OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE


# The COMMERCIAL and FINANCIAL CHRONICLE

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**EDITORIAL**

## As We See It

If the squabble between Congress and the Postmaster General were to arouse the American people generally to the unrealism, not to say the outright hypocrisy, that surrounds virtually all of our fiscal affairs, it would be well worth what it is costing. This affair itself is typical of the approach usually employed when matters that have to do with the postal service are under consideration. Congress did not appropriate funds in amounts sufficient to provide the service expected of the post office—at least not enough given the degree of efficiency actually existing. This is hardly an unusual occurrence, and, ordinarily, so-called deficiency appropriations are made more or less as a matter of course.

This year, however, there are many who apparently believe that they can make political capital out of the general public reaction to the budget proposed by the President in January. And so we are edified with a sham battle in which the antagonists strike past one another with great vim and vigor. The truth of the matter is, as all those acquainted with the facts well know, that when effort is made to get at the real problems of the operation of the post offices in this country just about every conceivable obstacle is placed in the way of those seeking light on the subject.

There can not be any doubt at all that a number of the services performed by the post office of the country cost much more than the revenue that they collect. Suggest the elimination of any of these and a heated controversy is quickly raging. Ask what any of these services cost, and one is greeted with endless argument about the

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## Notes on Functional Finance And Modern Money Control

By MELCHIOR PALYI

**Prominent international economist refers to domestic and foreign events in analyzing the fallacies and contradictions of contra-cyclical finance policies and of long-run monetary planning. Dr. Palyi notes Keynesian assumptions of capitalism's moribundity and birth rate's decline have been quietly dropped without benefit of any change in the doctrines based on those assumptions; quotes at length British professor's observations of his country's inability to determine the right amount and distribution of investment; concludes national income accounting offers no more guidance for sound prophecies than does the projection of trend lines, even if accurate data were available; and points out that central banking under the old-fashioned gold standard dealt with short run problems and "did not try to play the role of Providence" with its accompanying vacillations and blunders.**

### Functional Finance: The European Experience

Fiscal policy as a regulator of the business cycle is based on several assumptions. One is that authority is preferable to rule, arbitrary decisions to automatic processes. This presupposes managers of perfect rationality and impeccable integrity; also, the availability of objective, scientific criteria to guide their foresight.

Dr. Melchior Palyi

A second assumption is that economic processes are reversible like the mechanical ones, and on short notice at that. As the driver regulates the speed of the car, so is the central authority to regulate the quantity of the economy's money intake and its outlays, implying that people would submit without anticipating—either offsetting or exaggerating—the managerial moves.

Theoretically, nothing is simpler than to pour out money in a recession and to reverse the flood in a boom.

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## Over-the-Counter Market— Indispensable to Investors And Nation's Business Growth

By IRA U. COBLEIGH
Enterprise Economist

**A concise critique of the Over-the-Counter Market—its broad diversity of issues from triple "A" municipal bonds down to tired uranium promotions; from shares of young enterprises in their earliest corporate and market stages, to the elegant equities of renowned companies whose skeins of uninterrupted cash dividends run, in some cases, for more than 170 consecutive years. Distinction between auction and Over-the-Counter Market explained.**

The Over-the-Counter Market is somewhat like a famous and distinguished family, whose honored name is occasionally clouded by the antics or scandals of some black sheep. The black sheep in this case are those relatively few dealers who, by either abetting the distribution of securities of dubious, mythical or overstated value; or by maintaining inordinate spreads between bid and asked prices, tend to dilute investor confidence. These occasional evidences of human frailty on the part of a few marginal members of the Over-the-Counter fraternity should not, however, cause anyone to lose sight of the basic fact that the non-auction market is by far the largest in the world; that it vitally and indispensably serves the needs of every investor from the smallest odd lot buyer to the multi-billion dollar institutional investor; and finally, as is true of all lines of busi-

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 72.

# The Security I Like Best

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

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

## This Week's Forum Participants and Their Selections

Natomas Company — Gerald M. Loeb, Partner, E. F. Hutton & Co., New York City. (Page 2)

Trans-Canada Pipe Lines Limited "Units"—J. Ross Oborne, Ontario Manager and Director, Nesbitt, Thomson & Company, Ltd., Toronto, Canada (Page 2)

### GERALD M. LOEB

Partner, E. F. Hutton & Co.
New York City
Author of "Battle for Investment Survival"
Members New York Stock Exchange and Other Leading Exchanges

**Natomas Company**

Natomas, selling at 7½ on the New York Stock Exchange, is a special situation that meets several of the important major qualifications that I feel are essential in seeking out profitable long-term capital gains purchases.

G. M. Loeb

The "Natomas" name has been relatively meaningless since June 1, 1956, when a complete change in the scope and character of the company occurred. The average person probably still thinks of it as an unprofitable and exhausting placer mining situation. As its new status becomes understood, new interest should develop. Therefore, I believe the technical position is exceptionally strong because of the complete lack of any widespread stale public position. Of the 3¼ million shares outstanding as of Dec. 31, 1956, over 875,000 shares were owned by Ralph K. Davies, Chairman of the corporation. Other directors of Natomas at that time owned in excess of 100,000 shares. The aggregate remuneration paid to all directors and officers for the fiscal year ending Sept. 30, 1956, and for the months of October, November and December 1956 was slightly over $60,000. The company has no profit sharing, pension, retirement, savings or similar plan in which either directors or officers participate.

In other words, here is true ownership-management with no discernible speculative outside participation. Incidentally, the ownership was deliberately acquired. In fact, it has been increasing somewhat currently. I mention this because large ownership means very little if it is involuntary or inherited. Formerly, under the old management, a dividend of 60¢ a share was paid annually. No dividends were declared by the new management in July or December of 1956. The official viewpoint is that the dividend policy in the future will be attuned to the new outlook for profit and growth. It is obvious that increased capital requirements both for reduction of indebtedness and for expansion of the business will eliminate or restrict dividends for some time to come. In other words, here is an opportunity to participate with successful large scale ownership-management in an enterprise pointed primarily at capital gains.

In time, as results are secured and Natomas' new aims understood, the stock should become more popular. Eventually, a more correctly descriptive name may be adopted.

The principal holding of Natomas is American President Lines. With the APL "A" stock quoted at $75 bid, the Natomas equity in terms of APL "A", works out to be approximately $6 per share. The book value of other Natomas properties as of the end of last year amounts to about $1.70 more, making a total of $7.70, or almost precisely the current market price. More than anything else, the future of the shipping company will govern the future of the Natomas holding company. The relationship is roughly ten for one. In other words, a 10-point rise in APL stock lifts the book value of Natomas by approximately $1 and likewise a 10-point decline in APL "A" drops the book value of Natomas approximately $1.

The best current sources for complete information on the situation are the 1956 annual reports of the American President Lines and Natomas, both of which have just been issued.

Considering the Natomas share in the undistributed earnings of the steamship companies, earnings of $1.04 per share would have been realized if Natomas had held the shipping company securities throughout the year 1956. The 1956 annual report of American President Lines says that prospects are brightened for a greater measure of economic and political stability in countries along the APL trade routes. They also believe American flagships will continue in strong demand and that their established upward trend in business will be maintained through 1957 and beyond.

The company is increasing its investments in this basic shipping field. As to the older, large scale mechanized mining activities of Natomas, the decline in recent years may be improved as a result of new exploratory activities in progress. The new management is also paying attention to subsidiary interests, such as the Natomas Water Company, the company's lands in Sacramento County, California, and to investigating possible areas of expansion of its mining operations in the United States and foreign countries as well, either as joint ventures with other companies or by itself. At the end of 1956, several attractive projects were under investigation or negotiation. One such venture undertaken with Goldfield Consolidated Mines Company and Newmont Exploration Limited, was abandoned.

An important element in the Natomas situation is the use of dividends received from APL to pay the interest and amortization on a long-term installment loan made at the time of the original acquisition of the APL stock by a previous holding company known as APL ASSOCIATES. This not only gives leverage to the situation but results in a very favorable tax consideration. As of Dec. 31, 1956, the net long-term debt was slightly under $5 million. On the basis of estimated APL dividends, a gradual increase in the book value of Natomas can be calculated as the debt is decreased. Estimating an annual reduction of $400,000 a year, up to and including March 11, 1960, would result in an increase in APL part of the Natomas book value to practically $6.40 a share considering APL "A" remains at 75. On March 11, 1961, a very heavy reduction is conceivable which if achieved would raise the APL part of the Natomas book value to over $7.50 a share under the same conditions. Since the original purchase of APL by the APL Associates, debt reduction has proceeded at a pace faster than estimated. At the time the Associates bought a 48% interest in the common stock of the American President Lines, Signal Oil purchased an equal amount.

The purchase of Natomas involves going into partnership with a very keen group. There are several directions in which a worthwhile profit can occur. The most important perhaps is a further increase in the value of American President Lines. This stock was originally purchased by the APL Associates, in October, 1952, at $35 per share. It is now $75 a share bid. A purchase of Natomas is also a speculation on the ability of the new management to expand and improve Natomas' other interests. In time, it is an educated guess to feel that increasing expert attention will be paid to mining exploration. The inter-corporation relations are such that in effect low-taxed, holding company dividend income can be used to reduce debt. Thus, both the tax and leverage situations are very favorable. This is truly a high bracket investor's situation. The technical position is strong and in time if Natomas' new activities come to more general notice the stock should gradually grow in popularity. This will be helped when, as and if, the name is changed, which I think is certain to come about sooner or later.

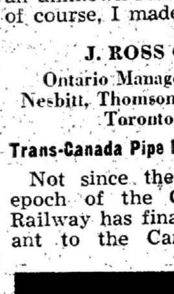
In its particular category, Natomas is one of the securities I like best. The proper use of this information is, of course, not to follow it blindly but rather as a clue for direction in which to make your own investigation. It is important if an investor likes an idea and makes a commitment that he should live with his new investment and personally follow the company's affairs very closely. Information and opinions change as new developments occur and it is almost impossible to attempt to keep the same audience of initial readers posted. I, personally, have been a reader of this column for many years as well as a contributor. I have been alerted to many profitable ideas contained in it. However, I have never expected the authors behind the original stories to attempt to keep an unknown reader posted unless, of course, I made direct contact.

### J. ROSS OBORNE

Ontario Manager and Director
Nesbitt, Thomson & Company, Ltd.
Toronto, Canada

**Trans-Canada Pipe Lines Limited "Units"**

Not since the history making epoch of the Canadian Pacific Railway has financing so important to the Canadian economy, taken place. Not since those early days of railway building has the interest of Canadians been so aroused by a project of such national significance.



J. Ross Oborne

The prolonged negotiations and hearings and opposition of certain interests that dogged the progress of this venture were reminiscent of the tribulations associated with the financing of the Canadian Pa-

*Continued on page 51*

# Future of Drugs and Biochemicals

By ALLAN J. GREENE*

Administrative Vice-President, Chas. Pfizer & Co., Inc., Brooklyn, New York

**Pharmaceutical-chemical executive predicts pharmaceutical sales will continue to lead the chemical industry in growth rate through 1965. Impact of continued emphasis on research, expanding population and rising living-standards here and abroad justify, Mr. Greene says, an optimistic view of the industry's future in the next decade, particularly in view of stress placed on preventive medicine which would make every individual a potential customer.**

Benjamin Franklin once noted that nothing in this world is certain but death and taxes. I think he left one thing out, for one additional certainty we have is that things will be different tomorrow. I have been asked to look into the tomorrow of 1965 and predict how things will be different and to what extent in the field of drugs and biochemicals.

Allan J. Greene

Some weeks ago I attended a meeting in New York at which Mr. Morehead Patterson, Chairman and President of the American Machine and Foundry Company was the luncheon speaker. In his remarks, Mr. Patterson noted that if one were speaking about the short range future, then he had better be accurate, but if one were discussing the long range future, then he must be interesting. I claim no special powers in this field and freely concede that any prediction made here in the first quarter of 1957 as to what will happen by 1965 may be outmoded by 1958 or even by later in this same calendar year. This is especially true in the drug and biochemical area because the field is so active and advancements are made so dramatically. The miracle drug of yesterday is commonplace or even obsolete today. But a new one has risen to take its place, and is the talk of the industry, the medical profession, and the Sunday supplements.

Because of this rapid and spectacular emergence of new products, obsolescence is equally rapid. Since one such product can drastically alter the financial outlook for any single company, research competition is keen. Of course, all these developments work to the health benefit of us all, but it is exceedingly difficult to foresee where the next break - through may occur and thus even more difficult to predict its effect. A further complication is the fact that, since research is so competitive in this industry, the programs are closely guarded secrets.

These are only a few of the internal factors which make a prediction of the future at best only a tenuous thing. Add to these such external factors as the general economic picture, tax policies, the world situation, and everything else up to and including the weather, and it may be seen that anyone who dares to make a positive statement as to the future of the pharmaceutical industry in 1965 is indeed going way out on that well-known limb.

Now that I have set forth a number of reasons why we should not attempt to project a picture of the industry in 1965, I will attempt to do so.

### Optimistic Future

Basically, the picture is optimistic, not only economically but in research. I am confident that the future will bring new sales records, new products, new processes, new opportunities, and new benefits for us all. This optimism is prevalent in our industry and is reflected by the ever-increasing capital expansion programs.

Let us examine for a few minutes the reasons why we are all looking forward to the future despite the fact that the present might be termed the best of times for us here in the United States. First, we have the general atmosphere in which the industry now exists. The past naturally conditions our present thinking about the future, so let us take a look at progress over the past decade. I would like to impress upon you a few indices of this progress.

During the past 10 years our Gross National Product has increased by 65%. Simultaneously, personal income has kept pace and chemical industry sales have almost doubled. These are truly remarkable performances. However, drugs and pharmaceuticals excelled even these. According to the "Advance Report of the Census of Manufacturers," the value of pharmaceutical preparations shipped by all producers in the United States increased two-and-one-half times between 1947 and 1956. This places the pharmaceutical industry at the top as regards growth.

This past record of accomplishment leads us to look forward optimistically to the next 10 years of growth. A statistician could apply a "trend-line" to these figures and predict that in 1965 pharmaceutical sales will approach $4 billion, all other things being equal. It is, of course, that phrase "all other things being equal" which qualifies and casts doubt on the validity of such a prediction. We can state with certainty that all things will not be equal, but as indicated before, it is some-

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*An address by Mr. Greene before the Annual Meeting of the American Institute of Chemical Engineers, White Sulfur Springs, West Virginia.

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ARTICLE starting on the cover page, "Over-the-Counter Market—Indispensable to Investors and the Nation's Business Growth," discusses the investment opportunities inherent in securities available only in the Over-the-Counter Market as exemplified in the tabulations showing the names of banks and companies which have paid consecutive cash dividends for 10 to 173 years (Table I, page 33) as well as those in the 5 to 10-year category (Table II, page 62).

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# Observations . . .

## By A. WILFRED MAY

### STOCK SPLIT AGITATION IN THE MEETING SEASON

The device of the stock split is returned to prominence this week by a stockholder's proposal brought before the annual meeting of the American Telephone and Telegraph Company, that the stock be split 4-for-1. The statement made in support of the proposal (submitted by the Grand Street Boys' Foundation, and argued in its behalf at the meeting by Judge J. Goldstein), bases it on "the belief that the stock split will result in broadening the base of ownership because of lower price levels, which is desirable."

A. Wilfred May

#### Expectations Illusory

Increasing the number of shareowners is, of course, a desirable end. But studies of the impact of the split process in actual practice show that the claim of that result from share-division is largely illusory.

The record shows that in the case of the issues comprising Standard and Poor's Average of 50 Industrials which were split postwar, that while the stock split has been a factor tending to accelerate the growth in shareowners, such acceleration has been (1) altogether moderate, and (2) temporary, with a return back to the previous rate of growth soon after the splitting.

Following are the average owner gains for the 16 industrial companies in this group, which had no significant increase in shareowners or in common shares outstanding other than through stock splits, during the consecutive five-year period surrounding the splitting time.

| Increase in Shareowners | |
|---|---|
| Year before split | 2% |
| Year of split | 7½ |
| Years After Split: | |
| One year | 8½ |
| Two years | 5 |
| Three years | 3 |

The companies thus included are — Allied Chemical, American Smelting, Chrysler, General Motors, Lone Star Cement, May Department Stores, Schenley, Standard Oil of California, Texas Co., Union Carbide, U. S. Rubber, U. S. Steel, Westinghouse Airbrake, CIT Financial, Goodyear, and National Dairy.

#### Confirmation From New Survey

Likewise casting doubt on the efficacy of the split in broadening ownership are the conclusions of a thorough survey made by Hemphill Noyes & Co., members of the New York Stock Exchange, under the aegis of Harold Clayton, which was six months in the making and, as a coincidence, released during the past week. This 41-page study of the 359 splitting and non-splitting listed companies which obtained additional stockholders without conversions, acquisitions, or mergers, suggests that a rise in the number of a company's shareholders may well be importantly due to other factors, as investment quality, management reputation, growth characteristics, and dividend increase.

#### Importance of Investment Quality

Most companies that split their stocks are shown to be those who have above-average earnings records, are increasing their dividends, or otherwise hold bright future prospects.

Showing that quality is important along with splitting as a temporary ownership-broadener is the study's evidence that those high-quality companies that did not split in some instances gained at a greater rate than the lower-quality companies that split. In other words, the quality is more effective than the splitting.

Interesting too are data showing that among companies that did not split, high-priced issues gained stockholders faster than lower-priced issues. Thus, it is evident that some investors feel that a high dollar price and high quality are synonymous.

Confirming our own analysis summarized in the early part of this article is the finding by the Hemphill Noyes study that the greatest increase in stockholders occurred in the 12-month period following a split; with the rate of gain, or loss, thereafter reverting to the pre-split pattern. We thus see that there is post-split *fade* pertaining to ownership-broadening such as we have previously noted applies to price stimulation.

#### Popular Un-Split Companies

It seems to this columnist that the numerous un-split splittable issues which have nevertheless enjoyed substantial increase in stock ownership substantiates the conclusion that a rise in the number of shareholders may well be importantly due to other factors, such as the investment qualities which we have cited. Typical are the following companies with their respective shareholder increases during the interval 1951-1956: American Tel and Tel (36%), Du-Pont (26%), IBM (39%), Hiram Walker (42%), Union Carbide (17%), and Westinghouse (50%).

It is the investment qualities, as the earnings and dividend return, which genuinely enhance the general basic welfare of the shareholder, as well as the size of the shareholder list. In the case of a public utility, this primarily depends on the structure of the rates charged the consumer. Thus, the proper recourse of the Grand Street Boys and Judge Goldstein for achieving increased popularity for their stock, is not to the paper shears or other mechanics concerned with the stock certificates: but to the real source of their frustration, namely the Public Service Commission which obstructs earnings' growth at their source.

* * *

It seems also relevant to the discussion of stock ownership to note the difference in the expense of brokerage commission devolving on the split and un-split holder. In appreciably raising the brokerage commission charged for a transaction in the equivalent number of split shares involved, a split penalizes the existing holder and disadvantages the new buyer. In the event of a 4-for-1 split in American Telephone, as is proposed, the expense of the equivalent transaction would be tripled.

# President's Economist Rejects Primitive Thinking About Debt

**One of the President's economic advisors avers economic growth must come from public and/or private debt for otherwise adherence to the twin tenets of fiscal orthodoxy would place the economy's continued expansion in financial jeopardy. Dr. McCracken foresees: (1) total debt rising from $658 billion, end of 1955, to $1 trillion in 1965 to permit $565 billion GNP; (2) need for $100 billion increase in money supply by 1965 and lower member bank reserves; and (3) tighter monetary policy accompanying larger public debt.**

The fact that the debts of the American people are increasing faster than the rise in their incomes is not the alarming development that many contend that it is, Dr. Paul W. McCracken, member of the President's Council of Economic Advisers, declared April 16 in his address before members of the Mortgage Bankers Association of America at their Eastern Mortgage Conference held in New York City.

Dr. P. W. McCracken

"The view that the public debt is too large and ought to be reduced substantially is a prevalent one and receives support in high places.

"This is a perfectly defensible view, and it may be that the public debt should be reduced in the years ahead. But it is fair to say that many of those who hold this view have also been disturbed by the current tendency for private debts to rise more rapidly than incomes. If economic growth is not to be placed in financial jeopardy, we must recognize that these twin tenets of fiscal orthodoxy are mutually inconsistent for the period ahead. We must have either unbalanced Federal budgets or unbalanced private budgets in the decade ahead, with private debts rising substantially more rapidly than incomes and sales in the latter case.

"But between now and 1965 we cannot have both.

"There is the possibility that this will be a particularly interesting problem in the decade ahead. In the immediate postwar period private debts were so low that a rise relative to incomes constituted no worrisone problem. And during much of our history private debt has been virtually equal to total debt, so the question never really arose. But we are starting into the next decade with many persons already uncomfortable about the large volume of private debt. Yet because the Federal debt is still relatively quite large, private debts for several years must grow about 50% more rapidly than incomes and sales if private debt is to account for the expansion of total debt."

Dr. McCracken, who until he accepted appointment to the President's Council, was a professor at the University of Michigan, School of Business Administration, told the mortgage bankers that he foresees a greatly expanding economy in the decade ahead.

#### Total Debt to GNP Ratio

"An increase to a $565 billion Gross National Product (in present prices) by 1965 ought to be quite feasible. It would actually require an improvement in productivity only moderately better than in the prewar decade. Higher capital outlays, more research, technological development, greater attention to behavioral and motivational human relations problems — these ought to permit a growth rate substantially better than the prewar decade, which included the lost weekend of the great depression.

"In the postwar period the ratio of the change in total net debt to Gross National Product fluctuated over a substantial range but averaged just over 9%. If the savings and deficits in the economy continue at about the same relative size, by 1965 we should have accumulated about $430 billion of additional debt, pushing the total to somewhat over $1,000 billion.

"Whether we look at the probably annual increases in debt or at the volume of debt outstanding which would be appropriate to 1965's Gross National Product, we reach the conclusion that a $1,000 billion debt level will almost certainly be reached in the decade ahead.

"At the end of 1955, total net debt was $658 billion. This consisted of $388 billion of private debt; $38 billion of state and local government debt; and $232 billion of net Federal debt (excluding securities held by trust funds, etc.)

"Now who is going to account for the roughly $400 billion of new debts (net) to be created in the next 10 years? Obviously either government units or private borrowers, and in all probability the result will be some combination of the two. Let us assume that for the decade as a whole the Federal Government's administrative budget is balanced. Trust fund holdings of Federal obligations are assumed to increase by $22 billion, correspondingly reducing the net debt of the Federal Government. State and local debt is assumed to rise in line with the increase in national income, or about 50%. For the total to rise by the indicated, or 'needed' amount, net private debt must almost double in the next decade, rising to $733 billion."

#### $100 Billion in Increased Money Supply

"We see this same problem in a somewhat different light by looking at it from the point of view of the money supply needed by 1965. There has, of course, been a fairly close long-run relationship between the money supply and Gross National Product. There is some evidence that secularly the money supply has been growing more rapidly than Gross National Product, but suppose we assume that the current ratio of about .53 continues. This suggests that we shall need about a $100 billion addition to the money supply by 1965. And all but 10%-15% of this must presumably be accounted for by an expansion of bank deposits.

"Let us explore some of the

implications of this need for a 50% increase in bank deposits by 1965. It will be useful to assume that the ratio of bank holdings of Federal obligations to the total Federal debt in the hands of the public will be the same in 1965 as in 1955. If the administrative budget is balanced over the next decade, and the Federal debt in the hands of the public declines about 10%, bank loans will need to be almost exactly doubled for bank deposits to show the 'needed' expansion. This assumes that bank holdings of 'other investments' (mostly municipals) and cash resources will rise in proportion to the size of the economy.

"For bank loans outstanding to rise only in proportion to the rise in incomes and sales (as measured by Gross National Product), bank holdings of Federal Government securities must increase $36 billion by 1965. This, of course, might reflect simply a shift in ownership of the debt, with banks holding more and others holding less. But this merely transfers the problem since then the demand for private obligations by the nonbank public will be equal to the rise in their total assets plus the liquidation of their holdings of Federal obligations (required to meet the increased bank demand)."

**Dilemma Remains**

"The dilemma remains: We must either accept the fact that private debts can for the indefinite future rise more rapidly than private incomes and sales, or we must have a Federal budget sufficiently unbalanced in the years ahead to provide the required additional government securities.

"Will we face institutional problems in expanding bank deposits and the money supply by the needed amount? Obviously there will be no problem in the mechanical sense. The Federal Reserve has enough elbow room through its own excess gold reserves and power to reduce member bank reserve requirements so that the primary reserve position of member banks will impose no limitation.

"The question is more apt to arise from internal bank management policies. One already hears occasional comments that some banks feel their loans are as high as they should go relative to deposits. And many apparently feel that certain types of loans are as high relative to deposits as is wise.

"The academic economist is not competent to question the wisdom of these policies. But if we are to get the required increase in bank deposits and the money supply, and the Federal debt is not to enlarge, bank loans will almost certainly continue to grow relative to deposits.

"There will apparently be no impediment because of an inadequate growth of capital resources. The total capital accounts of commercial banks since 1950 have been growing at the rate of 5.7% per year. If this rate continues, the 1965 capital-to-deposit ratio should be considerably larger than at the present time.

"Will these developments create some upward pressure on interest rates? This is possible. If government securities become relatively less important in portfolios, private obligations may require higher interest rates to compensate for the increased risk exposure. Or, to put the matter in another way, the financing of more risky operations may become more difficult."

**Monetary Policy**

"It is doubtful if in practice this pressure on interest rates will be very substantial. Indeed, to the extent that the public debt does continue to enlarge, interest rates should be higher than if the Federal budget is balanced. A 'tighter' monetary policy would be required (though also more difficult to execute) to compensate for an 'easier' fiscal policy.

"Does this have implications for monetary policy? I think it does. The Federal Reserve should be more than ever relieved from concern about debt management operations, and therefore more free to make policy decisions according to the needs of the economy. But with the economy more and more sustained by the expansion of private bank credit, the economic situation may well become even more sensitive to changes in Federal Reserve policy. Federal Reserve policy should become a more important and more sensitive instrument of control.

"This all leads to two not very spectacular conclusions. First, having learned that 2½% per year compounded doubles every 28 years, we must now devote more attention to the requirements for and problems which need to be faced if this rate of improvement in our standard of living is to be realized.

"Second, unlike fiscal policy certainly and monetary policy possibly, our thinking about debt policy is in a most primitive stage relative to its probable importance for the economy in the decade ahead."

## W. B. Van Dusen With Southwick-Campbell

SEATTLE, Wash. — Walter B Van Dusen, prominent in the investment securities business in Seattle for the past 31 years, has joined the firm of Southwick-Campbell & Co., Inc., Dexter-Horton Building, as Vice-President.

Mr. Van Dusen started in the business with Blair & Co. in 1926 and later was a partner in his own company. He is a member and Past President of the Seattle Bond Club. Mr. Van Dusen attended the University of Washington and completed his education at the Wharton School of Finance at the University of Pennsylvania.

# Current Objectives and Programs of the SEC

By J. SINCLAIR ARMSTRONG*

Chairman, Securities and Exchange Commission

**Chairman Armstrong states security offerings in 1956 reached all-time top of $11 billion, and a 6% increase is expected in 1957. Maintains recent years' record highs in prices, activity, and number of shareholders in the securities markets, while all to the good have brought in regulatory problems absent during previous depressed periods. Calls attention to inexperience of much of the new investor population, and the lessening of caution. Citing increasing frequency and intensity of proxy contests, with Committees and members of the Congress requiring Commission to report to them for day-to-day comment. Terms such Congressional surveillance "something of a new development."**

In tackling our problems it is only natural that there will be differences of opinion or of approach between the Commission, its staff and representatives of the securities industry and the business community as to the administrative methods and procedures and business practices or conduct with which we all are concerned. But we all share one common interest—the investor. If any of us fail to serve the investor, or serve him badly, our country is the loser.

J. Sinclair Armstrong

### Record Flotations and Trading Activity

Our fluid capital markets and our well-organized machinery for accumulating vast sums of the savings of our citizens have no equal anywhere in the world. At no time in the Commission's experience, have capital market flotations and market trading activity reached as high levels as those witnessed in recent years. This tremendous upsurge has taken place in a relatively short period of time. For example, the dollar amount of securities registered under the Securities Act of 1933 increased by 75% from $7.5 billion in the comparatively recent fiscal year 1953 to $13.1 billion in the fiscal year 1956. During the 1930's the average dollar amount of securities registered fell below $1 billion in some years and from 1945 to 1950 the amount averaged $4.5 billion a year.

The aggregate market value of all stocks traded on all national securities exchanges, which never exceeded $100 billion before 1946, except briefly in 1929, increased from $111 billion on Dec. 31, 1950 to $265 billion on Dec. 31, 1956.[1] The dollar value of securities that changed hands on all securities exchanges in the calendar year 1956 totaled $35.1 billion, more than double the total of $16.7 billion reported for 1953. It is believed that similar increases occurred in the over-the-counter market, although unfortunately no statistics are available.

The value of the gross national product totaled $412 billion in 1956 as compared with $345 billion in 1952 and $104 billion in 1929.

The latest survey of investment intentions conducted jointly by our Division of Trading and Exchanges and the Department of Commerce indicates that businessmen plan to spend $37.5 billion on new plants and equipment in 1957, an increase of 6.5% above the previous all-time high reached in 1956, and 30% above the total of $28.7 billion for 1955.

### Filling Expansion Needs

Where will business get all of the money it needs to finance this expansion? New securities offered for cash in the United States in 1956 totaled $11 billion, another new all-time high. A survey conducted by our Division of Trading and Exchanges indicates that businessmen presently intend to sell 6% more corporate securities in 1957 than they did in 1956.

But not all of the proceeds of these securities goes into plant and equipment, because securities previously issued are constantly being retired through sinking funds and serial maturities and for other reasons. As a result, the net additions to capital from sales of new securities in 1956 reached another all-time high of $8.5 billion, or approximately 25% of the total requirement for the year. The balance of the money needed to pay for these expenditures and to finance a small increase in working capital during the year came from retained earnings, depreciation accruals and temporary bank borrowing.

We are so accustomed to reading about figures in the billions, that the full magnitude of the capital formation process that goes on in this country year after year may pass unappreciated or unnoticed. Up to the outbreak of World War II an offering of as much as $100 million in new securities in one operation was a rare instance. Today, a $100 million bond or stock offering is rather commonplace. In the past five years our business corporations made 29 separate bond offerings, each one of which amounted to more than $90 million with aggregate proceeds of $5.9 billion. Eleven were in amounts ranging from $200 million to more than $600 million and they produced $3.7 billion of capital. American Telephone successfully sold at competitive bidding another $250 million of debentures just recently.

If we look over the record of stock offerings in the last two years, we find four offerings ranging in amounts of $131 million to $657 million. Two of these were non-underwritten rights offerings to shareholders — the other two had conventional underwriting.

### Europe's Contrast

Recently our Commission had occasion to ascertain the total amount of stocks and bonds issued and sold by private business organizations in several of the larger countries of western Europe. We found that the aggregate sales of these securities in the United Kingdom, West Germany, Holland, France, Belgium, Sweden and Switzerland in 1956 amounted to somewhere in the neighborhood of $2.5 billion — a rather striking comparison with the $11 billion of corporate securities sold for cash in this country in that year.

Capital formation is tremendously important to the economy of our country. You cannot have capital formation without willing investors. Capital is formed only by the voluntary cooperation of the public, and the work of the Commission in administering the Federal securities laws is one of the essential factors giving the public confidence in the integrity of the capital markets. There is nothing in these laws which is designed to impede the raising of capital. If well administered, they will help, and not hurt the capital formation process.

### Objectives of the Congress

As a matter of orientation at this point, let me first state briefly the objectives of the Congress expressed in the statutes which we administer. Collectively and colloquially, we speak of them as the Federal securities laws. They were enacted in the years 1933 through 1940 and were intended to provide to public investors in new issues of corporate securities offered and sold in interstate commerce and in the issues listed and traded on national securities exchanges certain basic business and financial information about the corporations issuing them. These laws were also designed to provide regulation of the exchange markets so as to insure free, fair and open orderly markets; to provide a limited degree of regulation in the over-the-counter markets; to provide corporate simplification and physical integration and continued regulation of the financial structure of public utility holding company systems; to provide regulation of investment companies to assure adherence to standards protective

Continued on page 46

*An address by Mr. Armstrong before the Briefing Conference on Securities Laws and Regulations sponsored by the The Federal Bar Association in cooperation with the Bureau of National Affairs, New York City, March 23, 1957.

1 Duplications eliminated.

# The State of Trade and Industry

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

Total industrial production for the country at large last week was for the most part slightly lower. During the week declines were registered in steel output, carloadings and automotive and petroleum production. Modest gains, on the other hand, were reported in electric power and more pronounced advances in retail and wholesale trade.

A check of the current business news reveals a more encouraging tone than in past weeks. Among the brightest spots were employment, personal income and inventories. In March the number of employed rose to an all-time high for the month. Larger payrolls lifted personal income to another new high in February. Although business inventories expanded in February, the rate of increase was the smallest since the Spring of 1955. Commerce Secretary Sinclair Weeks expects employment, personal income and the inventory situation to improve again in the second quarter, offsetting any weaknesses in housing and automobile sales.

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With respect to the employment situation in the latest week, claims for unemployment insurance by newly laid-off workers rose by 48,400 during the period ended April 6, the Bureau of Employment Security reported.

The increase boosted the total to 260,700 but the Agency added the rise followed the "normal pattern" for the first week in April. Michigan, New Jersey and Missouri reported that temporary job separations in auto assembly plants contributed to the claims load. However, the Bureau noted, the rise in the number of new claims was less than the 66,400 reported in the like week of last year. In the first week of April, 1956, the total of initial claims stood at 278,400.

Insured unemployment, which the Agency said has been declining steadily in recent weeks, dropped by 51,700 to a total of 1,508,500 during the week ended March 30. It observed the decline reflected increased employment in outdoor activities. However, the total for the like week of 1956 was 1,394,400.

