Juices, Inc.
Dec. 3 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For working capital. **Office** — 1115 South Washington St., Marion, Ind. **Underwriter**—Sterling Securities Co., Los Angeles, Calif.

General Aniline & Film Corp., New York (5/13)
Jan. 14 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney Geenral of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C.

General Public Utilities Corp.
Feb. 6 filed 646,850 shares of common stock (par $5) being offered for subscription by common stockholders of record March 8, 1957, at the rate of one new share for each 15 shares held; rights to expire on March 29, 1957. [Each holder of less than 15 shares will, in lieu of the warrant otherwise deliverable to him, receive the cash equivalent thereof.] **Price**—$32 per share. **Proceeds**—To repay bank loans and for further investments in domestic subsidiaries. **Underwriter** — None. Merrill Lynch, Pierce, Fenner & Beane, New York, will act as clearing agent.

Gob Shops of America, Inc.
Jan. 21 (letter of notification) 240,000 shares of common stock (par 30 cents) of which 86,610 shares are being sold pursuant to outstanding warrants. **Price**—$1.25 per share. **Proceeds** — For additional discount department store operation; to increase the number of stores; and for working capital. **Office**—41 Stukely St., Providence, R. I. **Underwriter**—Bruns, Nordeman & Co., New York, N. Y.

★ **Harbison-Walker Refractories Co.**
March 21 filed $1,950,000 of participations in company's Thrift Plan for Employees, together with 30,000 shares of common stock which may be purchased pursuant thereto.

★ **Hercules Powder Co., Wilmington, Del.**
March 20 filed $5,000,000 of interests or participations in company's Employee Savings Plan, together with 132,000 shares of its common capital stock which may be pursuant thereto.

● **Herold Radio & Electronics Corp. (4/15-19)**
Feb. 27 filed 160,000 shares of 6% cumulative convertible preferred stock (par $5) and 25,000 shares of common stock (par 25 cents). Of the latter issue, 12,500 shares are to be sold to underwriter at par and the remaining 12,500 shares issued to Alton Blauner as a finder's fee at par. **Price**—Of preferred, $5 per share. **Proceeds**—For working capital. **Office**—Mount Vernon, N. Y. **Underwriter**—Amos Treat &Co. Inc., New York. **Offering**—Expected first or second week of April.

High Authority of the European Coal and Steel Community (4/9)
March 18 filed $25,000,000 of secured bonds (seventh series) due 1975 and $10,000,000 of serial secured notes (eighth series) due 1960-1962. **Price**—To be supplied by amendment. **Proceeds** — To make loans to firms in the Community for expansion of coal mines, coking plants, power plants and iron ore mines. **Underwriters**—Kuhn, Loeb & Co., The First Boston Corp. and Lazard Freres & Co., all of New York.

Hilo Electric Light Co., Ltd., Hilo, Hawaii
Feb. 7 filed 51,380 shares of common stock (par $20), of which 45,320 shares are being offered for subscription by common stockholders of record March 5, 1957 at the rate of two new shares for each seven shares held; rights to expire on April 6, 1957. Any unsubscribed shares plus the remaining 6,060 shares to be offered to employees, and the balance, if any, to the general public. **Price**—To stockholders, $24 per share; to employees, $28 per share; and to general public, at prevailing market price. **Proceeds**—To repay bank loans and for expansion and construction program. **Underwriter**—None.

★ **Hollingsworth Company Enterprises, Inc.**
March 22 (letter of notification) 250,000 shares of common stock (par $1) to be issued upon exercise of rights to pay said stock at par ($1 per share). **Price**—10 cents per right. **Proceeds**—For general corporate purposes. **Office**—514 Hempstead Ave., West Hempstead, N. Y. **Underwriter**—None.

Holly Corp., New York
Jan. 25 filed 406,638 shares of 50-cent convertible preferred stock, series A (par $5) and 2,476,116 shares of common stock (par 60 cents), of which all of the preferred and 763,011.3 shares of common stock are to be offered in exchange for Mount Vernon Co. preferred and common stock on the basis of one Holly series A share for each of the 406,638 shares of Mount Vernon preferred stock and 2½ shares of Holly common stock for each of the 305,204.52 shares of Mount Vernon common stock. Of the remainder, 210,000 Holly common shares are to be offered to certain holders of 35,000 shares of Van Dorn Iron Works Co. common stock on a six-for-one basis; 38,333 Holly common shares will be offered to certain finders, 60,000 shares to certain vendors of property; 1,016,595 shares will be reserved against conversion of preferred stock; and the remaining 388,176 are to be reserved for possible issuance at a future date in exchange for 64,696 shares of Van Dorn Iron Works common stock. **Underwriter**—None.

Holy Land Import Corp., Houston, Texas
Feb. 27 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For inventory, working capital, etc. **Underwriter**—Benjamin & Co., Houston, Tex.

● **Houston Lighting & Power Co.**
Feb. 25 filed 665,760 shares of common stock (no par), of which 612,260 shares are being offered for subscription by common stockholders of record March 25, 1957 at the rate of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on April 15. The remaining 53,500 shares are being offered for subscription by employees. **Price** — $43 per share. **Proceeds**—To reduce bank loans and for construction program. **Underwriter**—None.

Houston Oil Field Material Co., Inc. (4/22-26)
March 15 filed 305,000 shares of common stock (par $1), of which 200,000 shares are to be offered publicly and 105,000 shares pursuant to company's restricted stock option plan for certain offices and key employees. **Price**—To be supplied by amendment. **Proceeds** — To retire $1,400,000 short-term bank loans, for capital requirements and working capital. **Office** — Houston, Tex. **Underwriters**—Shearson, Hammill & Co., New York; and Underwood, Neuhaus & Co., Houston, Texas.

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 Capital Corp., Des Moines, Iowa
Nov. 29 filed 370,000 shares of common stock (par 10 cents), of which 185,000 shares are to be offered by The Equity Corp. on a share-for-share basis in exchange for Equity Corp. common stock, and the remaining 135,000 shares by Financial General Corp. on a basis of 1⅔ shares of International common stock in exchange for one share of Financial common stock. Equity and Financial are to receive the 185,000 shares each of International common stock in exchange for all the outstanding shares of common stock of Investors Financial Corp. and Group Equities, Inc. International has been informed that 142,000 shares of Equity common owned by Fremont Corp. will be tendered in acceptance of the Equity exchange offer. **Underwriter**—None.

International Duplex Corp., San Francisco, Calif.
Dec. 21 filed 500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To equip and establish five super launderettes and for working capital. **Underwriters**—Names to be supplied by amendment.

★ **Interstate Holding Corp.**
March 8 (letter of notification) units consisting of 100 shares of class A common stock and 100 shares of class B common stock. **Price**—$1,501 per unit. **Proceeds**—To acquire real property and for working capital. **Office**—315 Angelus, Memphis 12, Tenn. **Underwriter**—None.

★ **Investors Syndicate of America, Inc.**
March 18 filed (by amendment) the following additional securities: $1,000,000 of "Single Payment" fully paid certificates; $500,000 of "Series B" fully paid certificates; $2,500,000 of "Series 6" instalment certificates; $15,000,000 of "Series 10" instalment certificates; $75,000,000 "Series 15" instalment certificates; and $200,000,000 of "Series 20" instalment certificates. **Office**—Minneapolis, Minn.

★ **Investors Variable Payment Fund, Inc.**
March 25 filed 10,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Sponsor and Investment Manager** — Investors Diversified Services, Inc., Minneapolis, Minn., which will also act as distributor.

Iowa Electric Light & Power Co. (4/11)
March 19 filed 220,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—The First Boston Corp., New York; and G. H. Walker & Co., St. Louis, Mo.

★ **Iowa Southern Utilities Co.**
March 27 filed 75,000 shares of common stock (par $15). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter** — The First Boston Corp., New York.

Israel American Industrial Development Bank, Ltd.
Feb. 13 filed $2,500,000 of perpetual 6% debenture stock. **Price** — 110% of par. **Proceeds**—To be converted into Israel pounds and will be used as working capital to extend the medium and long-term credits to enterprises in Israel. **Office**—Tel Aviv, Israel. **Underwriter**—Israel Securities Corp., New York.

★ **Italian Scene, Inc.**
March 18 (letter of notification) 53,600 shares of common stock (par one cent). **Price**—$5.50 per share. **Proceeds** — For purchase, remodeling and renovation of premises at 383 Washington St., Newark, N. J.; for working capital and other corporate purposes. **Office**—100 Central Park South, New York, N. Y. **Underwriter**—None.

I-T-E Circuit Breaker Co. (4/2)
March 11 filed $10,000,000 of convertible subordinated debentures due April 1, 1982. **Price**—To be supplied by amendment. **Proceeds** — To reduce short-term bank loans. **Underwriters**—Smith, Barney & Co., New York, and C. C. Collings & Co., Inc., Philadelphia, Pa.

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. **Offering**—Date indefinite.

Juneau & Douglas Telephone Co.
Jan. 24 (letter of notification) $295,000 of 6% 15-year debentures due 1972. **Price** — At face amount (in denominations of $1,000 each). **Proceeds** — For additions and improvements. **Office**—139 W. Second Street, Juneau, Alaska. **Underwriter**—Grande & Co., Inc., Seattle, Wash.

Katz Drug Co., Kansas City, Mo. (4/8-12)
March 19 filed 50,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For working capital. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

★ **Kerr-McGee Oil Industries, Inc.**
March 21 filed 1,866 participations in company's Thrift Plan, 468 Participations in company's Savings Plan, and 6,203 shares of common stock which may be purchased pursuant thereto.

● **King Soopers, Inc., Denver, Colo.**
Feb. 25 filed 263,048 shares of common stock (par $1) to be offered for subscription by common stockholders and holders of certain outstanding stock purchase warrants on the basis of one share for each share held of record March 19, or for each share subject to purchase under such warrants. The subscription offer will expire four months from effective date of offering. **Price** — To stockholders, $3.25 per share; and to public, $4 per share. **Proceeds**—To equip and stock a warehouse and any new stores that may be acquired. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo. **Offering** — Cancelled. On March 20 it was announced this financing has been cancelled.

Lake Lauzon Mines Ltd., Toronto, Can. (4/8-12)
March 18 filed 750,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For drilling ex-

penses, equipment, working capital and other corporate purposes. **Underwriter**—Steven Randall & Co., Inc., New York.

Leslie Productions, Inc.
Jan. 14 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For special building, equipment and for working capital. **Office**—Columbia, S. C. **Underwriter**—Alester G. Furman Co., Inc., Greenville, S. C.

Logren Aircraft Co., Inc., Torrance, Calif.
March 5 (letter of notification) 194,180 shares of common stock (par $1). **Price**—$1.37½ per share. **Proceeds**—For working capital. **Office**—2475A So. Crenshaw Blvd., Torrance, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

● **Loyal American Life Insurance Co., Inc.**
Sept. 28 filed 230,000 shares of common stock (par $1) being offered for subscription by common stockholders of record March 18, 1957 at the rate of one new share for each three shares held (with an oversubscription privilege); rights to expire on April 15. **Price**—$5 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—J. H. Goddard & Co., Inc., Boston, Mass., and Thornton, Mohr & Farish, Montgomery, Ala.

Mason Mortgage Fund, Inc., Washington, D. C.
Feb. 8 filed $1,000,000 of 8% note certificates. **Price**—At par (in denominations of $250 each). **Proceeds**—For investment. **Underwriter** — None. Offering to be made through officers and employees of this company and of its affiliate, Mason Mortgage & Investment Corp.

★ **Mayfair Markets**
March 14 (letter of notification) 5,000 shares of cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of each. **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Michigan Wisconsin Pipe Line Co.
July 2, 1956 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. Reoffering is expected sometime during the first six months of 1957.

★ **Midland Telephone Co.**
March 13 (letter of notification) 170,154 shares of common stock (par $1) of which 151,487 shares to be offered to stockholders through rights and 18,667 shares to be offered to public. **Price** — To stockholders, $1.25 per share and to public, $1.50 per share. **Proceeds**—For retirement of outstanding bonds and working capital. **Office**—126 N. Fifth St., (Box 988), Grand Junction, Colo. **Underwriter**—None.

★ **Midwest Oil Corp.**
March 11 (letter of notification) not to exceed $50,000 contributions to the issued Employees' Thrift Plan. **Proceeds**—To purchase shares of common stock of the company on the open market. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—None.

★ **Mineral Mountain Mining & Milling Co.**
March 18 (letter of notification) 76,400 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—424 Title & Trust Bldg., Spokane, Wash. **Underwriter**—None.

Minneapolis Area Development Corp.
Feb. 19 filed $1,000,000 of 4% sinking fund income debentures due March 1, 1972, and 25,000 shares of common stock (par $1) to be offered in units of $40 of debentures and one share of stock. **Price**—$50 per unit. **Proceeds**—For acquisition of lands and for development of the lands as sites for industrial purposes; for payment of bank loans; and for working capital and other corporate purpose. **Office**—Minneapolis, Minn. **Underwriter**—None. Philip B. Harris (Vice-President of Northwestern National Bank of Minneapolis) is President.

Mississippi Power Co. (4/11)
March 15 filed $6,000,000 of first mortgage bonds due April 1, 1987. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; Blair & Co. Incorporated; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 11, at office of Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y.

Mississippi Valley Portland Cement Co.
Dec. 26 filed 1,600,000 shares of capital stock (no par), of which 708,511 shares are subject to an offer of rescission. **Price**—$3 per share. **Proceeds**—For completion of plant, provide for general creditors and for working capital. **Office**—Jackson, Miss. **Underwriter**—None, offering to be made through company's own agents.

★ **Mon-O-Co. Oil Corp.**
March 6 (letter of notification) 4,000 shares of class A common stock (no par) and 96,000 shares of class B common stock (no par) to be offered in units of one share of class A and 24 shares of class B common stock to stockholders of record Dec. 3, 1956 on the basis of one unit for each 90 shares of class A and/or class B common stock held. **Price**—$75 per unit. **Proceeds**—For working capital. **Office**—504½ N. 29th St., Billings, Mont. **Underwriter**—None.

Monticello Associates, Inc.
Feb. 18 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For capital expenditures, including construction of motel, roadside restaurant and gas station. **Business**—Has been processing and selling of gravel. **Office**—203 Broadway, Monticello, N. Y. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

★ **Mutual Investment Trust for Profit Sharing-Retirement Plans, Inc., Richmond, Va.**
March 19 filed 50,000 shares of capital stock (par $1), to be offered trustees of profit sharing retirement plans. **Price**—At market. **Proceeds**—For investment. **President**—T. Coleman Andrews. **Office** — 5001 West Broad St., Richmond, Va.

● **National Lithium Corp., New York (4/10)**
Feb. 19 filed 3,120,000 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For acquisition of properties; for ore testing program; for assessment work on the Yellowknife properties; and for cost of a concentration plant, mining equipment, etc. **Underwriter**—Gearhart & Otis, Inc., New York.

● **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. Statement has been withdrawn.

National Rubber Machinery Co.
Feb. 25 (letter of notification) 9,778 shares of common stock (par $10) being offered for subscription by common stockholders of record March 7, 1957, on the basis of one new share for each 20 shares held (with an oversubscription privilege); rights to expire on April 1, 1957. **Price**—$27 per share. **Proceeds**—For general corporate purposes. **Office**—47 West Exchange St., Akron, Ohio. **Underwriter**—None.

New Brunswick (Province of)
Dec. 14 filed $12,000,000 of 25-year sinking fund debentures due Jan. 1, 1982. **Price**—To be supplied by amendment. **Proceeds**—To be advanced to The New Brunswick Electric Power Commission to repay bank loans. **Underwriter**—Halsey, Stuart & Co. Inc., New York and Chicago. **Offering**—Indefinitely postponed.

● **New Canaan Co., New Canaan, Conn.**
Dec. 14 (letter of notification) 2,000 shares of class A stock being offered for subscription by stockholders beginning March 20, 1957; rights to expire on April 11, 1957. **Price**—At par ($25 per share). **Proceeds**—To reduce a certain note indebtedness incurred by the company in connection with the recent purchase of The Ridgefield Water Supply Co. **Underwriter** — Glidden, Morris & Co., New York.

New England Electric System
Dec. 3 filed 819,000 shares of common stock (par $1) to be offered in exchange for capital stock of Lynn Gas & Electric Co. on the basis of two NEES shares for each Lynn share. **Dealer-Managers**—Paine, Webber, Jackson & Curtis and F. S. Moseley & Co., both of Boston, Mass.

New Orleans Public Service, Inc. (3/28)
Feb. 15 filed $6,000,000 of first mortgage bonds due 1987. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Lehman Brothers. **Bids**—To be received up to 11:30 a.m. (EST) on March 28 in Room 2033, Two Rector St., New York, N. Y.

Nic-L-Silver Battery Co., Santa Ana, Calif.
Dec. 27 filed 75,000 shares of 5% cumulative participating preferred stock and 7,500 shares of common stock. **Price**—At par ($10 per share). **Proceeds** — To liquidate a bank loan of $178,635; increase inventories; and for working capital and general corporate purposes. **Underwriter**—None.

● **Nyvatex Oil Corp. (3/29)**
Feb. 26 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For payment of note; and drilling and development of properties. **Office** — Esperson Bldg., Houston, Tex. **Underwriter**—Milton D. Blauner & Co., Inc., New York, N. Y.

Ohio Power Co.
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**—The two received up to 11 a.m. (EST) on Oct. 30 were rejected.

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.

★ **Oregon Uranium Corp.**
Feb. 11 (letter of notification) 45,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—3809 N. E. 73rd St., Portland, Ore. **Underwriter**—None.

● **Overnite Transportation Co. (4/10)**
March 19 filed 126,000 shares of common stock (par 50 cents). **Price** — $13.30 per share. **Proceeds** — To selling stockholders. **Office**—Richmond, Va. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

Paradox Production Corp., Salt Lake City, Utah
Feb. 4 filed 1,000,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For drilling test wells and general corporate purposes. **Business**—To develop oil and gas properties. **Underwriter**—Market Securities, Inc., Salt Lake City, Utah.

★ **Peace River Petroleums Ltd.**
March 11 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration of oil and gas. **Office**—850 W. Hastings St., Vancouver, B. C. **Underwriter**—None.