Employment increased by 675,000 in the month ending in mid-March, the United States Department of Commerce reported. Unemployment declined by 239,000.

In mid-March, it said employment totaled 63,865,000 up from the 63,190,000 of the previous month.

Unemployed workers numbered 2,882,000, the report added, a decline from the 3,121,000 total in February.

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Industrial production expanded seasonally in March and early April, the Federal Reserve Board reported, noting that industrial ouput rose to 148% of the 1947-49 average, or a one point rise over February and five points above March of last year.

The board figured this increase was usual at this time of year. So, the seasonally adjusted index of industrial production held steady in March and early April at 146% — the same as in both February and January. A year earlier in March production stood at 141%.

The board further noted the continued flattening out of the economy last month in its summary of business conditions. "Economic activity, incomes, and wholesale prices in March and early April generally changed little, remaining at or above earlier record levels," the report said. "Bank credit expanded substantially and common stock prices advanced moderately."

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Competition is forcing steel mills to reach out for sales. Some producers are courting steel users in areas well beyond their normal market zone, while others are getting into the act in self-defense, states "The Iron Age," national metalworking weekly, this week.

What this means is that the mills are now willing to settle for a lesser profit margin to maintain volume production. To compete in distant market areas, they must absorb freight charges. This trend is particularly apparent in the East, where some Pittsburgh and Detroit mills are actively beating the bushes for business.

For the first time in over two years, exclusive of strike-affected periods, the steel ingot rate is scheduled to drop this week to below 90% of capacity. Operations are scheduled at 89.7%. The drop reflects in part scheduled curtailment of operations by some mills on Good Friday, which for the first time is a paid holiday in steel labor contracts.

Meanwhile, users of sheet, strip, bar and wire products are running their new-found independence into the ground by holding back on orders until the last minute and creating a serious scheduling problem for producers. Order revisions, cancellations and re-orders are adding to the confusion, observes this trade journal.

This is tending to defeat the stabilizing effect of the long-term steel labor contract. It also indicates that some users are counting on the mills to handle emergency rush orders should they be caught short. This could boomerang in the event of a sudden upturn in the market.

In the absence of hopeful news from Detroit, steel people are becoming resigned to a generally slow market in the second quarter. Automotive companies apparently are still working off excess inventories.

Demand for heavy steel products is brisk. Orders for plate, shapes, and pipe are holding up the steel ingot rate. Mills in a position to supply users of these products are operating at above capacity. In the pipe market, interest centers on pipeline projects involving close to 350,000 tons of line pipe, not including the proposed by-pass of the Suez Canal. One of these lines is being proposed in South America.

An "Iron Age" check on backlogs shows that unfilled steel orders are off slightly from a month ago with some firms. But with others the difference is insignificant. Such companies are in a position to make a variety of steel products. Those with a heavy capacity for sheets and strip are having a difficult time setting up rolling schedules since many of their customers are giving less notice of forward tonnages, concludes this trade magazine.

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In the automotive industry last week a 15% production cutback by Chrysler Corp. pulled total United States car output down to the lowest weekly level of the year, "Ward's Automotive Reports" stated on Friday, last.

The Chrysler Corp. downturn followed in the wake of a United Auto Workers union order earlier in the week banning overtime work at all Chrysler plants.

Meanwhile, "Ward's" noted that the 41,064 new car registrations in the greater-Detroit area (Wayne County) during January-March this year topped any quarter in 1956 and compared with 53,484 in like 1955.

The statistical publication estimated production the past week at 126,707 cars and 23,810 trucks, compared with 130,318 cars and 23,896 trucks last week. For the second consecutive week car output lagged behind the corresponding week in 1956.

The only automotive manufacturer to schedule Saturday operations last week was Ford Motor Co. at its truck plants in Kansas City, Mo., and Mahwah, N. J., "Ward's" observed. With several exceptions, the rest of the industry scheduled five-day operations. Current indications are that all Chrysler divisions will go back on overtime scheduling as soon as the California strike is settled. Willys Motors also shut down for two weeks to adjust inventories.

Chrysler's Los Angeles plant continued on strike for a fourth week after workers rejected a company proposal to settle the dispute over work standards and alleged production speedups.

"Ward's" the past week counted the 2,000,000th car produced in the United States for 1957. Combined United States car-truck output for the year to date totaled 2,372,984, compared with 2,374,294 in the same 1956 period.

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Business sales declined $2,500,000,000 during February while inventories edged $1,000,000,000 higher, the United States Department of Commerce disclosed.

However, with seasonal factors included, it figured the inventory increase at only $200,000,000, the same as January. On the seasonally adjusted barometer, stocks at the end of February were put at $88,900,000,000, compared with $83,600,000,000 on the same basis a year earlier.

The report took special note of this reduced rate of climb in inventories on a seasonally-adjusted basis. It noted the $200,000,000 increases in January and February were the smallest since the spring of 1955 and "marked" a substantial slackening in the rate of business inventory accumulation.

### Steel Operations Scheduled To Yield 89.7% of Capacity This Week

Steelworks operations are holding up well, "Steel" magazine reported on Monday of the current week. It said that a predicted downtrend is developing at a slower pace than expected. For seven consecutive weeks, operations have declined, but they are still above 90% of capacity.

The metalworking weekly said steel mill operations were at 90.5% of capacity last week, down two points from the previous week. Operations were equivalent to 2,316,000 net tons of steel for ingots and castings, the smallest weekly output since recovery from last summer's steel strike.

Steelmakers now can more accurately estimate the year's operations. Much of the work for which steel is required is committed. The 1957 output will be close to the 120,000,000 tons originally estimated, this trade weekly stated.

By this time, construction contracts are firmed. Oil wells to be drilled are scheduled. Shipbuilding is strong. Pipe lines are booked into 1960. Tin plate demand is high, paced by food and beverage needs. The road program is going to take an increasing amount of steel and will not be affected by any flurries in demand, continues this trade journal.

Most people look at the auto industry, the leading steel consumer, as an important barometer of activity, which it is. But they overemphasize it as a factor in steel production. A variation of half a million cars, up or down, would account for hardly more than 1% of the year's output of finished steel.

Steelworks operations will continue to be good through the second quarter, according to the metalworking authority. The expected second-quarter dip will be partially offset by an upsurge in demand in late May and June to beat the anticipated steel price rise. A dip in steelmaking operations is expected in the third quarter as the industry gets into mass vacations and the slowdown for auto change-overs, it further noted.

Steel companies are still looking confidently at the future. Kaiser Steel Corp., Oakland, Cal., last week added $817,000,000 to its current $113,000,000 program which will boost capacity to 3,000,000 tons. Big boosts in ingot capacity and finishing facilities at Republic Steel Corp. will be completed by year's end, it pointed out.

Steelmaking scrap prices declined for the tenth consecutive week. In the week ended April 10, "Steel's" arithmetical composite on scrap prices at $44 a gross ton was $1 below that of the previous week, the lowest point since September, 1955. Its base price composite on finished steel remained at $139.71 a net ton.

**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 89.7% of capacity for the week beginning April 15, 1957, equivalent to 2,297,000 tons of ingot and steel for castings, as compared with 90.3% of capacity, and 2,310,000 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 93.5% and production 2,392,000 tons. A year ago the actual weekly production was placed at 2,466,000 tons or 100.2%. 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 Showed Mild Improvement the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 13, 1957, was estimated at 11,695,000,000 kwh., according to the Edison Electric Institute. This represented a mild advance above the preceding week.

The past week's output rose 2,000,000 kwh. above that of the previous week; it increased 777,000,000 kwh. or 7.1% above the comparable 1956 week and 2,093,000,000 kwh. over the week ended April 16, 1955.

### Car Loadings Dip 7.3% Under Preceding Week and 6% Below Like 1956 Period

Loadings of revenue freight for the week ended April 6, 1957, decreased by 50,830 cars or 7.3% under the preceding week, the Association of American Railroads reports.

Loadings for the week ended April 6, 1957, totaled 644,092 cars, a decline of 41,286 cars, or 6% below the corresponding 1956 week, and a decrease of 15,125 cars, or 2.3% below the corresponding week in 1955.

### U. S. Automotive Output Touched The Lowest Level Of The Year In Latest Week

Automotive output for the latest week ended April 12, 1957, according to "Ward's Automotive Reports," was at the lowest level of the year due to a 15% production cutback by Chrysler Corp.

Last week the industry assem-

*Continued on page 59*

# Dealer-Broker Investment Recommendations & Literature

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

**Atomic Letter (No. 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.**

**Common Stock Review**—Survey—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

**Delaware Valley, U. S. A.**—Copy of Philadelphia Inquirer 1957 Delaware Valley illustrated supplement, describing industrial empire—on request—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa

**"Doctors of Ships"**—Information on servicing ships with oil—Socony Mobil Oil Co., Inc., 150 East 42nd Street, Rm. 2400, New York 17, N. Y.

**Ethical Drug Stocks**—Analysis of investment opportunities—Newburger, Loeb & Co., 15 Broad Street, New York 5, N. Y.

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

**Real Estate Bond and Stock Averages**—Circular—Amott-Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y.

**Titanium**—Study—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

**Uranium**—Companies with major stakes in uranium—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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**Aircraft Radio Corporation** — Annual report — Aircraft Radio Corporation, Boonton, N. J.

**American Machine & Metals, Inc.**—Memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a memorandum on **Lily Tulip Cup Corp.**

**Bangor & Aroostook Railroad**—Analysis—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

**Brazilian Traction Light & Power Co.**—Memorandum—Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

**Canadian Eagle Oil Company Ltd.**—Analysis—Gruss & Co., 30 Broad Street, New York 4, N. Y.

**Clark Oil & Refining Corp.**—Analysis—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available are analyses of **Racine Hydraulics & Machinery, Inc., El Paso Electric Company** and **Preway, Inc.**

**Colonial Stores, Inc.** — Analysis — First Securities Corporation, 111 Corcoran Street, Durham, N. C. Also available is an analysis of **Tecumseh Products Company.**

**Connecticut Power Company** — Annual report — Connecticut Power Company, 176 Cumberland Ave., Wethersfield, Conn.

**Continental Casualty Company** — Analysis — William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

**Copperweld Steel Company**—Annual report—Copperweld Steel Company, Frick Building, Pittsburgh 19, Pa.

**L. A. Darling Co.**—Report—Moreland & Co., Penobscot Building, Detroit 26, Mich.

**Dayton Malleable Iron Company** — Annual statement — Dayton Malleable Iron Company, Dayton 1, Ohio.

**Detroit Steel Corp.**—Memorandum—Wm. C. Roney & Co., Buhl Building, Detroit 26, Mich. Also available are memoranda on **River Raisin Paper Co.** and **United Drill & Tool Corp.**

**Diamond Alkali Company**—Analysis—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

**Douglas & Lomason**—Report—Dept. CH4-11, General Investing Corp., 80 Wall Street, New York 5, N. Y.

**Dun & Bradstreet, Inc.**—Memorandum—The Milwaukee Co., 207 East Michigan Street, Milwaukee 2, Wis.

**Foote Bros. Gear & Machine Corp.** — Memorandum — Richard Bruce & Co., 26 Broadway, New York 4, N. Y.

**Franklin Life Insurance Company**—Analysis—William H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

**Gulf Oil Corporation**—Annual report—Secretary, Gulf Oil Corporation, P. O. Box 1166, Pittsburgh 30, Pa.

**Gum Products, Inc.**—Report—Price, McNeal & Co., 165 Broadway, New York 6, N. Y.

**Home Aircraft**—Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

**Investors Diversified Services, Inc.**—Revised study—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

**Koppers Co.**—Memorandum—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

**McGraw-Hill Publishing Co.**—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are bulletins on **Honolulu Oil,** and **Pittsburgh Metallurgical.**

**Merck & Co. Inc.**—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

**Merck & Co.**—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

**Molybdenum Corporation of America** — Analysis — Parrish & Co., 40 Wall Street, New York 5, N. Y.

**Mountain Fuel Supply Co.** — Annual report — Mountain Fuel Supply Co., 36 South State Street, Salt Lake City 10, Utah.

**North American Cement Corp.** — Memorandum — Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

**Ohio Oil Company**—Annual report—The Secretary, Ohio Oil Company, Findlay, Ohio.

**Philadelphia & Reading Corporation** — Analysis — Spingarn, Heine & Co., 37 Wall Street, New York 5, N. Y.

**Republic Natural Gas Co.** — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y.

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

**Signode Steel Strapping Co.**—Memorandum—The Illinois Co., 231 South La Salle Street, Chicago 4, Ill.

**Skil Corp.**—Memorandum—Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill.

**T. L. Smith**—Memorandum—Aetna Securities Corp., 111 Broadway, New York 6, N. Y.

**Standard Oil Company of Indiana** — Annual report — Standard Oil Company, 910 South Michigan Avenue, Chicago 80, Ill.

**Struthers Wells Corp.**—Report—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

**Sunrise Supermarkets Corp.** — Analysis — Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

**Texas International Sulphur** — Report — Makris & Kakouris, Ainsley Building, Miami 32, Fla.

**Three States Natural Gas Company**—Analysis—Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, Dallas 1, Tex.

**Tilo Roofing** — Bulletin — Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

**Trans Mountain Oil Pipe Line Company**—Analysis—McLeod, Young, Weir & Company Ltd., 50 King Street, West, Toronto, Ont., Canada.

**Travelers Insurance Company** — Data — Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

**United Carbon Co.** — Memorandum — W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.



## Nongard and Robert Showers Merge

CHICAGO, Ill. — The formation of the investment firm of Nongard, Showers & Murray, Inc., has been announced to conduct a general investment securities business, specializing in municipal and public revenue bonds.

Richard C. Nongard

Robert Showers

R. H. Murray

Richard C. Nongard and Rowland H. Murray, former principals in Nongard & Company, Inc., are well-known in the investment field, both having started their business careers with the Bond Department of the Harris Trust and Savings Bank, and have also been with other well-known financial organizations.

Robert Showers has had his own firm almost continuously since 1925, except for his service as a Major for three years in World War II.

The merged firms will do business at 105 West Adams Street, the present location of Nongard & Company, Inc.

### With Bennett & Co.

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — Edward Edison has become associated with Bennett & Co., 6253 Hollywood Boulevard. He was formerly with John M. Barbour & Co.

### McCormick Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Raymond J. Audet, Harry M. Bennett, and Don K. Yoshida are now with McCormick and Company, 3761 Wilshire Boulevard.

## Lyles Named Sr. V.-P. Of First Boston Corp.

James A. Lyles has been elected a Senior Vice-President of The First Boston Corporation, 100 Broadway, New York City, according to an announcement by George D. Woods, Chairman.

James A. Lyles

Mr. Lyles joined First Boston in 1934 after having been associated since 1927 with the corporate buying departments of Harris, Forbes & Co. and Chase Harris Forbes Corporation. He was made an Assistant Vice-President in 1935, elected a Vice-President in 1940, a director of the corporation in 1945 and a member of the executive committee in 1956. His entire business career has been devoted to various aspects of corporate financing and the underwriting and sale of security issues.

A graduate of Massachusetts Institute of Technology with the degree of Bachelor of Science in Engineering Administration, Mr. Lyles is a Trustee and Treasurer of Sarah Lawrence College and a Trustee of the Berkshire School. He is a director of Southern Nitrogen Company.

## COMING EVENTS

In Investment Field

**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 16-17, 1957 (Nashville, Tenn.)**
Security Dealers of Nashville annual spring outing - dinner May 16 at Hillwood Country Club; field day May 17 at Belle Meade Country Club.

**May 17, 1957 (Baltimore, Md.)**
Baltimore Security Traders Association 22nd annual spring outing at the Country Club of Maryland.

**May 17-19, 1957 (Los Angeles, Calif.)**
Security Traders Association of Los Angeles annual spring party at the Palm Springs Biltmore, Palm Springs, Calif.

# From Washington Ahead of the News

By CARLISLE BARGERON

At the time of the year when most Federal Government agencies are trying to throw away money to use up their appropriations, Postmaster General Summerfield engaged in warfare with Congress and the people of the country got it in the neck. He has been somewhat of a stormy petrel ever since he has been in office. The Postmaster General is one of the less influential Cabinet offices in itself, although just about the oldest, and usually in the past it has been tied in with the Chairmanship of the National Committee of the party in power to make it worthwhile to an ambitious man. Most Postmaster Generals have been content to let the Post Office Department run along under its career men while they found an outlet for their energies elsewhere, mostly, as I have said, as Chairman of the National Committees.


Carlisle Bargeron

Mr. Summerfield was Chairman of the Committee in the 1952 campaign but he was divorced from this job when he took over the Postmaster Generalship. Ever since he has been trying to impress his personality on the public in this sole capacity with innovations of one sort after another.

I remember reading a magazine article in the early New Deal which was a satire on the then Republican agitation that there should be businessmen in the government. He never met a payroll was the complaint against the college professors and intellectuals that the New Deal was bringing in. This satire pictured the Post Office Department having been turned over to private enterprise. Well, it turned out that there were several postal services competing against one another, there was a price war on the cost of stamps and then a spirited fight over which one of the services could turn out the most decorative stamps.

The story was not any funnier than the way Mr. Summerfield has conducted himself. He seems from the beginning to have determined to attract attention to himself. With considerable fanfare he announced that henceforth there would be writable pens in the post offices, a welcomed innovation, of course, but hardly earthshaking because the citizens had long since been trained to have their own pencils and pens whenever they wanted to write anything at a post office desk.

The energetic Mr. Summerfield then launched into mail trucks with both left and right handed drives. He had learned that there was a lot of lost motion and a costly wear and tear on postmen's trousers in their having to shift from the left to the right in the driver's seat. There were a lot of statistics on the man hours saved and savings in the seat of the postmen's pants.

But the service of the department kept going down instead of up. It used to be that you could address a letter to a prominent citizen of Chicago, say, and the Post Office would look up his address in the telephone book. There used to be a lot of stories of the Post Office having delivered mail to a man addressed only in symbols. But you had better have a definite address and a zone number on your letter now. Only a few days ago I had a letter returned that I had addressed with a definite address in New York. It was returned because it was "not in care of anybody." I remailed it without change and it went through.

Long ago Mr. Summerfield cut out the afternoon delivery to residential sections. I doubt this harmed or inconvenienced anyone but it was a reduction in service.

A couple of years ago the residents of Chevy Chase, a Maryland suburb of Washington, were told by Mr. Summerfield that henceforth they should have their mail adressed to Washington with their street addresses and zone numbers remaining as they had been. In other words a Chevy Chase resident would have his mail addressed to such and such a street address and zone number, Washington, D. C. The fact that there was no such street in Washington disturbed the Postmaster General not at all. Chevy Chase residents flooded him with ridicule, saying they were residents of Maryland, paid taxes in Maryland and he was not going to be permitted to move them to Washington with a stroke of the pen. He relented but all over the rest of the country he has made people living in well known cities change their mail addresses to little, unheard of sub-divisions. Mr. Summerfield, a businessman in government, just likes to be doing things, showing activity.

For two years he has been trying to increase postal rates. First, he sought to raise three cent stamps to four cents. Not getting that, he wants now to increase them to five cents. He is quite piqued that he hasn't been able to do this. He says he wants to stop the Post Office Department from operating at a loss. It has operated at a loss ever since it was organized, as have the Army and Navy and practically every other agency of the government. What he would accomplish aside from satisfying his vanity is simply to raise taxes on practically every citizen.

His dramatic gesture of curtailing mail service until he got additional appropriations from Congress was uncalled for, and my guess is that, besides the additional appropriations in the emergency he has created, he is also going to get something else.

## With Lee Higginson

David C. Haight is now associated with Lee Higginson Corporation, 40 Wall Street, New York City, members of the New York Stock Exchange, it has been announced. Mr. Haight was previously with Blyth & Co. Inc.

# The Most Valuable Dollar Spent Is the Research Dollar

By GWILYM A. PRICE*

Chairman and President, Westinghouse Electric Corporation

**After pointing out of all electric power consumed since 1900, one-half has been consumed since 1948, Westinghouse chief executive predicts the electrical industry will grow enough by 1965 to power another U. S. A. In describing recent rapid growth and contributions of research, Mr. Price states 20% of $6.3 billion spent in this field originates from electrical manufacturers, and that along with chemical and pharmaceutical industries, they were the first to harness science in order to design new industrial process and products. Points out: The utility industry bears the brunt of research-development cost in atomic power field; first full scale U. S. A. nuclear generating plant will be operating at end of 1957; and increased research should be pursued by all industry.**

We have the responsibilities, first, that are always involved in giving a good economic performance. This means that we must sell our product for service at a profit. We must make efficient use of our manpower. We must train up men to succeed to top management. We must, in other words, pay our way and survive. In these responsibilities we are dealing with matters that are common to all enterprises under any system at any time or place.

Gwilym A. Price

We have the problem, next, of earning our share of a limited number of buying dollars in the fastest-moving, most competitive, most technically proficient economy the world has even seen. We must keep growing in the face of shortages in trained manpower, in some materials, and, perhaps, in money. We must stay above an abnormally high break-even point that keeps rising higher because of rising fixed costs. Here we are meeting conditions that are common to all enterprises working within the framework of mid-20th Century American capitalism.

Finally, we have the problems that are peculiar to our industry alone. These are largely technical in nature. Our difficulties here are greater than they have ever been. For example, the first steam turbine, completed just 60 years ago, was the greatest forward step in steam engineering in a century, but it presented a comparatively simple technical problem when set beside some that face our engineers and scientists today.

As we push toward the outer reaches of creative ability, each new proposition becomes more complex, each problem more difficult to master. We are working with ever-higher temperatures and pressures, finer tolerances, harder and rarer metals, larger units, faster speeds. Each time the electric utilities double their generating capacity within the historic ten-year period or less demanded by our economy, the effort becomes more massive, until it begins to approach the superhuman.

Today American industry is stepping up its use of a comparatively new weapon with which to attack its problems, whether those problems are eternal or temporary, economic or technical, nationwide or industrywide. This instrument is industrial research and development. It is to this special technical effort, as it applies to our own electrical industry, that I want to devote the rest of this paper.

*An address by Mr. Price before the American Power Conference, Chicago, March 28, 1957.

### Growing Research in Our Time

In 1957, the United States will spend about $6.3 billion on industrial research and development. We have spent more in that field since 1950 than we spent in the previous 180 years of our national history.

In 1920 we had about 9,000 scientists and engineers working on research in this country; today we have more than 200,000. In 1920, we had about 220 industrial research laboratories; today, more than 4,000 firms maintain such laboratories.

This is a comparatively new and strange factor in our economy. Industrial research as we now understand the term began only a few decades ago, and it began on the present massive scale within the past ten years. No nation has ever before made such an incredible investment in the systematic application of scientific knowledge to its industrial problems.

The development is not only new; it marks a revolution in scientific thought and method. American industry is engaged in nothing less than the unique attempt to mass-produce scientific knowledge, and the technological end-products of knowledge, by a procedure in which the research organization as well as the individual scientist is created. Today research and development become relatively more important, as more and more companies set up larger and larger research budgets.

The electrical manufacturing industry, as you are well aware, has played a major pioneering role in this national research effort. With the chemical and pharmaceutical industries, we were the first to harness science in order to design new industrial processes and products. The scale of our technical effort today far exceeds that in every other industry except aircraft. Electrical manufacturers, either for their own projects or contract projects, are spending about 6% of their sales income on research and development programs. That amounts to about *one-fifth of all the money* that American industry is spending in that field today.

The truly remarkable thing about this research effort is that much of it actually is being carried on as a partnership between two industries within the electrical industry — the manufacturer and the utility. I do not know how this pattern developed — whether it was by design or accident. Conceivably, the utility companies could years ago have initiated their own research and development programs and thus would be dealing today with the manufacturer simply as a supplier of products made to their design. But from the early days of our industry the utilities have recognized that the manufacturer must be much more than a fabricator. They have supported a continuing, growing research and development program with the two best aids at their disposal: participation in the work and purchase of the result.

Today, thanks to a decision made more than a half-century ago, research work in our industry is carried on primarily by the manufacturers. I hope you will agree that this arrangement has certain advantages to recommend it.

Today large groups of scientists must work together to achieve results. The old-fashioned inventor and uncommitted scientist have been replaced by teams of scientists conducting programmed research. In the words of one well-known research engineer, "Most solutions are not clean; they involve more than one scientific discipline." Experts of various specialties — physicists, chemists, metallurgists, and others — must combine their efforts on a single project.

### Fruitful Partnership

The productivity of these scientists is improved by use of some elaborate — and very expensive — equipment, such as the computers that are being used to make the calculations in the design of turbines. Researchers need freedom to work for many months, perhaps years, on exploratory investigations which may pay off in some stunning development in insulation or apparatus design — or which, on the other hand, may not pay off at all.

The chief recommendation of the way we do our research, of course, lies in the results we have achieved. The partnership has been an exceptionally fruitful one. Both segments of our industry have met the two requirements that are prime facts of business life in America today. They have raised the quality of the product and they have lowered its real cost.

We see this in the new and improved household appliances and in the more efficient apparatus in today's power systems. We see it in a generating capacity that for more than a half century has met every demand that can be put upon it by boom, depression, war, postwar expansion, cold war, atomic projects, and by what someone has called "our guaranteed annual increase in population." When we look backward, we see immensity of achievement in the simple but dramatic fact that that of all electric power consumed in this nation since 1900, when turbines really entered the picture, one-half has been consumed since 1948. When we look forward, we see future achievement outlined in the equally dramatic fact that the electrical industry will grow enough by 1966 to power another United States.

The two branches of our industry have succeeded in lowering the real cost of power by raising the productivity of the men and the efficiency of the machines that make the power. The electric utilities probably turn out more product per worker today than any other industry in America. Last year, the utilities produced four times as much power as in 1939, and produced it with fewer employees, with good management, hard work, huge investment, and some good apparatus developed by research.

I know of no better way to illustrate this productive partnership in research than by citing several projects that one electrical manufacturer has undertaken in cooperation with various utility companies. The manufacturer has to be my own company, since that is the company I know best; but I hope you will consider these projects representative of the good research and development being done by all the manufac-

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# Recent Developments in Soviet Taxes and Standard of Living

By FRANKLYN D. HOLZMAN

Associate Professor, Department of Economics, University of Washington, Seattle

**Expert on U. S. S. R. economy reveals: Soviet people pay highest taxes of any people in the world; principal revenue source is not income tax but price-increasing (sales) taxes which are designed to prevent inflation—though this is indefensible on Marxian ideological grounds; and an income tax sufficient to meet U. S. S. R. needs "would have a disastrous impact on work incentives." Though the Soviet press reportedly insists minor income taxes are virtually the only taxes levied, Professor Holzman shows the various types of taxes and extent to which each contributes to total revenue. Points out misleading effect of taxes upon their price index and that not until 1952-53 did living standards reach 1928 levels.**

The Soviet people pay the highest taxes of any people in the world—probably the highest in recorded history. Unbelievable as it may seem, the average Russian household in 1953 handed over to the government in the form of taxes 56 rubles out of every 100 rubles earned. The average was even higher in the early postwar period, reaching a peak of 69% in 1948—and has not been below 50% since 1931.

F. D. Holzman

These incredibly high taxes reflect the tremendous expenditures by the state on investment in industry, particularly heavy industry, on the military machine, and on education and socialized medicine. The function of these taxes, however, is not, as is often said, to depress the Soviet standard of living and make possible a high level of government expenditure anymore than this was strictly true in the United States during World War II. Essentially the Soviet Government keeps down the standard of living by simply not rationing more coal, steel, cotton, aluminum, tractors, labor, etc., to consumers' goods industries and to agriculture but rather directing these resources into sectors which strengthen the power of the state.

### High Taxes Prevent Inflation

Almost all important raw materials and equipment are allocated directly and are not bought or sold on a free market. The role of taxes in this picture is to absorb the huge excess purchasing power in the hands of the population and thereby prevent either repressed or open inflation from developing. Looked at from another point of view, the taxes make it unnecessary for the government to have to resort to printing money or other means of inflationary finance.

The Soviets are interested in avoiding inflation for the usual reasons. In the early postwar period when repressed inflation pervaded the Soviet economy, they experienced a substantial reduction in work-incentives which manifested itself in abnormal absenteeism and lateness, and in withdrawal from the labor force of millions of marginal workers such as working wives, the very young and very old. The clumsiness and costliness of the system of price controls and rationing which were in effect from 1940 to 1947 and the inevitable black market which accompanied them provided additional stimulus to keep the financial house in order. This they have succeeeded in doing since inflation was wiped out in the drastic Currency Reform of December, 1947. At that time, all outstanding currency was called in and exchanged at the unfavorable ratio of ten old for each new ruble.

### U. S. S. R. Prefers Sales Tax

In their fight against inflation, the Soviets have relied predominantly on price-increasing (sales) taxes though income taxes are also levied. This is, of course, quite the opposite of the situation in the United States, Great Britain, and other western nations which for equity considerations tend to prefer income to sales taxation. Soviet preference for sales taxes cannot be explained on ideological grounds—for sales taxes were consistently attacked by Marxist writers as regressive, falling, they claimed, with heaviest weight on the working classes. Why then do the Soviets use sales taxes? What are its advantages for them relative to income taxation? At least four considerations are suggested.

First there is the administrative convenience of collecting the bulk of the revenue from the relatively small number of state industrial enterprises as opposed to some 30 or 40 million households. This was particularly important in the '20s, and '30s when so many people were illiterate and not competent to calculate an income tax and when the peasants had not been completely herded into collective farms and tax-evasion was easy.

Second, the sales taxes which are levied in the Soviet Union are essentially "hidden" taxes. In the case of many commodities, the taxes are levied at an early stage of the production process and the retailer and consumer never know how much tax is being paid—they only know that prices are high. The state further obscures the picture by insisting that the sales taxes are not taxes on the consumer but simply levies which skim off into the budget "surplus product" due to the increased productivity of state industry. The importance of such devices for softening the impact of taxation and the discontent which it might arouse can be easily understood where more than half of the average person's income goes back to the state each year.

Third, an income tax of a size necessary to meet Soviet requirements would have a disastrous impact on work incentives. It is not difficult to imagine the effects of a progressive income tax *averaging* more than 50% of personal income or the huge gap which would exist between wages earned and take-home pay. Under the circumstances, a non-progressive hidden sales tax makes much more sense.

Finally, in the Soviet Union the state rather than private enterprise manages the consumers' goods markets. It is the state's job to lower the price of commodity A if it is not selling well, to raise commodity B's price if it is selling out too rapidly, etc. The flexibility of price required for

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# Chemicals for Fiber, Factory, Farm and Pharmacy

By IRA U. COBLEIGH

*Enterprise Economist*

**Containing some timely comments on varying rates of progress from retort to retail, in assorted areas of chemical production.**

Ira U. Cobleigh

In the earlier phases of the present bull market (assuming we're still in one) almost any chemical you could mention was a "buy," and nearly all chemical equities advanced — some of them quite spectacularly. Since last August, however, chemical shares, in consonance with the Dow-Jones averages, have suffered substantial erosion in market price. As a result there is now presented a unique opportunity to winnow the sheep from the goats, and to apply the techniques of selectivity in an area where "buying the market" was, at one time, a quite possible method for the gleaning of capital gains.

Our field of discussion today, accordingly, will include a swift and sketchy review of performances and results in 1956, together with some projections of capital outlays and earnings trends in certain companies in 1957. Specifically, this piece will be a short-order search for those issues which, from the present market plateau, can logically justify some hopes for advance in earnings, dividends and price during this calendar year.

The extent to which 1956 was a year of correction and adjustment for chemicals is indicated by the per share net decline in **duPont** from $9.26 in 1955 to $8.20 for 1956; and **Allied Chemical** from $5.27 to $4.74; and in agriculturals, **Virginia Carolina Chemical** from $2.28 in 1955 to 20c in 1956 (fiscal year ended 6-30-56). Fourteen chemical companies, it is true, were able to post earnings gains in 1956, but of these some just squeaked into the plus column, with **Stauffer Chemical**, plus 6c, **Hooker Electrochemical** plus 2c, and **American Cyanamid** plus 14c on the year. One of the most impressive performances was that of **Atlas Powder** which reached a new per share high of $5.61—up from $4.70 the year earlier. Totally the advance in sales from $23 billion in chemical and allied industries in 1955, to $24.3 billion in 1956 was not accompanied by an equivalent advance in net.

Now for this year, capital expenditures for the industry will be $1,750,000,000 (19% higher), ample evidence that managements are solidly optimistic about the ability of this fabulous segment to continue to grow and earn at rates well above the national industrial average. But chemistry, like other trades, is definitely feeling a squeeze on profit margins. The major problem, then, in citing chemical shares for above average performance in 1957 is prudent selection. For instance, there's not much in the agricultural chemicals to suggest that they're a roaring buy today. Pesticide inventories are high, fertilizer demand is not insistent although a better price structure is evident. Caustic soda, soda ash and chlorine producers, on the other hand, should benefit by some rise in demand, and in prices which advanced in the last half of 1956. **Hooker**; also **Diamond Alkali** and **Pennsylvania Salt** should be beneficiaries here (although the big forward swing in Penn Salt, predicated on a large scale plant expansion program, may not materialize until 1959 or 1960).

This year, as in any year in the past decade, a lot of smart money is finding its way into **American Cyanamid**. The special inducements for its purchase at this juncture would seem to be (1) a yield of above 4%, (2) the prospect of a stock split, (3) indicated gain in net of about 10%, (4) high profitability in ethical drugs (Lederle Laboratories) and (5) improved results from the petrochemical plant at Fortier, La. Current price around 77½, with a $3 dividend, well covered. **American Cyanamid** is a perennial instance of the good getting better.

**Olin Mathieson**, classic example of solid growth by merger, had some consolidating to do last year. Benefitting by a 100% greater Cellophane production capacity this year; and a $36 million government contract to construct and run a plant for the development and production of exotic fuels for rockets and missiles, Olin has a brighter current outlook. And in the longer future, there's the big $230 million aluminum company project, to be jointly run with **Revere Copper and Brass.** Olin Mathieson at 48 paying $2 yields 4.16% and sells about 13½ times earnings.

**Allied Chemical** at 87½ is down 42 points from its 1956 high. That's more than enough of a market correction for a 70c per share slippage (in 1956) from 1955 results. For this year we would look for earnings of $4.90 to $5 per share. Company spent $17.5 million on research last year and new products (including titanium) plus better results with the old should advance the fortunes of Allied. Financial position is terrific with cash, governments and marketable securities worth $290 million at the 1956 year end against current liabilities at that date of $73.1 million. Allied is a blue chip whose market value has been chipped down perhaps excessively.

The trend at **duPont** is upward this year (over 1956) with a first quarter sales volume above half a billion for the first time in history and per share net probably 15c above the first quarter in 1956. **Union Carbide** has picked up in first quarter sales but net slipped 4c from the corresponding period last year. **Hercules Powder** should in 1957 turn in results quite in line with 1956—$2.10 per share. More substantial improvement in earnings should not be expected before 1958.

We touched upon Olin Mathieson's contract for missile fuels. Well one of the exciting elements in this category is boron. In the United States the boron producers are **U. S. Borax & Chemical, Stauffer Chemical** and **American Potash & Chemical.** (There was a recent public offering of **U. S. Borax** at $45 a share). Of the above, our current preference would swing slightly to American Potash & Chemical, and Stauffer. American Potash combines a major position in boron, and lithium, another up and coming strategic and exotic mineral. These, added to basic chemical operations, suggest increase of per share net from $2.65 last year, to perhaps $2.90 this year. Common sells at $52 with a $1 dividend plus a stock dividend last year. Stauffer is a live company in metals and fuels and a major producer of titanium tetrachloride. Stauffer common sells at 73, paid $1.80 plus 2% in stock last year and should earn $4.25 a share this year. It presents salient growth characteristics.

**Diamond Alkali** earned $3.83 in 1956 against $3.38 in 1955. It should continue its forward motion by virtue of a $120 million plant expansion program in the 1947-56 decade. Diamond benefitted by product prices increases in the last quarter of 1956 and this year looks forward to added earning power from new plant facilities for perchlorethylene and polyvinyl chloride. Diversity and good management should find reflection in another advance in net, and plenty of coverage for the $1.80 cash dividend. Three percent was paid in stock in each of the last two years, and similar distribution for 1957 appears reasonable. Diamond is now available half way between its 1957 high and low.

**Dow** is moving ahead with its magnesium but price competitions in some fields are expected to dampen earning power somewhat. Against a net of $2.52 for 1956, a reasonable projection for this year would seem to be in the order of $2.30 per share.

Pharmaceuticals can still be dramatic and the prospect of a new wonder drug can still animate share prices. In the long run, however, it is sustained research and effective merchandising that pays off. No company can ride long on a single miracle drug. Either price reductions or competition will emerge. Accordingly we like the ones that spend the research money — **Ely Lilly** (currently about 5% of sales), **G. D. Searle** (about 7½%), **Schering** (5.8%) and **Merck & Co.** (5.4%). There's plenty of area left for more cures—cancer, high blood pressure, heart disease and, of course, the common cold. And tranquilizers — we're going mad about them.

We would like to be able to single out, from the above kaleidoscopes of chemicals, the single issue that will perform most sensationally, marketwise; or to name the one which will introduce another DACRON, NYLON or ORLON, or another CORTISONE. But this we cannot do. Our best effort at clairvoyance is to state that a couple of the companies cited will increase their net by more than 10%; and that total chemical industry sales will, this year, rise by 5½% to $25½ billion.

## N. Y. Investment Ass'n To Hold Outing

The Investment Association of New York will hold its annual outing at the Apawamis Club, Rye, N. Y., on June 28.

### Two With Carroll Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Henrietta Wiederkehr and Stanley G. Barrett have been added to the staff of Carroll & Co., Equitable Building.

# The Future of Railroad Mergers And Railroad Finance

By DAVID A. HILL*

Railroad Investment Counselor, Chicago

**Institutional investors who discriminate against rail bonds are reminded, by Mr. Hill, that by changing the tax laws the style of financing can quickly shift from bonds to stocks. As to the future of railroad credit and mergers, the rail investment counselor points out depressions make strong bonds stronger and weak bonds weaker, and that very few mergers are likely to be completed. The Chicago analyst would like to see highly competitive lines merging if they can be consummated in spite of opposition from principal competitors, I. C. C., labor and others. Declares there is little value in "end-to-end" mergers but those of highly competitive carriers would be advantageous.**

When I was a small boy, the headlines quoted Senator La-Follette as proclaiming "that railroad stocks were watered" and he prevailed upon Congress to ask the ICC to evaluate all property used for railroad purposes in order to squeeze out the water. After an expenditure of huge sums, it was determined that the value of railway property slightly exceeded the book value and hence, there was no water so far as the industry was concerned.

David A. Hill

During World War I, the government took over the railroads. Then, although there was a boom in traffic and revenues, earnings went down drastically and the physical condition of the properties degenerated during government operation. As you know, the roads were returned to their owners in worse physical condition and all deferred maintenance had not been made up in many cases before the great depression. More deferred maintenance accumulated during the depression and in the '30s we had an epidemic of bankruptcies. At that time, it was considered proper, in a sophisticated adult family to discuss leprosy at the dinner table, but one should not mention railroad bonds — railroad credit was than at a low ebb and has never fully recovered.

Each time the carriers negotiate with the unions, the press emphasizes their claims that if they have to pay higher wages, they will be faced with bankruptcy. In fact, they have experts shedding crocodile tears for days on end.

Then, after the wage adjustment is reached, they go before the Interstate Commerce Commission and shed more crocodile tears and claim that bankruptcy will be impending if they do not receive substantial relief. I am not criticizing the carriers for this **sad procedure** but it has a dampening **effect** on railroad credit.

Today, there are very few **individual** buyers of railroad bonds; meaning that when a new issue is underwritten and offered for sale, about the only buyers at retail are financial institutions such as pension funds, insurance companies, trust departments, and banks.

### Discrimination Against Rail Bonds

Now, let's bring our story up to date to show that these financial institutions are somewhat discriminating. A few of the large state pension funds will buy equipment trust issues, if the security includes **NO** passenger cars **whatever**. A few institutions make inquiries to determine **who** is the manufacturer of diesel power securing a proposed issue.

Railroad financing has been changed in another respect due to high income tax rates. Institutional bondholders like to see debt **reduced** and would much prefer to see railroads sell **stock** rather than bonds in order that the stockholders' equity would exceed the total funded debt of each carrier. With the present tax laws, a railroad need only earn 5% to pay 5% interest on the bonds, but if it is in the 50% tax bracket, it must earn **10%** in order to pay a 5% dividend. Therefore, in very recent years a number of preferred shares have been exchanged for a like amount of income bonds. A few institutional holders look askance at that practice because they prefer to have debt reduced rather than increased — but in most cases, the interest is payable **only** if earned and from a credit standpoint, these bonds are glorified preferred stocks with an eventual maturity and in some cases, a small sinking fund.

In the case of the Nickel Plate, a provision has been written in, that in the future if some tax law makes income-bond interest subject to income tax, the unsecured debenture of the Nickel Plate will **automatically** become a **fixed** interest obligation.

The only point I am bringing out is that a change in taxes can change the style of financing.

### The Press and Mergers

Now, then, many are somewhat interested in possible mergers; according to the press, we might expect a number of mergers to take place although I have my doubts that many of them will materialize as proposed; at least, for some-time to come. We might list a few of those already given some publicity in the papers, and they are as follows:

1—C & E I—Monon.
2—Frisco—Central of Georgia.
3—T P & W—P R R—Santa Fe.
4—Northern Pacific — Great Northern—Burlington.
5—Kansas City Southern — L & A.
6—Kansas City Southern — Great Western—Katy.
7—Delaware & Hudson—Erie—Lackawanna.
8—Atlantic Coast Line—Florida East Coast.
9—Missouri Pacific — Texas & Pacific.
10—Chicago & North Western—Milwaukee.
11—L & N—N C & St. L.

This list ignores a few actual mergers or acquisitions recently accomplished, such as—Union Pacific—Spokane International; Chicago & Northwestern — Omaha; Illinois Terminal Railroad being acquired by ten carriers.

From here on out, the discussion should be divided into two simple subjects: one is the future of railroad credit which, after all, is the keystone of railroad finance; and the other subject is—What mergers are likely to be accomplished?

### Effect of Depression

As to the future of railroad credit, I will merely say that each period of depression makes the **strong** bonds **stronger** and the **weak** bonds **weaker**. Periods of low traffic and small income separates the sheep from the goats.

Moreover, if the situation gets very bad and the railroads should price themselves out of the market or otherwise face impending financial disaster, then the Government will doubtless take over the carriers. In this democracy, the Government pays for anything it takes and most railroad bonds would then be guaranteed by the Government and the stockholders might receive the average price at which their stock sold for the past three years or some similar formula. Nobody would gain except that the bondholders might be rescued.

### Few Mergers Considered

Getting around to those very interesting mergers, I have paid little attention to them in spite of the publicity given. A merger is a nice **conversation** piece but it seldom materializes. Let us consider a few of the many hazards involved in some of these particular mergers already referred to:

In the case of C & E I—Monon, the trust indenture insists that the general mortgage income bonds of the C & E I would **automatically** become **fixed** interest bonds in the case of a merger or if the railroad was acquired by another carrier. Such provision makes such a merger difficult to accomplish, because the coverage of the greater fixed charges would be diminished.

It is my opinion that an end-to-end merger usually accomplishes very little. If I have two apples in my left hand and two apples in my right hand, I have four apples. If I was clever enough to pile them all in one hand, I would still only have the same four apples. It may be said that an end-to-end merger might increase the average haul . . . but it also might cause a loss of some traffic handled by one or both of the two carriers.

For example, currently the Lackawanna is an independent road which receives substantial traffic from the Nickel Plate, from the C & O, the Canadian National and other carriers at the Niagara Frontier. If it was merged with the Erie, the Lackawanna System (which might be called the "Erie System") would extend from Chicago to Hoboken and traffic officers of the Nickel Plate, and Chesapeake and Ohio might resent soliciting any business that might go to a competitor. Although most traffic is routed by the shippers as we all know; in a merger of Lackawanna and Erie, it is conceivable that railroads like the Nickel Plate, and C & O might prefer to use their efforts to steer some traffic over the Lehigh Valley or New York Central east of Buffalo.

### One Objection

That is one objection to an end-to-end merger and there is little to be gained other than the consolidation of duplicate off-line offices, duplicate official and staff positions, and in some cases, a railroad shop or yard might be jointly used permitting the abandonment of some duplicate facilities.

For example, if the Minneapolis and St. Lous and Toledo, Peoria and Western were merged, together, there will no longer be a need of the transportation yards in Peoria, one on each side of the river, and two shop facilities, two or three miles apart.

The plain advantage of C & E I—Monon merger would merely be the elimination of shop facilities at Lafayette as the very fine facilities at Oak Lawn in Danville, Illinois are adequate to serve both of these small roads. They have some duplicate off-line offices which could be merged and some of the top management jobs could be eliminated by consolidation, but unless one of these two roads could buy the other very cheap, the benefits would not be great.

### Merge Competitive Lines

Having stated my opinion that end-to-end mergers accomplish little, let me emphasize that mergers of highly competitive carriers are very advantageous such as Chicago and Northwestern —Milwaukee. There are actually five possible ways of going from Chicago to Madison by rail. The two roads offer three double-track lines between Chicago and Milwaukee. If you will examine the map of both carriers, you will note a vast network of lines which could be served better by one road then the other and thus great mileage could be eliminated and still provide service to any point now served by either or both carriers. It is my opinion that annual savings from such a merger would be from $40 to $50 million per year, if unnecessary and duplicate facilities could be eliminated in spite of opposition by local commissions, the ICC, labor organizations and others. I am heartily in favor of such mergers if they can be consummated in spite of opposition from their principal competitors and others.

If these two particular carriers could be merged, then the Traffic Department and Engineering Department with others could select the route having the best profile where several lines now exist and perhaps abandon some lines, and step down all but the principal selected main line to light density status.

### Presents an Illustration

For example, there are three double-track lines from Chicago to Milwaukee and it would be practicable to route the fast passenger trains of both carriers along the shore line and route freight trains of both carriers over the Milwaukee double-track line and tear up the freight line running up the Skokie Valley.

When it comes to the much discussed merger of Northern Pacific - Great Northern-Burlington-Colorado and Southern — I doubt very much that it would be permitted by the ICC, as being opposed to the public interest. There, the savings, of course, would be great but such a strong competitor to the Pacific Northwest would be a severe blow to the Milwaukee Railroad which now reaches the coast and has very light traffic density. If a new "Prince Plan" was written or a new ICC plan of consolidation prepared, in order to preserve competition between strong carriers, the merger of so-called Hill railroads should not be permitted unless there was a merger of Union Pacific-Chicago & North Western-Milwaukee Railroad to provide intense competition between the Middle-West and the Pacific Northwest.

The minute a merger story hits the financial page, analysts clasp their pencils and gleefully look to the future; but in the case of Erie-Lackawanna-D & H proposal, wait until we hear from the Nickel Plate, from the Lehigh Valley, from the C & O and other competitors. There are many hurdles between a proposal and the consummation and therefore, I expect to actually see very few of these mergers completed, as proposed.

*An address by Mr. Hill before the 3rd Michigan Railroad Management Seminar at the University of Michigan.

# Solving Our Domestic Problems And Fearing No Foreign Foe

By HONORABLE WILLIAM F. KNOWLAND*
United States Senator (Rep., Calif.)

**We can solve our domestic problems and need never fear any foreign foe, Senator Knowland advises, if we prune our government's growth and spending. Our inner strength, preserving our freedom and fostering our growth, comes not from our resources and achievements but from our moral and spiritual values which, the California legislator cautions, cannot be compromised nor, he adds, can we take our constitutional form of government or our free-enterprise system for granted. Outlines foreign policy views; decries double standard of international morality, and sees no change in U.S.S.R.'s long term strategic objective.**

This Nation of ours has grown from a weak Colony of three million on the Atlantic coast to a great power of 170 million people, the most productive the world has ever known.

Sen. W. F. Knowland

The priceless ingredient for our people has been our constitutional form of government which guarantees our religious, personal and economic freedom.

The incentives furnished have constantly opened new horizons.

In this atmosphere, Americans of each generation have sought to leave to their children a better land than they themselves found, not just better in a material way but in the educational and cultural developments that make for better family and community life.

New inventions in various industrial fields and the tremendous potentials of the peacetime developments of atomic power are bound to challenge us for many years into the future.

We must not take our constitutional form of government or our free-enterprise system for granted. Neither fall into the category of something that can be locked in a safe-deposit box and kept forever secure. Each generation must be prepared to make the necessary sacrifices to maintain them that our Founding Fathers were prepared to make in the first instance.

Other nations have been or now are larger in land area, in population, and in natural resources. Yet they have not been able to give to their people the freedom and the standard of living Americans have enjoyed.

As important as is the productive capacity of our Nation and its military strength, these are not the factors which alone could preserve our freedom or enable us to maintain a free world of free men. The inner strength of America has not been its great cities, its huge industrial plants, its extended transportation systems, or its variety of natural resources.

The factor which made America an inspiration to the rest of the world grew out of our Declaration of Independence, the Constitution of the United States, and the spiritual values which the founders of our Republic recognized and by which they were guided.

We have recognized that there was a higher moral law to which governments were also accountable. We have humbly acknowledged the divine inspiration which made and preserved us as a nation.

We have read of and have been inspired by the action of George Washington in kneeling in prayer during the dark days at Valley Forge and of Lincoln doing the same during his lonely vigil in the White House during the darkest days of the Civil War.

Instinctively we know that human freedom is a greater force than tyranny.

### No Compromising

We also instinctively know, though at times our allies and our own Government may for expediency forget that these are some things in life which cannot be compromised.

We know that no international organization and no government can long survive a double standard of international morality.

The free world should heed the admonition in Second Corinthians: "Be ye not unequally yoked together with unbelievers; for what fellowship has righteousness with unrighteousness and what communion has light with darkness."

We are constantly faced with the threat of international communism to destroy human freedom everywhere in the world. Against this external danger we must maintain strong and adequate defenses—air, sea, and land—at home and abroad as long as the menace continues. This may well be for a decade or more.

### Foreign Policy Views

Foreign policy is too important to be left to government alone. It is of concern to all of our people. In order to have a sound foreign policy, it is necessary to have an informed public.

There is also the danger that every free government around the world faces. This is internal subversion, sabotage, and espionage by the international Communist conspiracy.

We cannot buy international friendship any more than personal friendship can be purchased.

Nor should we attempt to remake the world in our economic or political image.

Our efforts should be directed toward helping others to help themselves. In this private investment should play a major role.

In the period since the close of World War II the United States has provided over $50 billion in economic, military, and technical assistance to allies, neutrals, and former enemy countries outside of the Iron Curtain.

There has been nothing comparable in the world history of civilization to this program.

It was a matter of mutual interest to help rehabilitate the war-devastated areas of the world, both Allied and enemy alike, not only as a matter of humanity but because it was in our own interest as well not to have the Soviet Union or international communism take advantage of the economic and political chaos which otherwise would have existed.

The wartime damage has been repaired. It is time for foreign aid to be reduced.

It is neither in their interests nor ours for nations abroad to be permanently dependent upon American financial grants. It is time for them to start living within their means and for us to do likewise.

Government, industry and labor must be constantly on the alert against this termite menace which could do great damage though the outer structure might seem to be unimpaired.

### Unchanged Communist Objective

Mr. J. Edgar Hoover, Director of the Federal Bureau of Investigation, in a recent article clearly outlined and documented the fact that the Communist "new look" is a study in duplicity. The domestic Communist Party, as with the Kremlin, has a fixed objective though the tactics remain fluid.

In this day and age of the airplane and atomic power we can no more return to isolation than an adult can return to childhood, regardless of how pleasant the recollection might be.

Our foreign policy seeks to preserve peace with honor. Our efforts will continue to be directed to the establishment of a system of international law and order, based on justice, that will preserve the peace for ourselves and our children. We seek no territorial gains nor to subjugate any people anywhere in the world.

We do recognize, however, that when freedom is destroyed anywhere, a bit of freedom is destroyed everywhere.

Nations can die while delegates talk. Last year the General Assembly of the United Nations passed 10 resolutions in 76 days of debate. All that while freedom was being strangled to death in Hungary. With callous indifference the Soviet Union placed itself above the higher moral law of God as well as above its obligations under the United Nations Charter.

### Double Standard of International Morality

No international organization can long endure with a double standard of international morality.

Having a decent respect for the opinions of mankind, a sense of obligation to the charter and the incentives inherent in a free country having freely elected parliaments, an informed electorate and a free press, Great Britain, France and Israel withdrew their forces from Egypt.

Having no respect for the opinions of mankind and no sense of obligation to the charter, the Soviet Union ignored all 10 General Assembly passed resolutions and still have their forces in Hungary.

Are the obligations and the mandates of the United Nations to be applicable to the democratic nations but not to the totalitarian powers? To the law-abiding but not to the outlaw nations? To the small and weak countries but not to the big and strong? What kind of justice is this? Are we building on quicksand? What kind of a foundation is this for constructing a system of international law and order based on justice?

We serve no useful purpose if we hide the facts. To the contrary by ignoring them and failing to seek remedies, we may endanger the safety of this Republic and free men everywhere.

For many decades the men in the Kremlin have preached the doctrine that the free world contains the seeds of its own destruction.

It is far more likely, I believe, that the Communist world contains the seeds of its own destruction.

Hungary was but the latest in the indications that, even under totalitarian police rule and the brainwashing of a whole generation, the spark of freedom still lived and was capable of lighting a fire that endangered the whole monolithic structure of Communist tyranny.

After the Hungarian experience how much reliance can the Soviet Union place in the armed forces of the other captive nations if freedom is ever within their reach? How can they have faith in Communist indoctrination when young students were the leaders of the Hungarian rebellion?

Within the past 10 days, the rulers in the Kremlin have sought to intimidate both Norway and Denmark.

The Soviet Union has not changed its long term strategic objective. The destruction of human freedom everywhere.

They will be relentless in seeking to destroy our institutions. Fortified by our faith in God, we must be determined that our way of life will be preserved.

### Dangers From Within

We also confront a danger of another sort. This does not come from an armed enemy from without nor from a foreign-led conspiracy from within. This springs rather from our own people and the institutions we have created. Apathy on our part or an inclination to let the other fellow assume

*Continued on page 61*

*An address by Senator Knowland before the Grand Lodge of Masons of New York, March 31, 1957.

# The Investment Company Today

By HUGH BULLOCK*

President, Calvin Bullock, Ltd., New York City

**Mr. Bullock traces origin and history of the investment company, and cites the salutary purposes and effects of the Investment Company Act of 1940. Maintains the funds have economic and social justification in contributing capital, including venture capital, to American industry; constituting a stabilizing influence in the stock market, and broadening the ownership of American industry, and in being "good for the investor."**

How times have changed over a quarter of a century. Today the Securities Acts are approved by business and by both political parties as constructive pieces of legislation. And their sequel, The Investment Company Act of 1940, is considered by my industry as very much in the public interest. The able and equitable administration of these Acts by SEC Chairman Armstrong and his fellow commissioners increases their merit.

Hugh Bullock

### The First Trust

The first investment trust company was formed in London in 1868. The first Scottish trust came in 1873. Many others followed. The Baring Panic of 1890 was their test of fire—like our 1929—and of course there were disasters. But, by the end of World War I, the soundness of their principle had been proven and they attracted the attention of Americans in the early 1920's.

What is the principle of an investment company? Diversification of risk and professional supervision. The theory of not putting all your eggs in one basket. The theory that ownership of 10 securities is less risky than one, and ownership of 100 is less risky than 10. The theory of having trained investment men supervise those hundred securities.

While the first American investment company can, by straining a bit, be traced back to the year 1893, in 1921 the organization of the American Founders group represents the genuine start of the movement in this country.

During the Twenties, investment trusts, as they were called in those days, came thick and fast. In 1929, because many had violated fundamental principles, casualties were numerous.

Came the Thirties and government investigation of investment companies. I had made some speeches in 1931 and written an article in 1932 called "The Future of The Investment Trust." Several years later, in the preliminary hearings, the investigator, in a friendlier tone than usual, threw the article down in front of me and said, "Did you write this? It's good. The SEC might well have written this itself."

One of the people in my own industry said to me, "What's the idea?"

I still stand by that article written a quarter of a century ago. It prophesied the form and growth of what we now call mutual funds and many of the principles of the Investment Company Act. I hope I can be half as accurate in my prophecies for the next quarter of a century as I was then.

### Our Federal Legislation

Well, after blood and sweat and tears came the passage of the Investment Company Act of 1940. The SEC of course wrote the draft, it was modified by agreement with our industry and we both urged its passage by the Congress. It was very interesting and constructive example of a cooperative effort.

The Act required full disclosure, no conflict of interest, sound capital structures. It provided safeguards pertaining to diversification of holdings, the borrowing of money, accounting practices, the rights of security holders, major changes in investment policy and other constructive measures.

The constant phrase, used by my industry during the investigational period preceding the drafting and passage of the Act was "you can't legislate honesty." I still don't think you can legislate honesty. But you can legislate penalties for anyone who gets off the straight and narrow. And it is results that count. Since 1940 there has only to my knowledge had to be one suspension by the SEC of any investment company.

I am reminded of the bringing up of my children. I have two sweet girls. Today one is in Vassar, one in Bryn Mawr. I believe in discipline. When they were little I spanked each of them once. I never needed to again. Because I had framed and hung outside their door—where they looked at it every day—a delicious cartoon. It showed a father with his child across his knee, whamming the life out of him with a book. The mother was standing by, horrified. The title of the book was "Child Psychology." And the father was saying to the mother, "Well, sometimes I have to express myself, too!"

I've heard the Investment Company Act called a good many things, but never a cartoon. Yet it may have tended to have the same effect as my cartoon. In any event the Act cleared the air within the industry and, outside, with the investing public. In these postwar years investment companies and, particularly, mutual funds, have grown and grown. Today their assets are over $10 billion and they are held in over 2½ million investors' accounts. They have taken their place among our important financial institutions.

Nine-tenths of investment company assets are represented by so-called open-end companies, or mutual funds. There are over 130 mutual funds today. These, as you know, are corporations or common law trusts whose stock is almost continuously sold to the public, usually by an independent underwriter at a price based on asset value, customarily plus a reasonable premium for cost and profit. Upon demand by a shareholder, the investment company is required to repurchase the shares at asset value.

### The Closed-End Companies

About one-tenth, or a billion, of the 10 billion of investment company assets are represented by so-called closed-end investment companies. There are 30 or so closed-end companies. Almost all these were originally formed in the Twenties. Indeed, in the Twenties and Thirties closed-end companies dominated the industry. Not much new capital since the Twenties has been raised by closed-end companies. And, when it is, it is usually done in the form of a single orthodox underwriting.

As you know, open-end companies or mutual funds have a simple capital structure with one class of share outstanding. The majority of closed-end companies today do, also, although some have debentures and/or preferred outstanding—like the English and Scottish trusts.

Both mutual funds and closed-end companies own very much the same type of securities, more common stocks than bonds, perhaps a hundred or so in the average portfolio. But the majority of mutual funds own just common stocks.

So much for the past and present. What of the future?

Investment companies and especially mutual funds have a most interesting future provided they have the economic and social justification that I think they do. Let me ask some questions.

Do investment companies contribute capital to American industry?

Yes, they purchase new issues of stocks and bonds and on many occasions exercise rights to subscribe to new issues. To a limited extent they provide venture capital. To a much large extent, by owning more conservative securities, they free other investment capital so it can be used as venture capital.

### Stabilizing Influence

Are investment companies a stabilizing influence in the stock market?

Yes. Every study ever made of mutual funds (and remember they represent 9/10ths of the industry) has shown they are purchasers of securities on balance at the time of sharp market breaks or during declining markets. Moreover they buy for cash and their professional managers should logically be less emotional than an individual stock buyer, especially one who might be subject to a margin call.

So this run on the bank idea is in the realm of pure fantasy. Occasionally, as you know, someone asks the question as to what would happen in the case of the $9 billion mutual fund industry, with its self liquidating feature, if most of its sharesholders in time of crisis rushed to redeem their shares at the same time. This of course would force the mutual funds to sell their portfolio securities so that they could redeem their own shares.

Again this subject has been studied thoroughly and the findings are that during every severe decline, including 1929, investors bought more shares of mutual funds than they sold back to the funds. Moreover, during the declines, the ratio of liquidations by investors to purchases by investors was lower than the normal ratio.

Now what if all the managements at once suddenly decided to buy or sell the same security? Life isn't like that. They never do. There are alawys two opinions—your own and the wrong one. Just after the war I was lunching with one of the ablest investment company presidents. He said, "We don't like General Motors. We wouldn't touch it here." I said, "We like Motors. We have just finished buying it." May I smile?

### The Factor of Bigness

Are mutual funds too big? How big is big? All the mutual funds combined own less than 3% of the value of the stocks listed on the New York Stock Exchange. They control no banks or industrial or utility corporations. If they can operate effectively; size would not seem to have any point in this Trillion dollar era. The largest fund of all has an excellent management record and a commendably low expense ratio.

Do investment companies need more regulation? Now, who asked that question? ? ! ! No, we are as regulated—or more so—than almost any industry I know.

We are subject to the Securities Act of 1933 for the raising of new capital.

We are subject to the Securities and Exchange Act of 1934 so far as listed closed end companies are concerned — and for transactions in listed stocks by all investment companies.

We are subject to our basic Act, the Investment Company Act of 1940.

In raising new capital we are regulated by the Blue Sky laws of various states. And we must conform to the toughest if we want to do business in all states.

Underwriters and dealers in investment company securities are subject to the general rules of fair practice and statement of policy under the N.A.S.D.

A famous member of the Bar once said, "The power to tax is the power to destroy." An equally valid saying would be "The power to regulate is the power to destroy." Overregulation can be just as serious as no regulation, when regulation is needed.

Not in the area of regulation, but in the area of self examination and analysis, the trade organization of my industry, the National Association of Investment Companies, does a most constructive job. It grew out of the group that cooperated with the SEC in the passage of the Investment Company Act. 136 mutual funds and 25 closed-end companies belong to the Association—almost the entire industry. It is a central bureau for information, coordination with governmental regulatory bodies, and has a salutary influence on practices within the industry.

### Ownership Broadened

Have mutual funds broadened the ownership of American industry?

More people have more money than ever before in the history of our country. In this era of tremendous redistribution of wealth have mutual funds been responsible for more people owning common stocks?

Yes. Recent studies indicate that the bulk of mutual fund purchases originate in states other than the North Atlantic Seaboard states. Surveys of the origin of stock exchange business conducted at the same time shows that the majority of such business originates within the Atlantic Seaboard States. In other words much of the money invested in investment company shares was money which might not otherwise find its way into common stocks.

My final and most important question is are investment companies and especially mutual funds good for the investor?

Keith Funston tells us there are 8½ million investors who own stock in publicly held corporations. More are women than men. And two-thirds of them have incomes under $7,500 a year.

There are over 25,000 securities in the United States available to these investors: over 1,000 common stock listed on the New York Stock Exchange, about 500 preferreds, over 1,000 different bonds, about 1,000 issues traded in on the American Stock Exchange, and the rest over the counter issues or securities listed on minor exchanges.

These investors for the most part are not sophisticated. What are they going to buy?

A uranium stock? I hope providence is with them. A blue chip on the Big Board? All right, what blue chip?

If they are buying stocks, aren't they better off to buy an interest in 100 good stocks watched over every hour of every day by professionals—by men who certainly know more than the average investor does about the science of investing?

The layman has no concept of the thorough research done by many of the good investment companies.

What does the average investor want? I suppose protection for his principal, a reasonable income, marketability, and opportunity for appreciation. To my mind a well managed investment company gives him a greater proportion of these four cardinal principles of investment combined than any other investment medium I can think of.

Yes, investment companies unquestionably have economic and social justification.

(1) They contribute capital to American industry.

(2) They are a stabilizing factor in the securities markets.

(3) Indications are that they broaden the ownership of common stocks.

(4) They are good for the investor.

*A talk by Mr. Bullock before the Federal Bar Association, New York City, March 29, 1957.

# J. P. Lannan Ch'man Of H. M. Byllesby Co.

CHICAGO, Ill.—The firm of Kneeland & Co. is being dissolved and J. Patrick Lannan has become Chairman of the Board of H. M. Byllesby and Company, Incorporated. Francis C. Woolard, member of the Midwest Stock Exchange, and a partner with Mr. Lannan in Kneeland & Co., becomes a Vice-President and director of H. M. Byllesby. Glen A. Darfler will join the Byllesby trading department.

J. Patrick Lannan

Glen A. Darfler

Francis C. Woolard

J. H. Briggs

Joseph H. Briggs will continue as President of H. M. Byllesby and Company, Inc.

Kneeland & Co. will be dissolved as of May 1, but will stop active trading as of April 18.

# George M. Baker Co. Formed in Chicago

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — George M. Baker & Co. has been formed with offices at 29 South La Salle Street, to engage in a securities business. Partners are George M. Baker and John F. Baker, both formerly with Baker, Walsh & Co.

### Eastman Dillon Branch

SAN MARINO, Calif.—Eastman Dillon, Union Securities & Co. have opened a branch office at 2374 Huntington Drive under the management of Donald M. Palmer.

# Third-Party Liability of American Nuclear Exports

By DAVID F. CAVERS*
Associate Dean, Harvard University Law School

**The sale of a nuclear reactor, or a major component, to a foreign purchaser may involve, Dean Cavers points out, a risk of liability to third persons should they be injured by an accident involving that reactor. Regarding burden of proof revolving around negligence, the noted Harvard Law School Dean believes foreign laws on this score seem more favorable to the manufacturer than U. S. law. Author proposes a new international atomic agency to sponsor an international convention extending the principle of limitation of liability arising out of such sales.**

American companies are not likely to own or operate many reactors abroad, even through subsidiaries. But the United States Government and the American atomic industry both hope that American manufacturers will be in the forefront in supplying nuclear reactors and their components for installation in other countries. Will American firms be deterred from pursuing this business by the risk of liability for injuries caused by atomic accidents? My job is first to comment briefly on that risk and then to consider some of the steps that might be taken to keep it to reasonable size.

Just as in this country, so abroad, private liability insurance cannot provide the whole answer to the liability problem. A serious "nuclear incident," to use the Anderson Bill's euphemism, may be most unlikely, but it could cause harm to persons and property far outrunning the coverage that the insurance industry could safely write. The deterrent effect of the liability risk stems from this remote but nonetheless real chance that legally enforceable claims for tens or hundreds of millions of dollars might grow out of a single nuclear incident.

### Indemnity Laws

If anxiety as to this becomes world-wide, local agitation for indemnity legislation may spring up in countries that now seem relatively indifferent to the problem. Pressure for indemnity laws is more likely to come from the reactor operators in other countries than from reactor makers, at least where the reactors are not government-owned. As here, reactor operators would be the first target of claimants, and, in most countries, the fact that the government owned and operated a reactor would not be a defense. Moreover, reactor operators would probably be held to stricter rules governing liability and its proof than would the manufacturers.

The citizens of other countries do not seem as claim-conscious as Americans, and the judges who assess damages for personal injuries appear less generous or less impressionable than American juries. By American standards, even in Europe, the volume of negligence suits brought against manufacturers by third parties seems small. But would these attitudes persist if a $100,000,000 nuclear incident occurred on foreign soil and the reactor involved was of American make? Claimants and their counsel might soon get American ideas. A $100,000,000 incident might produce a $200,000,000 basket of claims.

Suppose an American corporation has installed a 100,000 kw reactor in a country outside the Anglo-American legal system. Suppose that, a year or two later, a melt-down occurs, followed by an explosion that cracks the containing shell and sends a cloud of highly radioactive particles over the country-side, seriously contaminating a small industrial city. If the reactor operator were not the foreign government itself, the resulting claims for injuries might well exhaust the resources of the reactor company and its insurers. The claimants might then turn against the American suppliers. Perhaps a plausible hypothesis could be construed that the melt-down was caused by negligence in the design or construction of the reactor or a major component.