Pittsburgh Rys. Co., Pittsburgh, Pa. (4/3)
Feb. 13 filed 547,678 shares of common stock (no par), of which 540,651.75 shares are to be offered for subscription by Standard Gas & Electric Co. common stockholders on the basis of one Pittsburgh Rys. share for each four Standard Gas shares held as of April 2, 1957. The subscription period will expire on April 24. **Price**—$6 per share. **Proceeds**—To Standard Gas & Electric Co. **Underwriter** — None. Standard Shares, Inc., owner of 45.59% of Standard Gas common stock, will purchase all shares of Pittsburgh Rys. to which it is entitled to subscribe, plus any unsubscribed share and the remaining 7,026.25 shares not offered directly to Standard Gas stockholders.

Plymouth Fund, Inc., Miami, Fla.
Feb. 5 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla. Joseph A. Rayvis, also of Miami, is President.

★ **Putnam (George) Fund of Boston**
March 21 filed (by amendment) 1,500,000 additional shares of beneficial interest in the Fund. **Price**—At market. **Proceeds**—For investment.

Pyramid Productions, Inc., New York
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 Natural Gas Corp. (4/15-19)**
March 15 filed $25,000,000 of first mortgage bonds due 1980. **Price**—To be supplied by amendment. **Proceeds**—To acquire gas distribution and other related facilities in Montreal, Canada, from Quebec Hydro-Electric Commission. **Underwriters**—Lehman Brothers and Allen & Co. in the United States; and Nesbitt Thomson & Co., Ltd.; Wood, Gundy & Co., Ltd. and Osler, Hammond & Nanton, Ltd. in Canada.

● **Quebec Natural Gas Corp. (4/15-19)**
March 15 filed $15,000,000 of subordinated debentures due 1985 and 750,000 shares of common stock (par $1) to be offered in units of $500 of debentures and 25 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—To acquire properties from Quebec Hydro-Electric Commission. **Underwriters**—Lehman Brothers and Allen & Co., in the United States; and Nesbitt Thomson & Co., Ltd.; Wood, Gundy & Co., Ltd. and Osler, Hammond & Nanton, Ltd. in Canada.

Raymond Oil Co., Inc., Wichita, Kansas
Jan. 29 filed 200,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration, development and operation of oil and gas properties. **Underwriter**—Perkins & Co., Inc., Dallas, Tex. **Offering**—Postponed indefinitely.

Raytone Screen Corp.
Feb. 15 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$3.25 per share. **Proceeds**—To reduce debt, for purchase of inventory and for working capital. **Office**—165 Clermont Ave., Brooklyn, N. Y. **Underwriter**—J. P. Emanuel & Co., Inc., Jersey City, N. J.

Revlon, Inc., New York City (4/2)
March 11 filed 241,020 shares of common stock (par $1), into which a like number of presently outstanding shares of class B common stock will be converted. **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriter**—Reynolds & Co., New York.

Reynolds Metals Co. (4/2)
March 12 filed 914,078 shares of common stock (par $1) to be offered for subscription by common stockholders of record April 2, 1957 on the basis of one new share for each 11 shares held; rights to expire on April 16, 1957. **Price** — To be supplied by amendment. **Proceeds**—For expansion program. **Underwriters**—Dillon, Read & Co. Inc. and Reynolds & Co., Inc., Both of New York.

● **Roberts Co., Sanford, N. C. (4/10-11)**
Feb. 28 filed 190,000 shares of common stock (par $1), of which 150,000 shares are to be sold for account of company and 40,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — To reduce outstanding obligations and for working capital. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Rogosin Industries, Ltd., New York
March 1 filed 75,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For site improvements and buildings in Israel; for process equipment and machinery; for utilities; working capital; and other corporate purposes. **Underwriter**—None.

★ **Roxbury Carpet Co. (4/16-17)**
March 27 filed 198,274 shares of common stock (par $1), of which 175,000 shares are to be offered publicly and 23,274 shares are to be offered in exchange for the minority holdings of common stock in Roxbury Southern Mills, Inc., a subsidiary. **Price** — To be supplied by

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amendment. **Proceeds** — For modernization program. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Savannah Electric & Power Co.
Feb. 21 filed 163,334 shares of common stock (par $5), being offered for subscription by common stockholders of record March 18, 1957 on the basis of one new share for each six shares held (with an oversubscription privilege); rights to expire on April 1, 1957. **Price**—$18 per share. **Proceeds**—From sale of 163,334 shares of common stock and from private sale of 20,000 shares of $100 par preferred stock, to be used to repay bank loans and for construction program. **Underwriters**—The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

★ Sears Roebuck Acceptance Corp. (4/10)
March 26 filed $25,000,000 of subordinated debentures due May 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—To purchase customer receivables from Sears, Roebuck & Co., the parent, under arrangements similar to those under which Sears has sold receivables to banks since 1937. **Underwriters**—Goldman, Sachs & Co., Halsey, Stuart & Co. Inc. and Lehman Brothers, all of New York City.

★ Sinclair Oil Corp., New York
March 22 filed $12,000,000 of participations in the company's Employees Savings Plan, together with 150,000 shares of common stock which may be purchased pursuant thereto.

Southeastern Public Service Co. (4/3)
March 15 filed 92,500 shares of common stock (par 10 cents), to be offered for subscription by common stockholders of record April 3, 1957, on the basis of one new share for each 10 shares held; rights to expire on April 23. **Price**—To be supplied by amendment. **Proceeds**—For investments in subsidiaries and other corporate purposes. **Underwriter** — Bioren & Co., New York and Philadelphia, Pa.

Southern Co.
Feb. 15 filed 1,507,304 shares of common stock (par $5) being offered for subscription by common stockholders of record March 13, 1957 on the basis of one new share for each 13 shares held; rights expire April 4, 1957. **Price**—$20 per share. **Underwriter**—The First Boston Corp. was awarded the issue on March 13, on its bid for a compensation of 8.956 cents per share.

★ Southern Toy & Hobby, Inc.
March 13 (letter of notification) 12,500 shares of class A common stock (par $10), 750 shares of class B common stock (par $100) and $50,000 6½% 10-year junior subordinate debentures (the latter in denominations of $1,000). **Price**—Class A and class B common stock, at par and debentures at face amount. **Proceeds**—For inventory, furniture and fixtures and working capital. **Office**—101 W. Broad St., Savannah, Ga. **Underwriter**—None.

● Sperti Products, Inc., Hoboken, N. J.
Jan. 29 filed $745,300 of 6% debentures due March 1, 1972 and 14,906 shares of common stock (par $1) being offered in units of a $100 debenture and two shares of stock, of which $545,300 of the debentures and 10,906 shares of stock are being offered first in exchange for the 54,530 outstanding shares of 5% cumulative convertible preferred stock (par $10) at the rate of one unit for each 10 shares of preferred stock held. This offer expires on April 22. The remaining $200,000 of debentures and 4,000 shares of common stock were publicly offered. **Price**—$100 per unit. **Proceeds**—For general corporate purposes, including working capital and for redemption of any unexchanged preferred stock. **Underwriter**—Smart, Clowes & Oswald, Inc., Louisville, Ky. Statement effective March 20.

Spokane Natural Gas Co.
Feb. 18 filed 135,315 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of one new share for each three shares held as of March 19, 1957 (with an oversubscription privilege); rights to expire on April 2. **Price** — $7.50 per share. **Proceeds** — Together with bank loans, for construction program. **Underwriter**—White, Weld & Co., New York.

★ Standard Pressed Steel Co., Jenkintown, Pa. (4/17)
March 21 filed 200,000 shares of common stock (par $1), of which 190,000 shares are to be publicly offered and 10,000 shares offered to employees of company. **Price**—To be supplied by amendment. **Proceeds**—For working capital and plant expansion. **Underwriter**—Kidder, Peabody & Co., New York.

★ Stevens Markets, Inc., Miami, Fla. (4/22-26)
March 25 filed 100,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To equip a third super market and for working capital and other corporate purposes. **Underwriter**—R. S. Dickson & Co., Inc., Charlotte, N. C.

★ Stramit Corp.
March 18 (letter of notification) 25,000 shares of common capital stock. **Price**—At par ($10 per share). **Proceeds**—For equipment, land, inventory and working capital. **Office**—120 Fourth Ave., Havre, Mont. **Underwriter**—None.

Stuart Hall Co., Inc.
March 5 (letter of notification) 40,000 shares of common stock (par $1). **Price**—$6.75 per share. **Proceeds**—For working capital. **Office**—121 W. 20th St., Kansas City, Mo. **Underwriter**—White & Co., St. Louis, Mo.

★ Thomasson Oil Producing Co.
March 14 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For drilling and completion of wells on the company's leases. **Office** — 413 California Bldg., Denver, Colo. **Underwriter**—None.

★ Transcontinental Gas Pipe Line Corp. (4/16)
March 27 filed $50,000,000 of first mortgage pipe line bonds due 1977 and 100,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For construction program and to repay bank loans. **Underwriters** — White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

Transition Metals & Chemicals, Inc.
Jan. 22 filed 1,615,500 shares of common stock and 1,126,500 common stock purchase warrants, of which 250,000 shares of stock and 250,000 warrants are to be offered publicly in units of one common share and one warrant. **Price**—$2.01 per unit. **Proceeds**—For construction of plant and other facilities; for equipment; and working capital. **Office**—Wallkill, N. Y. **Underwriter**—M. S. Gerber, Inc., New York.

Tripac Engineering Corp.
Feb. 27 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital; machine tools; equipment and proprietary development. **Office** — 4932 St. Elmo Ave., Bethesda 14, Md. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

★ United Illuminating Co., New Haven, Conn. (4/11)
March 22 filed 311,557 shares of common stock (no par) to be offered for subscription by common stockholders of record April 10, 1957 on the basis of one new share for each eight shares held. **Price**—$22 per share. **Proceeds**—For payment of bank loans and construction program. **Underwriter**—None.

United States Foil Co. (4/2)
March 12 filed 746,270 shares of class A common stock (par $1) to be offered for subscription by class A and class B common stockholders of record on or about April 2, 1957 on the basis of one class A share for each seven class A and/or class B shares held; rights to expire on April 16, 1957. **Price**—To be supplied by amendment. **Proceeds**—For retirement of 7% cumulative preferred stock and for subscription to proposed new stock offering to be made by Reynolds Metals Co., in which latter company United States Foil Co. and Reynolds Corp. owns a 50.7% stock interest. **Underwriters**—Dillon, Read & Co. Inc. and Reynolds & Co., Inc., both of New York.

★ United States Leasing Corp., San Francisco, Calif. (4/11)
March 22 filed 800,000 shares of capital stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For working capital and general corporate purposes. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

★ Valley Telephone Co., Silverton, Ore.
March 12 (letter of notification) 12,811 shares of common stock to be offered to stockholders on the basis of one new share for each two shares held. **Price**—At par ($10 per share). **Proceeds**—For expenses for operating a public utility (telephone and telegraph). **Underwriter**—Daugherty, Butchart & Cole, Inc., Portland, Ore.

Vitro Corp. of America (4/2)
March 13 filed 178,646 shares of common stock (par 50 cents) to be offered for subscription by common stockholders at the rate of one new share for each five shares held as of April 2; rights to expire on April 16. **Price**—To be supplied by amendment. **Proceeds**—To be used initially to reduce bank borrowings. **Underwriter**—Blyth & Co., Inc., New York.

★ Washington National Insurance Co.
March 15 filed $900,000 of participations in company's Savings and Profit Sharing Pension Fund.

● West Penn Power Co.
Feb. 19 filed 251,606 shares of common stock (no par) being offered for subscription by common stockholders (other than the parent, West Penn Electric Co.) of record March 23, 1957 on the basis of one new share for each 14 shares held; rights to expire on April 16, 1957. **Price**—$49.50 per share. **Proceeds** — About $12,000,000—to be used for construction program. **Underwriter**—None. West Penn Electric Co., the parent, owner of 3,346,367 shares, or approximately 95%, of the outstanding West Penn Power Co. common stock, has agreed to purchase all of the shares not subscribed for by public stockholders.

Western Massachusetts Electric Co. (4/2)
March 5 filed $12,000,000 of first mortgage bonds, series C, due April 1, 1987. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp. and Lee Higginson Corp. (jointly); Blyth & Co. Inc.; Blair & Co. Incorporated; Coffin & Burr, Inc.; The First Boston Corp. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on April 2 at Room 918, 201 Devonshire St., Boston, Mass.

★ Western Uranium Corp.
March 16 (letter of notification) 1,000,000 shares of common stock (par five cents) to be offered as follows: 200,000 shares to present stockholders on a basis of one new share for each share held and 800,000 shares to the public. **Price** — To stockholders, seven cents per share; to public, 10 cents per share. **Proceeds**—For mining expenses. **Office**—139 N. Virginia St., Reno, Nev. **Underwriter**—None.

Wilson & Co., Inc.
Aug. 28 filed $20,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds — To redeem presently outstanding first mortgage bonds, to repay bank loans and for expansion program. Business**—Meat packing firm. **Underwriters—Smith, Barney & Co.; Glore Forgan & Co. and Hallgarten & Co., all of New York City. Offering—Indefinitely postponed.**

★ Wind River Mining Co.
March 12 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—205 E. 12th St., Vancouver, Wash. **Underwriter**—None.

● Winter Park Telephone Co.
Feb. 14 filed 40,000 shares of common stock (par $10) and 4,000 shares of cumulative preferred stock (par $100) being offered in units of 10 common shares and one preferred share (first to preferred stockholders; rights to expire on April 5). **Price**—$230 per unit. **Proceeds**—To repay bank loans and for expansion program. **Underwriters** — Security Associates, Inc., Winter Park, Fla.; First Florida Investors, Inc., Orlando, Fla., Bache & Co., New York, N. Y.; and Grimm & Co., Orlando, Fla. Statement effective March 21.

● Wrigley Properties, Inc. (4/8-9)
March 6 filed 2,069,159 shares of common stock (par $1) to be offered for subscription by security holders of ACF-Wrigley Stores, Inc. on the following basis: 1,816,909 shares on the basis of one share for each two shares of ACF-Wrigley common stock held; 120,000 shares on the basis of 30 shares for each $1,000 of debentures held; 57,250 shares to be offered holders of options to purchase ACF-Wrigley common stock; and 75,000 shares to holders of common stock subscription warrants of ACF-Wrigley. **Price**—$2 per share. **Proceeds**—To acquire, develop and operate warehouses, shopping centers and store locations. **Office** — Detroit, Mich. **Underwriter**—Allen & Co., New York.

Prospective Offerings

● Advance Mortgage Corp., Chicago, Ill.
Dec. 4 it was reported this company (to be surviving corporation following merger of First Mortgage Corp. and Irwin Jacobs & Co. of Chicago) plans a public offering of $1,000,000 class A 6% participating convertible stock (par $1). **Underwriter**—Baker, Simonds & Co., Detroit, Mich. **Offering**—Expected in April.

Air Products, Inc., Emmaus, Pa.
Feb. 26 it was reported company may offer to its common stockholders some additional common shares. **Underwriter**—Reynolds & Co., New York.

Alabama Power Co. (5/9)
Jan. 21 it was announced company plans to issue and sell $14,500,000 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.; 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. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 9. **Registration**—Planned for April 12.

★ Aluminum Specialty Co.
March 18 it was announced company plans to issue and sell 15,000 shares of $1.20 cumulative convertible preferred stock series A (par $20). Stockholders on April 6 are to vote on approving an authorized issue of 30,000 shares of preferred stock. **Underwriters**—Emch & Co. and The Marshall Co., both of Milwaukee, Wis.

● American Fletcher National Bank & Trust Co.
March 21 bank offered to its stockholders the right to subscribe for 100,000 additional shares of capital stock (par $10) at rate of one new share for each four shares held March 20; rights to expire on April 8. **Price** — $33 per share. **Proceeds** — To increase capital and surplus accounts. **Underwriters**—The First Boston Corp., New York; and City Securities Corp., Indianapolis Bond & Share Corp. and Collett & Co., all of Indianapolis, Ind.

American Trust Co., New York
March 8 it was announced bank will offer to its stockholders the right to subscribe for 50,000 additional shares of capital stock on the basis of one new share for each five shares held as of Jan. 21; rights expire on April 30. **Price**—At par ($10 per share). **Proceeds**—For expansion program. **Underwriter**—None. Harvey L. Schwamm and his associates, who acquired control in 1950, will purchase any unsubscribed shares.

Associated Truck Lines, Inc. (4/29-5/3)
March 13 it was announced sale of 125,000 shares of class A common stock (par $3) is planned the latter part of April or early in May. Of the total 50,000 shares will be sold by company and 75,000 shares by selling stockholders. **Price** — $10 per share. **Proceeds** — For general corporate purposes. **Business**—A short haul motor common carrier operating over 3,000 miles or routes in Illinois, Indiana, Michigan and Ohio. **Office**—Grand Rapids, Mich. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill.

Baltimore & Ohio RR. (4/15)
Bids are expected to be received by the company on or about April 15 for the purchase from it of $3,585,000 equipment trust certificates to be due annually in 1-to-15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Boston Edison Co. (6/5-13)
March 19 it was announced that company may issue and sell $25,000,000 of first mortgage bonds. Stockholders to vote April 30 on approving proposed new financing. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; White,

Weld & Co. **Bids**—Expected in first or second week of June.

Byers (A. M.) Co.
Feb. 27 it was announced stockholders on May 7 will vote on authorizing a new class of 100,000 shares of cumulative preference stock (par $100) and on increasing the authorized outstanding indebtedness to $15,000,000, in connection with its proposed recapitalization plan. There are no specific objectives involved. **Control**—Acquired by General Tire & Rubber Co. in 1956. **Underwriter** — Dillon, Read & Co., Inc., New York, handled previous preferred stock financing, while Kidder, Peabody & Co. underwrote General Tire & Rubber Co. financing.

Carolina Pipe Line Co.
March 11 it was reported company plans to construct a pipe line in South Carolina at an estimated cost of about $8,700,000. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

★ Carolina Telephone & Telegraph Co.
March 11 it was announced company plans to issue and sell some debentures in an amount which would permit substantial reduction of its bank loans (which approximate $12,200,000). Previous debenture financing was done privately.

Central Hudson Gas & Electric Corp.
Feb. 1 it was announced that the company plans, before the middle of the year, to issue approximately $12,000,000 of new securities (two-thirds in debt securities and the balance from sale of common stock). **Proceeds**—For construction program. **Underwriter**—For any debt securities, Kidder, Peabody & Co.; for common stock, Kidder, Peabody & Co. and Estabrook & Co., both of New York.

★ Central Illinois Light Co.
March 18 it was reported company plans to issue and sell this Fall between $18,000,000 to $20,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly).