### Where Could Suit Take Place?

When such a claim is considered, the first question would be whether the liability-defining rules of law to be applied would be those in force in the country where the harm occurred or in the United States. Conceivably, in crowded Europe, harm might have been caused in more than one country. Disregarding that complication on the ground that we have enough without it, I think the answer to the choice of law problem is fairly clear. The court would apply the law of the place where the harm was sustained, although it might also ask whether the American company had failed to observe any applicable American safety standard and rely on such a failure as proof of negligence.

If the American company were no longer doing business in the country of harm, could it nevertheless be sued there? Probably it cold, but would the judgment obtained against it be recognized and enforced in the United States? This is less certain. However, the installation of the reactor might be a sufficiently protracted operation to constitute doing business in the foreign country as that term is understood in our law. Since the claim would have arisen out of business done, our courts could find that the foreign court had personal jurisdiction over the absent American company. Probably, moreover, the company would have had to consent to this jurisdiction in advance.

Even if the court rendering the judgment against the American company did have jurisdiction by American standards, the enforcement of the judgment in American courts might be difficult. It would run into the clash between the Supreme Court's rule in *Hilton v. Guyot*,[1] denying enforcement in the Federal courts, and the rule in *Johnston v. Compagnie Generale Transatlantique*,[2] which prevails in New York and a few other states, granting enforcement. If the foreign judgment creditors sued on their judgments in the state courts and the suits were removed on diversity grounds, perhaps *Erie R. R. v. Tompkins*[3] could be invoked to require the Federal courts to follow *Johnston*. Moreover, the *Hilton* case is not an absolute bar to enforcement: it merely requires the plaintiff to show, if he can, that the courts of the foreign country are willing to enforce American judgments. Some are.

If the American maker did not install the reactor abroad but merely sold either it or a component for delivery here, the foreign court might not assert jurisdiction over the absent company. Probably some courts would do so, especially in the usual case where the seller had known the destination of the reactor or component. The American seller might be regarded as having caused acts in the country where the reactor was built and so be subject to its court's jurisdiction for the resulting harm, if, at least, the notice requirements of due process were met. However, a foreign judgment against the American seller would be much more vulnerable to jurisdictional attack than would a judgment against the installing company.

### Free to Sue in U. S. A.

If success in getting jurisdiction over an American defendant or enforcing a foreign judgment against it would not, of course, leave the foreign claimants remediless. They would be free to sue in the United States. Moreover, they might find the rules as to proof somewhat more favorable in this country than in their own, however burdensome the conduct of the litigation itself.

Wherever suit were brought, the American manufacturer could seldom defend simply on the fact that it did not own or operate the reactor. Under the Civil Codes of probably most foreign countries, the plaintiff need only show that the harm complained of was the normal consequence of the manufacturer's negligence. These countries appear to have short-cut the long and tortuous path which led us to *McPherson v. Buick Motor Co.*[4] and subsequent cases establishing the third-party liability of manufacturers in tort for nearly all injuries resulting from defective products.

In some countries, the injured parties might be confined to suit against the operator only. However, the operator—or its trustee in bankruptcy—could then claim against the manufacturer. In such a country, however, the manufacturer might have limited his liability to the owner-operator by contract, and this limitation would in turn bind third parties claiming through the operator. Such a limitation would ordinarily be valid except against claims based on gross negligence or intentional wrong-doing, neither a likely hazard.

Under some power company concessions, third parties are denied the right to sue the power company for injuries. Instead they have to sue the government which in turn may sue the power company or its supplier. Here again, the government's suit against the supplier would be derivative and so perhaps could be blocked up by a valid contractual limitation of liability.

In my limited investigation into foreign law, I have found no law that would hold the manufacturer liable on any ground other than that of negligence. Law suits brought on this ground would often pose difficult problems of proof for the plaintiff. I have encountered few, if any, devices for shifting either the burden of non-persuasion or the burden of producing evidence which are available for use against the manufacturer. Analogues to our doctrine of *res ipsa loquitur* are to be found, but they seem designed for use against persons in the position of the operator.

Of course, in some cases, the fact might plainly appear that the accident was due to a defect in some part of the reactor. Then its manufacturer would have to fall back on the proposition that reasonable care in manufacture and inspection would neither have prevented nor detected the defect. In this, naturally, the company would be aided by official approvals, inspections, and tests that had failed to discover the flaw. However, it could not rely simply on the fact that its equipment had been accepted officially as safe.

### Insurance and U. S. Government

The probability that the manufacturer would win third-party lawsuits has never been sufficiently comforting to prevent insurance companies from writing liability policies. The fear of losing cases could still deter business if private insurance were not adequate. However, we can scarcely expect the United States Congress to remove this deterrent by extending the Anderson Bill's coverage to foreign risks. For the government to agree to pay out hundreds of millions of dollars to American victims of an American atomic accident is one thing; for it to agree to pay out like sums for foreign victims of a foreign accident, another. Realistically, American companies must hope that foreign governments either will take over the indemnifying function or will impose limitations of liability to protect their suppliers.

Passage of the Anderson Bill or a like measure would be a stimulus to parallel action by foreign governments. This could solve the problem, especially if the indemnity features were either unlimited or accompanied by a limitation of liability. However, foreign governments may not be worried by the atomic liability problem to the point of taking such action for a good many years. Meanwhile, maybe our government could negotiate a provision in our bilateral agreements to hold harmless not only the U. S. Government for claims based on its action in supplying special nuclear materials but also American suppliers for third-party claims against them for defective products. Adoption of the Anderson Bill would strengthen our position to press for such a clause.

The sticking-point in any such attempt might be the foreign government's reluctance to relieve the American manufacturer of

*Continued on page 65*

*An address by Associate Dean Cavers before the 5th Annual National Industrial Conference Board, Atomic Energy Conference, Philadelphia

1 159 U. S. 113 (1895).
2 242 N. Y. 381, 152 N. E. 121 (1926).
3 304 U. S. 64 (1938).
4 217 N. Y. 382, 111 N. E. 1059 (1916).

# THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks were stalled for the most in the abbreviated holiday week as the anticipated heavy supply of stock materialized when the industrial average tried to negotiate the 485 area. For the rails it was the same months-old story of no decisive action.

* * *

Most of the better work on any given session was done by a handful of special issues such as Lukens Steel which recovered from its recent uncertainties to plough ahead again to historic peaks.

* * *

Aluminums were able to put on a better showing at times. They, too, had had to weather a recent reaction. A few, such as Aluminium, rebounded sharply when the pressure let up.

* * *

Oils were far from unanimous, but Gulf which had reacted a score of points throughout the Suez tieup was able to post some multipoint gains when demand was around. For the oil well supply issues, the story was about as diverse as for any other group. A. O. Smith was among the issues in special demand and posted a new high simultaneously with Halliburton's climaxing recent weakness by falling to a new low.

### Motors Also Stalled

Motors accomplished little over-all. Chrysler's sporadic spurts over anticipated fat earnings for the first quarter developed little follow-through and the issue was clipped back by profit-taking before it could make a serious bid to forge into new high territory.

* * *

The big debate was over how far the rally would go with a rather large group seeing around 490 as about the best that could be expected at this time if the area of congestion is breached. And if they are right, it would keep the rebound within the confines of a technical rally. And that, in turn, would leave the future of the market up to some external development not now visible.

* * *

For individual issues there were both bullish and bearish implications that guaranteed to keep the market highly selective for some time to come.

### Coal Issues Supplant Papers

The rather sharp decline in earnings for St. Regis Paper and the subsequent dividend trim threw a pall over the other paper shares, erstwhile favorites. The coal shares, after some of them reported sharp profit gains last year, were the newer favorites, notably Pittston Co. which finds business good so far this year and is almost certain to show a further profit gain on top of last year's doubled earnings.

* * *

Pittston basically is a holding company and while almost two-thirds of its sales are from its coal properties, the company actually has wide interests ranging from armored car service to wholesale oil distribution. Its proposed acquisition of a dominant interest in Brink's Inc., is still tied up awaiting official approval.

* * *

McGraw-Hill Publishing is another special situation where earnings this year are being projected to even higher levels than last year's good results with sales expected to cross the $100 million mark. The increased demand both domestically as well as abroad for technical information assures high-level operations for this, the largest publisher of technical and scientific works.

* * *

Black & Decker with its wide range of power tools is a prime beneficiary of the do-it-yourself fad currently prevalent and reports sales and earnings running well ahead of a year ago even before the company is fully committed to an intensified sales push. It has helped the issue put on a better-than-average showing in the market so far this year.

* * *

James Lees & Sons in the long-neglected carpet group is both a candidate for improved earnings and a higher dividend, the company having made something of a turn for the better in 1954 which trend has continued so far. Some estimates of this year's earnings run as high as $7 against $5 last year and $4 in 1955. The $2 dividend, by comparison, is modest and even a modest increase of 50% would figure out to a yield of nearly 7% on the recent price against the 5½% on the present payment.

### IBM Stands Out

International Business Machines, one of the higher-priced issues, has been busy posting new highs on fat gains but the other office machine makers have been far less prominent on sustained investment demand. Sperry Rand has sold down a third from its high of recent years, mostly because of the expenses of consolidating its merger with Remington Rand. The company is not currently listed as a candidate for higher earnings, at least for the first quarter, but sooner or later the nonrecurring charges will be eliminated with profit benefiting accordingly. Meanwhile the dividend is well covered by the earnings being reported. Sperry's present activities cover a wide field, from farm equipment to electronic brains. Its sales are about a third from its varied instruments which loom large in defense applications and a third from office machines and supplies.

* * *

Chemical companies are still suffering from a profit-pinch and reports so far have shown higher gross but lower net with monotonous regularity. Du Pont, however, offers a cautious prediction that the worst is over and first quarter profit should be comfortably above the same period last year. The company has its sights set on achieving record sales this year.

* * *

The story is different in the drug shares, particularly those struggling to keep up with the demand for Salk polio vaccine. Parke-Davis reported a good increase in sales for the first quarter and an even larger increase in earnings. Moreover, the trend is expected to hold throughout the year with the polio vaccine sales expected to be some three times last year's.

### Overlooked Foods

Issues in the food division have been ignored for the most for a rather long period. Consequently some of the better quality issues, such as Sunshine Biscuits and Standard Brands, offer yields of 5 to 5½%. Sunshine, with the help of some recent acquisitions, is planning record-breaking sales for this year and fully expects to boost earnings. Standard Brands also has expanded its horizon through acquisitions as well as aggressive merchandising. A boost of 14½% in profit last year on a gain of 18% in sales was credited in part to the addition of Clinton Foods' line to its own. However, operations have been running ahead of last year's comparable period so far this year and hints broadly at an even better performance this year than last. While not particularly a dividend increase candidate at the moment, Standard sooner or later would lard its payment as earnings continue to increase.

*[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.]*

# Securities Salesman's Corner

By JOHN DUTTON

## "Over-the-Counter Market: Indispensable to Investors and Nation's Business Growth"

Today's issue of the "Chronicle" once again provides a wealth of documentary evidence of the numerous high quality investment opportunities available only in the Over-the-Counter Market. This marks another chapter in the campaign inaugurated by the "Chronicle" to enlighten investors, institutional and otherwise, on the merits of unlisted securities. The continuing necessity for such an educational program is, of course, a source of amazement to those of us who are thoroughly conversant with the world's largest market. However, prejudices die hard and it is unfortunately true that there are many otherwise knowledgeable individuals who are disposed to look askance on securities which are not listed on an Exchange.

Because of this feeling, the "Chronicle" deems it vitally important to continue its efforts to dramatize the real facts in the case. This, in my opinion, is admirably accomplished in the article starting on the cover page of today's issue entitled *"Over-the-Counter Market: Indispensable to Investors and Nation's Business Growth."* What's more, the study provides dealers and brokers throughout the country with a valuable piece of literature for an educational and sales promotion campaign.

### Reprint Available

As is well known, thousands of reprints of the "Chronicle's" earlier presentations were mailed by broker-dealers to their clients and investors generally. However, as already noted, the objective is still a long way from being completed; hence the brand new and completely revised presentation in this issue of the "Chronicle" bearing the caption *"Over-the-Counter Market: Indispensable to Investors and Nation's Business Growth."* Reprints of it will be available at a cost of 20¢ each in lots from 1 to 199, and 15¢ each in greater quantities. The list of Over-the-Counter consecutive cash dividend payers from 5 to 173 years alone makes interesting reading, and the information pertaining to this market is presented in a manner that even the most unsophisticated investor can understand.

This excellent sales promotion literature is being made available by the "Chronicle" as heretofore in an attractive pamphlet which fits neatly in a Number 10 envelope. "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered.

### Advertising the Product

Using a double return card or a newspaper advertisement, copy along this line might be productive of interested inquiries.

***"Over-the-Counter Market: Indispensable to Investors and Nation's Business Growth"***

Send for a free list of sound, growing unlisted companies whose common stocks have paid cash dividends consecutively for 5 to 173 years. A free booklet, *"Over-the-Counter Market: Indispensable to Investors and Nation's Business Growth,"* will be sent you on request—no obligation, of course.

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### Why Advertise?

This booklet should be sent to all clients, and it should be advertised in the newspapers for the simple reason that it will break down sales resistance against Over-the-Counter securities. Every day that your salesmen are out talking with potential clients and investors, they are faced with the unnecessary burden of explaining and apologizing for the fact that some security they may be offering is unlisted. If you will only look around and see the opportunities for capital growth that have gone across your trading desk during the past 10 to 15 years in the Over-the-Counter Market, there will be no doubt in your mind that something positive should be done to continuously awaken the investors of this country to the fact that one of the most important areas for capital growth, income, and for the location of sound conservative investments is in this largely unpublicized market.

The only way to overcome investor apathy toward securities traded in the Over-the-Counter Market is to mail such literature as this "Chronicle" reprint to your customers — advertise this article in the papers and send it out to prospective clients—and if you want to do something even more constructive along this line do some affirmative advertising about such securities in your local papers and make it a cooperative effort backed up by several of the leading firms in your community. One of the most remarkable jobs of "hiding light under a bushel" I have ever seen, is the way that the investment business has neglected to inform the public that some of the most important firms in America have their stocks traded over-the-counter; that some of the best growth situations in America are traded over-the-counter; and for yield, comparative security, and breadth of choice it is the Over-the-Counter Market that offers the investor the largest stock market in the world. Yes, larger than the New York Stock Exchange, the American Exchange and all the regional Exchanges.

Your customers should know these interesting facts. Won't this help your salesmen to do more business with less resistance?

# British Reactions to Tax Cuts

By PAUL EINZIG

**Government's courage to aid upper middle-classes and disappointed feelings of the larger middle class majority not touched by recent tax reduction are contrasted by Dr. Einzig with labor's reaction to recent tax concessions. The British economic observer expects perennial increase in wages to exceed greatly the tax cuts, but sees no basis for pessimistic outlook for Sterling in 1957.**

LONDON, Eng.—The tax concessions made by the new Chancellor of the Exchequer, Mr. Thorneycroft, to income groups between £2,000 and £10,000 a year went so far as they could reasonably be expected to go in existing circumstances. Those who expected sweeping concessions overlooked the fiscal, economic and political difficulties the Government has to contend with. Had the Chancellor made an attempt to be equally generous on the present occasion to income groups below £2,000, he would have incurred a large deficit and would have let loose a flood of inflation. Had he set out to correct with one stroke the grossly excessive taxation of the higher income groups he would have provoked an aggravation of labor relations and would have further antagonized the middle income groups of the middle classes on whose political support the Government depends for its existence.

Dr. Paul Einzig

Even as it is, there is much pessimism in many Conservative quarters about the effect of the measures on the results of the next by-elections. A number of middle-class supporters of the Government have already voiced their profound disappointment. From this point of view, Conservative opinion is divided about the effect of the taxation measures on the attitude of the middle classes.

### Reaction of Middle Class

It is true, the large majority of the middle classes has incomes well under £2,000 and does not stand therefore to benefit by the Budget to any appreciable degree. But the view is held in many Conservative quarters that in spite of this the middle classes as a whole are likely to derive comfort from the fact that at long last the Government has ceased to try to produce Socialist Budgets and has mustered up enough courage to help the upper middle-classes.

Optimistic Conservatives argue on the following line:

"The difference between the Socialist and Conservative attitude in these matters is that when a Socialist sees an expensive automobile his reaction is that if he can not have such an automobile, nobody should have one, whereas when a Conservative sees such an automobile he is glad that at any rate some people can possess them." The fact that the Government is now prepared to make tax concessions to the higher income groups is therefore popular among the middle income groups, not only because many people in those groups hope to rise to higher incomes, but also because it is in accordance with basic Conservative mentality.

The fact of the matter is that, in spite of the concessions, the taxation of higher incomes in Britain remains the highest in the world.

And in the course of the Budget debate a Government spokesman pointed out that, even though the present Budget will not do much for the middle income groups, the Conservative Government has in fact made very substantial concessions to them since assuming office in 1951. In fact, while in previous Budgets Conservative Chancellors reduced taxation on middle incomes, this is the first time since 1920 that concessions are made for the benefit of surtax payers.

But such is the mentality today that many people in the middle income groups are not likely to see this. While they, and members of the lower income groups, considered it only natural that in previous Budgets everything was done for them and nothing for the higher income groups, they claim it to be their right to participate in the first concession made to the higher income groups. It remains to be seen whether by-election results will be affected by this mentality or by the more generous attitude described earlier in this article. In any case as far as the general election is concerned, in all probability there will be at least two more Budgets before it will take place, so that the Government will have opportunities for making fiscal concessions to the discontented middle income groups.

### Labor's Views

The economic effect of the Budget depends, not on its reception by the middle income groups, but on its reception by organized labor. If the concessions made to higher income groups should stiffen the attitude of trade unions in wages negotiations, then it may become necessary to release to the working classes additional purchasing power amounting to many times the sum total of the tax reductions made for the benefit of the surtax payers. Alternatively, strikes resulting from resistance to the steeper wages demands might lose for the national economy output the value of which would be many times the amount of the tax concessions.

However, such is now the attitude of the trade unions that the strength of arguments in favor of wages demand has become quite unimportant compared with the balance of power between employers and employees. A 10% all round wages demand seems to have become an annual event, and employers and consumers may consider themselves relatively lucky if they can get away with a mere 5% increase. In the past wages demands were based on arguments about increases in the cost of living, or in productivity, or in profits. Now they are put forward and pressed on the simple ground that it was eight months ago that the last wages increase was granted.

Compared with the size of additional purchasing power that has been or is likely to be created through wages increases in 1957, the fiscal concessions in the 1957 Budget fade into insignificance. The tax cuts are reckoned in tens of millions of pounds, while the wages awards are likely to run into hundreds of millions. In any case, something like half of the total of tax cuts is likely to assume the form of increased saving, while most of the additional purchasing power represented by higher wages is likely to be used for increasing demand for consumer goods.

Even so, the outlook for sterling in 1957 need not be viewed with undue pessimism, unless some major strikes should develop during the year. The balance of payments figures certainly do not justify the absence of the seasonal firmness of sterling. While there is no sign of any return to London of foreign funds withdrawn during the Suez crisis, the very fact that those funds are abnormally low is a hopeful point, because there is less that can be withdrawn from London when the next drain on sterling takes place.

## Brush, Slocumb Now Members of N. Y. S. E.

SAN FRANCISCO, Calif.—Admission to membership in the New York Stock Exchange is announced by Brush, Slocumb & Co. Inc., 465 California Street.

This step marks a broadening in the scope of its facilities. Buying and selling orders are executed through private wire to New York as well as wires to other leading financial centers. The firm is also a member of the Pacific Coast Stock Exchange.

Founded in 1930, Brush, Slocumb & Co. Inc. has been active in the investment banking field, as underwriter and distributor, for more than a quarter-century.

## J. B. Bentley Opens

GADSDEN, Ala.—John B. Bentley is engaging in a securities business from offices at 436 Haralson Avenue.

## Forms R. P. Davis Co.

SAN FRANCISCO, Calif.—Robert P. Davis is engaging in a securities business from offices at 255 Grant Avenue under the name of Robert P. Davis Co.

# Railroad Securities

By GERALD D. McKEEVER

## The Court Decision and the Land Grant Rails

The reaction to the narrow decision of the U. S. Supreme Court on April 8 on oil and gas rights in the right of way of railroads if received under land grant turned out to be a tempest in a teapot. Specifically, this decision was made to apply to the Union Pacific which had projected one well on its right of way as a legal test, and the decision affects only a 400-foot strip, 1,038 miles long, which is that part of the road's right of way which was received under land grant for that purpose. The decision in question holds that the Federal Government retains rights to oil and gas deposits underlying such concessions providing a right of way which had been made to several western roads between 1862 and 1875 in order to stimulate railroad construction for the development of the West.

The immediate effect of the announcement of this decision was a burst of selling of the stocks of the "Land Grant" roads which are principally the Union Pacific, Northern Pacific, Southern Pacific and the Atchison. The St. Louis-San Francisco comes in indirectly through its holding of a fraction over 50% of the stock of the New Mexico & Arizona Land Co. This subsidiary holds mineral and oil rights in 1,350,000 acres in New Mexico and Arizona which are part of the land granted to the Atlantic & Pacific RR. Co. in 1866 and which were turned over to the New Mexico & Arizona Land Co. in 1912 by the "Frisco" as successor to the Atlantic & Pacific. These lands are said to be unaffected by the Court decision since they are not now part of railroad rights of way.

The selling on the day the decision was announced was by far the heaviest in the case of Northern Pacific shares which broke over three points. However, the proportionately large drop of 1⅛ points had also been registered by Union Pacific common before a statement was made from the office of the road that the Supreme Court ruling would have "negligible effect" on its oil and gas operations.

There are two reasons for this in the case of the Union Pacific. First is that the $26.6 million net revenue from oil and gas operations of this road last year was derived mostly from its Wilmington Field in California which consists of lands purchased by the road itself, originally for an industrial development, and which therefore involves no land grant question. Secondly, and as hinted in the case of the reference to the New Mexico & Arizona Land Co., is the point that applies to all "Land Grant" roads that the April 8 ruling, being confined to right of way land grants, does not affect other lands received under land grant. This ruling is interpreted as applying only to a 400-foot linear strip within the land granted to the road for its right of way and has no bearing on "off the line" lands even though these also may have been received under land grant from the Government. When this point was finally clarified and was digested by the market, a fair degree of recovery began to take place among all the stocks of the "Land Grant" roads.

While the area involved in the Court decision is substantial, one estimate having placed it at the equivalent of a 10,000 mile strip 400 feet wide or about 500,000 acres of which the Union Pacific strip represents 50,000 acres, it is a relatively small matter compared with the total land grant acreage of the roads. Most of this consists of "off the line" property that is not affected by the April 8 Supreme Court decision.

It is generally believed that the rights of the railroads in these "off the line" land grant properties will not be jeopardized. In the case of the Union Pacific, for instance, the Government gave it alternate sections, or "checkerboards" on each side of the road in addition to a four-mile strip for right of way covering the 1,000 miles between the Missouri River and Ogden, Utah. This and similar grants to other roads would seem to be in the clear as a result of the pronouncement of the Department of the Interior many years ago that these lands were not mineral lands. This clearance had to be given in order to convey these lands to the railroads since the Act of Congress which authorized these "off the line" grants for the purpose of subsidizing the cost of construction of the railroads stipulated that "all mineral lands shall be exempted from the operation of this Act." Possibly as a matter of necessary public policy at the time, the Interior Department made the determination that these lands were not mineral lands in order to further railroad construction. That much of such land—the oil lands of the Northern Pacific, and Southern Pacific, the oil and uranium lands of the Atchison and the iron and titanium lands of the Union Pacific — have since set somewhat at naught this age-old "determination" is now regarded as beside the point. On the basis of what has proven to have been an erroneous pronouncement, the lands were nevertheless deeded to the roads strictly according to the law.

It is in this property that by far the greatest value lies. In the case of the Southern Pacific it was stated that there is no oil land on its right of way except a small portion in California, and a Northern Pacific spokesman is quoted as saying that drilling on the road's right of way "is not a significant factor," which is similar to the statement made by the Union Pacific office. In the case of the Atchison, the production of its oil subsidiary, Chanslor Western, is in land grant acreage that is off the right of way in virtual or complete entirety. As against the relatively insignificant acreage represented by "right of way" land grants and which may or may not have oil and gas potentialities, the total oil and gas acreage of three of the four leading "land play" railroads is as follows, based on latest available figures together with 1956 gross revenues from oil and gas operations for each road:

| | Total Acreage with Min. Rights | 1956 Gross Revenue from Oil & Gas |
|---|---|---|
| Atch., Topeka & S.F. | Not avail. | $18,569,000 |
| Northern Pacific | 7,000,000 | 3,312,000 |
| Southern Pacific | 1,203,835 | 3,129,007 |
| Union Pacific | *7,000,000 | †42,400,000 |

*Approximate total in which mineral rights are retained and including over 900,000 acres owned in fee.
†Estimated on basis of official report of 5% decline from 1955.

The "land play" railroads have received greatest attention from long-term investors since the income from nonrail sources offers a substantial potential offset against cost difficulties that are a constant menace to operating earnings of the roads. It remains to be seen whether the recent Supreme Court decision may cause apprehension that other phases may at least come under scrutiny, although competent opinion has been expressed that this is not likely to be the case.



## Lentz, Newton to Be Members of N. Y. S. E.

SAN ANTONIO, Tex. — Lentz, Newton & Co., Alamo National Building, on April 18 will become members of the New York Stock Exchange with the admission of William F. Cullen, member of the Exchange to partnership.

Partners in the firm will be Leslie L. Lentz, Frank R. Newton, Jr., Dion R. Holm, Jr., William E. Jauer, P. J. McNeel, Harold J. Sigler, and Mr. Cullen.

## With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. Todd Baldwin is now with Harris, Upham & Co., 136 Federal Street.

LETTER TO THE EDITOR:

# Dr. Spahr Contends Mr. Sproul Sets Up Straw Man Gold Standard

**In refuting Mr. Sproul's contention that redeemable gold standard's function is to stabilize prices and the economy, Dr. Spahr points out that this erroneous view glosses over the many forces at work affecting prices or the economy and misstates the functions of a gold standard. In his rejoinder, the noted monetary writer avers that a redeemable currency as a casual influence has been much less disturbing than irredeemable currency, and finds the results of our present "managed" systems is much worse than the redeemable gold standard it replaced.**

*Editor, Commercial and Financial Chronicle:*

I should like to comment on certain contentions advanced by Mr. Allan Sproul, former President, Federal Reserve Bank of New York, in his article, "Gold and Monetary Discipline," published in your issue of April 4.

Walter E. Spahr

Said Mr. Sproul: "I think that, fundamentally, the gold coin standard has passed into history and an international gold bullion standard has been accepted by the United States because experience had shown that domestic convertibility of our currency (and our bank deposits) was no longer exerting a stabilizing influence on the economy and, at times, was perverse in its effects. Discipline is necessary in monetary management, but it should be the discipline of competent and responsible men, not the supposed automatic discipline of a harsh and sometimes perverse mechanical device. Gold has a useful monetary role to play, chiefly as a means of balancing international accounts, and as a guide to, not as a dictator of, the necessary disciplines in trade and finance at home and abroad. It has no useful purpose to serve in the pockets or hoards of the people."

If one states precisely the functions of a gold standard, and of silver and minor coin, paper money, and bank deposits, it should be clear that all these different kinds of currency perform various kinds of functions and that it is improper to condemn domestic convertibility of currency because it may not have exerted "a stabilizing influence on the economy" at certain times.

### Assigning Straw-Man Functions

The functions of redeemability are to make promises to pay, which otherwise would be irredeemable, and therefore dishonest, redeemable in the coin in terms of which the standard dollar is expressed; to enable the people to choose freely the type of dollar which best meets their needs or desires; to enable holders of promissory dollars to convert them into gold as a means of preserving the dollar value of their wealth; to enable the people, as individuals, free to act alone, and to the extent of their wealth, to maintain control of the use of the people's money by the government and central banking system, and hence of the public purse and of the government.

The forces which give rise to a stable index of prices are many and varied; it is not the function of redeemability to stabilize prices or the economy, although the evidence is that in so far as a redeemable currency has a casual influence it is a much less disturbing influence in respect to prices or production than is an irredeemable currency. The latter has potent casual characteristics. Prices can rise, and have risen, to great heights, and economies have collapsed, because of the use of irredeemable currency. No redeemable currency, *as a casual force*, has ever given rise to the type of consequence which can flow from, and often has flown from, the use of irredeemable currency. When nations have gotten into financial difficulties, while redeemable currency was being used, the cause has not been the use of an honest currency but the misuse of credit and sometimes various other factors.

### What the Record Shows

Management by central banking authorities of the uses of credit has a poor record even when they were operating with the benefits of a redeemable currency. But the history of "managed" irredeemable currencies is much worse. The current evidence on this point in this country—to say nothing of the great volume of similar evidence on this issue—has already invalidated Mr. Sproul's contentions. In February, 1957, the purchasing power of our dollar, as measured by our indexes of wholesale prices, had reached the lowest level of record since the establishment of the Federal Reserve System. The purchasing power of our dollar was down almost 57%—down to almost 43 cents—as compared with the dollar of 1939.

A continuation of this sort of depreciation in the purchasing power of our dollar can lead to a sad state of affairs for this nation. A redeemable currency puts limits on the extent to which a people's currency can depreciate. The advocates of "managed" irredeemable currency dislike this limiting influence; they indicate that they wish to be free of such ultimate restraint. They wish the same freedom as does the government who steals the people's purse when it inflicts an irredeemable currency on them.

We already have our evidence on this score—the government's spending orgy and huge debt, a dollar depreciated to the lowest level on record since the establishment of the Federal Reserve System.

WALTER E. SPAHR,
Executive Vice-President,
Economists' Nat'l Committee of Monetary Policy

1 Madison Ave.,
New York 10, N. Y.
April 12, 1957.

## L. V. Campeau Opens

BUTTE, Mont. — Lucien V. Campeau is conducting a securities business from offices at 1447 Dewey.

## E. & O. Underwriting

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — E. & O. Underwriting Co. has been formed with offices at 170 West Virginia Avenue to engage in a securities business. Partners are William D. O'Neill and Edward D. Erickson. Both were formerly with Allen Investment Co.

# "Love for All Mankind"

By ALEXANDER WILSON*

**A critical examination of the problem of inducing a reciprocal friendly attitude from the U.S.S.R. leads the author to conclude that there is no better policy than one based on "unselfish love." Advises we try whenever possible to praise U.S.S.R. good intentions and deeds, if any; and believes that this approach will help to bring peace nearer, prevent future wars, accelerate efforts towards liberty, freedom and human welfare, and promote national and international relationships to a friendlier moral climate. Writer scores Washington press conferences for wasting the President's precious time.**

This gladsome Eastertide season, during which all Christendom celebrates the blessed Resurrection of the Saviour of Mankind, and when the old Earth responds at the same time with the Resurrection of Spring and thereupon clothes the world with beautiful flowers, green foliage and the songs of birds as well as a thousand other welcome manifestations to help commemorate Jesus Christ's Ascension and Victory over death and sin, seems to present to the writer of this article thought for meditation that may hasten "Love for All Mankind" and the eventuation of Peace on Earth and Good Will among nations. Or, as George E. Sokolsky has so aptly expressed, nature's contribution to springtime: *"The annual miracle of spring is here once more, and the rejuvenation of Mother Earth serves to revive man's faith in the eternal order of things."*

Alexander Wilson

If a referendum of all the nations in Christendom were held today, what is it that the peoples of the world most desire? Would it not be the Brotherhood of Man, which would mean Peace and Good Will, the end of Wars and our common hatreds, the acceptance of the Golden Rule, or in four words, could it not be summarized as the Prince of Peace's fondest hope and aspiration—

*"Love for all Mankind."*

Perhaps the writer will be considered naive when he proposes that the folksy expression "I Love You" should henceforth be a spoken greeting in man's daily contact with his fellow creatures. We are creatures of habit and following our usual custom, we confine our salutations to the conventional endearments: "My dear Mr., or My dear Mrs. So and So" in correspondence whether we are an intimate friend or an absolute stranger to the person addressed.

Our casual verbal greetings are sometimes limited to "Hello," or "How do you do?" or "How are you?" or the traditional "Good Morning," "Good Evening," "Good Day," "Good-Bye" or "Good Night" when such a friendly salutation as "I Love You" would certainly be far more expressive and meaningful.

To a diffident person, or a woman for instance, it may be more natural and easier to exchange such a greeting as "I love you" with strangers and members of the opposite sex by repeating the title of the old German love song viz: "Ich Liebe Dich." [1]

The reiteration of a love greeting like "Ich Liebe Dich" by your fellowman may bring us nearer to a realization of Peace on Earth and foster a good will urge to follow the Golden Rule in the attainment of the Brotherhood of Man.

The New York "Journal-American" editorialized in its Feb. 14 issue: that just THREE LITTLE WORDS — "I love you" — "have done more to influence the course of mankind than anything that comes to mind." The "Journal-American" editorial continues: "What a fine world it would be for all of us if the mutual esteem generated by St. Valentine's Day could characterize our daily lives throughout the world."

*Writer on the ethical phases of international questions.

1 The title of the old German love song: "Ich Liebe Dich".

### The World Requires Unselfish Love

Unquestionably, what this uncivilized world sadly needs today is Love, lots of Love, the kind of unselfish Love that Jesus Christ practiced during the short life that He spent among us which is epitomized in His preachment "Greater love hath no Man than this that a Man lay down his life for his friends."

Who will deny that the world would be a sweeter and better place to live and work in if its 2,500,000,000 inhabitants, or even a fraction of Christendom, used such a loving and friendly salutation as "I Love You" in our daily intercourse?

The love that is meant here is not romantic love but Mother love, brotherly love, the self-sacrificing disinterested love that Jesus Christ taught and lived by in His lifetime.

It is the writer's belief that a love based on self respect, sacrifice, admiration and affection for our fellowman would act as a greater regenerating force than any other thing on this earth to bring Peace nearer and to prevent future wars.