Chicago, Milwaukee, St. Paul & Pacific RR. (5/1)
Bids are expected to be received by this company on May 1 for the purchase from it of $6,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago, Rock Island & Pacific Ry. (5/14)
Bids are expected to be received by this company on May 14 for the purchase from it of $3,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Cincinnati Gas & Electric Co. (5/7)
March 18 it was reported company plans to issue and sell $25,000,000 to $30,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp. (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly). **Bids**—Tentative scheduled for May 7.

● Cincinnati, New Orleans & Texas Pacific Ry. (4/16)
Bids will be received by the company up to noon (EST) on April 16 for the purchase from it of $4,200,000 of equipment trust certificates dated Feb. 1, 1957 and due semi-annually from Aug. 1, 1957 to and including Feb. 1, 1967. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Baxter & Co.

Cleveland Electric Illuminating Co.
Nov. 12 it was reported company plans to issue and sell $25,000,000 of first mortgage bonds in the Summer of 1957. **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.; Blyth & Co., Inc.; Dillon, Read & Co. Inc.; Blair & Co. Inc., and Baxter, Williams & Co. (jointly); Glore, Forgan & Co.; White, Weld & Co.

Coastal Transmission Corp.
March 6 it was reported the company plans to offer publicly $7,800,000 of interim notes and 678,900 shares of $1 par stock in units. (Common stock not sold in units would be purchased by Delhi-Taylor Oil Corp., or its stockholders at an average price of $10 per share.) **Proceeds**—Together with funds from private sale of $40,000,000, for construction program. **Underwriters**—Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc.
Feb. 18, company announced that it plans the issuance and sale of additional debentures in order to finance its 1957 construction program, which is expected to cost approximately $87,000,000, which will also be financed, in part, through the offering of 1,675,415 shares of common stock to stockholders (see above). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

Connecticut Light & Power Co.
Feb. 18, it was reported company plans to sell not less than $20,000,000 of first mortgage bonds, possibly this Fall, depending upon market conditions. **Proceeds**—For construction program. **Underwriter** — Putnam & Co., Hartford, Conn.; and Chas. W. Scranton & Co., New Haven, Conn.

Consolidated Natural Gas Co. (6/11)
Feb. 11 it was announced company plans to issue and sell a total amount if $50,000,000 25-year debentures this year, viz.: $25,000,000 in June and $25,000,000 in the Fall. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Paine, Webber, Jackson and Curtis (jointly); Morgan, Stanley & Co. and the First Boston Corp. (jointly). **Bids**—To be received up to 11:30 a.m. (EDT) on June 11.

★ Detroit Edison Co.
March 18 it was announced company plans to sell in 1957 about $60,000,000 of new securities. **Proceeds**—For construction program (estimated to cost about $89,000,000 this year). **Underwriter**—For bonds, to be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Coffin & Burr, Inc., and Spencer Trask & Co. (jointly).

★ Du Mont Broadcasting Corp.
March 20 it was announced that corporation intends to offer its stockholders the right to subscribe for about 300,000 shares of common stock on the basis of one new share fo reach three shares held. **Proceeds**—To help pay for cost of acquisition of radio station WNEW. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

El Paso Electric Co. (5/7)
Feb. 26 it was reported company plans to offer to its common stockholders of record about May 7, 1957 the right to subscribe on or before May 21 for 119,522 additional shares of common stock (par $5) on the basis of one new share for each 15 shares held (probably with an oversubscription privilege). **Proceeds** — To reduce bank loans and for new construction. **Dealer-Manager**—Stone & Webster Securities Corp., New York, acted as dealer-manager for common stock offering last year.

El Paso Electric Co. (5/15)
Feb. 26 it was reported company plans to issue and sell about $6,500,000 of 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; Stone & Webster Securities Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., Shields & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on May 15.

Florida Power & Light Co. (5/21)
March 4 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Blyth & Co., Inc. and Lehman Brothers (jointly). **Bids**—Expected to be received on May 21.

● General Telephone Corp.
March 18 it was announced company plans to issue and sell, probably in June, first to common stockholders, $45,000,000 of convertible debentures. **Underwriters** — Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton of Los Angeles, Calif.

Georgia Power Co. (6/6)
Jan. 21 it was announced the company is planning issuance and sale of $15,500,000 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.; Morgan Stanley & Co.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on June 6.

Government Employees Corp. (6/3)
March 12 it was announced company plans to offer to common stockholders about June 3 the right to subscribe for approximately $500,000 of convertible capital debentures due 1967. **Underwriters**—Johnston, Lemon & Co., Washington, D. C.

Hilo Electric Light Co., Ltd. (Hawaii)
March 9 it was announced company plans to issue and sell $2,000,000 of first mortgage bonds, series F, at an interest rate not to exceed 6%. Previous bond financing was done privately.

Houston Lighting & Power Co.
Feb. 13 it was reported company may offer late this Fall approximately $25,000,000 first mortgage bonds, but exact amount, timing, etc. has not yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lazard Freres & Co. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co.

Houston Texas Gas & Oil Corp.
March 6 it was reported that company plans to offer publicly $22,405,556 of 5½% interim notes (convertible into preferred stock) and $18,241,944 of common stock in units. Part of common stock will be offered to present stockholders at $10 per share. **Proceeds**—For construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Illinois Power Co.
Feb. 7, the directors approved, subject to stockholder approval, an increase in the authorized serial preferred stock (par $50) from 1,000,000 shares to 1,600,000 shares. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and The First Boston Corp., both of New York.

Indianapolis Power & Light Co.
Nov. 21, H. T. Prichard, President, announced that present plans contemplate an issue of $6,000,000 of preferred stock some time in 1957 if market conditions make it feasible, and an issue of $8,000,000 in bonds in 1958. Temporary bank loans are available and probably will be utilized, during at least part of 1957. Additional securities will need to be sold in 1959 and 1960, amounting to approximately $14,000,000. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—May be Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp., who underwrote last equity financing.

International Business Machines Corp. (5/21)
Feb. 26 it was announced company plans to offer its stockholders of record May 21, 1957, approximately $200,000,000 of additional capital stock, following proposed split up of the present outstanding shares on a 2-for-1 basis. **Proceeds**—For working capital. **Underwriter**—Morgan Stanley & Co., New York.

Interstate Power Co.
Feb. 20 it was reported company plans to sell about $28,800,000 of new securities ($19,800,000 of first mortgage bonds and about $9,000,000 of common stock). **Underwriters** — To be determined by competitive bidding. Probable bidders: For bonds: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); White, Weld & Co. and R. W. Pressprich & Co. (jointly); Salomon Bros. & Hutzler; Smith, Barney & Co. For stock; if competitive, Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Harriman Ripley & Co. Inc.; Smith, Barney & Co. **Offering**—Probably in May.

Iowa-Illinois Gas & Electric Co.
Feb. 26 it was reported company plans to issue and sell later in 1957 abcut $11,000,000 of new securities. **Proceeds**—For construction program. **Underwriter**—For any preferred stock, to be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. Hutzler; Harriman Ripley & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc.; Lehman Brothers.

Iowa Power & Light Co.
March 8 it was announced stockholders will vote April 10 on approving the creation of a new issue of 50,000 shares of preferred stock (par $100). **Underwriter** — Smith, Barney & Co., New York.

Jefferson Lake Sulphur Co.
Dec. 27, Eugene H. Walte, Jr., announced company plans in the near future to sell an issue of convertible debentures. **Proceeds**—For expansion program.

Jersey Central Power & Light Co.
Sept. 12, it was announced company plans to issue and sell $8,000,000 of first mortgage bonds due 1987 (later changed to $15,000,000). **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). **Bids** — Expected in June or July, 1957.

Kaiser Industries Corp.
Nov. 28, E. E. Trefethen, Jr., Executive Vice-President, stated that it is anticipated that a portion of the funds necessary to meet the $25,000,000 installment due April 1, 1957 on its 4¾% term loan may have to be provided by the creation of debt by, or the sale of equity securities, of this corporation or Henry J. Kaiser Co., or through the public or private sale of a portion of the securities of the companies owned by the Henry J. Kaiser Co., or of certain other assets. **Underwriter**—The First Boston Corp., New York.

Kaiser Industries Corp.
March 13 it was reported registration is expected in near future of 750,000 shares of common stock (par $4). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriters** — The First Boston Corp., New York; Dean Witter & Co., San Francisco, Calif.; and Carl M. Loeb, Rhoades & Co., New York.

★ KLM Royal Dutch Airlines
March 18 it was reported company plans offering in the United States of its common stock. **Underwriters**—Smith, Barney & Co. and The First Boston Corp., (latter handling books), both of New York.

● Laclede Gas Co. (5/1)
March 18 it was announced the company is planning an issue of $10,000,000 first mortgage bonds due 1982. **Proceeds**—To repay bank loans (expected to be around $6,800,000) and for construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Stone & Webster Securities Corp.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Beane and Reinholdt & Gardner (jointly); The First Boston Corp. **Bids**—Planned to be received on May 1. **Registration**—Expected on April 4.

Lincoln Telephone & Telegraph Co.
Feb. 18 it was reported company plans in April to offer to its common stockholders 68,750 additional shares of common stock (par $16.66⅔) on the basis of one new share for each three shares held. **Underwriter** — Dean Witter & Co., San Francisco, Calif. **Registration**—Expected late in March.

Lone Star Gas Co.
Jan. 11 it was announced company plans to issue and sell $30,000,000 of debentures. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—The First Boston Corp., New York. **Offering**—Tentatively expected late in April.

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Louisville & Nashville RR.
Bids are expected to be received by the company some time in the Fall for the purchase from it of $14,400,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Metropolitan Edison Co.
Jan. 29 it was reported that company is now considering the sale of $19,000,000 first mortgage bonds due 1987. **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 sometime in April or May, 1957.

Michigan Consolidated Gas Co.
March 4 it was reported company plans to issue and sell between $25,000,000 and $30,000,000 of first mortgage bonds before Summer. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders. Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Blyth & Co., Inc. (jointly); White, Weld & Co. and Lehman Brothers (jointly).

Minneapolis & St. Louis Ry. (4/23)
Bids will be received by the company up to noon (CST) April 23 for the purchase from it of $2,700,000 equipment trust certificates, series A dated May 10, 1957, to mature annually in 1-to-15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Montana-Dakota Utilities Co.
March 14 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds or convertible debentures before June 30, 1957. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blair & Co., Incorporated.

National Fuel Gas Co. (5/28)
Jan. 10 it was reported company plans to issue $15,000,000 of new 25-year debentures. **Proceeds**—To make additional investments in securities of subsidiaries. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Eastman Dillon, Union Securities & Co.; White, Weld & Co.; Harriman Ripley & Co. Inc. **Bids**—Tentatively scheduled to be received up to 11:30 a.m. (EST) on May 28. **Registration**—Planned for April 18.

National Telefilm Associates, Inc.
March 4 it was announced company plans to issue up to $8,000,000 convertible notes or debentures in the near future. **Proceeds**—For reduction of short-term debt, working capital and other corporate purposes. **Underwriter**—May be Charles Plohn & Co., New York.

New England Electric System
Jan. 3, 1956, it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, to be known as Marrimack-Essex Electric Co. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Company; 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 Jersey Power & Light Co.
Sept. 12 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly): Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

● **New York State Electric & Gas Corp. (5/14)**
Oct. 24 it was announced company plans to sell in 1957 $25,000,000 of first mortgage bonds, and an additional $20,000,000 in 1958. **Proceeds**—To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Blyth & Co. Inc. and Smith, Barney & Co. (jointly): The First Boston Corp. and Glore, Forgan & Co. (jointly); Harriman Ripley & Co. Inc.; Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected May 14.

New York Telephone Co. (5/21)
March 18 it was announced company plans to issue and sell $70,000,000 of refunding mortgage bonds. **Proceeds**—To retire short-term borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Scheduled to be received on May 21.

Norfolk & Western Ry. (4/10)
Bids are expected to be received by this company on April 10 for the purchase from it of $6,600,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern Natural Gas Co.
March 6 it was announced company plans to issue some debentures and preferred stock this year. **Proceeds**—To repay bank loans ($18,750,000 at Dec. 31, 1956). **Underwriter** — Blyth & Co., Inc., New York and San Francisco.

Northern Ontario Natural Gas Co., Ltd.
March 1 it was reported company plans to issue and sell some notes and common stock in units. **Proceeds**—About $10,500,000, together with private financing, to be used for new construction. **Underwriters** — Hemphill, Noyes & Co. and Bear, Stearns & Co., both of New York, to head group in United States. **Offering**—Expected in April.

Northern States Power Co. (Minn.)
March 4 it was reported company plans to issue and sell in the Fall of 1957 $15,000,000 first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: Merrill Lynch, Pierce, Fenner and Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.

Northern States Power Co. (Wis.) (6/4)
March 4 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1987. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers and Riter & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on June 4.

Northwestern Bell Telephone Co. (4/23)
Feb. 23 it was announced company intends to issue and sell $30,000,000 of 32-year debentures due May 1, 1989. **Proceeds**—To retire short-term loans and for construction program. **Underwriter**—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received around April 23.

Pacific Telephone & Telegraph Co.
Jan. 14, James S. Cantlen, Vice-President, announced that company plans to spent $159,000,000 in 1957 and $157,000,000 in 1958 for expansion and improvement to be financed in part, by debt borrowings and stock issues. About 90% of Pacific's stock is owned by American Telephone & Telegraph Co. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Peninsular Telephone Co.
March 6 it was announced company plans to offer to its common stockholders not over 189,844 additional shares of common stock. **Proceeds**—Together with funds from proposed bond sale, to finance new construction. **Underwriters**—Morgan Stanley & Co. and Coggeshall & Hicks, both of New York City.

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.

Philadelphia Electric Co.
Feb. 14 it was announced company plans to offer about 600,000 shares of common stock to its stockholders about the middle of the year on a basis of one new share for each 20 shares held. **Proceeds** — For construction program. **Dealer-Managers** — Drexel & Co., Philadelphia, Pa., and Morgan Stanley & Co., New York, N. Y.

Philadelphia Electric Co.
Feb. 14 it was also announced company plans to issue and sell in the second half of 1957 additional first mortgage bonds. **Proceeds**—For expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; The First Boston Corp.; Morgan Stanley & Co. and Drexel & Co. (jointly).

● **Portland Gas & Coke Co. (6/10)**
March 21 was reported company plans offering to common stockholders of about 112,988 shares of additional common stock about June 10 on a 1-for-5 basis. **Underwriting**—May be on a negotiated basis.

★ **Portland General Electric Co.**
March 13 it was announced company plans to issue and sell 300,000 shares of common stock in April or May. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Potomac Edison Co.
Dec. 27 it was announced company may in 1957 issue some $14,000,000 to $15,000,000 of senior securities. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Equitable Securities Corp.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers; Kidder, Peabody & Co.; W. C. Langley & Co. and The First Boston Corp. (jointly). **Offering**—Expected in May.

Principal Retail Plazas of Canada, Ltd. (Canada)
Feb. 28 it was reported that early registration is expected of an issue of $15,000,000 of subordinated debentures due 1932 and 1,500,000 shares common stock to be sold in units of $50 of debentures and five shares of stock. **Proceeds**—For expansion and working capital. **Business** — Operates shopping centers. **Underwriter** — Eastman Dillon, Union Securities & Co., New York, for about two-thirds of issue. Balance to be underwritten in Canada.

Public Service Co. of Colorado (5/20)
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 up to noon (EDT) on May 20.

Public Service Co. of Indiana, Inc.
Feb. 11 it was announced that it is expected that a new series of first mortgage bonds (about $30,000,000 initially scheduled for 1956) will be issued and sold by the company, during 1957. **Proceeds** — To repay bank loans (amounting to $25,000,000 at Dec. 31, 1956) and for new construction. **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).

Puget Sound Power & Light Co.
Feb. 6, Frank McLaughlin, President, announced that later on in 1957 the company plans to sell an issue of first mortgage bonds (company is authorized to issue $25,000,000 additional principal amount). **Proceeds**—To retire bank loans. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.

★ **Radiation, Inc.**
March 20 it was reported registration is expected in about a month of about 213,000 shares of common stock, of which approximately 183,000 shares are to be offered by the company late in May to its stockholders on a 1-for-3 basis and about 30,000 shares are to be sold for account of certain stockholders. **Underwriters** — Kuhn, Loeb & Co., New York, and Johnson, Lane, Space & Co., Savannah, Ga.

Reading Co. (5/23)
Bids are expected to be received by this company on May 23 for the purchase from it of $2,475,000 equipment trust certificates, due semi-annually, from July 1, 1957, to Jan. 1, 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

South Carolina Electric & Gas Co.
Jan. 14 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Not expected to be received until next Fall.

Southern Bell Telephone & Telegraph Co. (6/18)
Feb. 25 directors authorized the issue and sale of $70,000,000 of 29-year debentures due June 1, 1986. **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 June 18. **Registration**—Planned for latter part of May.

★ **Southern California Edison Co.**
March 20. Harold Quinton, President, announced that for the balance of this year the company's present intention is to issue additional bonds and probably a preferred stock. He added that the company will require more than $180,000,000 of new money in 1957 and 1958, in addition to the $37,500,000 bond issue of February, 1957. (A total of $70,000,000 may be raised in 1957.) **Underwriters**—(1) For any bonds, to be determined by competitive bidding. Probable bidders may include: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Kuhn, Loeb & Co. (2) For any preferred stock: May be The First Boston Corp. and Dean Witter & Co. (jointly).

Southern California Gas Co.
Jan. 21 it was announced company plans to issue and sell about $35,000,000 of 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.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Offering**—Expected in August or September, 1957.

● **Spokane, Portland & Seattle Ry. (3/28)**
Bids are expected to be received by the company up to noon (EST) on March 28 for the purchase from it of $3,690,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Sundstrand Machine Tool Co.
March 11 it was reported company may do some equity financing in April (first to stockholders). **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co.

Tampa Electric Co.
March 18 it was reported company plans to issue and sell about $18,000,000 of 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.; Goldman,

Sachs & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Expected to be received some time in July.

Tampa Electric Co.
March 18 it was reported company plans to issue and sell about 217,000 additional shares of common stock in 1957 (probably first to common stockholders). **Dealer-Manager**—Goldman, Sachs & Co., New York.

Texas Electric Service Co.
Jan. 2 it was announced company expects to sell new securities during 1957 to obtain capital for its continuing plant expansion. **Underwriter** — For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); The First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Lehman Brothers (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly).

Thorp Finance Corp.
Jan. 30 it was reported company plans to issue and sell locally 10,000 additional shares of 5% preferred stock and to sell generally some additional common stock during 1957. **Price**—Of preferred, $102 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—Emch & Co. and The Marshall Co., both of Milwaukee, Wis.

● **TMT Trailer Ferry, Inc.**
March 20 it was reported corporation is considering public financing of about $4,000,000 convertible debentures through Ira Haupt & Co., New York. **Financial Adviser**—Salomon Bros. & Hutzler, New York.

United Artists Corp. (4/15-19)
March 20 it was announced company plans to offer publicly $10,000,000 6% convertible debentures due 1969 and 350,000 shares of common stock, of which 100,000 shares are to be marketed for account of the management group. **Proceeds**—To retire certain debt and to increase working capital to finance expanding independent film production. **Underwriter**—F. Eberstadt & Co., New York.

U. S. A. Fund, Ltd. (Canada)
Feb. 25 it was reported that this Fund plans to offer $15,000,000 of capital stock. **Underwriter**—Kidder, Peabody & Co., New York. **Offering** — Expected in early Spring.

Utah Power & Light Co. (10/1)
March 12 it was announced company plans to issue and sell about $15,000,000 of first mortgage bonds due 1987. **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. and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co. **Bids** — Tentatively scheduled to be received on Oct. 1.

Utah Power & Light Co. (10/1)
March 12 it was also announced company plans to offer to the public 400,000 shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Blyth & Co., Inc. **Bids**—Tentatively scheduled to be received on Oct. 1.

Virginia Electric & Power Co. (6/4)
Feb. 15 it was reported company plans to issue and sell 1,000,000 shares of common stock (par $8). **Proceeds**—About $22,000,000 for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively expected on June 4.

Virginia Electric & Power Co.
March 8 it was announced company, in addition to proposal to raise late this Spring $22,000,000 through the sale of additional common stock, plans also to sell in the Fall $20,000,000 of debt securities. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; White, Weld & Co.

Virginian Ry. (4/4)
Bids will be received by this company on Apirl 4 for the purchase from it of $1,200,000 equipment trust certificates dated April 15, 1957 and due annually from 1958 to 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Baxter & Co.; R. W. Pressprich & Co.

● **Washington Gas Light Co. (5/16)**
Dec. 12, Everett J. Boothby, President, announced that the company expects to raise about $8,000,000 through the sale of first mortgage bonds in the Spring of 1957. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated and Baxter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; The First Boston Corp. **Bids**—Expected to be received on May 16.

West Penn Power Co.
Dec. 27 it was announced company plans to issue some additional senior securities, probably about $20,000,000 of first mortgage bonds due 1987. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers; The First Boston Corp.; W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Offering**—Expected sometime in July.

★ **Western Maryland Ry. (4/3)**
Bids will be received by this company up to 1 p.m. (EST) on April 3 for the purchase from it of $3,450,000 equipment trust certificates dated May 1, 1957 and due annually May 1, 1958 to 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Baxter & Co.

White (S. S.) Dental Manufacturing Co.
March 11 it was reported company is considering some long-term financing. **Underwriter**—Drexel & Co., Philadelphia, Pa.

Securities Salesman's Corner

By JOHN DUTTON

Where Do You Find Clients?

In building an investment clientele you follow certain well established procedures as to prospecting. They consist of a simple plan of reading, seeing, and listening!

For example, there is the daily paper. The other day I noticed an advertisement in the classified column offering an expensive yacht for sale. The owner's name was given. My memory went back almost 30 years and I remembered a man by the same name who was one of the wealthiest individuals in another city. The name was most unusual and it more than likely could be the same man. I also remembered he was a customer of another firm in that area.

I wrote him a short letter and told him I was going to call him on the telephone. I did, and we had a pleasant conversation discussing mutual friends. He was the man. Not only that, he told me he had just bought $400,000 of tax free bonds which were obligations of municipalities in his home state. Also, he was seriously thinking about a change of domicile, and the addition of some bonds to his investment portfolio that were representative of the area where I live. I offered information on the tax status of some of his existing investments which he appreciated, also on procedures for obtaining a domicile, on certain tax advantages, and it looks like a new client is in the making. Don't write and ask me if I've made a commission selling his yacht too—but it's an idea.

So there it is—read the papers. Go over the society columns, the business news, the personals, with an idea to possible buyers of securities. You will also find listed there the names of charitable organizations, estates, hospital campaigns, and the donors to charities. The other day a paper listed the names of all individuals who had made a gift of $50,000 or more to a new hospital in my community. People with money make news.

Keep Your Eyes Open

Around Christmas time there is a contest for the most beautifully decorated home in our town. One evening we were looking at the Christmas display of lights and we noticed a large mansion that was so well lighted it looked like Yankee stadium at a night game. My youngest daughter who was with me did this prospecting for me. She said, "Daddy, those people ought to be good prospects if they can spend all that money on Christmas decorations." The moral is—get the whole family interested in your work—start them young—and by the way, that man did turn out to be very much interested in tax free securities. I sent him a letter after the newspaper mentioned he won the first prize and followed it with a call. He thought it was quite amusing when I finally told him how he got on my "sucker list."

Listen

The other day I spent several hours with a good client and we made a trip to look at some property she had been thinking of selling. The trip was about 50 miles and when we arrived at the destination we had luncheon at an inviting restaurant. During our luncheon this client told me of some of her friends and several of them, she remarked, were very wealthy. I had never asked her for any recommendations but under these pleasant circumstances I did so. "Why I never thought of it," she said, and with that she told me that the woman who operated this restaurant was one of her friends and that she had quite a few investments. We started right there and before we left I had the opportunity to meet her friend under most favorable circumstances. I also obtained the names of two more people whom she mentioned.

Keep Your List Up to Date And Follow It

Put your names on three-by-five cards. Make a note of the source of the prospect. Write letters to these people. Make them short. Follow up by telephone and make appointments where indicated. Some people you can get to know well over the telephone and you can do business with them without meeting them, if you have a good telephone personality and know how to develop good will and confidence. (Some day I may write some columns on telephone salesmanship—ex-boiler room.) But build up qualified prospects. Every day keep your eyes and ears open — it doesn't take much time and it will build a back-log of prospects that you can develop as you go along.

With Jonathan & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John G. Finch has joined the staff of Jonathan & Co., 6399 Wilshire Boulevard. He was previously with Daniel D. Weston & Co., Inc.

R. A. Harrison Adds

(Special to The Financial Chronicle)

SACRAMENTO, Calif. — Anthony J. Taranto has been added to the staff of Richard A. Harrison, Inc., 2200 16th Street. He was formerly with Kidder, Peabody & Co.

Walston Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Richard E. Blore has been added to the staff of Walston & Co., Inc., 265 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Our Reporter's Report

American Telephone & Telegraph Co. brought its $250 million of new debentures to market at the right time judging by the results of the operation. This, the year's largest corporate debt undertaking to date, "clicked" with a reception that certainly must have tickled the underwriters and the issuer too.

True, the cost of the money to AT&T is the highest in some 27 years, but even at the 4.30% yield basis fixed for reoffering the price paid by the company was not exorbitant by ordinary rules of measurement. That is excluding the more or less artificial ease of the last 20 years or so.

Demand for the huge offering was not limited to any particular segment of the investing fraternity but rather embraced the entire field. The sponsoring group was able to announce quick oversubscription.

The stage for a successful deal appeared to have been set from the start, with two competing banking groups placing decidedly close bids for the issue, considering its size. The latter element, entailing need for large allotments of underwriting capital, naturally limited the bidding field.

The price paid by the successful aggregation, 100.5399 for a 4⅜% coupon, was only 13 cents per $100, or $1.30 per $1,000, above the bid of the runners-up. And it was noted that both groups carried their bids out to four places after the decimal.

Some Are Disappointed

You just can't satisfy everybody, it seems. The vast majority naturally were delighted with the outcome of AT&T financing. But there was a "fringe" of investors who were quite disappointed, judging from Street gossip.

The rank and file was pretty much agreed that results attending this business might very well point the way for the seasoned bond market in the period ahead. And naturally those who leaned to the bullish side found reason for cheer.

Their opposite numbers, however, the "bargain-hunters" (potential), naturally found that they had miscued. They had figured that if the Telephone deal proved a "dud" that it would pave the way for better buying opportunities.

Equities Hold Sway

Topped off by Columbia Gas System's 1,675,415 share offering to stockholders, on which underwriting bids will be opened on Wednesday, next week, shapes up as another active period for raising of corporate capital by sale of equities.

Seven such issues are in the cards, five on the basis of "rights" and two, those of California Electric Power — 300,000 shares — and Bell & Howell Co.'s 100,000 shares, being made direct to the public.

Reynolds Metals Co. has 914,078 shares going to stockholders who exercise subscription rights; U. S. Foil Co., 746,270 shares of class A stock to be offered to both A and B holders; Vitro Corp., 178,646 shares and Southeastern Public Service Corp., 92,500 shares of common.

Four Debt Issues Up

In the corporate debt issue market, I.T.E. Circuit Breaker Co., will be marketing $10 million of 25-year debentures through its bankers on Tuesday. On the same day Western Massachusetts Electric will open bids for $12 million of 30-year bonds as a means of funding outstanding bank loans.

The next day Flintkote Co., through its bankers, will put $10 million of debentures on the market for public subscription.

And on Thursday the debt end of the calendar will be cleared away with the opening of bids for a small railway equipment trust issue, $1.2 million, being offer by Virginian Railway.

Continued from page 61

Louisville & Nashville RR.
Bids are expected to be received by the company some time in the Fall for the purchase from it of $14,400,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Metropolitan Edison Co.
Jan. 29 it was reported that company is now considering the sale of $19,000,000 first mortgage bonds due 1987. **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 sometime in April or May, 1957.

Michigan Consolidated Gas Co.
March 4 it was reported company plans to issue and sell between $25,000,000 and $30,000,000 of first mortgage bonds before Summer. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders. Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Blyth & Co., Inc. (jointly); White, Weld & Co. and Lehman Brothers (jointly).

Minneapolis & St. Louis Ry. (4/23)
Bids will be received by the company up to noon (CST) April 23 for the purchase from it of $2,700,000 equipment trust certificates, series A dated May 10, 1957, to mature annually in 1-to-15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Montana-Dakota Utilities Co.
March 14 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds or convertible debentures before June 30, 1957. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blair & Co., Incorporated.

National Fuel Gas Co. (5/28)
Jan. 10 it was reported company plans to issue $15,000,000 of new 25-year debentures. **Proceeds**—To make additional investments in securities of subsidiaries. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Eastman Dillon, Union Securities & Co.; White, Weld & Co.; Harriman Ripley & Co. Inc. **Bids**—Tentatively scheduled to be received up to 11:30 a.m. (EST) on May 28. **Registration**—Planned for April 18.

National Telefilm Associates, Inc.
March 4 it was announced company plans to issue up to $8,000,000 convertible notes or debentures in the near future. **Proceeds**—For reduction of short-term debt, working capital and other corporate purposes. **Underwriter**—May be Charles Plohn & Co., New York.

New England Electric System
Jan. 3, 1956, it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, to be known as Marrimack-Essex Electric Co. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Company; 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 Jersey Power & Light Co.
Sept. 12 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly): Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

● **New York State Electric & Gas Corp. (5/14)**
Oct. 24 it was announced company plans to sell in 1957 $25,000,000 of first mortgage bonds, and an additional $20,000,000 in 1958. **Proceeds**—To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Blyth & Co. Inc. and Smith, Barney & Co. (jointly): The First Boston Corp. and Glore, Forgan & Co. (jointly); Harriman Ripley & Co. Inc.; Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected May 14.

New York Telephone Co. (5/21)
March 18 it was announced company plans to issue and sell $70,000,000 of refunding mortgage bonds. **Proceeds**—To retire short-term borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Scheduled to be received on May 21.

Norfolk & Western Ry. (4/10)
Bids are expected to be received by this company on April 10 for the purchase from it of $6,600,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern Natural Gas Co.
March 6 it was announced company plans to issue some debentures and preferred stock this year. **Proceeds**—To repay bank loans ($18,750,000 at Dec. 31, 1956). **Underwriter** — Blyth & Co., Inc., New York and San Francisco.

Northern Ontario Natural Gas Co., Ltd.
March 1 it was reported company plans to issue and sell some notes and common stock in units. **Proceeds**—About $10,500,000, together with private financing, to be used for new construction. **Underwriters** — Hemphill, Noyes & Co. and Bear, Stearns & Co., both of New York, to head group in United States. **Offering**—Expected in April.

Northern States Power Co. (Minn.)
March 4 it was reported company plans to issue and sell in the Fall of 1957 $15,000,000 first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner and Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.

Northern States Power Co. (Wis.) (6/4)
March 4 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1987. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers and Riter & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on June 4.

Northwestern Bell Telephone Co. (4/23)
Feb. 23 it was announced company intends to issue and sell $30,000,000 of 32-year debentures due May 1, 1989. **Proceeds**—To retire short-term loans and for construction program. **Underwriter**—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received around April 23.

Pacific Telephone & Telegraph Co.
Jan. 14, James S. Cantlen, Vice-President, announced that company plans to spent $159,000,000 in 1957 and $157,000,000 in 1958 for expansion and improvement to be financed in part, by debt borrowings and stock issues. About 90% of Pacific's stock is owned by American Telephone & Telegraph Co. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Peninsular Telephone Co.
March 6 it was announced company plans to offer to its common stockholders not over 189,844 additional shares of common stock. **Proceeds**—Together with funds from proposed bond sale, to finance new construction. **Underwriters**—Morgan Stanley & Co. and Coggeshall & Hicks, both of New York City.

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.

Philadelphia Electric Co.
Feb. 14 it was announced company plans to offer about 600,000 shares of common stock to its stockholders about the middle of the year on a basis of one new share for each 20 shares held. **Proceeds** — For construction program. **Dealer-Managers** — Drexel & Co., Philadelphia, Pa., and Morgan Stanley & Co., New York, N. Y.

Philadelphia Electric Co.
Feb. 14 it was also announced company plans to issue and sell in the second half of 1957 additional first mortgage bonds. **Proceeds**—For expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; The First Boston Corp.; Morgan Stanley & Co. and Drexel & Co. (jointly).

● **Portland Gas & Coke Co. (6/10)**
March 21 was reported company plans offering to common stockholders of about 112,988 shares of additional common stock about June 10 on a 1-for-5 basis. **Underwriting**—May be on a negotiated basis.

★ **Portland General Electric Co.**
March 13 it was announced company plans to issue and sell 300,000 shares of common stock in April or May. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Potomac Edison Co.
Dec. 27 it was announced company may in 1957 issue some $14,000,000 to $15,000,000 of senior securities. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Equitable Securities Corp.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers; Kidder, Peabody & Co.; W. C. Langley & Co. and The First Boston Corp. (jointly). **Offering**—Expected in May.

Principal Retail Plazas of Canada, Ltd. (Canada)
Feb. 28 it was reported that early registration is expected of an issue of $15,000,000 of subordinated debentures due 1932 and 1,500,000 shares common stock to be sold in units of $50 of debentures and five shares of stock. **Proceeds**—For expansion and working capital. **Business** — Operates shopping centers. **Underwriter** — Eastman Dillon, Union Securities & Co., New York, for about two-thirds of issue. Balance to be underwritten in Canada.

Public Service Co. of Colorado (5/20)
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 up to noon (EDT) on May 20.

Public Service Co. of Indiana, Inc.
Feb. 11 it was announced that it is expected that a new series of first mortgage bonds (about $30,000,000 initially scheduled for 1956) will be issued and sold by the company, during 1957. **Proceeds** — To repay bank loans (amounting to $25,000,000 at Dec. 31, 1956) and for new construction. **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).

Puget Sound Power & Light Co.
Feb. 6, Frank McLaughlin, President, announced that later on in 1957 the company plans to sell an issue of first mortgage bonds (company is authorized to issue $25,000,000 additional principal amount). **Proceeds**—To retire bank loans. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.

★ **Radiation, Inc.**
March 20 it was reported registration is expected in about a month of about 213,000 shares of common stock, of which approximately 183,000 shares are to be offered by the company late in May to its stockholders on a 1-for-3 basis and about 30,000 shares are to be sold for account of certain stockholders. **Underwriters** — Kuhn, Loeb & Co., New York, and Johnson, Lane, Space & Co., Savannah, Ga.

Reading Co. (5/23)
Bids are expected to be received by this company on May 23 for the purchase from it of $2,475,000 equipment trust certificates, due semi-annually, from July 1, 1957, to Jan. 1, 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

South Carolina Electric & Gas Co.
Jan. 14 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Not expected to be received until next Fall.

Southern Bell Telephone & Telegraph Co. (6/18)
Feb. 25 directors authorized the issue and sale of $70,000,000 of 29-year debentures due June 1, 1986. **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 June 18. **Registration**—Planned for latter part of May.

★ **Southern California Edison Co.**
March 20. Harold Quinton, President, announced that for the balance of this year the company's present intention is to issue additional bonds and probably a preferred stock. He added that the company will require more than $180,000,000 of new money in 1957 and 1958, in addition to the $37,500,000 bond issue of February, 1957. (A total of $70,000,000 may be raised in 1957.) **Underwriters**—(1) For any bonds, to be determined by competitive bidding. Probable bidders may include: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Kuhn, Loeb & Co. (2) For any preferred stock: May be The First Boston Corp. and Dean Witter & Co. (jointly).

Southern California Gas Co.
Jan. 21 it was announced company plans to issue and sell about $35,000,000 of 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.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Offering**—Expected in August or September, 1957.

● **Spokane, Portland & Seattle Ry. (3/28)**
Bids are expected to be received by the company up to noon (EST) on March 28 for the purchase from it of $3,690,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Sundstrand Machine Tool Co.
March 11 it was reported company may do some equity financing in April (first to stockholders). **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co.

Tampa Electric Co.
March 18 it was reported company plans to issue and sell about $18,000,000 of 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.; Goldman,

Sachs & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Expected to be received some time in July.

Tampa Electric Co.
March 18 it was reported company plans to issue and sell about 217,000 additional shares of common stock in 1957 (probably first to common stockholders). **Dealer-Manager**—Goldman, Sachs & Co., New York.

Texas Electric Service Co.
Jan. 2 it was announced company expects to sell new securities during 1957 to obtain capital for its continuing plant expansion. **Underwriter** — For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); The First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Lehman Brothers (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly).

Thorp Finance Corp.
Jan. 30 it was reported company plans to issue and sell locally 10,000 additional shares of 5% preferred stock and to sell generally some additional common stock during 1957. **Price**—Of preferred, $102 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—Emch & Co. and The Marshall Co., both of Milwaukee, Wis.