Few words in our language in late years, unless it is the word "marriage," have been so abused and held up to ridicule as the word "Love" in its deepest and truest sense, due to wise-cracking so often heard in Tin Pan Alley songs, cheap radio and television programs, or the witless quips appearing in erotic magazine and newspaper articles and story books.

Imagine, if you will, what a change there would be if the churches of all faiths vigorously propagandized an "I Love You" crusade. Would it not create something like a Christmas Day spirit of "Peace and Good Will Toward Man" throughout the 365 days of the year?

National and international relationships would enter a friendlier moral climate and it would, the writer thinks, accelerate the efforts that are sweeping the world today towards liberty, freedom and human welfare.

The German poet, Johann Christoph Friedrich von Schiller, uttered a profound truth when he declared that "There is no Freedom but Love."

### The Writer Answers Skeptics

Some skeptical persons may laugh and say that anyone who expects to flood the universe, which is full of hate and distrust, with cordiality, is a dreamer, and is to be pitied for thinking that three words like "I Love You" will work this miracle, and yet stranger things have happened. May I remind the critic that one man, Mahatma Gandhi, recently won India's independence by passive resistance without firing a single shot! Think that one over!

It is indeed interesting to know that some of the salutations and greetings that have come down to us when people met or departed or on occasions of ceremonious approach included (1) embraces; (2) rubbing noses (employed by the Polynesians, Malayans, Burmese, and other Indo Chinese); (3) Kissing (it was customary in the classic Greek period to kiss the hand, the breast or the knee of a superior). Kissing, of course, is universal to this day; court ceremonials, for example, calling for the kiss on the cheek by sovereigns and kissing on the hands by subjects. In partings or farewells the Moslem's "Salaam Alikum" meaning: "Peace be on you" to which their reply is "Wa-alikim as Salam" meaning: "And on you be the peace of God." In ancient times Romans applied "Salve" (be in health) and "Vale" (be well) in parting. The familiar French "Adieu," the Spanish "Adios" and the German "Auf Wiedersehen" are beautiful and expressive sentiments while the English "Cheerio" and the American Indian's "How" are picturesque terms.

So if there be any spiritual appeal in such a salutation as "I love you," it might be fitting to adopt a parting salutation "May God be with You," for we are told in the Holy Writ that "God Is Love."

Never in the writer's lifetime of over 75 years, has international law and international treaties meant so little or been so wantonly violated both in letter and spirit.

### Hateful Cold War

For several years following the Second World War, we continue to be confronted with a bitter, hateful Cold War with our former so-called ally, Russia. Now the braggart and most intransigent power in the world, contesting all people's right to Life, Liberty, and the Pursuit of Happiness.

Our peaceful way of life, as the leading exponent of free enterprise and capitalism, is openly and hatefully challenged by the Marxist system of Communism, Atheism, and a denial of the sovereign rights of free men, politically, morally, and socially.

These differences have become so deadly in our relations with Soviet Russia and its satellite countries that our relationships with them are now at the breaking point. Is there no alternative left except ultimate war?

It goes without saying that modern war is unthinkable and must be avoided by our country and other countries at all possible costs, if war can be prevented with honor and self respect.

It should be said here that no man has endeavored to find a peaceful solution with greater zeal and wisdom than John Foster Dulles, who deserves the lasting gratitude of his countrymen and not the partisan criticisms of picayune politicians and critics in and out of Congress.

Peace! Peace! Peace! is the cry of all lovers of humanity, yet there is no peace!

How peace can be attained is still the riddle of the universe and the hope of all God-fearing people throughout the world today.

How can a friendship be devised and perpetuated with an outlaw nation like Soviet Russia that will cause that country and its provocative leaders to reciprocate our friendly overtures without subversiveness and suspicion as well as the desire to destroy U. S. A. and its beneficences, in our country's quest to help other nations enjoy free and unmolested self-government?

### "Turn the Other Cheek"

For an answer to this question that is worrying Christendom since World War II ended in 1945, the writer was quite interested in some observations which a young friend of his made before this article was written. With a religious slant, the young man earnestly suggested that we will not attain peace until we stop berating Soviet Russia for her delinquencies and inhuman methods and that we should militantly follow the Saviour's biblical preachment by turning our "other cheek"‡ again and again even when the provocation is our undeserved lot.

To us humans, however, there must be a limit to this biblical procedure which Secretary of State Dulles knows better than any man alive today for we would in a short time be reduced to serfdom!

Then, too, there are many world observers who think that there is no possible way that the free United Nations can pacify Soviet Russia without war!

Yet in contrast to the pacification of Soviet Russia, it must not be forgotten that we Americans finally succeeded in reaching an equitable understanding with the savage Indians, who rightly or wrongly, resented the White Man's supposed usurpation of their prior rights in this land of the free and home of the brave.

‡See Matthew 5-39.

So the great question, our relations with Soviet Russia, must perforce resolve itself into a standing questionnaire: What would Jesus do in the circumstances?

However, there is a great lesson to be learned from my young friend's reasoning and that is, instead of excoriating and berating an outlaw nation like Russia, that we should try, if possible, to praise her good intentions and worthy actions, if any, and Pray! Pray! Pray! that the Russian leaders and people will in the course of time turn to sanity and reason when we extend the hand of friendship admonishing them to follow the precepts of the Prince of Peace for then, and then only, can we hope to realize our "Love for All Mankind."

### Peaceful Methods to Insure Peace

Someone may ask the writer whether the U. S. A., the strongest nation in the world, is to cringe meekly and submit to Soviet Russia's insults, misdeeds, broken promises and treaty violations, indefinitely without protest? The answer is NO!

The writer suggests the following solution and believes its application would cause Russia to correct her infractions. Many of us have forgotten the wartime writings and messages written by ex-President Woodrow Wilson, one of the world's great statesmen whose ringing addresses and worldwide proclamations indicting Germany by setting out our country's position during World War I, were masterpieces of statesmanship and faultless diction, significant with dramatic force and fervor.

While some of us may doubt the efficacy of using such a peaceful method as worldwide proclamations, it will, the writer thinks, be admitted that there is no nation, no matter how big and powerful, which would long willfully ignore the moral power of world opinion if such statements are impartial presentations of the truth!

Mr. Dulles, our patient and indefatigable Secretary of State, has the diplomatic training and legal talent to present forcibly these factual and impassionate denunciations to the world when the occasion demands it. This, if persisted in, the writer believes, would finally wear Russia down and cause the Soviet to correct its ways and join the family of nations in an endeavor to effectuate peace and tranquillity on Earth.

### The Travesty of Washington Press Conferences

In the writer's opinion it is a precious loss of time and effort to waste our Executive's views at Washington press conferences to provide front page newspaper copy on national questions when the President's utterances should be international in scope and worldwide in their application. This is no time for small town meeting methods. From his vantage point in the White House, Franklin D. Roosevelt at times certainly made the most of his verbal opportunities as the nation's leader in the realm of world diplomacy in acting as America's spokesman in international affairs.

Whoever heard of the press interviewing the Pope or the King or Queen of England or head of any principality or other important personages in the undignified manner that some of our newsmen occasionally indulge in.

If the President must debate his policies with the members of the press, the newspapermen should submit their questions in writing prior to the conference, when it will be optional for the President to answer such questions as he chooses.

The public has not forgotten the impudent question one reporter recently asked, the question which angered the President — whether he would recommend the discontinuance of a helicopter to take him to the golf course in order to reduce the national budget!

*"I dream a world where Man*
*No other man will scorn,*
*Where love will bless the Earth,*
*And peace its path adorn."*

## Transcontinental Gas Pipe Line 5% Bonds And Preferred Offered

White, Weld & Co. and Stone & Webster Securities Corp. as joint managers of two underwriting groups yesterday (April 17) offered Transcontinental Gas Pipe Line Corp. securities in the amount of $50,000,000 first mortgage pipe line bonds, 5% series due April 1, 1977, and 100,000 shares of cumulative preferred stock $5.96 series (without par value — stated value $100 per share). The bonds were offered at 100.63% and accrued interest from April 1, 1957, to yield 4.95% to maturity, and the preferred stock was priced at $100 per share, plus accrued dividends from May 1, 1957.

Net proceeds from the sale of the new bonds and the new preferred stock will be applied by the company toward its construction program and to repay outstanding bank loans. The company estimates that it will spend approximately $113,000,000 after Dec. 31, 1956 in completing construction work scheduled at that date.

The new bonds will be entitled to a sinking fund in the amount of $1,125,000 on April 1, 1961 and semi-annually thereafter to and including April 1, 1975 and in the amount of $2,250,000 on Oct. 1, 1975 and April 1 and Oct. 1, 1976, leaving $10,625,000 falling due on April 1, 1977.

The new bonds will be redeemable at optional redemption prices beginning at 106½ during the first year and receding to par at maturity, except that the company does not have the right to redeem any of the bonds for a period of 10 years as part of a refunding operation by the application of funds borrowed at an interest cost to the company of less than 4.95%. The sinking fund call prices for the bonds will be par.

The new preferred stock will be entitled to a sinking fund amounting to 2.5 shares for each 100 shares outstanding on May 1, 1962, beginning with the 12 month period ending May 1, 1963 and in each 12 month period thereafter through May 1, 1972; and to five shares for each 100 shares outstanding on May 1, 1962 thereafter. The stock will be callable at $110 for five years, at $106 during the sixth year, and at declining prices thereafter.

Transcontinental Gas Pipe Line Corp. owns and operates an interstate pipeline system for the transportation and sale of natural gas. Its main pipeline system extends 1,842 miles from the Texas and Louisiana Gulf Coast to the New York-New Jersey-Philadelphia metropolitan area, and has a present allocated capacity of 753,550 MCF per day, exclusive of gas available from storage. Authorizations to increase the daily allocated capacity by 80,396 MCF were recently granted by the Federal Power Commission. An application is pending before the Federal Power Commission for a further increase in daily allocated capacity of 111,381 MCF which if approved will increase the total allocated capacity to 945,317 MCF, exclusive of 136,452 MCF per day available from present storage service. The company's gas sales, including deliveries from storage, for the year 1956 totaled approximately 236.6 billion cubic feet, of which amount sales for resale totaled about 223.2 billion cubic feet and direct sales to industrial customers aggregated approximately 13.4 billion cubic feet.

For the year 1956, operating revenues of the company amounted to $88,330,209 and net income totaled $11,980,508.

### Chase Distributors

BOSTON, Mass.—Chase Distributors Corporation is engaging in a securities business from offices at 75 Federal Street. Officers are Lawrence M. Kirk, President; John P. Chase, Treasurer and William J. Kirk, clerk.

### T. L. Watson Admits

On May 1 Henry B. Cross, Jr. will become a partner in T. L. Watson & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

On April 30 William C. Farley will retire from the firm.

### Chicago Analysts to Hear

CHICAGO, Ill. — John A. Hill, President of Air Reduction Company, will address the luncheon meeting of the Investment Analysts Society of Chicago to be held May 28 in the Adams Room at the Midland Hotel.

# NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The appointment of Howard R. Stengel as a Trust Officer of **Manufacturers Trust Company, New York,** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Stengel joined Manufacturers Trust Company in 1952. He was appointed an Assistant Trust Officer of the bank in January, 1956.

At present, Mr. Stengel is a Pension Consultant in the Bank's Personal Trust Department, 45 Beaver Street.

* * *

Morton Downey was elected a director of the **Federation Bank and Trust Company, New York** it was announced by Thomas J. Shanahan, President.

* * *

Alfred Y. Morgan was elected a trustee of **East New York Savings Bank of Brooklyn, N. Y.** on April 15.

* * *

John A. Nathans, Jr., Vice-President of **The County Trust Company, White Plains, New York,** completed 25 years of service on April 15. He has been an officer of the Bank since 1940 and was elected Vice-President 10 years ago.

Currently in charge of the personal credit division, Mr. Nathans at one time managed the Scarsdale office of The County Trust Company and has worked in the bank's securities and savings departments.

* * *

A plan for the consolidation of the **Union Trust Company, Springfield, Mass.** and the **Springfield National Bank, Springfield, Mass.** was approved on April 5 by the boards of directors of both banks. The plan will be presented to stockholders for a vote within the next 90 days, according to a joint announcement by Bruce H. MacLeod, President of Union Trust, and Walter E. Godfrey, President of Springfield National.

The new organization would be known as the **Valley Bank and Trust Company.**

Mr. MacLeod would become President of the new Bank and Mr. Godfrey would become Executive Vice-President. Both would be directors.

* * *

Austin E. Penn, has been elected a director of the **Union Trust Company of Maryland, Baltimore, Md.**

* * *

Henry W. Jones, President of the **Lenox Savings Bank, Lenox, Mass.** died on April 11. He was 84 years old.

* * *

**Broad Street Trust Company, Philadelphia, Pa.,** announces the election of Frederic E. Benton as a member of its board of directors.

* * *

**The Farmers and Mechanics-Citizens National Bank of Frederick, Md.,** increased its common capital stock from $550,000 to $750,000 by the sale of new stock, effective March 29. (75,000 shares, par value $10.)

* * *

By a stock dividend effective April 1, the **First National Bank of Akron, Ohio,** increased its common capital stock from $4,000,000 to $4,200,000. (420,000 shares, par value $10.)

* * *

Frank E. McKinney, President of **The Fidelity Bank & Trust Company, Indianapolis, Ind.,** announces the appointment of Frank T. Millis as Vice-President in Charge of Correspondent Banking.

* * *

Effective April 3 **The First National Bank of Athens, Tenn.,** increased its common capital stock from $100,000 to $150,000 by a stock dividend and from $150,000 to $200,000 by the sale of new stock. (4,000 shares, par value $50.)

* * *

**Security Commercial Bank, Birmingham, Ala.,** consolidated with **Exchange Bank, Birmingham, Ala.,** effective April 2, under charter of the latter bank and new title **Exchange-Security Bank.**

* * *

By a stock dividend the common capital stock of **The Exchange National Bank of Tampa, Fla.** was increased from $1,250,000 to $2,000,000 effective March 30. (20,000 shares, par value $100.)

* * *

By a stock dividend the **Fidelity National Bank of Baton Rouge, La.,** increased its common capital stock from $1,250,000 to $1,375,000 by a stock dividend, effective April 5. (55,000 shares, par value $25.)

* * *

David L. Treadway was elected a Vice-President of the **Republic National Bank of Dallas.**

* * *

The common capital stock of the **Wichita National Bank of Wichita Falls, Texas** was increased from $500,000 to $700,000 by a stock dividend effective April 3, (28,000 shares, par value $25.)

* * *

**The Alice National Bank, Alice, Texas** was issued a charter by the Comptroller of the Currency effective as of the close of business on March 30. The Bank will have a capital of $500,000 and a surplus of $841,264. The President is A. C. Jones and the Cashier, R. W. Browder, Jr.

* * *

**Farmers - Stockgrowers Bank, Glasgow, Mont.,** has changed its title effective March 15 to **First Security Bank.**

* * *

Arthur S. Carruthers and Harold A. Shircliffe have been elected Vice-Presidents in the trust department of **California Bank, Los Angeles.**

The announcements were made by Frank L. King, President of the Los Angeles bank, following a meeting of the bank's board of directors, April 8.

From 1925 to 1930 Mr. Carruthers was associated with the **New York Trust Company.** He was Trust Officer with the **Union Trust Company, Rochester, N. Y.,** from 1930 to 1944. He was a member of the staff of the **Lincoln Rochester Trust Company** from 1944 to 1956 and advanced to the position of Vice-President.

In January of this year, Mr. Carruthers joined the staff of California Bank as Trust Administrator.

* * *

Frank L. King, President of **California Bank, Los Angeles,** has announced the merger of the **Newport Harbor Bank, Corona del Mar, with California Bank.**

The merger was approved by shareholders of both banks and became effective at the close of business Friday, April 12, Mr. King stated.

J. T. Van Dyke, President of the Newport Harbor Bank, was named a Vice-President of California Bank, H. L. Hetrick, Cashier of the bank, was named an Assistant Vice-President and William D. Sexton, Assistant Cashier.

The addition of the Newport Harbor Bank as the Corona del Mar office of California Bank brings the total number of California Bank offices to 59.

* * *

**California Bank, Los Angeles,** and the **Norwalk Commercial and Savings Bank, Norwalk, Calif.** will be merged with and operated as an office of California Bank.

Frank L. King, President of California Bank, and A. O. Siverson, Executive Vice-President of the Norwalk Commercial and Savings Bank, in a joint statement announced recently that the arrangements for the proposed merger have been approved by the boards of directors of both banks.

The merger is not expected to result in any changes in personnel of the Norwalk Commercial and Savings Bank, Mr. King said. A. O. Siverson, Executive Vice President and Earl B. Myer, Vice-President, will become Vice-Presidents of California Bank.

Subject to the approval of stockholders of both banks, it is expected that the actual transfer of business will take place about June 21, 1957. Norwalk Commercial and Savings Bank has resources in excess of $8,000,000. California Bank's resources total more than $900,000,000.

* * *

Merger certificate was issued March 14, approving and making effective, as of the close of business March 29, the merger of **Bank of Laguna Beach, Laguna Beach, California,** with common stock of $150,000, into **Security-First National Bank of Los Angeles, Los Angeles, Calif.,** with common stock of $59,000,000. The merger was effected under the charter and title of "Security-First National Bank of Los Angeles."

At the effective date of merger, the receiving association will have capital stock of $59,262,500, divided into 4,741,000 shares of common stock of the par value of $12.50 each; surplus of $59,262,500; and undivided profits of not less than $57,164,867.

* * *

Louis J. Rice, Vice-President and Director of **The First National Trust and Savings Bank of San Diego, Calif.,** celebrated his 35th anniversary with the bank.

Mr. Rice began his banking career with **First National** in 1922 as a messenger. In 1930, he was transferred to the bank's investment department as a Security Analyst. In 1937 he was promoted to the office of Assistant Cashier by the board of directors, and in 1940 was made an Assistant Vice-President. In 1943 the Board elected him Vice-President and head of the bank's investment department, and in 1944 elected him a member of the bank's board of directors.

* * *

The appointment of R. Wayne Fillpot and Walter J. Krarup, as operations officers at the main branch of **The First National Trust and Savings Bank of San Diego, Calif.** was announced by Anderson Borthwick, President of the bank.

Mr. Krarup is Manager of the bank's central proof department while Mr. Fillpot serves as Chief Teller at the main branch. Both men will continue in their present duties.

Mr. Fillpot joined the staff at First National in 1954 as a trainee. Since that time, he has served in the commercial departments at both the 11th and Market Branch and the main office.

Mr. Krarup joined the bank's transit department in 1953, and in 1955 assumed his present duties as Manager of the central proof department.

# Bank and Insurance Stocks

By ARTHUR B. WALLACE

## This Week — Bank Stocks

Surely there is no complaint with the current earnings of the leading New York City banks. The following are their per-share figures for the 1957 first quarter and for the 12 months' showing to March 31, both compared with a year earlier.

**Operating Earnings Thirteen New York City Banks**

| | First Quarter 1956 | First Quarter 1957 | 12 Mos. to March 31 1956 | 12 Mos. to March 31 1957 |
|---|---|---|---|---|
| Bankers Trust | $1.20 | $1.31 | $4.74 | $5.13 |
| Bank of New York | 5.31 | 6.27 | 20.42 | 27.06 |
| *Chase Manhattan | 0.91 | 1.00 | 3.56 | 3.87 |
| Chemical Corn | 0.89 | 1.10 | 3.66 | 4.08 |
| ‡§Empire Trust | 3.99 | 4.06 | 14.94 | 16.24 |
| †First National City | 1.23 | 1.41 | 4.57 | 5.38 |
| §Guaranty Trust | 1.17 | 1.26 | 4.30 | 4.79 |
| ‡§Hanover Bank | 0.56 | 0.54 | 3.27 | 3.76 |
| Irving Trust | 0.57 | 0.64 | 2.30 | 2.63 |
| Manufacturers Trust | 0.84 | 0.95 | 3.28 | 3.70 |
| J. P. Morgan Co. | 5.72 | 6.95 | 22.39 | 25.97 |
| New York Trust | 1.27 | 1.39 | 5.01 | 5.61 |
| United States Trust | 1.26 | 1.46 | 5.21 | 5.67 |

* 1956 on 12,000,000 shares; 1957 on 13,000,000.

‡ Indicated earnings. Hanover and Empire do not publish quarterly income accounts.

† Includes City Bank Farmers Trust Co.

§ Earlier periods adjusted for stock dividends: Empire 4%; Guaranty 20%; Hanover 20%.

It is probable that in this tabulation the quarter earnings of Empire and Hanover, as given, have little significance. Indicated earnings are merely a reflection of the change in the period in capital funds, plus any dividend paid; and a bank may utilize only two quarters for crediting profits. The other two quarters would then not be representative.

If we use total dollar earnings of these banks for the first we get an increase over the first quarter of 1956 of about 13.9%. This tabulation follows:

**Operating Earnings**

| | First Quarter 1956 | First Quarter 1957 |
|---|---|---|
| Bankers Trust | $4,842,000 | $5,290,000 |
| Bank of New York | 850,000 | 1,003,000 |
| Chase Manhattan | 10,901,000 | 12,945,000 |
| Chemical Corn Exchange | 4,713,000 | 5,839,000 |
| *Empire Trust | 415,000 | 422,000 |
| ‡First National City | 12,337,000 | 14,090,000 |
| Guaranty Trust | 7,020,000 | 7,560,000 |
| *Hanover Bank | 2,016,000 | 1,944,000 |
| Irving Trust | 2,875,000 | 3,226,000 |
| Manufacturers Trust | 4,235,000 | 4,769,000 |
| J. P. Morgan & Company | 1,716,000 | 2,084,000 |
| New York Trust | 1,519,000 | 1,673,000 |
| United States Trust | 632,000 | 729,000 |

* Indicated earnings.

‡ Include City Bank Farmers Trust Co.

This increase in earnings from, roughly, $54,000,000 in the quarter to about $61,500,000 gives us a 13.9% increase. As deposit volume was lower at the quarter date than on Dec. 31, 1956, this commendable increase in earnings was not accomplished by the use of more funds. One important factor was the fact that more borrowers were paying the current higher interest rates for loan accommodation than was the case at the start of the quarter. Generally speaking, total loan volume of these banks was little changed from the year-end, so the higher earnings must come from more borrowers paying the higher rates.

For example, any term loan written 10 years ago and maturing about this time probably was paying about 1⅞% to 2%, for it was about a decade ago that such rates ruled on term loans. But a renewal of the loan would today probably be at twice the old rate.

Bank earnings will probably do moderately better as we go further into 1957. There may well be a tendency for money to be less tight, in which case rates could stabilize in the present areas.

## Form I. L. Brooks Secs.

SAN FRANCISCO, Calif.—I. L. Brooks Securities Co. has been formed with offices in the Russ Building to engage in a securities business. Partners are Irving L. Brooks, formerly with Dean Witter & Co., and C. L. Brooks.

## First Georgia Securities

ATLANTA, Ga.—First Georgia Securities Corp. has been formed with offices in the Mortgage Guarantee Building to engage in a securities business. Officers are Richard W. King, L. L. Bowman, M. E. Littlefield and L. W. Sizemore.

# Radiation and the Rubber Industry

By DR. SAMUEL D. GEHMAN*
Head, Physics and Electronics Section, Research Division, The Goodyear Tire & Rubber Company

**Goodyear physics section head briefly reviews some of the promising prospects resulting from the application of intense radiation in the rubber industry. Dr. Gehman is hopeful that cheap and abundant radiation will become increasingly available with research and development progress.**

Current activity with radiation research in the rubber industry shows the interest and awareness there of the long-range implications of atomic energy developments. All of the large rubber companies are participating in some phase of radiation or atomic research. The Goodyear Tire and Rubber Co. has recently constructed a radiation laboratory adjacent to its main research building at Akron, Ohio. One of the outstanding features of the installation is provision for storing the 2100 curie Co60 source at the bottom of a water filled well in a shielded cave. The source is raised above the surface of the water by an elevator for the irradiations. This flexible arrangement permits equipment and experiments to be set up without remote manipulation and enables a large volume of radiation experiments to be carried on simultaneously.

S. D. Gehman

The materials and products of the rubber industry are relatively susceptible to both damaging and beneficial effects of intense radiation depending upon the circumstances and the dose. The three main lines of radiation research which are especially important here deal with (1) the development of radiation resistant elastomers and products (2) the use of radiation to cross-link or vulcanize elastomers and improve the physical properties of plastics and (3) the application of radiation to initiate polymerizations and produce graft polymers and new varieties of synthetic rubber for special purposes.

It is possible that entirely new types of radiation resistant elastomers must be synthesized for use in rubber components for prolonged service in an intense radiation environment. In the meantime, compounding practices need to be evaluated to secure optimum resistance to radiation damage. The possibility of adding radiation protective agents to rubber is being explored. Many products of the rubber industry are rubber-fabric compositions with the fabric as the strength member. But the fabric is the weak link in so far as resistance to radiation damage is concerned.

### Vulcanizing By Radiation

Vulcanization by radiation has many interesting possibilities which will be easier to realize if ways can be found to reduce the relatively large radiation dose required. Improvement is also desirable in the physical properties of radiation cured vulcanizates but this may follow automatically if the dose can be reduced.

The production of elastomers by radiation catalysis of polymerization reactions has especial appeal in the light of results which have been reported in securing unusual graft polymers. There are potentialities here for new, special purpose rubbers.

These promising prospects for applications of intense radiation in the rubber industry can materialize only to the extent that cheap and abundant radiation sources become available for industry. It is important that development of such sources proceed concurrently with the radiation application research.

*From a talk by Dr. Gehman before the 5th Annual National Industrial Conference Board's Atomic Energy in Industry Conference, Philadelphia.

## Joins Keenan & Clarey

(Special to The Financial Chronicle)

Minneapolis, Minn.—Norman M. Gaynor is now with Keenan & Clarey, Inc., McKnight Building.

## Paine Webber Sponsors "Fin. News" Program

Paine, Webber, Jackson & Curtis has signed to sponsor "The Business and Financial News" on the ABC Radio Network, it was announced by George Comtois, Vice-President in Charge of Sales for the ABC Radio Network.

The investment firm, making its first use of network radio, sponsors "The Business and Financial News" (ABC Radio, Monday through Friday, 5:55-6 p.m. EST) effective April 8 on Mondays, Wednesdays and Fridays. Agency is Doremus & Co.

"The Business and Financial News," with Don Gardiner, presents the latest financial and business news compiled from the finance world each afternoon after the closing of the New York Stock Exchange.

## Earle C. May Opens

(Special to The Financial Chronicle)

PORTLAND, Oreg. — Earle C. May is conducting a securities business from offices at 811 Southwest Sixth Avenue. He was formerly with Walston & Co.

# Return on Capital Problems in the Agricultural Chemical Industry

By F. C. SHANAMAN*
President, Pennsylvania Salt Manufacturing Company of Washington, Tacoma, Washington

**The earnings return in the exciting and fascinating agricultural chemistry industry, as described by Mr. Shanaman, is such that much must be done to improve it. The Washington manufacturer characterizes the industry as still immature, capable of improving itself and its statistical data; and outlines the industry's economic base which shows little room for price concession due to several inherent practices. Author believes better business judgment would prefer risk of a sales loss rather than carry excessive inventory or grant too liberal terms; and explores need to reduce manufacturing costs, raise price, eliminate low margin items, alter formulations and install better management.**

In an industry such as ours there doesn't seem to be any best time to make an analysis or to make comparisons. The number and the extent of variables with which we must contend will cause wide distortions, season to season, and for longer periods of time as well. To make matters more difficult there is a regrettable scarcity of facts and statistics to use as a back drop from which to judge how well our own company may be doing, or how well the agricultural chemicals industry compares to allied industries, or to industry at large. At the moment we seem to be at some point in one of the valleys so typical of our peak and valley business. At such times, management appropriately becomes more conscious of simple standards relating to sales, profits and capital employed. While in one of these valleys, emphasis on sales volume alone will not guarantee satisfactory profit. Furthermore, expansion of plants and broadening of distribution involves recognition of the necessity for earning more money on increased investments. Whereas comparisons may be difficult, these standards and other business "AEC's" can be touched upon and to an extent reviewed within the meaning of the subject which we are to discuss.

Fred C. Shanaman

For several years the "Gossip Mill" has been claiming that our portion of the chemical industry has not been "doing so good" or at least not as good as we have done, nor as good as most of us would like to do. If there is any truth to these claims, it won't hurt to review a few fundamentals and perhaps a few related facts. The "Yankees" and the "Bums" are doing something similar at this time of year, so we will not be conspicuous by indulging in some Spring Training ourselves.

By way of preparation, a few ground rules might be appropriate. In the first place, agricultural chemicals industry wherever used will refer to the pesticide portion of the chemical industry. **Second**, return on investment will be before taxes and will refer to return on all of the dollars employed in the conduct of our business and not just to a portion of those dollars. **Third**, fixed assets, unless otherwise identified, will be undepreciated and unwritten down dollars. **Fourth**, administration charges will include costs of research performed by or purchased by agricultural chemicals industry. Although not offered as a ground rule, it is hoped that you can accept the observation that more and more businesses are being operated from a professional management point of view requiring the responsibility by one individual for making a profit on the capital employed, whether it is the manager's own capital or capital entrusted to him.

No claim is made to authorship of the idea that the object of business, and this could include agricultural chemicals industry, is to make a profit. To some it may be a sordid term, but to most of us it means three meals a day and a car in the garage too, if we are in luck. It also gives reasonable assurance that there will be a job for tomorrow. Eliminate profit and in short order things begin to happen because regardless of well-told hard luck stories, the use of scintillating sales personalities, or the admitted disruption in the love-life of the bugs, those with money invested in agricultural chemicals will, by necessity, compare their earnings with what is available to them elsewhere. Recognition of profit motive in times such as these, contributes to the destruction of the system which supported the theory that the sales force tasks care of sales, production people schedule and manufacture, and between them, somehow, a profit results after the usual additions and subtractions have been made at season's end. No plug for the professional manager is intended, although it is intended to point out that in recent years, industry seems to be accepting the principle that someone must be responsible for satisfactory return on capital necessarily employed.

### Different Fluctuations

Maybe at times it appears facetious to refer to agricultural chemicals as a business because of its unpredictability. It has such peaks and valleys of activity, including profit and loss, that only the fearless or misguided are expected to be found among our associates. To use the term loosely, therefore, we include agricultural chemicals as a business and in doing so submit that it can be and should be judged by yardsticks, similar to those applied to other businesses or industries. These yardsticks may vary somewhat for those investing money, lending money, or using accumulated funds generated within a company, but it is axiomatic that each will want to know what the return on capital will be. It makes no difference whether the concern is with the ability to repay the money plus interest; to build equity and earn dividends; or to accomplish certain objectives in the internal affairs of a company; a common denominator does exist and basically it is the factor of return; the very thing we are discussing. From the business experience all of us have had, is it not reasonable to say that percent return on investment is a reasonable yardstick for measuring effectiveness of capital necessarily employed? Our capital, particularly that identified as current assets, is large by accepted standards of other segments of industry, and, therefore, it must be of real concern to us. Simply stated, percent return on capital employed is the percent of profit from sales multiplied by turnover and which is readily portrayed by the formula in wihch certain rounded figures are used for purpose of illustration:

$$\frac{\text{Net Profit } \$100{,}000 \times 100}{\text{Sales } \$1{,}000{,}000} \times \frac{\text{Sales } \$1{,}000{,}000}{\text{Capital } \$500{,}000} = \%\text{ return on capital employed}$$

10% x 2 equals 20%

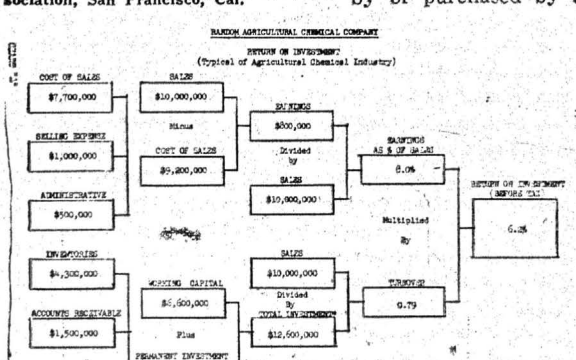
Obviously, by dividing net profit by capital we get exactly the same answer but by so doing we would be disregarding two rather important facts: first, costs and their relation to income from sales and, secondly, the importance of capital employed versus sales volume. This formula can be a workable tool, if we seek a quick and easy portrayal of what we are returning from our efforts and on our capital employed. Supplementary charts which have been prepared may provide an insight into what may be wrong and where the areas of correction might exist. We know, of course, that decreased costs, increased prices or otherwise increasing net sales and reduction of the capital required will greatly assist in making improvements which may be sought. With regard to capital necessarily employed in the agricultural chemicals industry, these improvements are assisted greatly by better inventory control, reduced accounts receivables, better use of generated cash, and more careful consideration of additions to fixed capital.