● TMT Trailer Ferry, Inc.
March 20 it was reported corporation is considering public financing of about $4,000,000 convertible debentures through Ira Haupt & Co., New York. **Financial Adviser**—Salomon Bros. & Hutzler, New York.

United Artists Corp. (4/15-19)
March 20 it was announced company plans to offer publicly $10,000,000 6% convertible debentures due 1969 and 350,000 shares of common stock, of which 100,000 shares are to be marketed for account of the management group. **Proceeds**—To retire certain debt and to increase working capital to finance expanding independent film production. **Underwriter**—F. Eberstadt & Co., New York.

U. S. A. Fund, Ltd. (Canada)
Feb. 25 it was reported that this Fund plans to offer $15,000,000 of capital stock. **Underwriter**—Kidder, Peabody & Co., New York. **Offering** — Expected in early Spring.

Utah Power & Light Co. (10/1)
March 12 it was announced company plans to issue and sell about $15,000,000 of first mortgage bonds due 1987. **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. and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co. **Bids** — Tentatively scheduled to be received on Oct. 1.

Utah Power & Light Co. (10/1)
March 12 it was also announced company plans to offer to the public 400,000 shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Blyth & Co., Inc. **Bids**—Tentatively scheduled to be received on Oct. 1.

Virginia Electric & Power Co. (6/4)
Feb. 15 it was reported company plans to issue and sell 1,000,000 shares of common stock (par $8). **Proceeds**—About $22,000,000 for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively expected on June 4.

Virginia Electric & Power Co.
March 8 it was announced company, in addition to proposal to raise late this Spring $22,000,000 through the sale of additional common stock, plans also to sell in the Fall $20,000,000 of debt securities. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; White, Weld & Co.

Virginian Ry. (4/4)
Bids will be received by this company on Apirl 4 for the purchase from it of $1,200,000 equipment trust certificates dated April 15, 1957 and due annually from 1958 to 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Baxter & Co.; R. W. Pressprich & Co.

● Washington Gas Light Co. (5/16)
Dec. 12, Everett J. Boothby, President, announced that the company expects to raise about $8,000,000 through the sale of first mortgage bonds in the Spring of 1957. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated and Baxter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; The First Boston Corp. **Bids**—Expected to be received on May 16.

West Penn Power Co.
Dec. 27 it was announced company plans to issue some additional senior securities, probably about $20,000,000 of first mortgage bonds due 1987. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers; The First Boston Corp.; W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Offering**—Expected sometime in July.

★ Western Maryland Ry. (4/3)
Bids will be received by this company up to 1 p.m. (EST) on April 3 for the purchase from it of $3,450,000 equipment trust certificates dated May 1, 1957 and due annually May 1, 1958 to 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Baxter & Co.

White (S. S.) Dental Manufacturing Co.
March 11 it was reported company is considering some long-term financing. **Underwriter**—Drexel & Co., Philadelphia, Pa.

Securities Salesman's Corner

By JOHN DUTTON

Where Do You Find Clients?

In building an investment clientele you follow certain well established procedures as to prospecting. They consist of a simple plan of reading, seeing, and listening!

For example, there is the daily paper. The other day I noticed an advertisement in the classified column offering an expensive yacht for sale. The owner's name was given. My memory went back almost 30 years and I remembered a man by the same name who was one of the wealthiest individuals in another city. The name was most unusual and it more than likely could be the same man. I also remembered he was a customer of another firm in that area.

I wrote him a short letter and told him I was going to call him on the telephone. I did, and we had a pleasant conversation discussing mutual friends. He was the man. Not only that, he told me he had just bought $400,000 of tax free bonds which were obligations of municipalities in his home state. Also, he was seriously thinking about a change of domicile, and the addition of some bonds to his investment portfolio that were representative of the area where I live. I offered information on the tax status of some of his existing investments which he appreciated, also on procedures for obtaining a domicile, on certain tax advantages, and it looks like a new client is in the making. Don't write and ask me if I've made a commission selling his yacht too—but it's an idea.

So there it is—read the papers. Go over the society columns, the business news, the personals, with an idea to possible buyers of securities. You will also find listed there the names of charitable organizations, estates, hospital campaigns, and the donors to charities. The other day a paper listed the names of all individuals who had made a gift of $50,000 or more to a new hospital in my community. People with money make news.

Keep Your Eyes Open

Around Christmas time there is a contest for the most beautifully decorated home in our town. One evening we were looking at the Christmas display of lights and we noticed a large mansion that was so well lighted it looked like Yankee stadium at a night game. My youngest daughter who was with me did this prospecting for me. She said, "Daddy, those people ought to be good prospects if they can spend all that money on Christmas decorations." The moral is—get the whole family interested in your work—start them young—and by the way, that man did turn out to be very much interested in tax free securities. I sent him a letter after the newspaper mentioned he won the first prize and followed it with a call. He thought it was quite amusing when I finally told him how he got on my "sucker list."

Listen

The other day I spent several hours with a good client and we made a trip to look at some property she had been thinking of selling. The trip was about 50 miles and when we arrived at the destination we had luncheon at an inviting restaurant. During our luncheon this client told me of some of her friends and several of them, she remarked, were very wealthy. I had never asked her for any recommendations but under these pleasant circumstances I did so. "Why I never thought of it," she said, and with that she told me that the woman who operated this restaurant was one of her friends and that she had quite a few investments. We started right there and before we left I had the opportunity to meet her friend under most favorable circumstances. I also obtained the names of two more people whom she mentioned.

Keep Your List Up to Date And Follow It

Put your names on three-by-five cards. Make a note of the source of the prospect. Write letters to these people. Make them short. Follow up by telephone and make appointments where indicated. Some people you can get to know well over the telephone and you can do business with them without meeting them, if you have a good telephone personality and know how to develop good will and confidence. (Some day I may write some columns on telephone salesmanship—ex-boiler room.) But build up qualified prospects. Every day keep your eyes and ears open — it doesn't take much time and it will build a back-log of prospects that you can develop as you go along.

With Jonathan & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John G. Finch has joined the staff of Jonathan & Co., 6399 Wilshire Boulevard. He was previously with Daniel D. Weston & Co., Inc.

R. A. Harrison Adds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Anthony J. Taranto has been added to the staff of Richard A. Harrison, Inc., 2200 16th Street. He was formerly with Kidder, Peabody & Co.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Richard E. Blore has been added to the staff of Walston & Co., Inc., 265 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Our Reporter's Report

American Telephone & Telegraph Co. brought its $250 million of new debentures to market at the right time judging by the results of the operation. This, the year's largest corporate debt undertaking to date, "clicked" with a reception that certainly must have tickled the underwriters and the issuer too.

True, the cost of the money to AT&T is the highest in some 27 years, but even at the 4.30% yield basis fixed for reoffering the price paid by the company was not exorbitant by ordinary rules of measurement. That is excluding the more or less artificial ease of the last 20 years or so.

Demand for the huge offering was not limited to any particular segment of the investing fraternity but rather embraced the entire field. The sponsoring group was able to announce quick oversubscription.

The stage for a successful deal appeared to have been set from the start, with two competing banking groups placing decidedly close bids for the issue, considering its size. The latter element, entailing need for large allotments of underwriting capital, naturally limited the bidding field.

The price paid by the successful aggregation, 100.5399 for a 4⅜% coupon, was only 13 cents per $100, or $1.30 per $1,000, above the bid of the runners-up. And it was noted that both groups carried their bids out to four places after the decimal.

Some Are Disappointed

You just can't satisfy everybody, it seems. The vast majority naturally were delighted with the outcome of AT&T financing. But there was a "fringe" of investors who were quite disappointed, judging from Street gossip.

The rank and file was pretty much agreed that results attending this business might very well point the way for the seasoned bond market in the period ahead. And naturally those who leaned to the bullish side found reason for cheer.

Their opposite numbers, however, the "bargain-hunters" (potential), naturally found that they had miscued. They had figured that if the Telephone deal proved a "dud" that it would pave the way for better buying opportunities.

Equities Hold Sway

Topped off by Columbia Gas System's 1,675,415 share offering to stockholders, on which underwriting bids will be opened on Wednesday, next week, shapes up as another active period for raising of corporate capital by sale of equities.

Seven such issues are in the cards, five on the basis of "rights" and two, those of California Electric Power — 300,000 shares — and Bell & Howell Co.'s 100,000 shares, being made direct to the public.

Reynolds Metals Co. has 914,078 shares going to stockholders who exercise subscription rights; U. S. Foil Co., 746,270 shares of class A stock to be offered to both A and B holders; Vitro Corp., 178,646 shares and Southeastern Public Service Corp., 92,500 shares of common.

Four Debt Issues Up

In the corporate debt issue market, I.T.E. Circuit Breaker Co., will be marketing $10 million of 25-year debentures through its bankers on Tuesday. On the same day Western Massachusetts Electric will open bids for $12 million of 30-year bonds as a means of funding outstanding bank loans.

The next day Flintkote Co., through its bankers, will put $10 million of debentures on the market for public subscription.

And on Thursday the debt end of the calendar will be cleared away with the opening of bids for a small railway equipment trust issue, $1.2 million, being offered by Virginian Railway.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John W. Churchward is now with Palmer, Pollacchi & Co., Inc., 84 State St.

Scattergood Director

(Special to THE FINANCIAL CHRONICLE)

Harold F. Scattergood, partner of Boenning & Co., Philadelphia, has been elected a director of American Insulator Corporation.

Mutual Funds

By ROBERT R. RICH

More News on Variable Annuities

Although news on variable annuities is developing on many fronts, one basic fact remains: Nothing of a permanent nature can be done by insurance companies or others wishing to offer these common stock-backed annuities to the public until the case in Washington is settled.

There, before the United States District Court for the District of Columbia, the Securities and Exchange Commission has asked that Variable Annuity Life Insurance, which has been selling these annuities, be permanently enjoined until it conforms to the Investment Company Act of 1940 and, thus, other securities' regulations. This case is not expected to be decided until Fall, as matters now stand.

Last week, at the hearings in Hartford before the Connecticut legislature, the state's banking and securities commissioners said they were decidedly in favor of a bill that would define a variable annuity as a security, as was the Connecticut Investment Bankers Association.

A leading life insurance company, representing the state's sizable insurance interests, said it thought the bill was premature, since it defined as a security something which was not yet in existence. The insurance spokesman went further and said he was not sure insurance companies should be permitted to sell variable annuities, even under securities regulations.

Fund Chiefs See Good Business Ahead

During the second half of this year, the national economy should enter a period of expansion boosting gross national product to an annual rate of $435 billion by year end, President Charles Devens of Incorporated Investors, one of the country's largest mutual investment funds, told stockholders at the annual meeting.

"We differ from many economists in that we think the present lull will continue until about mid-year and then the second half of this year will see the national economy expanding," he stated. "By the end of the year we expect the economy will be going along at the rate of approximately $435 billion a year.

"If we are going to have a little inflation from year to year, as it appears we will, we think it is a good thing to have most of our investments in the field of natural resources, and we expect to continue along these lines."

Elected as directors were George D. Aldrich, William A. Barron, Jr., William H. Chatfield, Charles P. Curtis, Charles Devens, Raymond Emerson, Francis W. Hatch, James H. Lowell, Amory Parker, William A. Parker, Charles H. Stockton. George Aldrich was elected Treasurer and J. L. Moulton clerk. Stockholders also voted to increase the authorized capital stock from 30,000,000 to 40,000,000 shares of common stock.

Randolph Forecast

Prospects are for business to remain active for a good part of 1957, in the view of the management of Tri-Continental Corporation, the nation's largest diversified closed-end investment company, Francis F. Randolph, Chairman and President, reported at the annual meeting of shareholders.

High incomes and consumption, together with large-scale capital investment and increased government expenditures, are supporting a high level of activity, he said.

Mr. Randolph stated that the most recent estimate of assets per share of Tri-Continental common stock was $42.60 and, assuming exercise of all warrants, $35.59. There were, he noted, 5,977,204 shares of common stock and 1,851,483 warrants outstanding on March 22, compared with 5,576,634 shares of common and 2,166,893 warrants outstanding at Dec. 31.

More than 75% of the preferred and common shares combined, the Chairman stated, were represented at the meeting.

Re-elected directors were: Elliott V. Bell, Chairman of the Executive Committee of McGraw-Hill Publishing Company, Inc.; Kenneth H. Hanau, Chairman of the Executive Committee and Director of National State Bank of Newark, N. J.; Lewis A. Lapham, President of Grace Line Inc., and Carl W. Painter, member of the law firm of Cravath, Swaine & Moore, general counsel for Tri-Continental.

Mass. Growth Stock Fund Sets New Records

Massachusetts Investors Growth Stock Fund reports for the three months ended Feb. 28, 1957 total net assets of $111,788,291, more than 26% higher than the $88,042,097 a year ago. Net assets were equal to $10.04 per share which, together with a capital gain distribution of 50 cents paid in December, 1956, is equal to $10.54 per share, compared with $9.78 a year ago.

The fund reported shareholders on Feb. 28 numbered 35,797, nearly 60% more than the 22,511 on the same date a year ago. Over 16,500 of the shareholders are adding regularly to their investments in the fund through the Cumulative Investment Program. Shares outstanding totalled 11,135,547 compared with 9,006,661 a year ago. All figures are record high quarterly results.

Discussing the oil and natural gas industries, in which the fund has investments amounting to 20% and 7%, respectively, of its portfolio, the directors noted that since the end of World War II, gasoline consumption has almost doubled and demand for heating oil has nearly tripled. The report quoted estimates that by 1965 the United States will be consuming close to 15 million barrels of oil daily, an increase of about 50% above the current level.

Purchases and sales of investment securities, other than U. S. Government securities, during the quarter totalled $9,062,215 and $4,365,276 respectively.

Changes in the fund's portfolio during the quarter were:

PURCHASES

Company	Bought	Now Owns
Aetna Life Insurance Co.	1,000	5,000
Aluminum Co. of America	15,000	30,000
Associates Investment Co.	8,500	8,500
Caterpillar Tractor Co.	2,000	25,000
Columbia Broadcasting "A"	3,199	23,334
Columbia Broadcasting "B"	4,901	35,766
Continental Casualty Co.	2,500	17,500
Dominion Stores, Ltd.	19,550	19,550
duPont de Nemours & Co.	4,000	17,000
Ford Motor, Canada, Ltd. "A"	5,400	17,400
Halliburton Oil Well Cementing	2,000	24,500
Hammond Organ Company	10,000	50,000
Internat'l Bus. Mach. Corp.	1,000	10,000
National Lead Company	4,900	10,000
Pan Amer. World Airways	20,000	60,000
Polaroid Corp.	5,000	5,000
Rohm & Haas Co.	215	4,500
Sheraton Corp. of America	5,000	78,000
Travelers Insurance Co.	2,500	12,500
Union Oil & Gas Corp. of La.	700	30,000
S. D. Warren Company	25,000	25,000
Welex Jet Services, Inc.	4,200	32,000

SALES

Company	Sold	Now Owns
American Airlines, Inc.	20,000	----
Burroughs Corporation Rts.	20,000	----
Carrier Corp.	6,500	3,500
Corning Glass Works	8,500	----
Eastern Air Lines, Inc.	10,200	----
Lincoln Natl. Life Ins. Co.	1,000	6,000
Motorola, Inc.	17,100	----
Searle (G. D.) & Co.	9,700	----

I. D. S. Begins "Variable Paym't" Mutual Fund

Investors Variable Payment Fund, Inc., Minneapolis, filed yesterday with the Securities and Exchange Commission 10,000 common shares.

Investors Diversified Services, Inc. is listed as the fund's organizer, sponsor, investment manager and distributor, while Joseph M. Fitzsimmons is named President and Chief Executive Officer.

The new growth stock mutual fund has been designed for people who wish to invest for the long-term order to use their holdings later for retirement purposes.

A chief officer of I. D. S. said the fund would pay no dividends, but would elect instead to pay a 52% tax on 15% of total dividend income received, as corporations do under law when drawing dividends from other corporations.

The "front-load" fund, which may be sold by the I. D. S. mammoth sales group in conjunction with Investors Syndicate of America savings certificates, will not have a term insurance feature.

Shareholders may elect, when they begin withdrawing their investments as a supplement to income, to have a percent of holdings paid periodically or a specified dollar amount.

Dividend Shares Increases Dividend

The board of directors of Dividend Shares, Inc. has declared a quarterly dividend of 2¼ cents per share payable May 1, 1957, to shareholders of record at the close of business April 10. This dividend is derived entirely from net investment income and is the second quarterly payment in the fund's 1957 fiscal year.

This payment is an increase of 12½% over the 2 cents per share paid in the previous quarter and in the corresponding quarter one year ago.

Dividend Shares is one of the group of mutual funds under the management of Calvin Bullock. Its assets are approximately $250,000,000, and some 85,000 investors own shares. It invests its assets primarily in high-quality, "blue-chip" common stocks.

Manhattan Bond Fund, Inc. has declared a dividend of 8.5c per share from net investment income, payable April 25 to shareholders of record April 1. This declaration of the fund's 75th consecutive quarterly income dividend brings dividends for the first half of the 1957 fiscal year to 17c per share.

Whitehall Fund has declared a first quarter dividend of 10 cents a share payable March 31 to shareholders of record March 12. The payment will be the same as was made in each of the first three quarters of 1956 by the 10-year-old balanced mutual fund.

National Investors Corp. has declared a first quarter dividend of 6 cents a share payable March 31 to shareholders of record March 13. This is an increase from 5 cents paid in the first quarter of 1956, and the same as was paid in the second and third quarters of last year.

Massachusetts Life Fund is paying a dividend of 14 cents per share from net investment income for the quarter ending March 31. A year ago a dividend of 13 cents a share (adjusted for a two-for-one stock split on March 1, 1957) was declared. The dividend is payable March 25 to holders of trust certificates of record at the close of business on March 21, 1957.

Fundamental Joins Twenty-Five Year Club

With a $2,928,500 quarterly income dividend now in the mail to 84,100 stockholders, Fundamental Investors, Inc., one of the nation's largest mutual funds, reaches the $110,000,000 mark for total distributions to shareholders since the fund's inception and begins its 25th consecutive year of dividend payments.

The $110,000,000 figure is the aggregate of $62,000,000 paid from dividend income and $48,000,000 from security profits. The all-time high for yearly distributions came in 1956, with $11,151,877 paid out in income dividends and $13,953,706 in security profits.

In arriving at its first quarter century of consecutive dividend payments, Fundamental Investors is now among those companies which have paid dividends each year for 25 years or more. Of the 1,950 common stocks listed on the New York and American Stock Exchanges, fewer than 25% equal or better this record.

Austria Bank Praises Funds

Since the end of the Second World War, mutual funds particularly and investment companies generally have been gaining in popularity in Europe.

In the last three years, investment company shares have risen sharply in volume in England, one of the homes of the investment trust.

Just recently, Vienna's Creditanstalt-Bankverein "Bulletin" had this to say about mutual funds as they are developing there:

"One of the most recent manifestations of the policy for reanimating the capital market which has taken place in Austria is the introduction of investment saving through mutual funds.

"This is a well-recognized modern form of mobilizing savings for productive purposes, which has been introduced in a number of other countries, and which was introduced in Austria in the late Fall of last year. It provides Austrian investors with a solid and broadly-based type of investment involving minimal risk."

Tri-Con Assets Work Hard

Each dollar invested in the common stock of the nation's largest diversified closed-end investment company under present conditions hires a considerably larger amount of carefully selected, well-diversified assets to earn current income and produce future value. Thus, the rate of return on each dollar invested in Tri-Continental Corporation common stock is considerably higher than it would be if the investor owned directly the same investment grade securities which Tri-Continental owns.

This information is included in the fourth annual edition of "Tri-Continental Corporation Common Stock and the Monthly Investment Plan," a booklet which has been in demand to the extent of a quarter-million copies requested by investors and investment brokerage firms interested in the New York Stock Exchange's Monthly Investment Plan.

The larger amount of assets that the investor is able to hire and the higher return obtained are explained by the fact that Tri-Continental common stock sells at a market price below its asset value. As an example, the booklet brings out that the common stock's market price last Dec. 31 was $27.25 in contrast to per share assets at that date of $45.26, which, assuming exercise of all warrants, would have been $36.17.

Every dollar invested in Tri-Continental common stock, the booklet notes, would buy a share in the securities of approximately 193 well-established and well-known companies in about 35 different industries, selected and supervised by experienced professional investment managers who have been working together continuously since Tri-Continental began operation more than 27 years ago.

Railroad Securities

By GERALD D. McKEEVER

The Katy Tries Another Plan

Another effort to undo the ever-worsening tangle of its equity capital has been made by the Missouri-Kansas Texas. Subsequent to the withdrawal of the previous plan (reviewed in this column on April 12, 1956) directors of the road released a new plan on March 8 which is said to have the approval of representatives of both the common and the preferred stocks. As in the case of the previous plan, the new one is submitted under Section 20B of the Interstate Commerce Act, this section more popularly known as the Mahaffie Act. Before a reorganization can become effective and binding on all parties concerned under this law, the plan must receive ICC approval, and be accepted by holders of at least 75% of each class of stock in the present case.

The new plan would offer in exchange for each of the 667,004 shares of 7% cumulative preferred with arrears of $161 per share a "package" consisting of (1) $100 principal value of 5½% income debentures dated Jan. 1, 1957 and due Jan. 1, 2032 (75 years); (2) a $100 arrears certificate to be retired out of stated portions of available net income; and (3) one share of common stock. Actually this appears to be the most "do-able" plan that has been submitted. On one hand, it does not propose to dilute the security of senior mortgage bondholders or to subordinate further the adjustment 5s by indicating the 72% increase in senior mortgage debt and the 50% increase in fixed charges of the preceding plan, and for which reason it was vigorously opposed by senior bondholders and, as a result, was marked for rejection by the ICC examiner. On the other hand, the new plan offers a great deal more encouragement to holders of the common stock. Although standing to be diluted by some 84%, the nominal value of the common stock is not reduced and, what is more important, the common stock would be given an immediate potential share in available net income.

The latter arises from the provision that if any earnings remain after capital fund deduction and debenture interest—i. e., if there is any available net income — only 10% of such balance would definitely be applied to the retirement of the certificates as a prior charge, but this amount would be supplemented to the extent of 25% of any dividend payments on the common stock. It is not difficult to understand this favorable attention to the potential of the common stock, what with representation on the road's board of the group which in July 1955 purchased something over 500,000 shares of the common and in view of the options since reported to have been granted to interests affiliated with both the Chicago, Great Western and the Kansas City, Southern. The new President of the "Katy," Mr. W. N. Deramus III, is the son of Mr. W. N. Deramus, President of the Kansas City Southern.

The proposed $66,700,400 income debentures 5½s would be the junior obligation of the road, subject to about $45.5 million fixed interest senior mortgage bonds and also to the $13.5 million adjustment 5s. Not only would the $3.8 million annual interest on these obligations and equipment trusts be a prior deduction from earnings, but a capital fund of $2 million or 2½% of gross revenues annually, whichever is greater, would also be a prior deduction. At the present level of less than $75 million of gross revenue the capital fund would be the flat $2 million annually, making total deductions prior to the interest on the income debentures approximately $5.8 million per year, or slightly more than the $5.7 million gross income of the road in 1956.

The potential tax saving due to the creation of $3.7 million additional annual interest charges would not have helped 1956 earnings since no Federal tax was paid last year, or as a matter of fact, for the two preceding years.

It is thus difficult at the present time to set anything like a sound valuation on the new income debenture 5½s. While we know that the Chicago & North Western general income 4½s are selling at about 63 in spite of being without benefit of available earnings, this is a mortgage bond subject to a relatively lighter prior capitalization and represent a relatively lighter overall debt structure. Furthermore, the management of the North Western is showing good signs of gaining control over expenses. Purely as a guess, and allowing for the higher potential interest rate on the proposed "Katy" debenture income 5½s, a valuation of 45-50 might be placed on this issue.

At the present time it would also be straining a point to place a much higher initial valuation on the arrears certificates than the present market price of a little over nine for the road's common stock inasmuch as the latter stands to get the benefit of the major portion of any balance of available earnings. If, for instance, one could imagine a $1¼ million balance of available net after providing for the approximate $3.7 million annual interest on the income debenture 5½s and prior charges and, as a result, the "Katy" should pay a dividend of 50 cents per share, the stock would accordingly receive some $737,987 or 59% of the available. The certificates, on the other hand, would receive about $310,000 consisting of 10% of the $1¼ million available balance plus 25% of the $737,987 dividend. This would be roughly 25% of the assumed $1¼ million balance of available net. The certificates would come up with a not impressively larger proportion if the balance of available net should increase to $2 million and the dividend were increased to $1 per share. Under these circumstances, and by the same calculation as in the other case, the certificates would receive 28.5% of the balance of available net while the dividend paid would represent 73.7%.

All of this appears somewhat fantastic under present conditions, however, since even the assumed $1¼ million balance of available net together with some $3.7 million prior interest, a $2 million capital fund and $3.7 million debenture interest would add up to approximately $10¾ million. This is almost twice the $5.7 million gross income of 1956 and the "Katy" has not earned this much in any recent year except 1952 when gross income was $11.2 million. The following year was next best with the corresponding figure of $10 million.

Dividend calculations in the foregoing are based on 1,475,975 shares of common to be outstanding under the proposed plan which calls for the issuance of 667,004 additional shares. Obviously any valuation that is placed on this stock is a hope and a guess. This is certainly true of the current market price of a little over nine for "Katy" common. Accepting this figure, nevertheless, and using equally unrealistic appraisals of 45 for the debentures and 10 for the certificates, the evaluation for the "Katy" preferred "package" would be around 64. Frankly, this must be on the high side to most observers in view of the current market price of about 58 for the preferred.

However, some allowance has to be made for the future potential, particularly in the light of the implications of the new management and its presumably close tie-in with the Kansas City Southern. While the chances of early merger would certainly seem dim, and such thought has received discouragement from those concerned, the mere affiliation with the Kansas City Southern could lead to traffic arrangements beneficial to the "Katy." Aside from this, the new President of the "Katy" left the Chicago Great Western with a most creditable record of achievement.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Hilbert C. Nickel is now connected with Harris, Upham & Co., 135 South La Salle Street. He was formerly with Francis I. du Pont & Co.

We Hope!

"I believe that Mr. Beck's use of union funds to further his own personal investments is highly improper, inexcusable and morally indefensible. The use of union funds for personal investments transcends the question of legality for it is essentially a matter of morality.

* * *

"I am confident that the AFL-CIO, working through the Ethical Practices Committee with the full support of the leadership and membership of the united labor movement, will meet the challenge of corruption and racketeering and will purge these unsavory elements from its ranks." — Walter P. Reuther

Walter P. Reuther

We can only hope that Mr. Reuther's optimism will in the event prove warranted. Whatever may be the specific facts in the case of Mr. Beck and the others associated with him and now under fire, there can be no doubt that "unsavory elements" have long been tolerated in more than one labor union in this country. The time for their elimination is long since passed.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Mar. 31	§92.0	*93.5	96.0	99.6
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 31	§2,354,000	*2,392,000	2,456,000	2,452,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 15	7,798,600	7,812,850	7,515,400	7,153,400
Crude runs to stills—daily average (bbls.)	Mar. 15	¶8,098,000	8,076,000	7,976,000	7,986,000
Gasoline output (bbls.)	Mar. 15	26,084,000	26,667,000	26,327,000	26,056,000
Kerosene output (bbls.)	Mar. 15	2,401,000	2,431,000	2,610,000	2,510,000
Distillate fuel oil output (bbls.)	Mar. 15	13,646,000	13,328,000	14,685,000	12,910,000
Residual fuel oil output (bbls.)	Mar. 15	8,527,000	8,578,000	8,682,000	9,042,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 15	205,589,000	205,782,000	202,254,000	195,941,000
Kerosene (bbls.) at	Mar. 15	19,701,000	20,711,000	22,552,000	17,959,000
Distillate fuel oil (bbls.) at	Mar. 15	79,599,000	83,331,000	91,385,000	67,386,000
Residual fuel oil (bbls.) at	Mar. 15	36,283,000	36,583,000	35,812,000	35,038,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 16	689,226	672,386	675,966	685,983
Revenue freight received from connections (no. of cars)	Mar. 16	646,059	644,115	641,396	655,382
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 21	$375,871,000	$412,284,000	$374,710,000	$501,318,000
Private construction	Mar. 21	148,097,000	*174,947,000	160,805,000	392,864,000
Public construction	Mar. 21	227,774,000	*237,437,000	213,905,000	108,454,000
State and municipal	Mar. 21	129,030,000	149,950,000	162,856,000	94,646,000
Federal	Mar. 21	98,744,000	*87,487,000	51,049,000	13,808,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 16	10,180,000	9,700,000	9,750,000	9,264,000
Pennsylvania anthracite (tons)	Mar. 16	445,000	428,000	376,000	430,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 16	107	98	102	105
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 23	11,723,000	11,650,000	11,920,000	11,134,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 21	318	301	300	208
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 19	5.670c	5.670c	5.661c	5.179c
Pig iron (per gross ton)	Mar. 19	$64.56	*$64.56	$62.90	$59.09
Scrap steel (per gross ton)	Mar. 19	$48.17	$49.50	$53.33	$50.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 20	31.575c	31.600c	31.400c	46.500c
Export refinery at	Mar. 20	29.125c	29.775c	30.175c	48.650c
Lead (New York) at	Mar. 20	16.000c	16.000c	16.000c	16.000c
Lead (St. Louis) at	Mar. 20	15.800c	15.800c	15.800c	15.800c
‡Zinc (delivered) at	Mar. 20	14.000c	14.000c	14.000c	14.000c
Zinc (East St. Louis) at	Mar. 20	13.500c	13.500c	13.500c	13.500c
Aluminum (primary pig, 99%) at	Mar. 20	25.000c	25.000c	25.000c	22.500c
Straits tin (New York) at	Mar. 20	99.750c	98.875c	99.250c	100.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 26	91.55	90.88	90.84	94.27
Average corporate	Mar. 26	96.63	96.54	96.38	107.27
Aaa	Mar. 26	101.31	101.31	101.64	110.70
Aa	Mar. 26	99.20	99.20	99.04	109.24
A	Mar. 26	96.69	96.69	96.23	107.27
Baa	Mar. 26	89.92	89.78	89.23	102.30
Railroad Group	Mar. 26	95.32	95.47	95.32	106.21
Public Utilities Group	Mar. 26	96.85	96.69	96.69	107.80
Industrials Group	Mar. 26	97.78	97.62	97.16	107.98
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 26	3.21	3.27	3.25	2.94
Average corporate	Mar. 26	3.96	3.97	3.98	3.32
Aaa	Mar. 26	3.67	3.67	3.65	3.13
Aa	Mar. 26	3.80	3.80	3.81	3.21
A	Mar. 26	3.96	3.96	3.99	3.32
Baa	Mar. 26	4.42	4.43	4.47	3.61
Railroad Group	Mar. 26	4.05	4.04	4.05	3.38
Public Utilities Group	Mar. 26	3.95	3.96	3.96	3.29
Industrials Group	Mar. 26	3.89	3.90	3.93	3.28
MOODY'S COMMODITY INDEX	Mar. 26	411.4	410.7	411.7	412.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 16	255,749	302,893	219,422	265,047
Production (tons)	Mar. 16	288,531	280,314	280,060	281,57[illegible]
Percentage of activity	Mar. 16	95	95	94	99
Unfilled orders (tons) at end of period	Mar. 16	443,293	478,942	389,413	570,946
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 22	110.70	110.77	111.24	107.57
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 2	1,118,110	960,260	1,227,000	1,868,690
Short sales	Mar. 2	220,430	197,360	215,120	391,450
Other sales	Mar. 2	933,960	829,220	1,020,160	1,566,540
Total sales	Mar. 2	1,154,390	1,026,580	1,235,280	1,957,990
Other transactions initiated on the floor—					
Total purchases	Mar. 2	267,600	163,000	273,130	337,270
Short sales	Mar. 2	33,100	46,400	30,100	50,250
Other sales	Mar. 2	232,580	213,930	245,950	271,890
Total sales	Mar. 2	265,680	260,330	276,050	322,140
Other transactions initiated off the floor—					
Total purchases	Mar. 2	437,800	297,654	382,981	641,542
Short sales	Mar. 2	115,810	84,550	111,820	125,320
Other sales	Mar. 2	397,996	376,445	461,048	808,028
Total sales	Mar. 2	513,806	460,995	572,868	933,348
Total round-lot transactions for account of members—					
Total purchases	Mar. 2	1,763,510	1,420,914	1,883,111	2,847,502
Short sales	Mar. 2	369,340	328,310	357,040	567,020
Other sales	Mar. 2	1,564,536	1,419,595	1,727,158	2,646,458
Total sales	Mar. 2	1,933,876	1,747,905	2,084,198	3,213,478
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	Mar. 2	1,055,443	933,017	1,242,434	1,608,764
Dollar value	Mar. 2	$51,821,805	$42,531,243	$59,541,934	$81,105,948
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 2	807,074	676,863	877,489	1,280,112
Customers' short sales	Mar. 2	9,225	6,769	9,404	9,390
Customers' other sales	Mar. 2	797,349	670,094	868,085	1,270,722
Dollar value	Mar. 2	$38,759,855	$31,762,434	$42,075,870	$64,556,694
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 2	185,560	153,910	191,930	313,770
Short sales	Mar. 2				
Other sales	Mar. 2	185,560	153,910	191,930	313,770
Round-lot purchases by dealers—					
Number of shares	Mar. 2	447,560	384,130	540,750	612,360
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	Mar. 2	494,730	436,750	530,600	715,550
Other sales	Mar. 2	8,390,410	7,057,470	8,978,060	14,109,750
Total sales	Mar. 2	8,885,140	7,494,220	9,508,660	14,824,300
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 19	116.9	116.9	116.9	112.8
Farm products	Mar. 19	88.9	*88.7	88.5	87.8
Processed foods	Mar. 19	103.9	*103.7	103.7	99.8
Meats	Mar. 19	83.9	82.2	80.7	72.4
All commodities other than farm and foods	Mar. 19	125.3	*125.4	125.4	120.7

*Revised figure. ¶Includes 738,000 barrels of foreign crude runs. §Based on new annual capacity of 133,459,150 tons as of Jan. 1, 1957, as against Jan. 1, 1956 basis of 128,363,090 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of February (in thousands)	$178,049,000	$204,293,000	$162,197,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28:			
Imports	$307,130,000	$290,532,000	$262,888,000
Exports	338,872,000	363,231,000	233,822,000
Domestic shipments	12,132,000	12,701,000	10,568,000
Domestic warehouse credits	114,640,000	183,431,000	32,776,000
Dollar exchange	2,249,000	2,349,000	20,318,000
Based on goods stored and shipped between foreign countries	167,150,000	158,257,000	106,155,000
Total	$992,173,000	$1,011,501,000	$666,548,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of February:			
Manufacturing number	199	197	202
Wholesale number	106	91	108
Retail number	568	612	511
Construction number	180	177	141
Commercial service number	93	71	62
Total number	1,146	1,148	1,024
Manufacturers' liabilities	$33,402,000	$16,105,000	$17,647,000
Wholesale liabilities	6,291,000	5,335,000	5,048,000
Retail liabilities	14,780,000	17,862,000	14,693,000
Construction liabilities	8,440,000	10,672,000	9,881,000
Commercial service liabilities	2,493,000	4,086,000	1,920,000
Total liabilities	$65,406,000	$54,060,000	$49,189,000
COMMERCIAL PAPER OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28 (000's omitted)	$555,000	$548,000	$586,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit, in millions as of Jan. 31:			
Total consumer credit	$40,916	$41,863	$37,848
Instalment credit	31,298	31,552	28,886
Automobile	14,389	14,436	13,481
Other consumer goods	7,938	8,139	7,497
Repairs and modernization loans	1,772	1,793	1,633
Personal loans	7,199	7,184	6,280
Noninstalment credit	9,618	10,311	8,962
Single payment loans	3,360	3,421	2,920
Charge accounts	4,085	4,702	3,961
Service credit	2,173	2,188	2,081
CONSUMER PRICE INDEX — 1947-49 = 100—Month of January:			
All items	118.2	118.0	114.6
Food	112.8	112.9	109.2
Food at home	111.1	111.2	107.5
Cereals and bakery products	128.0	127.4	123.9
Meats, poultry and fish	99.0	98.0	93.3
Dairy products	111.2	111.3	107.3
Fruits and vegetables	116.9	117.4	112.6
Other foods at home	112.7	114.2	112.8
Housing	123.8	123.5	120.6
Rent	134.2	134.2	131.4
Gas and electricity	112.3	112.0	111.7
Solid fuels and fuel oil	138.9	136.1	129.5
Housefurnishings	104.0	104.1	102.0
Household operation	125.4	124.8	121.2
Apparel	106.4	107.0	104.1
Men's and boys'	108.4	108.6	103.0
Women's and girls'	98.9	100.3	97.9
Footwear	126.7	126.4	120.4
Other apparel	91.9	92.2	90.7
Transportation	133.6	133.1	126.8
Public	174.9	174.1	170.3
Private	123.9	123.3	117.0
Medical care	135.3	134.7	130.7
Personal care	122.1	121.8	118.5
Reading and recreation	109.9	109.3	107.3
Other goods and services	123.8	123.3	120.8
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of February:			
Weekly earnings—			
All manufacturing	$82.41	*$82.21	$78.71
Durable goods	89.16	*88.54	84.05
Nondurable goods	72.91	*72.73	69.65
Hours—			
All manufacturing	40.2	*40.1	40.5
Durable goods	40.9	*40.8	41.0
Nondurable goods	39.2	*39.1	39.8
Hourly Earnings—			
All manufacturing	$2.05	$2.05	$1.93
Durable goods	2.18	*2.17	2.05
Nondurable goods	1.86	1.86	1.75
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1947-49=100 — Month of Feb.:			
Seasonally adjusted	146	146	143
Unadjusted	147	145	144
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of December (millions of dollars):			
Inventories—			
Durables	$29,978	*$29,925	$26,317
Nondurables	21,464	*21,430	19,606
Total	$51,442	*$51,355	$45,923
Sales	28,688	*28,707	27,289
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of Feb.	£28,059,000	£65,169,000	£19,134,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of December:			
Net railway operating income	$85,721,472	$87,759,591	$78,527,831
Other income	47,573,307	19,171,943	56,815,282
Total income	133,294,779	106,931,534	135,343,113
Miscellaneous deductions from income	5,659,907	3,444,700	8,638,780
Income available for fixed charges	127,634,872	103,486,834	126,704,333
Income after fixed charges	100,181,075	72,831,446	97,629,392
Other deductions	4,805,410	4,777,420	4,735,447
Net income	95,375,665	68,054,026	92,893,945
Depreciation (way & structure & equipment)	46,400,384	46,516,480	45,419,167
Federal income taxes	16,585,346	31,436,533	5,552,834
Dividend appropriations:			
On common stock	22,335,099	82,391,570	55,214,171
On preferred stock	2,152,457	4,535,973	23,845,354
Ratio of income to fixed charges	4.65	3.38	4.36
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of February:			
Net sales			$6,799,500
Net purchases	$72,616,300	$14,305,500	

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The Diminishing Burden Of Consumer Credit

initial losses for those who are new in the field.