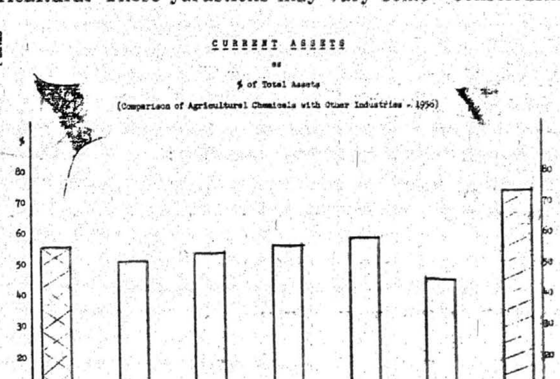
### Problems Peculiar to Pesticides

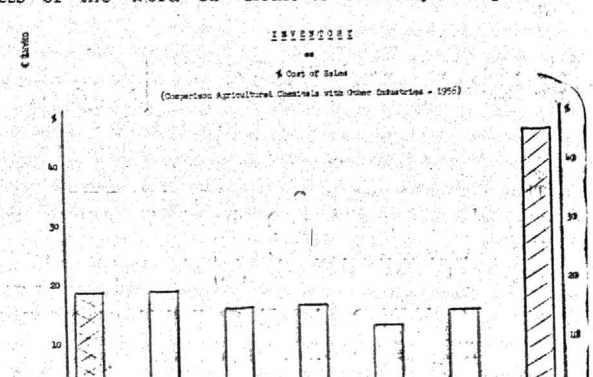
Before highlighting our industry through the use of charts, it might be appropriate to make a few observations which may be of interest, if not pertinent. Bigness in agricultural chemicals, in one form or another, is sometimes desirable, but is not necessarily a panacea for what may be wrong nor will it necessarily accomplish what may be desired. Furthermore, without more than mere consciousness of the word obsolesence, a company engaged in agricultural chemicals, particularly at the basic producing level, can have unfortunate experiences. The quantity and quality of research being conducted by the chemical industry, internationally speaking, is such as to make the factor of obsolesence extremely important. It can adversely affect profits during the years when rapid write-offs are being taken, but regardless it is a hallmark of good practice in this business to take such write-offs if the company is involved with newer type pesticides. As plants and products become obsolete, a company usually executes an orderly retreat and does so more rapidly than the decline of product or products in the market place. Not to do this makes the company more than a spectator at the funeral—it becomes a participant in the ceremony. As a product reaches the end of its life cycle, orders are scattered, irregular, and turn more and more toward unprofitability.

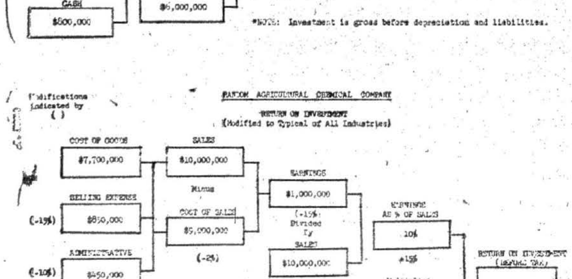
It has also been observed that when we are experiencing one of our agricultural chemicals economic down-swings, the climate is inclined to turn from cool to frigid with respect to new capital. In a diversified company, each dollar requested for agricultural chemicals is judged more critically than before as to its ability to earn in comparison with other company activities. Outside capital doesn't show any great enthusiasm or willingness to invest, and borrowed money is difficult to come by except under

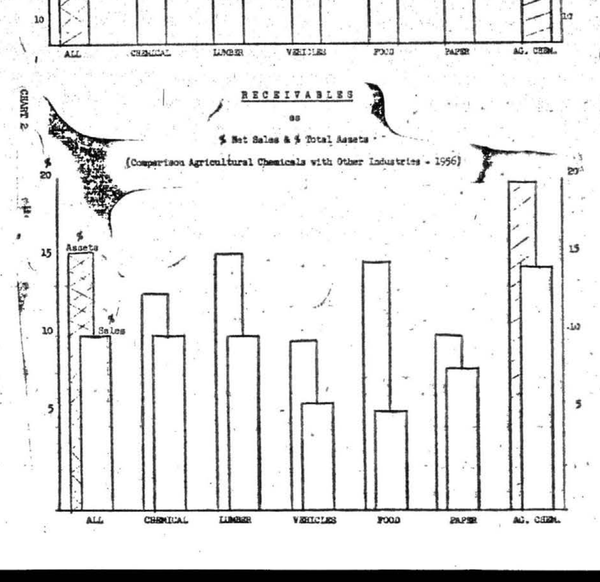
*An address by Mr. Shanaman before the National Agricultural Chemicals Association, San Francisco, Cal.

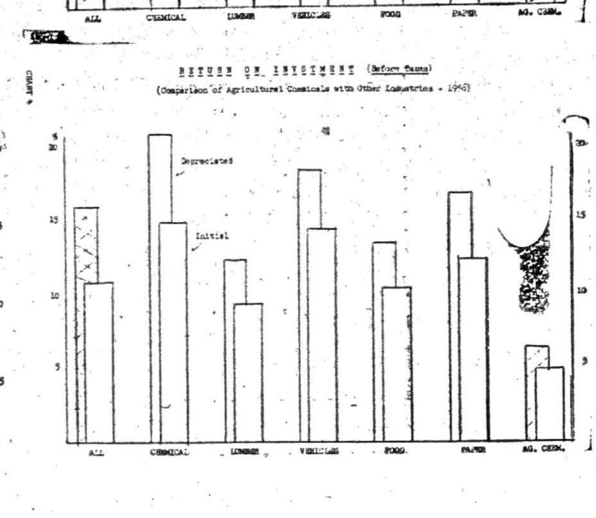


terms and interest rates which seem to reflect a knowledge of what happens to us during one of these bilious periods. The chances are that cost reduction alone won't give improvement desired and reduction in capital employed may come hard because of competition.

If we attempt to compare ourselves with industries such as coal, steel, lumber, or perhaps other segments of the chemical industry, we must admit to our complete immaturity in the way of statistical data. This is broadly true of all groups within agricultural chemicals. It is hard to decide whether we are suspicious of one another, do not keep records and hate to admit it, or just do not believe in the disclosure of basic facts and figures to the extent practiced by contemporary industries. Suffice it to say, the great data famine makes it extremely difficult if not almost impossible, to prepare a factual talk on a subject such as the assigned. However, with some excellent cross-section assistance and advice and with the support of some very general data provided in particular by McKinsey and Company, we feel reasonably certain that the following data are in the "ball park" when talking about our industry as it is today.

**Profits and Costs**

In the case of national formulators our guess is that better than 50% of them are earning less than 4% on sales before tax. Out-of-pocket costs are probably 70-90 cents on every sales dollar, leaving little to cover fixed costs and provide a profit. Total capital required is high, amounting on the average between 70 and 75 cents for each sales dollar. The major investment is not in plant and equipment but in current assets namely inventories and accounts receivable. In the case of inventories, there are raw materials, packages, labels, intermediates and concentrates and finished products which frequently accumulate in large amounts because of the seasonal nature of the business. Furthermore, inventories of finished goods are found outside of producers' warehouses in bonded warehouses and in the warehouses of resellers as owned or consigned stocks. In some cases formulators consign their labeled products made from consigned raw materials or concentrates and the supplier of the raw material or concentrates thereby extends the consignment to the dealer or the grower level as the case may be. In certain instances inventory placed in resellers' warehouses is not only consigned, but the owner pays the reseller a storage fee. The evident effect of such practices is to increase the number of dollars tied up in inventories, increase the cost of goods to be sold, and considerably increase the paper work for the seller.

In the case of accounts receivable our record is abnormally high when compared to the average of all industries. Terms of 30 days net are the exception, rather than the rule. Invoices made at time of shipment carry 30 day terms but frequently, by agreement, payment is not required for 60-90-120 days, or longer. In other instances, invoicing is actually delayed for 60-90 days or 120 days beyond time of shipment, and after making use of such liberal credit, the buyer still has 30 days in which to pay. To make matters worse, the invoice price is the price at time of shipment, but protected against decline. We also have an industry practice of "crop terms" which fortunately, in the past, has not been widespread but which seems to be growing. This practice usually calls for invoicing at time of shipment but payment is not required until the end of the season and after the customer has sold the products for which the sellers' goods have been required and used. In such cases also, prices are reported to be guaranteed against decline.

**Little Price Concession Room**

If the foregoing observations are a reasonable economic base from which to take off, it would seem to indicate little room for price concession, particularly if we consider the high out-of-pocket costs and substantial need for current and fixed capital. In many instances it can be assumed that freight could be the difference between a profit and a loss although it has been surprising to find that industry records are woefully inadequate to guide sales managers in evaluating profitable products or areas. Investigation tempered with a measure of experience discloses little room for heavy or extravagant overhead or costly administrative procedures and it is evident that because of low ratio of fixed assets the agricultural chemicals industry has little to gain by pricing to cover overhead.

An average manager in this industry is unquestionably faced with the fact that each of his sales dollars requires an investment of between 70 to 75 cents. Long-term credit along with practices used for credit extension are hard to justify if we consider accepted good credit policy, today's costs of money and low profit margins estimated to be prelavent throughout the industry. Let us assume that there are some enjoying much higher profit margins than average. The picture for them doesn't look too good if we judge the effect upon their return on investment for a sale when soft credit terms are allowed. One analyst has stated that a product showing a 40% margin provides only 10% return on an investment after four months on the sellers books as a receivable. Whether we agree with his arithmetic or not, it is safe to say that uncollected receivables even on high margin sales have tremendous effect on both investment and return on capital necessarily employed. An observation can be made at this point that many times it probably would be better business judgment to risk the loss of a sale rather than carry excessive inventory or grant such liberal terms that they would be difficult to duplicate with institutions set up for the purpose of lending money.

**Charts**

(1) Current assets as a percent of total assets.

(2) Receivables as a percent of net sales and as a percent of total assets.

(3) Inventories as a percent of cost of sales.

(4) Before tax return on investment.

Making use of the Dupont type chart for return on capital employed as described in an article which appeared in "Chemical and Engineering News," Sept. 5, 1955, we may readily evaluate and compare ourselves to others. In creating such a chart we admit the use of some poetic license in the absence of factual data for

*Continued on page 45*

# Chemical Industry's Importance In Peaceful Use of the Atom

By DR. WILLARD F. LIBBY*

Commissioner, United States Atomic Energy Commission

**Concluding with the observation that many "unborn uses of the atom are chemical in nature," AEC Commissioner invites chemical industry to participate more fully in developing the peaceful uses of the atom. Dr. Libby delves into the crucial role of chemists and the many tasks only they can solve in order to make possible economic atomic power. Indicates where the AEC has succeeded in interesting some chemical firms to engage in various important fields and reviews programs awaiting further chemical participation. Envisions an important combination of chemical manufacturing and atomic power whereby, for example, roentgens will be used as raw materials.**

### I. The Atom Needs Chemists

The chemist will help give us atomic power. It very likely will be the chemist who saves the final mill per kilowatt hour and makes atomic power economical. It will be his job to hold things together chemically, to select the most applicable chemical criteria for producing fuel elements or fuel solutions and to separate the unburned uranium-235, plutonium and/or uranium-233 in a form suitable for recycling. If experiments on pyro-chemical processing and remote fabrication are successful, it may be possible to recycle fuels with only a small amount of decontamination.

Dr. Willard F. Libby

This work sounds heavy. I think in view of the experience in our production plants, it is possible to say that it sounds heavier than it is, and that close chemical attention to the problem shows that the principal difficulties are radiation and the strictures of the poisonous nature of plutonium. There are presently no other ways to accomplish the separations than by chemical methods; therefore, it will be the chemist who performs these tasks so vital to economic atomic power.

The chemist also has a role to play in the matter of reactor hazards. There are no firm numbers at the moment setting forth the probability of a given size reactor accident, for our experience in atomic power reactors has been minimal. Judging, however, from our extensive experience with production reactors operating at lower temperatures, we can see that the situation is a very hopeful one. The principal area where the chemist may play a role in reducing reactor hazards is probably in the reactor core itself and in methods for reducing the fission product hazard in the cloud before it leaves the containment sphere. For example, if it could be insured that the fission product radioactive strontium would be produced in an insoluble condition, then it would do much less harm when it fell, for example, on farm land. If the strontium were in the form of strontium-carbonate or strontium-sulfate there would be no great damage, since the fallout then would be much less available to plants and animals. It is not difficult, as you can see, to imagine the advantages to be gained from increasing the probability of strontium being produced in such insoluble forms. This is one example of the kind of attack which the chemist might make on the problem of reactor hazards.

Reactor hazards depend somewhat on the type of reactor. We can expect that reactors which customarily have their fuel purified after a short time of irradiation, i.e., the homogeneous type of reactor, will have a smaller amount of the long-lived fission products — namely radiostrontium and radiocesium, and the other most worrisome types — accumulated at the time of any possible accident. These are all considerations which should be borne in mind by the designers of the reactor and by those who will set insurance premiums.

### Some Other Tasks

There are other tasks also. We have mentioned that the separation of the special nuclear material from irradiated fuel elements is a chemical procedure. In addition, the introduction of plutonium as a fuel into atomic power reactors is a very important step in which the chemist must play an indispensable role. From knowledge gained from atomic weapons, we understand how to make plutonium metal parts, but it is not so clear what the irradiation effects and changes in crystal structures, especially at high burn-ups may amount to, and it is not at all obvious that plutonium with its toxicity can conveniently be used as a fuel. A very considerable task remains for the chemist to establish the basic chemical forms used in manufacturing plutonium fuel elements and for processing them after the irradiations are completed. Many alloys or compounds must be prepared and various devices tested to prevent the escape of plutonium in case of an accident.

### Value of Plutonium

The possibility of utilizing plutonium as a fuel in atomic power piles certainly exists. The necessity of doing so is not so obvious. Let us consider this for a moment to illustrate how vital is the chemist's role in the Peaceful Uses of the Atom.

The cost of uranium-235 is such that one cannot imagine economic power being generated by the burning of uranium-235 alone except in very high-cost fuel areas. Some dividends must be obtained and the one normally envisaged is plutonium-239, which in itself is fissionable and therefore burnable as a fuel. Most power reactor designs operate with uranium containing less than 20% of the isotope 235 on the average. (The Bilateral Agreements for Cooperation in the field of atomic power stipulate that the uranium-235 furnished by the U. S. Atomic Energy Commission will not exceed 20% in concentration except for limited amounts to be used in research and development test reactors.)

In most power reactors that are likely to find wide use in the near future, approximately one-half an atom of plutonium is made from uranium-238 for every uranium-235 atom fissioned. Thus, one kilogram of uranium-235, on the average, makes 500 grams of plutonium. This yield will vary with design and it may be that some reactors will yield as much as 800 grams of plutonium per kilogram of uranium-235 burned, or perhaps as little as 200 grams. It is even possible that some reactors will produce more fissionable material than they burn. The fact is that in power reactors which do not use highly enriched uranium a great deal of plutonium will be made.

At the moment the only known use for plutonium is in atomic weapons and no country has yet developed the technology of burning plutonium for atomic power except in a very minor way. It may seem that the atomic weapons business could take up the plutonium but, in the long run, this probably is not true. Let us consider some numbers. Roughly speaking, a kilowatt of electricity for one year corresponds to one gram of uranium-235 or plutonium-239 being fissioned. Therefore, for the present annual consumption of electric power in this country, about 70 million kilowatt years, if this were all generated from atomic power, the fission of about 70,000 kilograms of uranium-235 or plutonium-239 annually would be involved, with the production of about 30,000 kilograms of plutonium-239 as a by-product. It is completely obvious, therefore, that if atomic power is successful and if it uses uranium of modest enrichment, enormous quantities of plutonium will be generated. At the moment we do not know how to burn plutonium-239 to produce power but the Atomic Energy Commission has assumed, very justifiably on the basis of past successful experience in analogous situations, that we can and will learn to do so in time. It has therefore set a fuel value of $12 per gram in keeping with its energy content. I hope the chemical profession will prove us right!

### II. The Problem of the Peaceful Atom

The role of chemical industry in the warlike uses of the atom has been an indispensable one — the Manhattan Engineering District never could have operated without du Pont and Union Carbide and Carbon and others, and the AEC could not have carried its great responsibilities for the nuclear arming of this Nation without them. The whole country is grateful. The patriotic motivation did it for us and we know that we can always call on the chemical industry for help in national emergencies and in matters of national defense.

In the case of the Peaceful Uses of the Atom, we must depend in part also on other considerations. Nevertheless, the AEC has been successful in interesting some of the chemical firms to engage in this important work. Our job is to see that it is done and there is no other way than to get the chemists to do it.

We have announced during the past two years several programs under which private industry can participate further in the atomic energy program. On Aug. 25, 1955, the Commission solicited proposals to supply zirconium metal and all of the by-product hafnium over a five-year period. You will gain some idea of the magnitude of industry effort required in this procurement program when I tell you that private industry had been supplying to the AEC only 200,000 pounds per year. The original solicitation was for proposals to supply two million pounds. However, when the time to negotiate contracts arrived, the AEC requirements had increased five-fold. Ten firms submitted proposals. The final award was split among three firms which are establishing new facilities from which they will supply the government a total of 2,000,000 pounds of zirconium metal per year for five years, at an average cost of $14 million per year.

The Commission has also turned to private industry for the production of reactor-grade beryllium, available heretofore only from a government-owned plant. Contracts for 500,000 pounds of beryllium metal, at an average cost of about $47 per pound, have been signed with two firms which are establishing new facilities to produce this material.

Similarly we solicited proposals from private industry for the production of feed materials in the form of uranium hexafluoride. Seven firms responded with individual and joint proposals. The successful bidder had also developed a short-cut process.

We are continuing to explore the feasibility of extending to industry an invitation for proposals for processing of fuel elements from non-government reactors. Such processing constitutes an integral part of the fuel cycle of nuclear reactors. It is hoped that these chemical facilities will be ready shortly before the time industry's reactors are in operation. In order to provide a base load during the period of transition, the Commission will furnish to industry spent fuel elements from government-owned reactors.

In order to encourage and reassure the infant atomic power industry, we undertook at the same time to establish the basis for firm charges for the processing of spent fuel elements. As you realize, a proper sense of timing is very important in building up a nuclear power industry because the operators of reactors must have assurances that reprocessing services will be ready when needed. In determining whether prices to be charged by commercial processors are reasonable, the Commission is mindful of the fact that it might be necessary to make allowance for additional costs not experienced by the Government but normal to commercial ventures of this type.

Contracts with private industry will be negotiated individually to establish firm charges for the service, subject to escalation on the basis of an appropriate price index. The purpose of the new policy, as announced this past February, is to give further encouragement to the development of a private atomic energy industry by giving reactor operators an assured means for recovering the valuable constituents which remain in the spent fuel elements after their removal from the reactor.

We also hope that the chemical industry will pursue the possibilities of using atomic radiation for the promotion of chemical reactions. We desire to further this program. We know that radioactive cobalt will likely be needed, and hope to be able to supply this need, though I do want to emphasize that such radiation is in many ways potentially much cheaper if acquired as a by-product of atomic power.

We thus see an example of what may develop into an important combination — chemical manufacturing and atomic power. Who knows but that these radiation-induced reactions may not prove to be really economic? I realize they have a considerable way to go now but it might pay for chemical companies to get into fuel reprocessing if only to make use of the by-product radiation. In other words, you might begin to think of roentgens as raw materials!

Isotopes—Consider this wonderful development. Isotopes are nearly paying the way right now! We have just completed a study which shows that at the present time American industry is making savings approximately $400 million annually in the application of isotopes to their normal industrial operations. These savings do not count research benefits nor do they count additional savings and benefits in the field of medicine.

No attempt has been made to put a dollar value on human life or health or medical services. Nevertheless, with an estimated 1,000,000 patients per year being diagnosed and/or treated with radio-isotopes, it is possible to identify some areas in which savings in the monetary sense are being made. The cost of removal of the thyroid gland by surgical means varies widely, of course, but a rough estimate by one of the leading hospitals in the United States indicates that the use of radio-iodine in radiotherapy appears to lower the cost of treatment for average cases by about $100, representing for the most part a net savings in out-of-pocket expenses to the patient because of a shorter stay in the hospital. In severe cases, however, the reverse may be true.

Radioiodine, however, is not necessarily the treatment of choice, the decision of radiotherapy versus surgery being that of the physician. However, with the many thousands of cases of hyper-thyroidism annually, there appear to be possibilities for significant savings to the persons affected.

There are other ways in which radioistopes are helping medicine. For example, there is a trend towards using cobalt-60 in preference to high voltage X-rays. We have learned recently of one large university medical center which is currently giving 900 to 1,000 treatments per month with its cobalt-60 unit as compared with some 300 treatments per month with conventional high-voltage X-rays. All of these present savings and benefits through the use of radioisotopes are small compared to their potential benefits.

Many of the unborn uses of the atom are chemical in nature and await your interest, attention, consideration and approach. It will pay you and like the other opportunities I have mentioned will undoubtedly bring you closer to unseen opportunities which we in our ignorance cannot even vaguely describe.

*An address by Dr. Libby before the 131st National Meeting of The American Chemical Society, Miami, Fla., April 10, 1957.

## Lee Chairman of Fund for Barnard

Barnard College has announced the appointment of Charles C. Lee as Chairman of the Class of 1957 Parents' Fund.

Mr. Lee is a partner of George D. B. Bonbright & Co., members of the New York Stock Exchange and the Chicago Board of Trade. His daughter, Mary, is a member of the class of 1957 at Barnard.

Gifts contributed to the 1957 Parents' Fund will be used for the proposed library and classroom building at Barnard. The gifts from parents of the senior class will be used for a room in the library to bear the name, "1957 Parents' Fund."

A campaign is currently under way at Barnard to raise $2,000,000 for the new library. The construction of the building is the first step in Barnard's plan to expand the student body to 1,500, or 25% more than the College's normal enrollment of 1,200, to help in meeting the increasing number of high school graduates. Mrs. Arthur Hays Sulzberger, a trustee and an alumna of Barnard, is the over-all Chairman of the campaign.

## Mac Robbins Co. Formed

(Special to THE FINANCIAL CHRONICLE)

Mac Robbins & Co., Inc. has been formed with offices at 760 Brady Avenue, New York City, to engage in a securities business. Officers are Mac Robbins, president; and Ida Robbins, secretary-treasurer.

## Murray J. Ross Opens

(Special to THE FINANCIAL CHRONICLE)

NORTH HOLLYWOOD, Calif.—Murray J. Ross has opened an office at 12622 Sarah Street to engage in a securities business. He was formerly with California Investors.

## No Serious Downturn This Year: Roberts

**First National City Bank official's ratiocinative optimism concerning the general outlook is based particularly on the strength of final demand in three major sectors of the economy**

The strength of consumer, government, and business demand provides no basis for anticipating a serious business downturn this year, George B. Roberts, Vice-President of the First National City Bank of New York, declared in an address before the American Cotton Manufacturers Institute's convention in Palm Beach, Fla., April 5, 1957. In a review of the business picture, Mr. Roberts stated that it continued to show both soft and strong spots. On balance, he said, the strong sectors of business offset the areas of weakness and the present trend is generally sidewise. There is no evidence that the rise in gross national product has halted.

George B. Roberts

The real issue in appraising the outlook, in Mr. Roberts' view, is not the soft spots which reflect inventory adjustment or shifts in demand from one type of purchase to another, but the strength of final demand, particularly in three major sectors of the economy.

### Three Sectors of Strength

First, he cited the record volume of spending at retail stores, and the fact that recent surveys have shown consumers to be mostly optimistic about the general outlook and their personal financial positions. Second, government spending is also on the rise, not only in national defense and other Federal expenditures but also in state and local expenditures for public works and other purposes. Third, he pointed out that businessmen are planning to spend over $37 billion on new plant and equipment during 1957, an increase of 6% over the record-breaking 1956 outlays.

Mr. Roberts concluded that, although the economy may now be entering one of those temporary periods of adjustment, there is nothing in the present picture inconsistent with the idea of a long, flat crest to the prolonged advance.

## Form SBK Inv. Corp.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—SBK Investment Corporation has been formed with offices in the Centennial Building to engage in a securities business. Officers are James E. Fairchild, President; Harvey P. Wallace, Vice-President; and Elenore Weiss, Secretary-Treasurer.

## With Boren & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Ronald G. Bishop and Alph N. Thayer have joined the staff of Boren & Co. Securities Brokers, 9640 Santa Monica Boulevard.

## Daniel Reeves Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Susan M. Kiser and Walter J. Maguire have been added to the staff of Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Pacific Coast Stock Exchanges. Mr. Maguire was formerly with Quincy Cass Associates.

## U. S. Bank Resources Reach All-Time High, Rand McNally Directory Shows

Combined resources of United States banks have reached an all-time high, according to the first 1957 edition of the Rand McNally "International Banker's Directory."

The Directory's consolidated recapitulation for Dec. 31, 1956, shows that resources of U. S. banks rose to more than $254 billion, as compared with a little over $252 billion on the same date in 1955.

Loans are also on the increase, the Directory reveals. As of Dec. 31, 1956, U. S. banks made loans totaling almost $112 billion, an increase of more than $7 billion over the previous year.

To obtain funds for loans, the nation's banks reduced their holdings of U. S. Government securities from $72 billion to $67 billion and decreased other securities by $900 million.

Although total deposits declined $800 million, to $228.4 billion, capital funds rose from $19.8 billion to $22.3 billion.

The trend toward increased bank mergers, consolidations, and branches continued during 1956, the Directory shows. As of Dec. 31, 1956, there were 14, 275 banks in the United States, Alaska and Hawaii — 71 fewer than a year earlier, while branches increased from 7,508 to 8,025.

Texas continues to lead the nation in number of banks with a total of 957. Illinois is second with 933, Pennsylvania is third with 798, and Minnesota runs fourth with 686.

New York has passed California in number of branches with a total of 1,909 compared with California's 1,450.

The "International Banker's Directory" was first published by Rand McNally & Company in 1872 when there were only 6,097 banks in the country.

The Directory lists every bank and trust company in the United State and most foreign countries. It also lists officers names and provides a financial statement for each bank, along with a great deal of supplementary information.

The Directory is distributed twice each year by Rand McNally to banks, business firms, railroads, insurance companies, hotels, and other organizations requiring up-to-date information on American and foreign banking.

## Four With Carroll

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Elmer Benbrook, Lumir E. Beran, William F. Garrow and Wiley W. White have been added to the staff of Carroll & Co., Equitable Building.

# STANDARD OIL COMPANY (INDIANA)

## and Subsidiaries Report

# Record Highs in Production, Refining and Sales for 1956

In most respects, 1956 was a good year for Standard Oil Company (Indiana). Production, refinery runs and volume of sales all showed increases.

**PRODUCTION** in 1956 reached an all-time high. At the end of the year, which was a successful one in development of new production and reserves, our net production was about 316,000 barrels per day of crude oil and natural gas liquids, including about 10,000 barrels per day in Canada. This is an all-time high for our company and marks about a three-fourths increase over our production of just 10 years ago. During the year we added 42 million barrels to our proved reserves after replacing the 108 million barrels we produced. At year end the company's proved reserves of crude oil and natural gas liquids were 2,140 million barrels. A subsidiary has been formed to engage in exploration and production in Venezuela and is hopeful of acquiring concessions from the Venezuelan government in 1957. The company also is drilling wells in Cuba and Jamaica.

**REFINERY RUNS**, which actually were held below capacity much of the year because of the nation's excessive gasoline stocks, showed a 7 per cent increase over 1955. Expanded demand for our products required a record throughput of crude oil and natural gas liquids, averaging 642,343 barrels a day over the year.

**SALES** set new high records—both in volume of products sold and in dollar value despite intense competition. Total sales volume increased 4 per cent over 1955 and 84 per cent over just 10 years ago. Total value of sales increased 7 per cent over 1955 and 174 per cent over 1946. Total income increased to $1,911,540,141, up 5.4 per cent. Our dollar volume of chemical sales increased by 21 per cent to a total of $17,500,000.

**NET EARNINGS FOR 1956 WERE $149,431,710.** This was $8 million less than 1955's record total, which included, as was pointed out at the time, a nonrecurring net profit of $9,235,000 from the sale of an oil property interest. Excluding this nonrecurring item, our 1956 earnings were about 1 per cent higher than last year. Per share earnings were $4.33, compared with $4.81 the year before. While better earnings were indicated because of our increased investment and higher volume, our industry has been less successful than others in getting repaid for higher wage and other costs through increased prices. A factor in reducing 1956 earnings was heavy depreciation charges and starting-up expenses for two plants. The consolidation of nine principal subsidiaries into four, which was completed in January, 1957, also involved substantial expense. However, these consolidations will significantly improve efficiency and reduce overhead.

**DIVIDENDS IN 1956**, including the market value on the date of distribution of the special fourth-quarter dividend in Standard Oil Company (New Jersey) stock, amounted to $2.31 per share. These dividends were valued at $80,041,000. Dividends were paid in 1956 for the 63rd consecutive year.

**CAPITAL EXPENDITURES FOR 1956** totaled $292 million, compared with $230 million in 1955. A good part of the increase went into additional leases, geophysical work, drilling and refinery expansion. Capital expenditures for 1957 are expected to be up about 20 per cent. During the year, $30 million principal amount of our convertible debentures were called, and an additional $57.6 million were voluntarily converted. These were the principal factors in a reduction of $91 million in our total borrowings. At year end, borrowings amounted to less than 13 per cent of total assets, as compared with a peak of 21 per cent in June, 1949.

**EMPLOYEES AT THE END OF 1956** numbered 52,010, of whom thousands are Standard Oil stockholders. The loyal service of our employees is one of the main factors in our continued progress. In line with our policy of keeping wages and salaries competitive with prevailing rates in the industry, we put into effect a general wage increase of 6 per cent during the year.

**STOCKHOLDERS NUMBERED 143,200** at year end, the largest in our history. We have stockholders in every state of the Union and in 35 foreign countries. Museums, libraries, colleges, hospitals and other institutions serving the needs of many people were among those receiving regular Standard Oil dividend checks.

***This record of progress reflects constantly improving ability to serve our customers, and demonstrates the splendid support and cooperation of our employees.***

### CONSOLIDATED STATEMENT OF EARNINGS

*For the Years 1956, 1955 and 1954*

| | 1956 | 1955 | 1954 |
|---|---|---|---|
| Sales and operating revenues | $1,890,227,573 | $1,781,317,827 | $1,660,343,193 |
| Dividends, interest, and other income | 21,312,568 | 32,636,188 | 16,195,654 |
| Total income | $1,911,540,141 | $1,813,954,015 | $1,676,538,847 |
| **DEDUCT:** | | | |
| Purchased crude oil, petroleum products, and other merchandise | $ 909,613,641 | $ 849,891,953 | $ 794,212,096 |
| Operating, selling, and administrative expenses | 597,244,936 | 561,631,812 | 553,307,658 |
| State, local and miscellaneous taxes (not including taxes amounting to $326,779,000 in 1956, $288,354,000 in 1955, and $264,952,000 in 1954 collected from customers for government agencies) | 52,652,573 | 49,622,854 | 44,552,531 |
| Depreciation, and amortization of emergency facilities | 93,943,392 | 87,607,924 | 77,195,905 |
| Depletion, amortization of drilling and development costs, and loss on retirements and abandonments | 62,119,970 | 51,575,756 | 45,935,491 |
| Interest expense | 9,368,824 | 11,987,179 | 11,301,377 |
| Federal taxes on income | 36,478,000 | 43,290,000 | 29,471,000 |
| Minority stockholders' interest in net earnings of subsidiaries | 687,095 | 1,228,709 | 3,406,021 |
| Total deductions | $1,762,108,431 | $1,656,836,187 | $1,559,382,079 |
| Net earnings | $ 149,431,710 | $ 157,117,828 | $ 117,156,768 |

*Copies of the 1956 Annual Report are available on request as long as the supply lasts. Write Standard Oil Company, 910 S. Michigan Ave., Chicago 80, Illinois.*

### THE STORY IN FIGURES

| | 1956 | 1955 | 1954 |
|---|---|---|---|
| **FINANCIAL:** | | | |
| Total income | $1,912,000,000 | 1,814,000,000 | 1,677,000,000 |
| Net earnings | $ 149,430,000 | 157,120,000 | 117,160,000 |
| Net earnings per average outstanding share | $ 4.33 | 4.81 | 3.73 |
| Dividends paid† | $ 55,360,000 | 55,970,000 | 48,780,000 |
| Dividends paid per share† | $ 2.307 | 2.403 | 2.083 |
| Earnings retained in the business | $ 94,070,000 | 101,150,000 | 68,380,000 |
| Capital expenditures | $ 291,900,000 | 229,900,000 | 284,300,000 |
| Total assets | $2,425,000,000 | 2,332,000,000 | 2,187,000,000 |
| Net worth | $1,900,000,000 | 1,701,000,000 | 1,574,000,000 |
| Book value per share | $ 53.71 | 51.46 | 48.48 |
| **PRODUCTION:** | | | |
| Crude oil and natural gas liquids, barrels per day, net | 294,855 | 274,083 | 249,564 |
| Oil wells owned, net (year end) | 10,451 | 10,080 | 9,764 |
| Gas wells owned, net (year end) | 1,973 | 1,855 | 1,763 |
| **MANUFACTURING:** | | | |
| Crude oil and natural gas liquids processed, barrels per day | 642,343 | 601,482 | 579,500 |
| Crude running capacity, barrels per day (year end) | 703,500 | 655,800 | 657,700 |
| **MARKETING:** | | | |
| Refined products sold, barrels per day | 664,046 | 640,145 | 593,855 |
| Retail outlets served | 29,890 | 30,140 | 30,710 |
| Natural gas sold, thousand cubic feet per day | 1,264,370 | 1,189,068 | 1,077,803 |
| Crude oil sold, barrels per day | 336,930 | 321,765 | 310,142 |
| **TRANSPORTATION:** | | | |
| Pipelines built, miles | 250 | 315 | 1,163 |
| Pipelines owned, miles (year end) | 17,480 | 17,400 | 17,550 |
| Pipeline traffic, million barrel miles | 156,400 | 146,200 | 140,500 |
| Tanker and barge traffic, million barrel miles | 94,870 | 94,130 | 81,290 |
| **PEOPLE:** | | | |
| Stockholders (year end) | 143,200 | 132,800 | 122,100 |
| Employees (year end) | 52,010 | 51,520 | 51,270 |
| Wages and benefits | $ 358,600,000 | 330,800,000 | 323,100,000 |

†"Dividends paid" include the value *on this Company's books* of the Standard Oil Company (New Jersey) stock distributed as a dividend. "Dividends paid per share" include the *market* value of the Jersey stock on date of distribution.