VII. Relation to Business Trend

From an overall point of view, I am inclined to the view that general economic rather than individual risk considerations may prove more reliable guides to the soundness of instalment credit practices.

I would say that terms are getting too lax if we are in a period of shortage of savings and if in such a period consumer instalment credit is being financed through the banks to the extent that it was in 1955. In short, we have to look at what is happening to the rest of the economy; particularly at what other demands exist on the supply of savings available for consumer as well as for business investment.

This makes it mandatory for those in charge of formulating instalment credit terms to keep well informed not only on credit developments but on economic conditions as well.

Lately, inflationary pressures have been diminishing markedly. We are probably approaching a period of deflationary pressures. Although the timing of any potential decline still is highly uncertain, it actually may not get under way until sometime in 1958 or even 1959. Lots of things can happen before then.

Retail sales thus far this year have held up rather well. Nevertheless, it is unlikely that consumer credit will rise much more in 1957 than it did last year, unless automobile sales pick up smartly during the next few months. There may be a moderate increase if the current lull in business does not lead directly into a decline. Last year's increase in instalment debt outstanding was $3.2 billion while in 1955 it rose to $6.3 billion.

As any deflationary period is bound to cause hesitation in instalment credit demand, competition for the available business is likely to become still keener. This may result in an easing of terms.

It is doubtful, however, whether such policies would stimulate additional instalment business if the public hopes for, or expects, lower prices.

There is nothing wrong with harder competition for a smaller amount of available business, as long as it does not lead to unsound business practices. This is something the banks will have to watch from here on in.

VIII. Conclusion

As we are taking stock of the economics and the outlook for consumer credit today, one thing is certain—and that is perhaps the only thing that is certain. Consumer credit has become such an integral part of the American way of life that it is bound to keep on growing as the economy itself grows. It is quite likely, however, that the increase over the next 10 years will not match the post decade.

This growth is not likely to proceed in a straight line upward, however. There will be bumps. Actually, our economic system could not function without moderate fluctuations. These are implicit in a free enterprise system that must be based on a system of rewards and penalties.

My own reaction to recent and current changes in instalment lending practices is that they reflect desirable innovational techniques in distribution. If at times I have felt some concern, it has been mainly over the fact that these changes sometimes may have been pushed a bit too fast.

By and large, I am content to let the buyer and the seller get together on terms; I do not feel that either needs a guardian angel to protect him against his own folly.

One of the reasons I feel this way, aside from an inborn dislike of interference with free decisions, is probably that I am convinced that the consumer who buys on time is in a pretty sound position after all. This has been demonstrated time and again by the Michigan University Research Survey Center.

I believe that the role of consumer instalment credit as a dynamic potential in merchandising and distribution techniques can hardly be overestimated; but I do think we have become too alarmist as to its broad economic impact on stabilization.

Consumer credit, just the same as any other type of demand for investment funds, ought not to be financed at the price of general inflation. The development of new techniques for mass distribution and the accompanying availability of higher standards of living to consumers must proceed within this limitation.

If we get to a point when they quite clearly fail to do so, then—but only then—need we admit the failure of general monetary restraint and moral suasion to solve the problems in this area.

These problems are not peculiar to consumer instalment financing.

With Boren Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Paul M. McLaughlin is now with Boren & Co., Securities Brokers, 9640 Santa Monica Boulevard. He was previously with Great Western Securities.

Hemphill, Noyes Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Simeon S. Jacobs has been added to the staff of Hemphill, Noyes & Co., 9478 Santa Monica Boulevard. Mr. Jacobs was previously with Daniel Reeves & Co.

With First California

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — George G. Bodeen is now with First California Company, Incorporated, Bank of America Building.

Joins Shields Staff

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—Frederick F. Richardson has become connected with Shields & Co., 145 West Garland Avenue. He was formerly with Powell, Johnson & Powell, Inc.

Edward Cronin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Douglass M. Hodson has become associated with Edward T. Cronin Company, 548 South Spring St. Mr. Hodson has been in the investment business for many years was formerly with Aronson & Co.

Sydney Stroud Joins Dempsey-Tegeler & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Sydney H. Stroud has become associated with Dempsey-Tegeler & Co., 464 North Bedford Drive. Mr. Stroud was formerly local manager for Morgan & Co. for many years.

With Rogers & Co.

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — George S. Roderick is now with Rogers & Co., 436 14th Street.

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The Security I Like Best

quality. Standard Products' record certainly adds statistical proof to these remarks as the sales and earnings figures shown below will indicate.

Despite year to year fluctuations in the number of cars built, there is general agreement upon the industry's dynamic future. Estimates as high as 8 million cars per year are talked about for the early 1960's by many experts and an average annual car production of 7 million cars by 1960 should provide a strong industry background for the company's operations.

Standard's sales have grown rapidly and its profits have kept pace. The company is profit-margin minded and all expenses are controlled by the budgets. Pre-tax margins have shown the following sharp improvement in recent years:

Pre-Tax Profits as Percentage of Sales

1956	13.4
1955	14.9
1954	6.9
1953	6.5
1952	3.8
1951	10.0
1950	4.1
1949	4.3

Sales averaged $14,900,000 during the three year period 1948-50. They were $35,300,000 in the fiscal year ended June 30, will exceed $40,000,000 for the fiscal year to end June 30, 1957 and are expected to reach $50,000,000 in fiscal 1958. January sales were already at an annual rate equal to this latter figure.

Pre-tax net which averaged $295,000 during the 1948-50 period, reached $4,739,000 ($3.10 per share after taxes) in fiscal 1956. They are expected to drop to $3,800,000 ($2.50 p.s.) this year but may well exceed $7,000,000 (almost $5 p.s.) in fiscal 1958.

The decrease in profits expected in the 1957 fiscal year is attributable to the six months ended December 31 when the company earned only 31 cents as compared with $1.92 for the same period last year. During this period Standard carried out one of the greatest tooling changes in their history as many automobile manufacturers made complete model changes. This tooling program involved an outlay of $2 million. In addition, car producers met production difficulties and were delayed in achieving a rapid build up of 1957 assemblies. Standard also had heavy non-recurring expenses in connection with the completion of two new plants in Fullerton, California and Windsor, Ontario as well as additions to two other installations.

(Capital expenditures for the 1956 and 1957 fiscal years are approximately $2 million.)

Earnings for the six months to end June 30 will probably exceed $2 per share to bring the full year's earnings to about $2.50. Last year $1.18 was earned for the six-month period ended June 30.

The company has a simple capital structure with no long-term debt outstanding and only 748,722 shares of common (book value is currently $14.50 p.s.) outstanding. This relatively small number of shares provides a good sales-per-share ratio of over $50 — more than $3 of sales per $1 of market value.

Expansion in recent years has been chiefly financed internally and as a result, the dividend pay-out has been conservative. Only 23% of earnings was paid out in the 1950-55 period — 32% was paid out in fiscal 1956. To provide additional sources of funds for the company's accelerating growth, a revolving credit agreement was recently effected with three commercial banks which will permit borrowings up to $3,000,000. These may be converted at the company option to a five-year term loan.

Except for an offering of 30,000 shares to stockholders in 1952, there has been no equity financing.

Dividends on an adjusted basis have been increased steadily from 27c paid in 1952 to the current well covered $1 rate which was established following a two-for-one split in late 1955. Two five per cent stock dividends were paid in 1953.

Officers and directors have a substantial stock interest in the company and there is a stock option plan in effect for key executives.

The company has an aggressive management, a proven record of growth and attractive prospects for the future.

A ten-year summary of sales and earnings is shown in the following table.

Statement of Earnings — 1946 to 1956
(000's Omitted)

Year Ended June 30	Net Sales	Inc. Before Taxes	%	Net Income	Per Share Earned	Per Share Dividend
1956	$35,363	$4,739	13.4	$2,309	$3.10	$1.00
1955	33,609	5,020	14.9	2,420	3.28	.45
1954	28,127	1,934	6.9	887	1.22	.33
1953	37,782	2,441	6.5	772	1.07	.08*
1952	20,818	794	3.8	366	.51	.27
1951	23,738	2,372	10.0	877	1.33	.27
1950	17,470	724	4.1	462	.70	.05
1949	14,485	630	4.3	469	.71	—
1948	12,813	(458)	—	(289)	(.44)	—
1947	11,525	378	3.3	233	.55	—
1946	6,790	(104)	—	19	.03	—

*Plus 10% in stock.
( ) Indicates deficit.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Now is the time for all good public men to come to the aid of their country by winning resounding apparent victories in the newspaper headlines for economy in government whilst evading direct engagement with the entrenched forces of public extravagance.

There is that matter, for instance, reported in one headline: "Administration Trims Housing Program In Its First Major Move to Slash Budget; Other Cuts to Follow." Albert M. Cole, the Housing and Home Finance Administrator, hastily summoned the press to his office March 14 to reveal these startling (?) economies. This was the first consequence of the re-survey of spending aims ordered by the White House, he said.

It develops that the HHFA "trims $200 million from its budget," as it was more or less reported by the press. The facts of the case give a much different impression from the impact of news headlines.

What Mr. Cole said was that the Administration is asking for $100 million less for "special assistance support" under the Federal National Mortgage Association, $25 million less for college housing, and $75 million less for "capital grants" for urban renewal. All these are less as compared with what the President asked in the budget document for fiscal 1958.

Under its multifarious kit of housing subsidies, the Federal Government has a number of "FHAO-insured" mortgage loans that in the nasty horse and buggy days would be called so full of water that by and large they cannot stand on their own feet and, at least regularly, attract private investment. These include loans to 100% of the cost of housing built for military personnel on military bases, especially liberal terms for housing built by non-profit cooperatives, housing for the elderly, and others.

Since these "investments" cannot stand on their own feet, Congress with Administration blessing gives them "special assistance" through the Federal National Mortgage Association. FNMA, using direct Treasury money, buys the "insured mortgage" for these perhaps uneconomic projects. In so doing, FNMA is nothing but a window of the Treasury. The economic effect is identical to what it would be if the Treasury directly loaned the funds on mortgage credit in the first place.

The political effect, however, is different. This cumbersome machinery beclouds all but the people who have time and patience to study it from seeing that this is both socialism and subsidy.

Are Authorizations

This $100-million "cut-back," however, is not a cut in appropriations. It is only a cut-back in authorizations for FNMA to "give special support" to — in other words, to disburse money for such housing through the hocus pocus procedure of using FHA and some private agency which for a temporary period advances the money until it is repaid through the Treasury via FNMA.

As an authorization, even if it were allowed to stand, it would not diminish by a dollar Treasury disbursements this fiscal year or the next. It would only curtail disbursements by $100 million in fiscal 1959 and later years.

College Housing

Numerous cross-roads colleges as well as some sizeable institutions of higher learning, are getting 40-year loans from the Treasury, this time via the Housing and Home Finance Agency itself, to build dormitories, cafeterias, student unions, and faculty housing. Announcements of these approvals come over correspondents' desks at the rate of two or three an average day. As of Feb. 28, $385 million of such loans had been approved.

This again is a cut in an authorization, not in an appropriation. So is the reduction by $75 million from the previous asking price for new authorizations for "capital grants" for urban renewal. A "capital grant" is a gift in fact to a municipality concealed behind a fancy name.

"Cuts" Total $200 Million

The effect of all these "cuts" if they stuck would be to reduce from $625 million to $425 million the authorizations of new loans and grants for all three categories, and very generally would if sustained reduce Treasury disbursements only in fiscal 1959 and later years.

"Cuts" Will Be Vetoed

On the other hand, there is very little likelihood that these "cuts" will have been retained, modest as they are, by the time Congress goes home this summer.

For both fiscals 1956 and 1957 the Eisenhower Administration asked for NO FNMA special assistance authorizations. Some $250 million was voted for 1956, nevertheless.

For fiscal 1956 the Administration asked for $200 million of authorizations for college housing loans and got $200 million; for 1957 it asked for $100 million but Congress voted $250 million.

For urban renewal the Administration asked for and got from Congress for 1956 $200 million of authorization; for fiscal 1957 it asked for $200 million and got $300 million; $100 million of which could be spent when the President wished, and by his decree would be made available.

In other words, the tendency of Congress has been to grant at least as much or more than the Administration requested. In making up his 1958 budget, the President apparently decided to get in on the political credit for some of the asking. In any case the $425 million requested plus undisbursed balances would mean no crimping of these heavenly benefits.

Secondary Market

Then there is the so-called "secondary market" which FNMA operates for more normal VA and FHA-backed loans which have some power to attract genuine private institutional money.

In theory, FNMA is operating a "secondary market," buying these liens that the government through other agencies has backed, and later selling them back to institutional investors, and raising its money in part through direct resort to the market on its own notes.

In fact, however, this secondary market has worked out to be a place where mortgages are more easily put (and money disbursed) than a place from which liens once acquired are sold. For instance, after operating for years an alleged "secondary market" the law provided that FNMA should segregate all its mortgage portfolio acquired up to November 1954 and liquidate it as a distinct and separate accounting operation. From June 30, 1956, when FNMA's "management and liquidation" mortgage holdings aggregated $2,509 million, until Feb. 28, 1957, FNMA had reduced its portfolio by only $101 million, or probably comparable to the sums paid to curtail debt by the persons who owed the government the money.

Against this $200 million "cut" in authorizations—which as indicated heretofore probably will not be sustained — Mr. Eisenhower specifically proposes to boost the new "secondary market" outlays by $1 billion, of which the Treasury admittedly and directly will provide $700 million.

Congress for the moment voted only half this sum, or $500 million — it is likely to vote the rest later as part of its broad housing bill. Even this $500 million is $300 million more than the "cut" in other housing aids Mr. Cole announced with some fanfare. And unless money rates fall so far as to make the yields on these FNMA-acquired loans attractive, the Treasury will end up holding the bag for a large share if not most of them.

Typifies Problem

This limited report on how "economy" is being furthered in the headlines without in fact being achieved, is typical of the extremely difficult road true economy has ahead.

It might appear from this report that both the Administration and Congress are heedless of the economy sentiment and cynically were laughing up their sleeves while they were pulling the wool over the eyes of those who want economy.

This, any personal contact with officials, will show is not the case. Many Congressmen have long been alarmed about the level of spending, and so have officials outside the top "modern Republican" rank in the Eisenhower Administration.

Their problem, however, is that the sentiment for economy still has not been tested against the fire of special interest groups. Until it is demonstrated that it is popular to cut off an easy payment loan, sever an employee off the payroll, refrain from building a public works project, and so on, both members of Congress and Administration officials are going to connive in achieving economy in headline victories which will have comparatively little substantive accomplishment to back them.

Opportunities Manifold

The opportunities to seemingly "cut" appropriations and other spending authorizations without in fact reducing them much, are simply so manifold and so ingenious that an even educated public has little grasp of the opportunities offered.

After all, Eisenhower did not at his best in the net cut expenditures other than major national security below "Truman's highest" (or fiscal 1953) and even with national security cuts of nearly $10 billion, made a net reduction in total expenses of only some $800 million from Truman's last complete and full year in office or fiscal 1952.

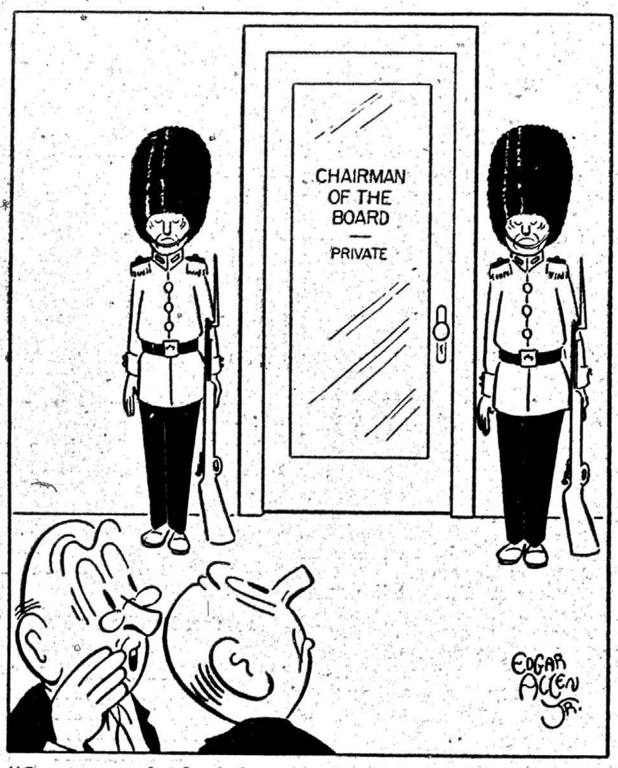
This enormous Eisenhower headline victory for economy was achieved by comparing cuts with Truman's guesstimate for fiscal 1954 which was in the nature of an imaginary figure, and by further using as a base for comparison fiscal 1953 during which the inevitable build-up of the Korean war was reflected in peak outlays.

Supposing constituents write in something like as follows: "I got a $500 payment from the government on my farming operation last year, and I will support you, Mr. Senator if you cut that out," or—a government employee—"We have had raises at least every two years in our pay since War II: I will take a 15% pay cut if you will vote to reduce expenditures!"

When constituents write like that, and not before, there will be genuine economy.

[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



"Some people just have a tendency to over-glorify their positions!"

$32 Million Bonds of State of Ohio Being Offered to Investors

A group headed by Eastman Dillon, Union Securities & Co. is offering $32,000,000 State of Ohio 6%, 5%, 2½%, 2¾%, and 2.90% Major Thoroughfare Construction bonds Series E, due 1957-1972, inclusive, at prices ranging from a yield of 2% to a dollar price of 100 on a 2.90% coupon in 1972. The group submitted a bid of 100.01 for the bonds, resulting in a net interest cost of 2.9063% to the State of Ohio.

Included in the offering group are: C. J. Devine & Co.; L. F. Rothschild & Co.; Clark, Dodge & Co.; Carl M. Loeb, Rhoades & Co.; Ladenburg, Thalmann & Co.; Baxter & Company; American Securities Corporation; Hayden, Stone & Co.; Shearson, Hammill & Co.; Stroud & Company, Incorporated;

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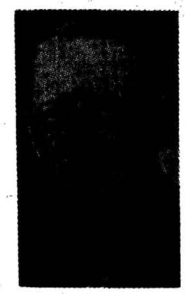

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March 8, 1957

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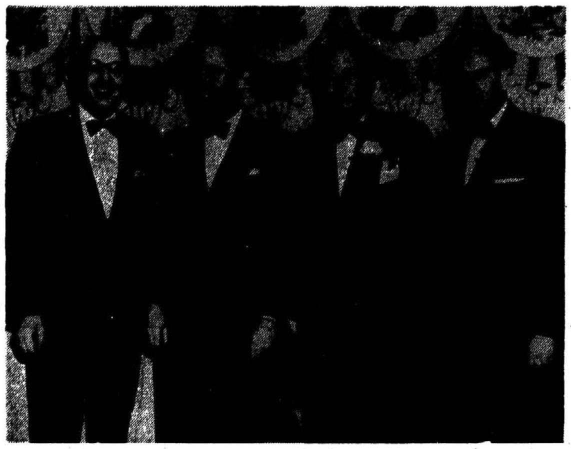

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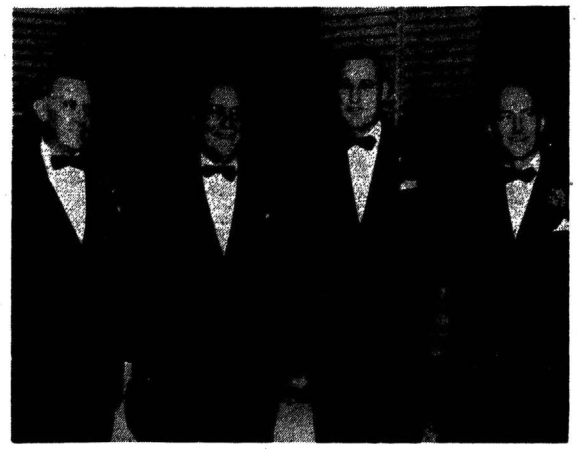

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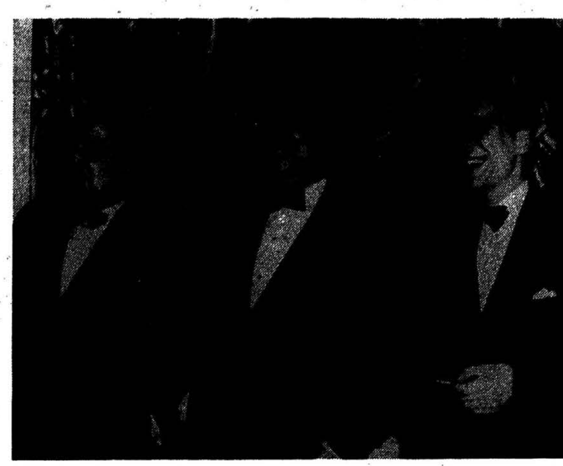

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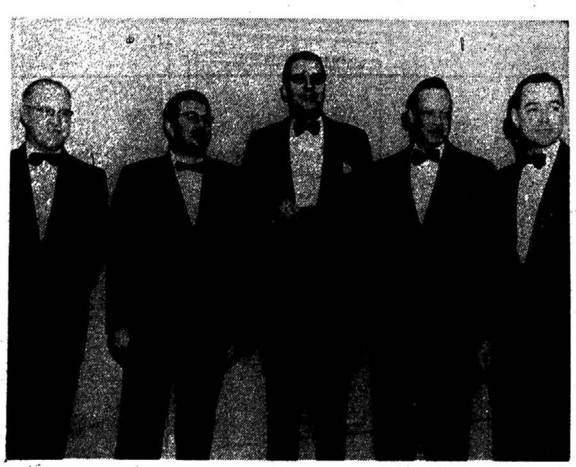

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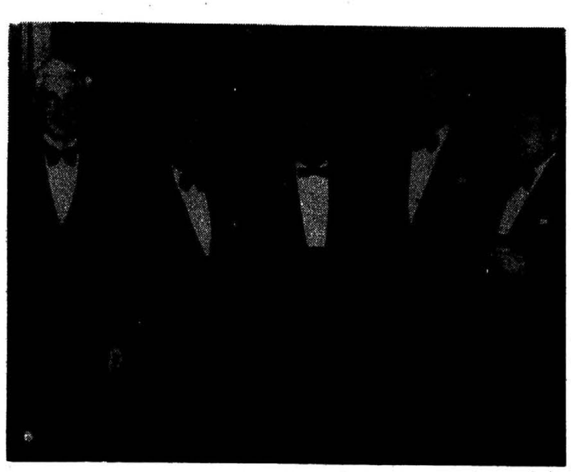

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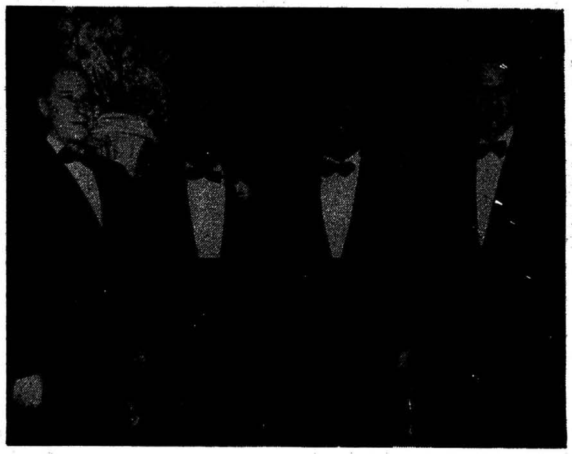
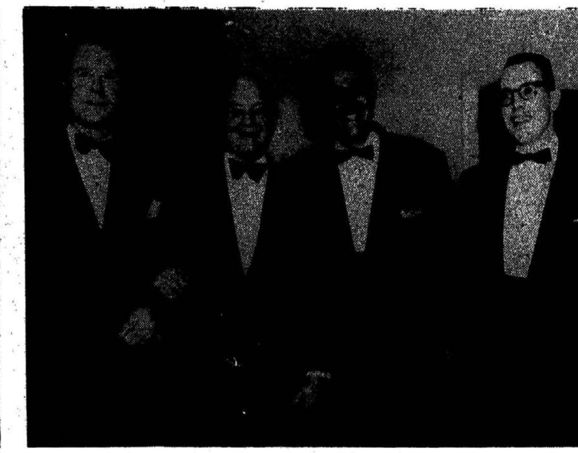


Maurice Munro, E. A. Williams, Gar Fenwick, and O. L. Robertson, all of *Canadian Bank of Commerce*, Toronto



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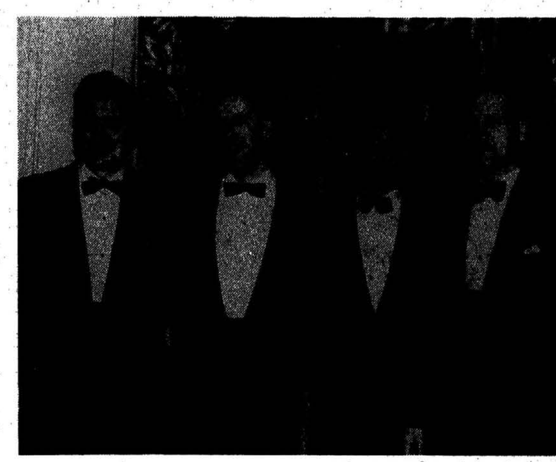

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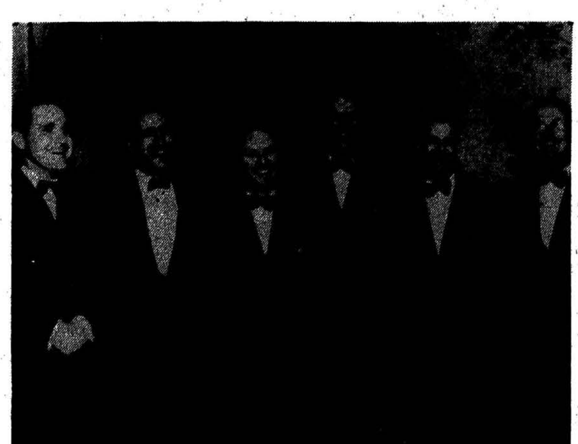

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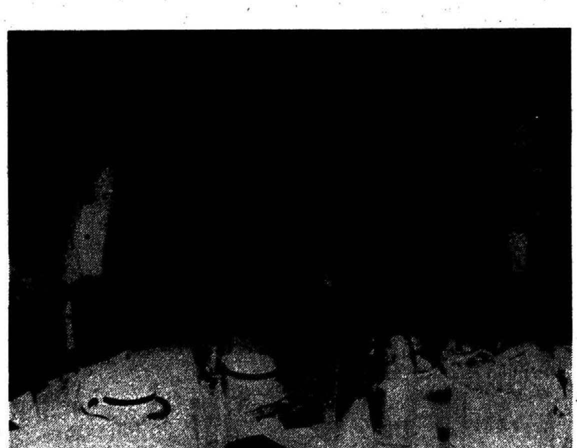
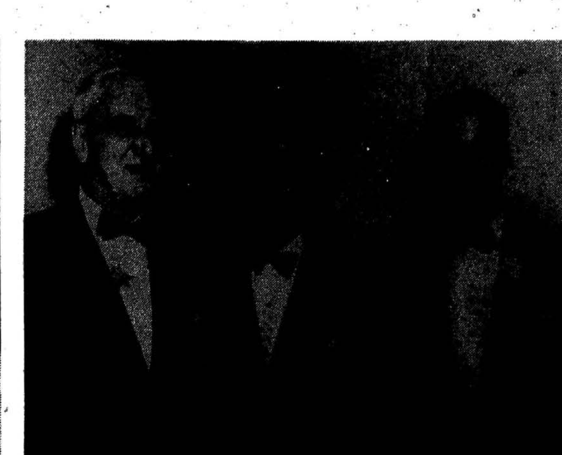
Jim McLaughlin, *Wood, Gundy & Co., Ltd.*, Montreal; Ron Cairns, *McLeod, Young, Weir & Company Ltd.*, Toronto; W. Fraser, *Bank of Montreal*, Montreal; Allan Bracher, *McLeod, Young, Weir & Company Ltd.*, Montreal; Jim Owen, *Equitable Securities Canada, Ltd.*, Montreal; Al Clark, *Bank of Canada*, Ottawa

Phil Bartlett, *Dominion Securities Corpn. Ltd.*, Toronto; George MacDonald, *McLeod, Young, Weir, Inc.*, New York City; Tony Mallon, *McLeod, Young, Weir & Company, Ltd.*, Toronto

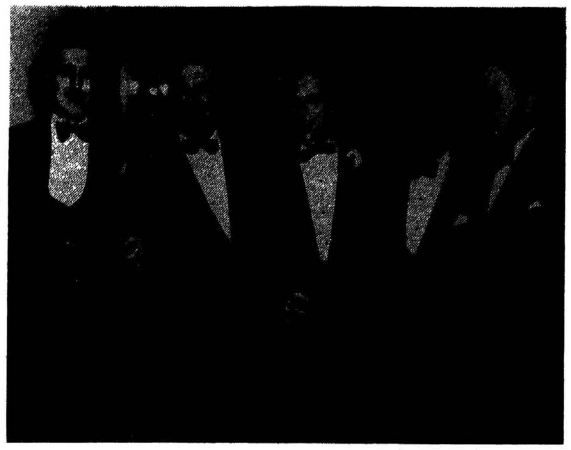


Al Cartan, *Harrison & Company Ltd.*, Toronto; Ted Percival, *Harrison & Company Ltd.*, Toronto; W. E. Parker, *Dominion Securities Corpn. Ltd.*, Toronto



J. R. Meggeson, *J. R. Meggeson & Co., Ltd.*, Toronto; Bill Somerville, *Toronto Stock Exchange*, Toronto; Gordon Ryan, *Ross, Knowles & Co., Ltd.*, Toronto

Keith Walker, *W. C. Pitfield & Co., Ltd.*, Hamilton, Ont., Gerry Urquhart, *W. C. Pitfield & Co., Ltd.*, Toronto; Hugh Mackay, *W. C. Pitfield & Co., Ltd.*, St. John, New Brunswick; J. C. Edwards, *Matthews & Company, Ltd.*, Toronto



Dave Cassels, *Cochran, Murray & Co., Ltd.*, Toronto; Andy Anderson, *A. E. Ames & Co., Ltd.*, Toronto; Jack Lascelles, *Dominion Securities Corpn. Ltd.*, Toronto; Russ Smith, *Bank of Montreal*, Toronto; Eldred Godwin, *McLeod, Young, Weir & Company, Ltd.*, Toronto

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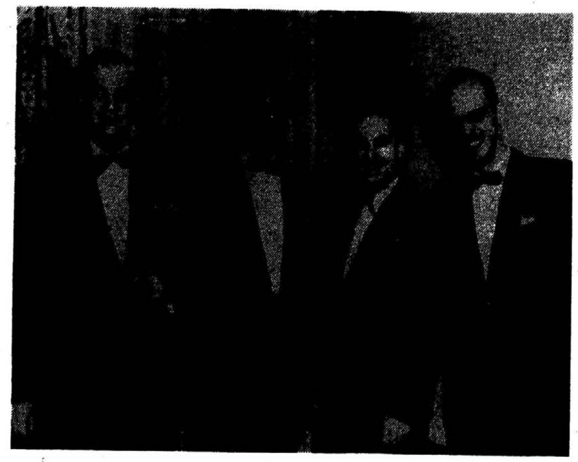
Tom Rogers, *R. A. Daly & Company Limited*, Toronto; Art Williams, *R. A. Daly & Company Limited*, Toronto; Don Wilson, *R. A. Daly & Company Limited*, Toronto; John Clark, *Royal Securities Corporation, Limited*, Toronto



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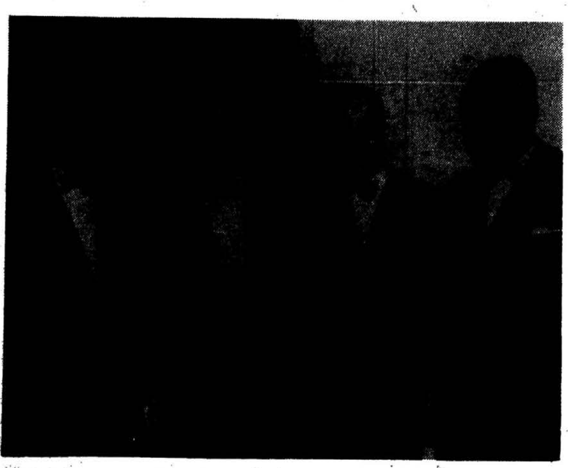
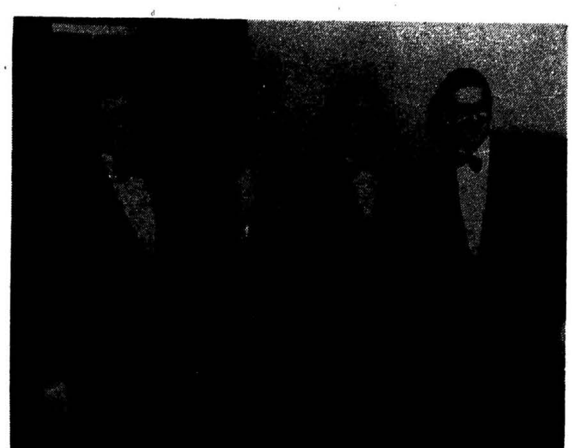


Art Schieman, *Bank of Nova Scotia*, Toronto; Nev Adams, *Intercity Securities Corporation, Ltd.*, Toronto; Art Oliver, *Wood, Gundy & Co., Ltd.*, Toronto; M. C. Deans, *Bankers Bond Corporation, Ltd.*, Toronto

Harold Stanley, *Royal Securities Corporation, Ltd.*, Toronto; Andrew Armstrong, *Royal Securities Corporation, Ltd.*, Montreal; Gerry Lee, *A. M. Kidder & Co., Inc.*, Toronto; Humphrey B. Gilbert, *H. B. Gilbert & Co., Ltd.*, Toronto, First President of the Toronto Bond Traders Association; J. C. Moorhouse, *Deacon Findley Coyne, Ltd.*, Toronto



Col. John H. Christie, *R. A. Daly & Company, Ltd.*, Toronto; John Iliffe, *Bank of Nova Scotia*, Toronto; Sandy MacLean, *Bank of Nova Scotia*, Toronto; Don Wilson, *R. A. Daly & Company, Ltd.*, Toronto