# Future Rail Passenger Service Can Be Bright and Exciting

By WILLIAM R. MAIN*
Director, Passenger Train Service
New York Central System

**Governmental statesmanship, in handling long-range transportation problems and private ownership are the two-fold formula prescribed by New York Central official to effectuate a "bright and exciting" future for railroad passenger service. This is said to require: (1) transfer of heavily losing suburban services to proper civic agencies; (2) adoption by rails of modern market analysis and electronic improvements; and (3) integrated service such as "go by train, return by plane." Mr. Main predicts passenger service will fall under the distinct and separate groups: civic commuter service; high speed, few stops, limited service in 200-600-mile zone; and overnight service between cities 600 to 1,200 miles apart.**

The future is largely what we make it today, and this is doubly true of the future of passenger services. If I may, I would like now to reverse the normal procedure, and instead of giving some of the many reasons for my believing as I do about the future of passenger service, I would like to state my concept of what rail passenger services will be in the years to come. Then we can go back and dwell at some length upon the "rocky and beleaguered" road that is being followed to that future.


William R. Main

### Sees Three Rail Services

In the future rail passenger services will generally be thought of as three distinct and separate services, based upon a distance point of view:

(1) Commutation service in and about the larger centers of the country, operated by some form of Transport Authority or "operator" for the civic body. We have this form in today's Transport Authority's operation in New York City. Such an operation will generally exclude the handling of through trains to the present centers of the cities served, and will range approximately 50 to 75 miles, according to the size of the suburban area.

(2) A modicum of service in the 200 to 600 mile zone, carefully "tailored" to meet the demands of the travelling public. This service will be operated in unit trains at high speeds and few intermediate stops, with schedules balanced to the most efficient use of the equipment. Such transportation would be operated only between areas of large potential, such as New York and Washington, New York and Buffalo, Detroit and Chicago; thereby tying together a large market on each end which will support the service. This concept is in distinct contrast with the present day concept of branch line service which, by its very dearth of revenue potential and surfeit of miles, dooms itself as a self-supporting operation.

(3) Overnight service between large centers of population from 600 to 1,200 miles apart, such as New York-Chicago, Chicago-Denver, etc. This service will be rendered on a full reservation basis, for coach or sleeping cars and on carefully designed schedules so as to make full utilization of the sleeping hours for travel, in acceptance of the fact that the future pattern for travel will become more and more: "Go by train, return by plane," in other words, an integrated common carrier passenger service.

*An address by Mr. Main before the 3rd Railroad Management Seminar at the University of Michigan.

### Other Transport

It may seem that I have oversimplified my "look-see" as to the future of rail passenger services. I have purposely painted the situation in broad strokes, leaving the many and complex problems as to how it got there for later discussion.

The future of rail transportation in this country, as I see it, is a compound of economic, sociological and political forces working simultaneously and more often than not pulling in many different directions. To still this action with a stroboscopic picture would be a real help to better understanding of it, but this is impossible because of the constant interplay of forces upon it.

In other words, one should make no broad generalizations as to the future of rail passenger transport without carefully and at the same time considering all of the other forms of transport as well as the ground swell of national growth and the inevitable changes this dynamic factor is causing in the other aspects of our living.

I believe that there is a bright and exciting future for rail passenger transport if left in the hands of private enterprise and if the Federal, state and municipal governments would give serious and impartial attention to much that is being said and is being advocated today concerning the future of the situation. The inexorable laws of economics are going to force changes that may not be for the best public interest unless that public, as a whole, gives more weight to the long-range transport picture than they are giving at present, because of undue interest in the short-range picture.

### Dynamic Forces

Today's economy and today's living are extremely dynamic and are forcing changes in many phases of our living. Transportation is a basic and compelling need and will be fulfilled some way. With the continued growth of our population there will be an even greater future for travel than there is today. The railroads have a place in this picture and want to serve the nation with a superior form of transportation under sound economic conditions. The railroad industry is striving, and to some extent succeeding, in getting themselves into the position to re-orient their facilities and services so as to keep in tune with the changing times.

I believe that the railroads have been on the right track in discontinuing many of the unprofitable passenger services as has been done in the past few years. It has been a slow, costly and frustrating situation but a necessary one. The New York Central, for example, has carefully examined its services, with the help of research analysis, consultants both within and without the company, and by other means is striving to put its house in order so that it will be able to do the job in the future that will be required of it. Corporate credit must be maintained so that the equipment and plant requirements of the future may be provided and maintained. The railroads cannot at the same time serve yesterday's needs and anticipate tomorrow's requirements and succeed in either endeavor.

### Summary

To sum it up, when the railroads have divested themselves of the heavily losing suburban service by transferring the loss to the proper civic agencies; and when with the aid of modern market analyses and electronic improvements here with more to come, the railroads can and will provide a passenger service of which we all will be proud. This because the railroads will be creating a service where its productivity is at its highest. In providing this service all of the component parts of the public will have been better served than they are today, because the nation will have a superior transportation system, the employees will have sounder working conditions and the owners of the companies will own a better company.

In closing, I wish to restate my profound belief that the future of the rail passenger transportation business in this country depends upon today's statesmanship in integrating into perspective all know-how, managerial, political and electronic, that are ours to use today to make a better tomorrow.

## Irving Wasserman Joins Reich & Co.

Reich & Company, 39 Broadway, New York City, members of the American Stock Exchange,


Irving Wasserman

announced that Irving Wasserman has become associated with the firm. Mr. Wasserman formerly was with Bond, Richman & Co. as Manager of the trading dept.

## A. A. Weltz Co. Formed

Audrey A. Weltz has formed A. A. Weltz Co. with offices at 511 Fifth Avenue, New York City to engage in a securities business.

## Join Bennett Staff

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif.—Thomas J. Edwards, Louis Fine, Robert F. Smith and William H. Stephenson are now with Bennett & Co., 6253 Hollywood Boulevard.

## Two With Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Arnold Moses and Del Negri are now with Daniel D. Weston & Co., Inc., 9235 Wilshire Boulevard.

## With Allen Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Claude R. MacHogan and Harry Singer have been added to the staff of Allen Investment Company, Mile High Center.

# New Pesticide Bug-Killer Announced by Hercules Chemist

**"Navadel," a new agricultural chemical pesticide for use on cotton, citrus fruit and cattle is announced by Hercules Powder Company research chemist.**

A new, long-lasting pesticide with "excellent activity" against enemies of cotton, citrus fruit and cattle was revealed at Miami, Fla., April 10, in a scientific report by Dr. William R. Diveley of the Hercules Powder Company, Wilmington, Del., at the 131st national meeting of the American Chemical Society.

Tested for three years at government and university agricultural research centers, the new bug-killer has been recommended by various state authorities for use on cotton, said Dr. Diveley, who is a research chemist at the Hercules Research Center. Results indicate the pesticide will be useful on citrus and deciduous fruits, grapes, vegetables and ornamental plants, he added. It also has proved effective in controlling cattle ticks.

Other pests the new agent effectively controls, according to the report, are: leaf-hoppers, thrips, leaf miners and a number of mites, including the citrus red mite. It was said to destroy not only adult mites, but also the eggs, and to have "unusually long-lasting effectiveness." No damage to the treated plants was observed during the extensive tests when the material was used according to recommendations.

Tests so far have shown the pesticide to have relatively low toxicity to man and warm-blooded animals, the chemist noted, but he advised following the normal precautions recommended for phosphorous-containing insecticides.

Named "Navadel," the new agricultural chemical "will be available to some of the nation's farmers this year," the speaker predicted. The pesticide will be produced for application in either dusts or sprays and is said to be economical to use. It is reported to be effective in quantities ranging from one-quarter pound to one-half pound of active ingredient to the acre, depending on the type of pest and the form in which the material is applied.

Dr. Diveley spoke before the society's Division of Agricultural and Food Chemistry in the Shelborne Hotel, Miami Beach. His report was prepared in collaboration with Dr. A. H. Haubein, Dr. A. D. Lohr and Dr. P. B. Moseley, all chemists at the Hercules Research Center.

# Built-in Flame Resistance for Cotton and Rayon Fabrics

**Chemists are told of new method to make fabrics flame-resistant without any chemical coating by group leader of the Textile Research Institute. Other advances in chemically modified cellulosic fibers are described by other chemists, including mildewproofing and rotproofing cotton fabrics on a commercial scale.**

A new way to make flame-resistant fabric, with a chemical fire-fighter built right into the fiber, was described, April 9 at Miami, Fla., at the American Chemical Society's 131st national meeting.

Unlike present fire-retardant textiles which rely on a chemical coating of the fiber to combat flames, the new materials are made permanently flame-resistant by changing the cellulose molecule without destroying the fabric properties, Robert F. Schwenker, Jr. told the ACS Division of Cellulose Chemistry. Such fibers as cotton and rayon consist of cellulose, the chemical backbone of plants and trees.

Flame-resistant wood pulp products, such as fiberboard and insulation, also are promised by the research reported by Mr. Schwenker at the meeting in the di Lido Hotel.

The fire-fighting substances in the cellulose structure not only avoid hazardous flare-ups—they also snuff out afterglow, said the chemist, who is a reseach group leader at the Textile Research Institute, Princeton, N. J. Dr. Eugene Pacsu, professor of organic chemistry at Princeton University and research associate at the Textile Research Institute, worked with Mr. Schwenker on the project, which was sponsored by the Office of the Quartermaster General, Department of the Army.

### Fabrics Are Modified

The new technique produces "permanently flame and glow-resistant cellulosic fabrics . . . by chemically modifying the cellulose chain in such a way as to reduce flammable products" and by building into the molecule "certain elements that possess flame-extinguishing and glow-inhibiting properties," the speaker explained, adding:

"The modified fabrics produced by this means are found to have good 'hand.' Fabrics ranging from lightweight (3.6 ounces per square yard) to fairly heavyweight (9 ounces per square yard) can be made flame and glow-resistant with equal facility. Only a small increase in fabric weight (10 to 12%) occurs for even very lightweight and highly flammable fabrics such as brushed rayon and rayon challis. The mechanical properties of these new textile materials have not been fully evaluated, but preliminary testing has indicated that no appreciable losses occur in fabric strength."

The researchers produced flame and glow-resistant cloth by starting with standard textile material, Mr. Schwenker reported. He said they performed successful experiments with cotton fabrics ranging from 4.6 ounces to 9 ounces per square yard, viscose rayon of about 3.6 ounces per square yard, and cotton linters. All samples were given two laundering cycles, using both soap and detergent, before they received the flame test.

Flame-resistance is imparted to the cellulose by a series of chemical steps which result in the substitution of bromine or iodine for some of the oxygen-hydrogen fragments of the molecule, according to the scientist. He added that "excellent glow resistance" has been achieved by adding to the molecule certain substances containing phosphorus in a similar reaction."

The chemistry involved may have wide use for adding such elements as bromine, iodine or chlorine to carbohydrate molecules, noted the speaker. Carbohydrates comprise sugars and starches as well as cellulose.

Mr. Schwenker spoke at a symposium on "New Chemically Modified Cellulosic Fibers" conducted by Dr. J. David Reid of the U. S. Department of Agriculture's Southern Utilization Research Branch, New Orleans, La. Another chemist of the Southern Utilization Research Branch, Dr. Elias Klein, reported on research which dealt with chemical modification of cellulose — similar to the procedures discussed by Mr. Schwenker—to produce a variety of new fibers "capable of being utilized in textile applications should they possess novel properties." Co-author of this paper is James E. Snowden, also of the New Orleans laboratories.

**Mildewproofing Fabrics**

Research advances promising mildewproof and rotproof cotton fabrics on a commercial scale for such uses as awnings, tenting, tropical clothing, ironing board covers and sandbags also were reported at the symposium. Such material, which looks and feels like ordinary cotton, has been produced on a small scale by a process—known as "cyanoethylation"—which chemically modifies the cotton. By this method, acrylonitrile (a substance produced from natural gas and used also in the production of the synthetic fibers Orlon and Acrilan) is united with cotton, but a drawback has been the formation of useless byproducts contributing to high operating costs.

Norbert M. Bikales, research chemist of the American Cyanamid Company, New York, described a technique which, he indicated, could reduce the cost of cyanoethylation.

"We have now found that when certain salts, such as sodium thiocyanate or sodium iodide, are incorporated into the process, the chemical combination of cotton with acrylonitrile proceeds in a much shorter time," he stated. "Moreover, the amount of byproduct is very substantially reduced."

Use of these salts also has enabled the chemical addition to cotton of increased amounts of acrylonitrile, observed Mr. Bikales. This produces a material that "no longer has any fibrous character and behaves more like a cellulosic plastic." The plastic substance can be molded, he continued, and it is reported to have potential use in the electrical field. Co-authors with Mr. Bikales are Arnold H. Gruber, a research chemical engineer, and Dr. Lorence Rapoport, chemical research group leader, both of the American Cyanamid Company.

A second method for reducing cyanoethylation costs was disclosed by H. J. Janssen, chemical engineer of the U. S. Department of Agriculture's Southern Regional Research Laboratory in New Orleans. He described a procedure wherein acrylonitrile combined with cotton in a mercury bath.

"Reduction of the processing cost was achieved by two separate factors," said Mr. Janssen. "One of these lay in the elimination of a system for recovery of the unused chemicals because essentially all of the acrylonitrile combined with the cotton. Secondly, loss of the acrylonitrile to undesirable side reactions and evaporation was reduced to a minimum."

Mr. Janssen's report was prepared in collaboration with H. L. E. Vix, supervisory chemical engineer, and engineering aides C. H. Haydel and J. F. Seal. All these researchers are associated with the Southern Regional Research Laboratory.

## On Corp. Committee of Greater N. Y. Fund

James C. Kellogg, III, Chairman of the Board, New York Stock Exchange; Sterling S. Adams, Assistant Vice-President of Commercial Investment Trust, Inc.; and David J. Greene, David J. Greene & Company, are members of the Corporations Committee of the 1957 campaign of The Greater New York Fund, according of Percy J. Ebbott, Campaign Chairman.

## Joins Mt. States Secs.

DENVER, Colo.—Hilan B. Hecox is now affiliated with Mountain States Securities Corporation, Denver Club Building.

## Schwabacher Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward M. Conde, Willard Daggett, Donald F. Everett, Robert B. Johnson, Charles W. Knapp and Stanley E. Sherman have been added to the staff of Schwabacher & Co., 100 Montgomery Street, members of the New York Stock Exchange.

## Chicago Analysts to Hear

CHICAGO, Ill.—Shelby Cullom Davis, Shelby Cullom Davis & Co., New York, will address the luncheon meeting of the Investment Analysts Society of Chicago on April 18 at the Adams Room of the Midland Hotel. Mr. Davis will discuss insurance stocks.

## New Coast Exch. Member

SAN FRANCISCO, Calif.—Ronald E. Kaehler, President, has announced that Edward A. White has been elected to membership in the San Francisco Division of Pacific Coast Stock Exchange.

Mr. White, a general partner of Francis I. duPont & Co., acquired this membership by the intrafirm transfer formerly in the name of Alfred Rhett duPont.

This transfer does not change the status of the firm's membership standing in this Exchange.

## Two With Jensen, Stromer

MARYSVILLE, Calif. — Robert O. Heiken and Charles M. Kimerer are now affiliated with Jensen & Stromer, 426 East Fifth St.

## New Walston Branch

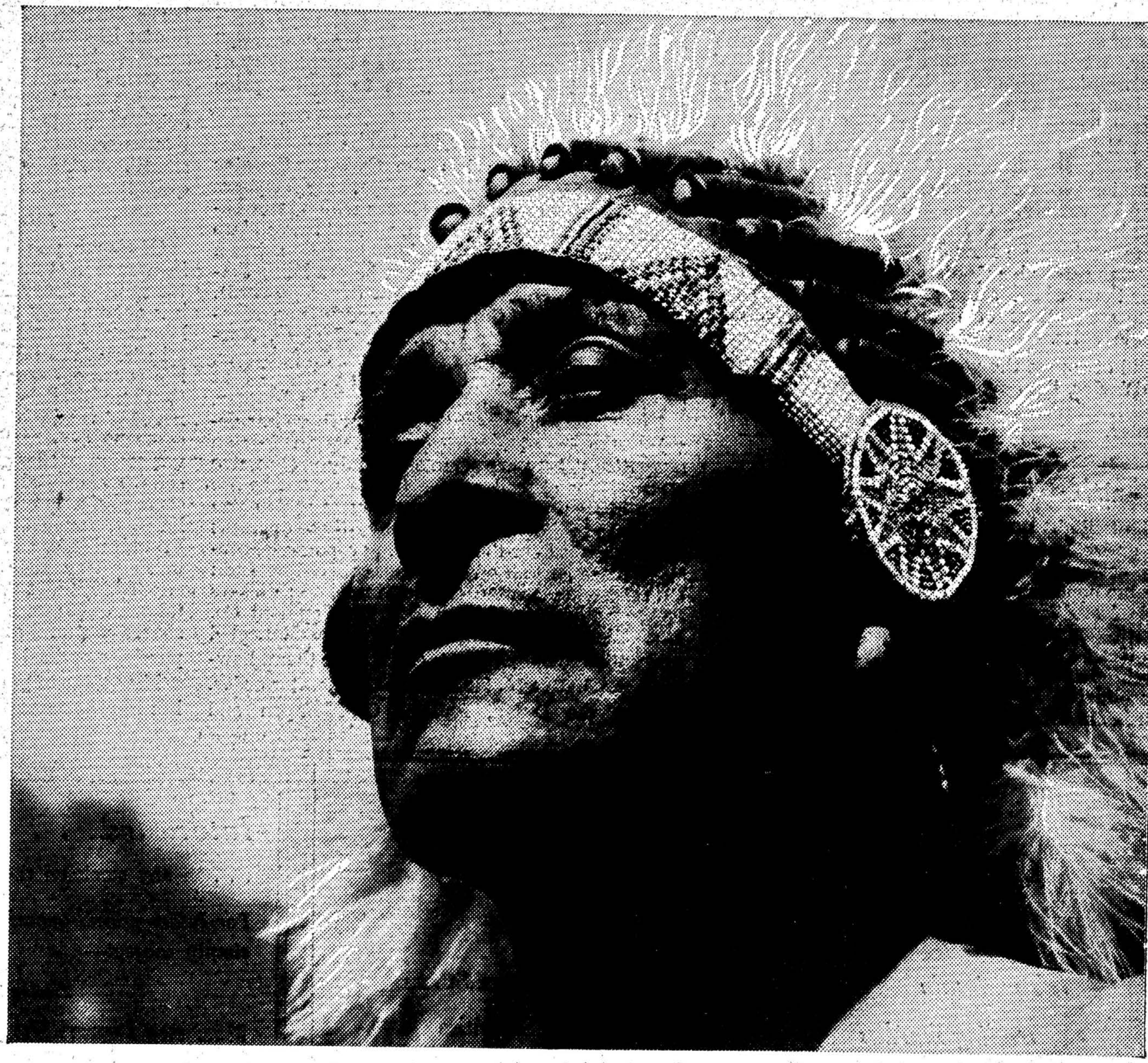
SAN MATEO, Calif. — Walston & Co., Inc., have opened a branch office at 329 South Ellsworth Avenue under the management of Paul W. Yarrow. Also associated with the new office is Gordon E. Beath.

Mr. Yarrow and Mr. Beath were both previously with Hooker & Fay.

## Two With Walston

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Edward I. Austin and Leroy Chandler have become affiliated with Walston & Co., Inc., 265 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. Both were formerly with Hooker & Fay.



# Over-the-Counter Market—Indispensable to Investors And Nation's Business Growth

*Continued from first page*

ness, the overwhelming majority of its members are individuals of the highest ethical standards.

Let's just take a swift look at the showcase of securities that unfolds before you when you veer away from a concentrated contemplation of the Dow Jones averages.

### Treasury and Local Government Bonds

For the very rich — the mink, mansion, and Mercedes league—there are the tax-exempts. This municipal market, with several hundreds of billions of securities, is strictly an over-the-counter affair. Whether you propose an investment in a Southampton School District bond, a N. Y. State 3% bond, a Port of New York 3% obligation, a Chicago Transit Authority 3¾% coupon carrier, or a toll road revenue bond, you'll find what you want over-the-counter, and only there. The newest major genus of tax-exempts is, of course, the turnpike variety. There are a couple of dozen large issues to choose from here, varying in price from premiums on New Jersey and Pennsylvania issues, to rather heavy discounts on some of those obligations where some gap exists between advance projections of traffic and revenue, and actual results.

And of course the very largest classification of bond issues, the governments, is traded each day in multi-million blocks, almost entirely over-the-counter.

### Corporate Convertibles

While still on the subject of bonds, consider the convertible — that fascinating hybrid flourishing in the twilight zone between debt and equity. In the entire history of corporation finance there have never been so many big major issues of convertible bonds as in the last two years. Just look at the breadth of selections: W. R. Grace 3½s of 1975; General Dynamics 3½s of 1975; Bethlehem Steel 3¼s of 1980; General Telephone 4s of 1971; Northrop 4s of 1975; Douglas Aircraft 4s of 1977; Consolidated Edison 4½s of 1972; and Phillips Petroleum 4¼s of 1987, to name just a few.

These, you will immediately recognize as quality items; and although bonds of this caliber usually wind up as listed securities, they all start out over-the-counter. Their basic dollar value is established there. Many of these issues were originally offered to stockholders at especially attractive prices, and during the days or weeks in which the subscription privilege remains open, over-the-counter trading creates the market on a "when issued" basis. This is a vital service to investors, investment bankers and the issuing companies. It provides the technique for market stabilization for the underwriting firms; and it very often gives investors the opportunity to buy "converts" before broad public acceptance and popularity of the issues has impelled them to higher price levels.

### Proving Ground for "Listed" Favorites

Equally in stocks has the Over-the-Counter Market served faithfully and effectively for years as the proving grounds for shares which later became listed favorites. Revlon, which "revved" up its earning power via the $64,000 Question, was a star over-the-counter performer before being listed; Royal Dutch, Argus Camera (since merged), American Potash, Columbia Broadcasting, Montecatini, British Petroleum, Kerr McGee, Harshaw Chemical, Schering Corp., E. J. Korvette, and Oklahoma Natural Gas — all of these first served a market apprenticeship over-the-counter.

Especially in the past three years there has developed a broad American interest in foreign securities. There are some amazingly progressive corporations abroad, whose future prospects are quite intriguing; yet the only way in which you can share in the forward motion of these overseas enterprises is over-the-counter. For example, consider these British entries: Borax Holding Ltd.; British Motor Corp., Ltd.; Rio Tinto, Ltd.; Vickers Ltd., or Rhodesia Broken Hill Development Co. Ltd. These are all fine companies, well heeled and with expanding earnings. To buy them, however, you have to enter an over-the-counter order. Among the Dutch, Phillips Gloeilampen and Unilever N. V. shares (stated in florins) are available in American dollars in our unlisted markets.

### Some Interesting Electronic Issues

One of the most alluring sections of our market relates to electronics. While the position of General Electric, Sylvania, R. C. A. and Westinghouse in this area is well known, the more perceptive and far seeing wing of the investment fraternity has been inspecting the unlisted entries—many of them offering vistas of romantic profitability. We had in mind such issues as: Aerovox Corp.; Airborne Instruments Lab; Burndy Corp.; Collins Radio; Electronics Specialty Co.; Electronics Associates; Hycon Mfg.; P. R. Mallory; Sprague Electric Co.—all these have been gaining stature, prestige, earning power, and an eager following, over-the-counter. So in this exciting field of electronics some of the most interesting, long range situations simply have to be appraised (and acquired) over-the-counter.

### Life Company Stocks

Of course, you recognize the importance of life insurance in our American way of life. More than 105 million Americans have life insurance policies but only a very slight percentage of this group has the slightest knowledge of life company capital shares. To tell the truth, because 70% of all life contracts are written by mutual companies (with no publicly held shares), most people have never learned that they could buy shares in stock companies. Actually, in the past ten years, original or annual level investment in life insurance company capital shares would have produced some perfectly amazing capital gains. Merely by lodging, for example, $1,000 in the shares of Franklin Life, Lincoln Life, Travelers or Aetna in February 1947 (ten years ago) would have created, without any additional investment, capital gains of from 500% to 1200%. And all of these shares are (and always have been) available for purchase and sale *only* over-the-counter.

Now some of you who have been watching this life insurance market for the past 15 months may say that nothing has happened here — that this cycle or phase of capital gain in life equities has ended. Very well. How correct is that assumption? True, many issues were bulged by the zeal of buyers, many of whom were entering this market for the first time between 1947-1953. So some shares advanced inordinately.

But does that deny the share advance potential suggested by the impressive amount of new insurance being written month by month? There is nothing in the recent lull in life equities to suggest that managements have deteriorated, that book values will not advance year by year, and that cash dividends will not regularly be increased. So reexamine the Over-the-Counter Market today, particularly as it relates to life insurance shares.

### The "Elite" Bank Stocks

While insurance is important, of even greater impact on our daily lives is the commercial bank. Here we have our checking accounts, many of our thrift accounts; and here many of us borrow to buy a motor car, a deep freeze or to add a screened porch or a play room to our homes. So we all patronize commercial banks; and most of us perceive that the shares of these institutions (commercial banks) are top-drawer investments. Fact is, if you were to jot down the four most financially influential citizens in your own community, one or two of them would probably be major shareholders in a local bank.

Well, to get a bit statistical, there are about 14,000 commercial banks in the U. S. Most of these have capital shares you can buy; but you can buy (or sell) them in only one place — over-the-counter. You may list your richest friends as bank stockholders, but these stocks they hold are just *never* listed—even though many have paid dividends for a century or more. From big single office wholesale credit institutions such as J. P. Morgan & Co. to those doing a fabulous retail (branch) banking business such as Bank of America or Valley National Bank of Arizona, there is a wide choice of these most elite investments.

Now you may say at this point that the unlisted market has special merit for those interested in municipal and convertible bonds, electronic, bank and insurance shares; but what does it offer to the diversified security buyer? We're glad you asked!

### Oil and Gas Pipeline Issues

Everyone knows that oil and gas pipelines have been amazingly successful ventures. Well if you want to buy Tennessee Gas Transmission, Transcontinental Pipe Line or Texas Gas Transmission, you could only become a shareholder by purchasing over-the-counter. Farther North, everyone has been excited about the progress of the Canadian Pipe Lines—Interprovincial and Transmountain. Both have been golden for their shareholders and only as recently as Feb. 13, 1957, Trans Canada Pipeline offered publicly in the U. S. its 5.60% debentures played back to back with five shares of common in units at the rate of $156 for each $100 bond. So what happened? The issue caught fire and the units were bid (2/28/57) 184 —over-the-counter! Unlisted drugs are fabulous. Eli Lilly has in six years increased its stockholders from 250 to 4500, and renowned Upjohn common sells at $700.

### Remarkably Steady Dividend Payers

Now we could of course write on quite endlessly about all the bond issues, and the over 30,000 share issues traded regularly in the Over-the Counter Market. The record could go on and on; but we'd get tired listing all the items and you'd get bored reading. So why don't we just wind this article up by saying that despite all the glamor and public relations scoops scored by listed securities, the Over-the-Counter Market is, and remains, many times as large, and presents to diligent investors not only an amazing range of quality securities, but individual companies which have a solid and almost unassailable hold on their shareholders by virtue of uninterrupted cash dividend payments ranging from 5 to 173 years. Please inspect this list; and if you can think up any real valid counter-argument to Over-the-Counter Securities, let us know.

### Difference Between Listed and Over-the-Counter Trading

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

## TABLE I
## OVER-THE-COUNTER
### Consecutive Cash
## DIVIDEND PAYERS
### for
## 10 to 173 YEARS

| | 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 |
|---|---|---|---|---|
| Abercrombie & Fitch<br>Retail sporting goods | 19 | 2.00 | 33 | 6.1 |
| Abrasive & Metal Products<br>Abrasives | 18 | 0.30 | 4½ | 6.7 |
| Acme Electric Corp.<br>Transformers, radio, TV | 11 | 0.05 | 5⅛ | 0.1 |
| Acushnet Process Co.<br>Molded rubber products and Golf balls | *20 | †0.95 | 28 | 3.4 |
| **AETNA CASUALTY & SURETY**<br>Casualty, surety, fire and marine insurance<br>● See Company's advertisement on page 17. | 49 | 2.70 | 122½ | 2.2 |

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

*Continued on page 34*

# Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government bond market is not going to do a great deal in either direction as long as the uncertainty of the projected refunding offer to holders of the maturing F and G savings bonds is overhanging it, in the opinion of many money market specialists. Also, the capital markets continue to get a large amount of the money which is coming from the maturing of, or the cashing in of Government savings bonds.

The business situation and the money market, according to some money market followers, appear to be about on dead center and, until there are indications as to the direction in which they will move, there is not likely to be any change in the existing policies and actions of the monetary authorities. It is the prevailing opinions that the next two or three months should give evidences as to whether the business pattern will move up or down. The direction that it takes will be important to the money market.

### Treasury Purposely Delaying "F" and "G" Refunding Terms

The Treasury continues to put off the time when the terms and the kind of security which will be offered to holders of the F and G bonds will be made public. It is evident that rumors have been very strong from time to time as to just what the Government will announce with respect to the type to be used in the refunding. And last week "open mouth" operations about the imminence of such an announcement being made were so strong that Treasury officials found it necessary to make a statement as to when it was likely there would be tangible information on the indicated exchange offer. This was done pretty much in a negative way by stating that there would be no offering made to the F and G savings bond holders during the month of April. Based on the information handed out by the Treasury, the terms could be given out anytime during the coming month.

At that, there is nothing sure that this announcement will come even during May, because it seems as though Treasury officials will not be in a hurry to make it until they are pressed by the existing conditions. Right now, with a great deal of confusion and uncertainty in the business picture and the money market, the Treasury appears to be in the driver's seat. It might turn out to be a good thing as far as they are concerned if the announcement were put off for another period of time.

### No Doubt of Terms on 1⅝s of May 15

The 1⅝% due May 15 is now actively in the money market picture because the Treasury will soon be making an announcement as to how this issue will be taken care of. There is hardly any question about the kind of an obligation which will be offered to the owners of the 1⅝s, since another short-term issue will most likely be made available to them. There is no doubt but what the Treasury is doing a very masterful job of shortening maturities, which is not exactly the direction in which refundings were supposed to go, if past declarations and utterances of Administration officials are to be taken at face value.

### Corporate Issues Going Well

The capital market is in the process of digesting the bonds which have come into the market recently, especially the large offerings, such as the American Telephone and the Aluminum Company of Canada issues. Permanent homes have been found for the bulk of the high grade corporate bonds and a great many of them are now selling at premium above the issuance prices. This has been a favorable development as far as the market for these bonds are concerned. However, a short breathing spell would be a constructive thing for the non-Government bond market because it would make it possible for these obligations to be absorbed by strong holders, such as long-term investors of the institutional type.

### Treasury Market Continues Dull

Up to now there has been no important let-down in new issues because as soon as the impending ones are out of the way, others are put into registration or announced, as in the case of tax free issues and the International Bank bonds. Because of the more favorable yields that are available in these securities, there is not likely to be much of a pick-up in investment purchases of Government bonds.

### Increase in Acceptance Rate No Portent

The increase in the Bankers Acceptance rate by ⅛% is not looked upon as indicating a new tightening trend in the short-term market. Because of the somewhat higher yield that has been available in Treasury bills, the rise in the Bankers Acceptance rate was not surprising.

There have been further evidences of larger institutional purchases of the new issues of corporate bonds which have come into the market recently. Savings banks and quite a few of the medium to large life insurance companies have been among the more important buyers of these securities.

## With Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Sidney J. Flo has become connected with Smith, La Hue & Co., Pioneer Building.

## Two With Lackner

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Rex D. Montague and John W. Skinner are now affiliated with Lackner & Company, First National Bank Building.

## Joins Empire Inv.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Alonzo J. Grapes is now with Empire Investment Company, 711 Seventeenth Street.



*Continued from page 33*

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Aetna Insurance (Hartford) — Diversified insurance | 84 | 2.60 | 61½ | 4.2 |
| **AETNA LIFE INSURANCE (HARTFORD)** — Life, group accident, health ● See Company's advertisement on page 17. | 23 | 3.40 | 171 | 2.0 |
| Aetna-Standard Engineering — Design and manufacture steel mill finishing equipment | 17 | †1.43 | 33 | 4.3 |
| Agricultural Insurance Co. — Diversified insurance | 93 | 1.70 | 23¾ | 5.9 |
| Aid Investment & Discount, Inc. — Commercial financing | 19 | †0.24 | 6 | 4.0 |
| **AIRCRAFT RADIO CORP.** — Communication and navigation equipment and accessories ● See Company's advertisement on page 17. | 23 | 0.90 | 19¼ | 4.7 |
| Akron, Canton & Youngstown Railroad Co. — Ohio carrier | 11 | 1.00 | 20 | 5.0 |
| Alabama Dry Dock & Ship Building Co. — Shipbuilding and repair | 23 | 4.00 | 63 | 5.9 |
| Alamo Iron Works — Machinery, iron & steel products | 18 | 0.60 | 8½ | 7.1 |
| Alamo National Bank (San Antonio) | 21 | †1.67 | 61 | 2.7 |
| Alba Hosiery Mills, Inc. — Silk and nylon hosiery | 17 | 0.45 | 6 | 7.5 |
| Albany & Vermont RR. Co. — Local carrier | 30 | 2.25 | 45 | 5.0 |
| Alexander Hamilton Institute Inc. — Courses in executive training | 10 | 1.00 | 15 | 6.7 |
| Allentown Portland Cement Co., Class A — Portland cement | 11 | 0.28 | 26 | 1.0 |
| Allied Finance Co. — Installment financing | *15 | 1.00 | 30 | 3.3 |
| Allis (Louis) Co. — Generators and electric motors | *20 | 2.50 | 51 | 4.9 |
| Aloe (A. S.) Co. — Medical supplies | 22 | †0.99 | 39 | 2.5 |
| American Aggregates Corp. — Gravel and sand | 16 | 1.00 | 26½ | 3.8 |
| American Air Filter Co. — Filters and miscellaneous heating and ventilating equipment | 23 | 1.55 | 46 | 3.4 |
| American Auto Insurance — Diversified insurance | 23 | 1.20 | 25 | 4.8 |
| American Barge Line Co. — Operates on Ohio and Mississippi Rivers | 16 | 1.60 | 35¼ | 4.1 |
| American Box Board Co. — Manufacturer paperboard, folding paper boxes, corrugated and fibre shipping containers | 16 | 1.80 | 33¼ | 5.4 |
| American District Telegraph Co. — Electrical supervisory and alarm systems | 54 | 1.50 | 43½ | 3.5 |
| American Dredging Co. — Dredging operations | *14 | 2.75 | 64 | 4.3 |
| American Druggists Ins. Co. — Fire insurance | *32 | 3.00 | 80 | 3.8 |
| Amer. Equitable Assurance Co. of New York — Fire and allied lines of insurance | 23 | 1.90 | 32 | 5.9 |
| American Express Co. — Money orders; travelers' checks | 75 | 1.575 | 33⅛ | 4.8 |
| American Felt Co. — Manufacturer of felt | 18 | 1.00 | 17½ | 5.7 |
| American Fidelity & Casualty — Diversified insurance | 19 | 1.20 | 24¾ | 4.8 |
| American Fletcher National Bank & Trust Co., Indianapolis | 45 | 1.10 | 38¾ | 2.8 |
| American Forging & Socket — Manufactures automotive hardware | 14 | 0.50 | 7⅛ | 6.9 |
| American Furniture — Large furniture manufacturer | 17 | 0.20 | 3⅞ | 5.1 |
| American General Insur. Co. — Fire and casualty insurance | 28 | 0.60 | 36 | 1.7 |
| American Hair & Felt — Miscellaneous hair & felt products | 15 | 1.40 | 16 | 8.8 |
| American Hoist & Derrick — Hoists, cranes, cargo equipment | 17 | 1.20 | 20¾ | 5.8 |
| American Hospital Supply — Large variety of hospital supplies | 10 | 1.25 | 33½ | 3.7 |
| American Indemnity Co (Maryland) — Fire and casualty | 18 | 7.20 | 131 | 5.5 |
| American Insulator Corp. — Custom moulders plastic materials | 16 | †0.76 | 13¾ | 5.5 |
| American Insur. (Newark) — Diversified insurance | 84 | †1.25 | 23⅜ | 5.3 |
| American Locker, Class B — Maintains lockers in public terminals | 14 | 0.30 | 3 | 10.0 |
| American Maize Products — Manufactures various corn products | 32 | 2.00 | 42½ | 4.7 |
| American-Marietta Co. — Paints, chemicals, resins, metal powders, household products, cement and building materials | 17 | †1.08 | 49½ | 2.2 |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| American Motorists Insurance Company<br>Diversified insurance | *27 | 0.18 | 11¼ | 1.6 |
| American National Bank of Denver | 22 | 12.00 | 275 | 4.4 |
| Amer. Natl. Bank & Trust Co. (Chattanooga) | 40 | 2.00 | 75 | 2.7 |
| Amer. Natl. Bk. Tr. (Chic.) | 22 | †5.45 | 335 | 1.6 |
| Amer. Piano Corp., Class B<br>Manufacturing of pianos, and own retail outlets | 17 | 1.00 | 16 | 6.2 |
| American Pipe & Construc'n<br>Boilers, tanks, pipelines | 18 | 1.00 | 23⅞ | 2.2 |
| American Pulley<br>Power transmission and other equipment | 17 | 1.65 | 32 | 5.2 |
| American Re-Insurance<br>Diversified insurance | 35 | 1.30 | 23¾ | 5.5 |
| American Screw<br>Screws and bolts | 58 | 3.40 | 48½ | 7.0 |
| American Spring of Holly, Inc.<br>Springs and wire forms | 10 | †0.57 | 8⅜ | 6.8 |
| American Stamping Co.<br>Pressed steel parts and stamping | 20 | 1.00 | 13 | 7.7 |
| American Steamship Co.<br>Freighters on Great Lakes | 26 | 10.00 | 425 | 2.4 |
| American Surety Co.<br>Diversified insurance | 23 | †0.825 | 18 | 4.6 |
| American Thermos Products Co.<br>Vacuum ware | 23 | 1.50 | 25 | 5.0 |
| Amer. Trust (Charlotte, N.C.) | 55 | 2.50 | 94 | 2.6 |
| American Trust Co. (San Francisco) | 21 | 1.60 | 40⅞ | 3.9 |
| American Vitrified Products<br>Sewer pipe, bricks, tile | 10 | †1.16 | 21¾ | 5.3 |
| Amicable Life Insurance Co.<br>Life insurance | 21 | 1.25 | 72 | 1.7 |
| Ampco Metal, Inc.<br>Copper-base (bronze) alloys and products | 15 | 0.50 | 7¼ | 6.9 |
| Amphenol Electronics Corp.<br>Precision parts for aircraft and electronics industries | 12 | 0.95 | 19¼ | 4.9 |

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

| | No. Consecutive Years Cash Divs. Paid | Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 $ | Quotation Dec. 31, 1956 | Approx. % Yield Based on Paymts. to Dec. 31, 1956 |
|---|---|---|---|---|
| Anchor Casualty Co. (St. Paul)<br>Fire and Casualty Insurance | 24 | 1.00 | 32 | 3.1 |
| Anheuser Busch Inc.<br>Leading brewer | 24 | 1.20 | 19⅛ | 5.3 |
| Animal Trap Co. of America<br>Large variety of traps | 20 | 0.80 | 15 | 5.3 |
| Ansul Chemical Co.<br>Chemical and mechanical mfg. | 32 | †1.07 | 25½ | 4.2 |
| Apco Mossberg Co.<br>Tools and wrenches | 14 | 0.30 | 4¼ | 7.1 |
| Apex Smelting Co.<br>Aluminum smelting | 25 | 2.00 | 38 | 5.3 |
| Arden Farms<br>West Coast dairy | 13 | 1.00 | 13⅝ | 7.3 |
| Arizona Public Service<br>Electric and gas utility | 37 | 1.03 | 22¾ | 4.5 |
| Arkansas-Missouri Power Co.<br>Electric and gas utility | *20 | †1.21 | 23⅛ | 5.2 |
| Arkansas Western Gas<br>Natural gas public utility, production and transmission | 18 | 0.925 | 17⅞ | 5.2 |
| Arrow-Hart & Hegeman Electric Co.<br>Electric wiring devices and controls | 28 | 3.00 | 53 | 5.7 |
| Arrow Liqueurs Corp.<br>Cordials and liqueurs | *12 | 0.25 | 6¼ | 4.0 |
| Art Metal Construction Co.<br>Office furniture | 21 | †1.83 | 34¼ | 5.3 |
| Associated Spring Corp.<br>Precision springs | 23 | 2.40 | 35¾ | 6.7 |
| Atlanta Gas Light<br>Operating public utility | *20 | 1.45 | 29¾ | 4.9 |
| Atlanta & West Point RR. Co.<br>Georgia carrier | 17 | 3.00 | 72 | 4.2 |
| Atlantic City Sewerage Co.<br>Sewer service | 33 | 1.00 | 15½ | 6.4 |
| Atlantic Company<br>Ice, coal, cold storage and E-Z Curb Service Stores | 12 | 0.50 | 6¾ | 8.9 |
| Atlantic National Bank of Jacksonville | 54 | 1.20 | 48 | 2.5 |
| Atlantic Steel<br>Steel producing and distributing | 36 | 1.25 | 24½ | 5.1 |
| Auto Finance Co.<br>Investments, automobile financing and insurance | 21 | 1.00 | 31¾ | 3.2 |
| Automobile Banking Corp.<br>Auto financing & personal loans | 36 | 0.60 | 8½ | 7.1 |
| Avondale Mills<br>Cotton fabrics and yarns | 53 | 1.20 | 16½ | 7.3 |
| Avon Products<br>Cosmetics and toiletries | 38 | †1.01 | 38½ | 2.6 |

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

| | No. Consecutive Years Cash Divs. Paid | Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 $ | Quotation Dec. 31, 1956 | Approx. % Yield Based on Paymts. to Dec. 31, 1956 |
|---|---|---|---|---|
| Ayres (L. S.) & Co.<br>Operates Indianapolis dept. store | 22 | 1.20 | 25 | 4.8 |
| B/G Foods, Inc.<br>Restaurant chain | 13 | 0.90 | 11¼ | 8.0 |
| B. M. I. Corp.<br>Detroit real estate | 21 | 1.00 | 18½ | 5.4 |
| Badger Paint & Hardware Stores, Inc.<br>Paints, enamels and hardware | 26 | 1.50 | 45 | 3.3 |
| Badger Paper Mills<br>Sulphite pulp and paper | 23 | 4.00 | 80 | 5.0 |
| Bagley Building Corp.<br>Detroit real estate | 20 | 0.40 | 11 | 3.6 |
| BancOhio Corp.<br>Holding company—banks | 28 | 1.49 | 43½ | 3.4 |
| Bangor Hydro-Electric<br>Operating public utility | 32 | 1.825 | 33¾ | 5.4 |
| Bank of Amer. NT&SA<br>Nation's largest bank | 24 | 1.75 | 38⅝ | 4.5 |
| Bank Building & Equipment Corp. of America<br>Building design and construction | 18 | †0.59 | 19 | 3.1 |
| Bank of California, N. A. | 78 | 2.40 | 70 | 3.4 |
| Bank of the Commonwealth (Detroit, Mich.) | 20 | †4.82 | 195 | 2.5 |
| Bank (The) of New York | 172 | 12.00 | 280 | 4.3 |
| Bank of the Southwest National Association, Houston | 49 | †1.69 | 52 | 3.2 |
| Bank of Virginia (The) | 33 | 1.00 | 20¾ | 4.8 |
| Bankers Bond & Mortgage Guaranty Co. of America<br>Mortgage financing | 11 | 0.30 | 8⅛ | 3.7 |
| Bankers Commercial Corp.<br>Installment financing | 19 | 2.50 | 30 | 8.3 |
| Bankers & Shippers Insur.<br>Multiple line insurance | 32 | 2.20 | 49½ | 4.4 |
| Bankers Trust Co., N. Y. | 53 | 2.80 | 63½ | 4.4 |
| Bareco Oil Co.<br>Microcrystalline wax | 15 | 0.50 | 6⅞ | 7.3 |
| Barnett National Bank (Jacksonville) | *47 | 1.88 | 67 | 2.8 |
| Barr Rubber Products, Inc.<br>Balls, balloons and toys | 22 | 0.10 | 8½ | 1.2 |
| Bassett Furniture Industries Inc.<br>Complete line of domestic furniture | *21 | †1.46 | 19¾ | 7.4 |
| Bates Manufacturing Co.<br>Cotton and rayon fabrics | 11 | 0.725 | 7¼ | 10.0 |
| Baxter Laboratories, Inc.<br>Manufacturers of pharmaceuticals | 24 | 0.65 | 14¼ | 4.6 |

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

Continued on page 36

# The Federal Reserve System

By A. L. MILLS, Jr.*
Member, Board of Governors of the Federal Reserve System

**Reserve Board member recounts solutions to banking-liquidity problems in 1913 and 1933-1935 in determining whether a new monetary commission should be created. Mr. Mills notes Federal Reserve monetary and credit policy is more far-reaching and effective than appears on the surface; and believes such a commission may contribute as much to the workings of all credit-granting institutions as in proposing any new authority for the Reserve Board or creation of new governmental body to operate in the field of credit.**

The Federal Reserve System was forged on the anvil of crisis and the turning points in the evolution of its functions have likewise been the product of crisis. It is important to mark the word *evolution* because it has been from an evolutionary response to experience gained from the ordeal of crisis that the System has proven its adaptability to changed conditions and has set out on new courses of public usefulness.


A. L. Mills, Jr.

Looking back into the financial history of this century reveals that the Federal Reserve System was created as an outgrowth of the panic of 1907. The damaging effects of that crisis on the national economy roused a demand for devising ways and means of preventing a similar crisis at sometime in the future. Answering this public demand, Congress appointed a National Monetary Commission in 1908 to ferret out faults in our financial system and propose reforms. On January 8, 1912, the Commission submitted a report that was the basis for framing and enacting the Federal Reserve Act of 1913.

It was then discovered that an extreme shortage of actual currency with which to carry on business had caused the breakdown in our financial machinery that crystallized into the panic of 1907. To cure this kind of financial malady, which had occurred before in less aggravated form, the Federal Reserve Act provided for an elastic currency that would expand automatically during the seasons of the year when the use of currency was in greatest demand and would then contract as the demands subsided, leaving the public at all times in possession of just enough currency to carry on the commerce, industry, and agriculture of the nation.

### Discounted Commercial Paper

The key to working this plan was the authority granted to the Federal Reserve Banks to discount short-term commercial and agricultural paper for their member banks against the proceeds of which Federal Reserve notes could be issued and put in circulation. Then as the discounted paper was paid off, the Federal Reserve notes originally issued at the time of discount would flow back into the Federal Reserve Banks and be withdrawn from circulation. At that time it was also believed that this discount mechanism, besides establishing an elastic currency, would also provide member banks a means for making emergency loans from their Federal Reserve Banks at times when they were under heavy pressure from deposit withdrawals.

The elastic currency mechanisms set up in the Federal Reserve Act of 1913 have successfully prevented the recurrence of the kind of currency shortages that touched off the panic of 1907. However, in the 1930's, the country suffered from a devastating kind of banking crisis that went deeper than the sort of distress situation that an elastic currency and short-term borrowing privileges at the Federal Reserve Banks were designed to cope with. In this instance, the commercial banks were faced with abnormally heavy deposit withdrawals at a time when their assets had become frozen and could only be realized upon at forced liquidation and at distress values. The cumulative results of what was a liquidity crisis were a wave of bank failures and a downward spiraling of all values.

### Borrowing Without Sacrifice

It became clear from investigating this situation that permanent emergency relief measures must be devised that would allow commercial banks to meet unusual deposit withdrawals at a time of economic tension without having to sacrifice the value of their assets in doing so. Accordingly, Congress amended the Federal Reserve Act in 1933 and 1935 by enlarging the lending powers of the Federal Reserve Banks from authority to discount only short-term commercial paper to authority to make advances to their member banks on the collateral of any qualified assets. The great value of this legislation is in the means that it has provided for preserving commercial bank liquidity in a way that, as applied to any single bank, will prevent public concern about its condition from spreading contagiously to other banks, thereby starting a broad-scale forced liquidation of bank assets and the destruction of values.

All told, there is good reason to believe that repetition of the liquidity problems with which the banking system was afflicted in the 1930's has been eliminated by these amendments to the Federal Reserve Act as effectively as the elastic currency provisions of the original act have prevented a recurrence of the kind of currency

*Continued on page 37*

*An address by Mr. Mills before the Central Banking Seminar, Federal Reserve Bank of Boston, April 4, 1957.



*Continued from page 35*

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Baystate Corp.<br>Bank holding corporation | 21 | †1.10 | 23½ | 4.7 |
| Beacon Associates, Inc.<br>Holding company—small loans | 12 | 1.70 | 25 | 6.8 |
| Beauty Counselors, Inc.<br>Wholesaler: Cosmetic and toilet preparations | 22 | 1.25 | 20¼ | 6.2 |
| Belknap Hardware & Mfg.<br>Hardware & furniture wholesaler | 29 | 0.85 | 13¼ | 6.4 |
| Bell & Gossett Co.<br>Pumps, tanks and valves | 10 | 0.50 | 12 | 4.2 |
| Belmont Iron Works<br>Designer, fabricator and erector, structural steel | 21 | 2.50 | 37 | 6.8 |
| Belt RR. & Stock Yards Co.<br>Operates livestock terminal mkt. | 67 | 2.00 | 26 | 5.6 |
| Bemis Bro. Bag Co.<br>Manufacturer of paper, textile and plastic bags | 36 | 8.00 | 125 | 6.4 |
| Beneficial Corp.<br>Holding company affiliate of Beneficial Finance Company | 29 | 0.50 | 9¼ | 5.4 |
| Benjamin Franklin Hotel Co.<br>Philadelphia hotel | 10 | 12.00 | 275 | 4.4 |
| Berks County Trust Co. (Reading, Pa.) | 21 | †0.98 | 24 | 4.1 |
| Berkshire Gas Co.<br>Operating public utility | 35 | 0.75 | 15¾ | 4.8 |
| Berkshire Hathaway, Inc.<br>Fine cottons | 24 | 1.00 | 10½ | 9.5 |
| Bessemer Limestone & Cement Co.<br>"Portland" cement | 15 | †1.82 | 52 | 3.5 |
| Bibb Mfg. Co.<br>Cotton goods; sheeting, etc. | 70 | 2.00 | 33¼ | 6.0 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Biddeford & Saco Water Co.<br>Operating public utility | 36 | 5.00 | 102 | 4.9 |
| Bird Machine Co.<br>Machinery for paper mills | 21 | 1.25 | 21 | 5.9 |
| Bird & Son<br>Asphalt shingles | 33 | 1.25 | 22½ | 5.5 |
| Birmingham Trust National Bank (Birmingham, Ala.) | 11 | †1.10 | 40 | 2.8 |
| Birtman Electric Co.<br>Household Appliances | 30 | 1.00 | 16 | 6.2 |
| Bismarck Hotel Co. (Chicago)<br>Hotel, office building, theatre | 20 | 3.00 | 78½ | 3.8 |
| Black-Clawson Company<br>Makes paper and pulp mill equipment | 25 | 1.00 | 24½ | 4.1 |
| **BLACK HILLS POWER & LIGHT**<br>Operating public utility<br>● See Company's advertisement on page 65. | 17 | 1.40 | 23½ | 6.0 |
| Black, Sivalls & Bryson<br>Pressure vessels, valves, and tanks | a28 | 1.40 | 24⅛ | 5.8 |
| Bloch Brothers Tobacco Co.<br>"Mail Pouch" chewing tobacco | 46 | 1.30 | 14½ | 9.0 |
| Blue Bell, Inc.<br>Manufacturer of work and play clothes | 33 | 0.80 | 18⅜ | 4.4 |
| Boatmen's Natl. Bk. St. Louis | 84 | 2.50 | 57½ | 4.3 |
| Bobbs-Merrill Co. Inc.<br>Book publisher | 17 | 0.50 | 15 | 3.3 |
| Bornot, Inc.<br>Chain of dry cleaning Establishments | 28 | 0.70 | 12¼ | 5.7 |
| Boston Herald Traveler Corp.<br>Newspaper publisher | 23 | 1.00 | 18⅜ | 5.4 |
| Boston Insurance Co.<br>Fire and casualty insurance | 82 | 1.80 | 32½ | 5.5 |
| Boston Woven Hose<br>Rubber and cotton hose and belting | 18 | 0.25 | 12⅜ | 2.0 |
| Bound Brook Water Co.<br>Operating public utility | 32 | 0.30 | 5¾ | 5.2 |
| Bourbon Stock Yards Co.<br>Louisville stockyards | *32 | 4.00 | 55 | 7.3 |
| Boyertown Burial Casket<br>Miscellaneous funeral supplies | 27 | 0.80 | 16½ | 4.8 |
| Branch Banking & Trust Co. (Wilson, N. C.) | 53 | 7.00 | 250 | 2.8 |
| Bridgeport-City Trust Co. (Conn.) | a103 | 1.30 | 33 | 3.9 |
| Bridgeport Hydraulic Co.<br>Supplies water to several Connecticut communities | 67 | 1.60 | 31 | 5.2 |
| Brinks, Incorporated<br>Armored car service | 66 | 1.80 | 37½ | 4.8 |
| Bristol Brass<br>Metal fabricator | 25 | 1.40 | 28 | 5.0 |
| British-American Assurance Company<br>Insurance other than life | 23 | 3.76 | 112 | 3.4 |
| Brockton Taunton Gas Co.<br>Operating public utility | 36 | 0.90 | 17 | 5.3 |
| Brockway Glass Co.<br>Glass containers | 30 | 0.75 | 27 | 2.8 |
| Brockway Motor Co.<br>Name changed to Cortland Co. | | | | |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Brooklyn Garden Apartments, Inc. — Own and operate two Brooklyn garden apartments | 22 | 6.00 | 103½ | 5.8 |
| Brown-Durrell Co. — "Gordon" hosiery and underwear | 15 | 0.40 | 4¾ | 8.4 |
| Brown & Sharpe Mfg. — Machine tools | *21 | 1.20 | 26⅜ | 4.5 |
| Brunswig Drug Co. — Wholesale drugs | 17 | †1.07 | 25 | 4.3 |
| Bryant Chucking Grinder Co. — Manufacturers of internal grinding machinery | 23 | 0.80 | 11½ | 7.0 |
| Bryn Mawr Trust Co. | 12 | 1.75 | 35 | 5.0 |
| Buchanan Steel Products Corp. — Manufacturing steel forgings | 10 | 0.20 | 3⅜ | 5.9 |
| Buck Creek Oil Co. — In Continental Oil group | 16 | 0.26 | 3 | 8.7 |
| Buck Hills Falls Co. — Hotel in Poconos | *32 | 0.60 | 15½ | 3.9 |
| Buckeye Steel Castings Co. — Production of steel castings | 19 | 3.50 | 33¼ | 10.5 |
| Bullock's Inc. — Department and specialty stores | 25 | 2.50 | 41½ | 6.0 |
| Burdine's Inc. — Florida retailer | 18 | 0.45 | 19⅜ | 2.3 |
| Burgess Battery Co. — Dry cell batteries and battery using devices | a23 | 1.50 | 21½ | 7.0 |
| Burgess-Manning Co. — Industrial acoustics, radiant ceiling, recording and controlling instruments | 14 | 4.00 | 38 | 10.5 |
| Burnham Corp. — Greenhouses, radiators, etc. | 10 | 1.30 | 20 | 6.5 |
| Business Men's Assurance Co. of America — Life, accident and health | 23 | 0.50 | 66½ | 0.7 |
| Butler Manufacturing Co. — Metal products | 19 | 1.60 | 41 | 3.9 |
| Butlers, Inc. — Southern shoe chain | 17 | 0.575 | 9½ | 6.0 |
| Calaveras Land & Timber Corp. — California timber lands | 14 | 2.50 | 20¼ | 12.3 |
| California Bank (L. A.) | 36 | 2.00 | 52¼ | 3.8 |
| California Oregon Power — Operating public utility | 15 | 1.60 | 31 | 5.1 |
| California Pacific Title Insurance Co. — Title insurance | 21 | 4.00 | 45 | 8.9 |
| California-Pacific Utilities — Operating public utility | 14 | 1.50 | 27½ | 5.4 |
| California Portland Cement — Cement and lime products | 30 | 3.50 | 190 | 1.8 |
| **CALIFORNIA WATER SERVICE CO.** — Public utility-water ● See Company's advertisement on page 51. | 26 | b2.475 | 39½ | 6.3 |
| California Water & Telephone Co. — Operating public utility | 20 | 1.00 | 19⅝ | 5.1 |
| California-Western States Life Insurance Co. — Life, accident & health insurance | 19 | 1.50 | 76½ | 2.0 |
| Camden Refrigerating & Terminals Co. — Cold storage, warehouse business | 11 | 2.25 | 49 | 4.6 |
| Campbell (A. S.) Co. — Metal stampings, plating, castings | 20 | 0.60 | 10 | 6.0 |
| Campbell Taggart Associated Bakeries, Inc. — Bakery chain | *11 | 1.25 | 25½ | 4.9 |
| Cannon Shoe Co. — Retail shoe stores | 24 | 0.45 | 6¾ | 6.7 |
| Capitol Life Insurance Co. — Non-participating life | 22 | 10.00 | 530 | 1.9 |
| Carolina Telephone and Telegraph Company — Operates telephone exchanges | 57 | 8.00 | 152 | 5.3 |
| Carpenter Paper Co. — Distributor of paper and paper products. Manufacturing of paper products | 60 | 1.90 | 36½ | 5.2 |
| Carter (William) Co. — Underwear | *25 | 9.00 | 138 | 6.5 |
| Carthage Mills, Inc. — Floor coverings | 17 | 2.00 | 25½ | 7.8 |
| Cascades Plywood Corp. — Plywood | 10 | 2.00 | 32 | 6.2 |
| Caspers Tin Plate Company — Metal sheets for containers | 18 | 0.70 | 10⅞ | 6.4 |
| Cavalier Apartments Corp. — Owning and operating apartment house (Washington, D. C.) | 15 | 2.00 | 49 | 4.1 |
| Central Bank & Trust Co. (Denver) | *11 | 0.74 | 18½ | 4.0 |
| Central Coal & Coke Corp. — Leases mines on royalty basis | 10 | 1.25 | 35 | 3.6 |
| Central Cold Storage Co. — Refrigeration | 23 | 2.00 | 35½ | 5.6 |
| **CENTRAL ELECTRIC & GAS CO.** — Electric & gas utility and through subsidiaries telephone service in several states ● See Company's advertisement on page 58. | 15 | 0.85 | 16% | 5.1 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
b Dividend payment includes 27½c "adjustment dividend" paid on Nov. 15 with change in schedule of quarterly payment dates. Normally pays 55c quarterly.

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Continued from page 36

# The Federal Reserve System

shortages that were responsible for the panic of 1907.

In looking back at these two great financial crises which led to the enactment of the Federal Reserve Act in 1913 and to its major amendments in 1933 and 1935, it is evident that the corrective measures then taken dealt primarily with the effects rather than with the causes of the crises. In each instance a period of high economic activity had preceded a financial crisis, and the remedial legislation subsequently enacted was aimed not at preventing excesses of the kind that lead from a boom to a bust, but at correcting the difficulties that stem out of a bust.

**Open Market Operations**

Fortunately, however, the means for restraining any undesirable effects of a boom are inherent in the administrative powers contained in the Federal Reserve Act and, therefore, the possibility is lessened that any active use of its emergency provisions will prove necessary. Reference is, of course, made to the power of the Federal Reserve System to regulate the volume of credit through its operations in the open market. Considering the vast amount of business that is transacted through the use of credit, the power of the Federal Reserve to restrain or, conversely, to stimulate the use of credit has a far-reaching influence on general economic activity. This power is particularly useful where it is the purpose of Federal Reserve System policy to prevent the sort of credit excesses that end up in the boom-and-bust type of financial crisis which has played so important a part in making Federal Reserve legislative history.

Turning back to the theme that periodic crises have been responsible for evolutionary changes in the functions and responsibilities of the Federal Reserve System, it is interesting to note that the kind of crises from which the System developed an effective use of open market operations had to do with war and not finance. That the crises of two world wars should have presented the Federal Reserve System with improved tools for conducting its open market policies does not offer an apology for the evil of war, but merely takes account of an accomplished fact that has been turned to useful purposes. Therefore, as the ends of Federal Reserve monetary and credit policy are held to be useful, so it is that the instruments composing our national debt are helpful tools for carrying out that policy for, as is well known, monetary and credit policy is effectuated through open market transactions in U. S. Government securities. Furthermore, the very size of the national debt has its redeeming side in that the broad distribution of the different types of obligations of which it is composed helps to accent the penetrating economic effects sought from System policy actions.

**Is Federal Reserve Power Adequate?**

It is generally agreed that Federal Reserve System monetary and credit policy has great merit as a stabilizing instrument for ironing out the kinds of wide economic fluctuations that in the past developed into financial crises. There are those, however, who fear that the direct influence of Federal Reserve System policy on commercial bank operations tends to be adulterated by the credit-granting activities of such other financial institutions as insurance companies, savings and loan associations, mutual savings banks, and credit unions whose operations are not subject directly to its regulation and control.

They then argue that a new National Monetary Commission should be created by Congress to study the entire financial scheme of things and recommend whatever reforms are found to be necessary. Their argument is strengthened by the contention that as the first National Monetary Commission was set up only after the nation had suffered from a severe financial crisis, we should not wait for a new crisis to expose defects in our financial mechanisms, but should explore in advance where such defects may exist and then take corrective action. These arguments for creating a new National Monetary Commission are persuasive and strong support for the proposal is in order. Whether the product of a new Commission's labors can serve to forestall future financial disturbances of a kind that leads to economic depressions, or whether it takes the acid test of unforeseen experience and unexpected weaknesses to produce corrective measures, remains to be seen.

Whatever may be the outcome of study by a new National Monetary Commission, there is evidence that Federal Reserve monetary and credit policy is more far-reaching and effective in preventing the causes of economic disturbances than would seem superficially to be the case. Therefore, the constructiveness of the work of a new National Monetary Commission may lie as much in tidying up and systematizing conflicting and inconsistent financial practices among all credit-granting institutions as in proposing any new authority for the Federal Reserve System or the creation of a new governmental body to operate in the field of credit.

Our discourse began with the National Monetary Commission to which the Federal Reserve System owes it paternity and has completed a full circle to a proposal for creating a new National Monetary Commission. We hope that a new Commission will be created and that its efforts will be as fruitful as those of its progenitor.

## Daniel Weston Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — David Aranoff, John J. Cunningham, William Livingston, Charles A. Renard, Jr. and Gerard H. Wayne have become affiliated with Daniel D. Weston & Co., Inc., 618 South Spring Street.

# The New Age of Refractory Metals And the Promise of Ceramics

By BERNARD KOPELMAN*
Chief Engineer, Atomic Energy Division,
Sylvania Electric Products, Inc.

**Gas turbine, rocket engines and nuclear power reactors require, according to Sylvania's Chief Engineer, the metallurgist to develop a whole new field of refractory metals and ceramics to withstand higher and higher temperatures under varying conditions. Mr. Kopelman describes the possibility of molybdenum and niobium becoming as, if not more, important as titanium and zirconium; the development of rhenium and several rare earth metals; and the great promise of ceramics.**

Within the next few years we will leave the age of the wonder metals — titanium and zirconium —and enter a new era — the age of refractory metals and ceramics. It is a commercial and military necessity.

Bernard Kopelman

Perhaps the most challenging problem facing the materials engineer today is that of finding new materials capable of standing up to the stringent demands made by the use of higher and higher temperatures. Because of this, a very large and concerted effort is being made by both government and industry to develop new materials with properties at temperatures above 2000°F that will make them useful for practical applications as structural parts. At this temperature and above, the more conventional materials of construction such as the sustenitic and ferritic steels, are no longer able to meet the requirements of strength, resistance to corrosion and ability to withstand stresses. Even the nickel and cobalt base alloys, the so-called super alloys in present jet engines, which have long been used in elevated temperature environments, have a practical limit of only 1700°F for most applications and, in a few specialized cases, to 2000°F. Above this temperature, no material has yet been found satisfactory. The wonder metals, zirconium or titanium, which have shown such promise in the aircraft industry because of their favorable strength to weight ratio have high temperature properties which are even inferior to these super-alloys.

### Metallurgist Faces Propulsion

This problem is most evident, of course, in the field of propulsion where size is important. Present-day development of gas turbine and rocket engines from the theoretical standpoint has already surpassed the maximum operating limits of conventional materials. Temperatures above 2000°F are being exceeded, and the need for materials to operate in the range of 2000° to 4000°F is increasing rapidly. However, even in the area of commercial power, temperature plays an important role, since the degree of efficiency of attaining power is dependent upon the maximum temperature that can be reached. In the special case of nuclear power reactors, this is particularly so, because of the economic factors which are involved in making atomic power competitive with fossil fuel.

In the attempt to solve this problem, the metallurgist has recently turned his attention to the refractory elements and their alloys. These include such rare metals has hafnium, niobium, tantalum and rhenium which until recently have been regarded merely as laboratory curiosities and which have been available only in relatively small quantities. In addition to these exotic elements, molybdenum and tungsten are also being looked upon with favor by the metallurgist.

All of these elements have certain properties which make them attractive as potential high temperature use materials. All are high melting point metals, ranging from hafnium which melts at about 3100°F to tungsten whose melting point is about 6170°F. Equally important, there is good reason to believe that these elements and their alloys will have the necessary mechanical properties such as strength which are essential for their use at temperatures above the present 2000°F barrier.

### Specifies Ideal Material

The mechanical properties required of any structural material, naturally, will be dependent primarily upon its specific application. However, the ideal material should meet certain basic requirements. These include resistance to corrosion in its operating environment, high temperature strength, good stress-rupture characteristics (that is the ability to withstand stresses of the order of 15,000 psi for 100-hour periods), low creep rates, high tensile strength and good hot ductility. The material should also be metallurgically stable; that is, it should have a high recrystallization temperature so that cold work strength is not lost in service. In addition, specific applications may impose other requirements. For instance, use of a material in a nuclear reactor would require that it also have a low neutron capture cross section whereas to be used in the field of air propulsion a high strength to weight ratio would be of considerable advantage.

A review of the metals in the Periodic Chart of Elements with these criteria in mind presents certain interesting possibilities. In Group IV which includes titanium, zirconium and hafnium, only hafnium can be considered as a useful material above 2000°F. Both

Continued on page 39

*An address by Mr. Kopelman before the 5th Annual National Industrial Conference Board's Atomic Energy Conference, Philadelphia.



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## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Central Fibre Products Co., Voting<br>Paper and wall board | *20 | 1.50 | 27¾ | 5.4 |
| Central Illinois Elec. & Gas<br>Operating public utility | 25 | 1.45 | 30¾ | 4.7 |
| Central Indiana Gas Co.<br>Natural gas public utility | 17 | 0.80 | 13⅛ | 6.1 |
| Central Louisiana Elec. Co.<br>Electric, gas and water utility | 22 | 1.45 | 33¼ | 4.4 |
| Central Maine Power Co.<br>Electric utility | 15 | 1.40 | 21¾ | 6.4 |
| Central National Bank of Cleveland | 15 | 1.80 | 38¼ | 4.7 |
| Central National Bank & Trust Co. (Des Moines) | 20 | †5.00 | 140 | 3.6 |
| Central-Penn National Bank (Philadelphia) | 129 | 2.00 | 39½ | 5.1 |
| Central Soya Co.<br>Soybean processing and mixing of livestock feed | 16 | 1.60 | 29½ | 5.4 |
| Central Steel & Wire Co.<br>Metal processing and distribution | 15 | 3.00 | 51 | 5.9 |
| Central Telephone Co.<br>Telephone service | 12 | 1.00 | 20½ | 4.9 |
| Central Trust Co. (Cinn.) | 21 | 2.40 | 58 | 4.1 |
| Central Vermont Public Service Corp.<br>Electric and gas utility | 14 | 1.00 | 16¼ | 6.2 |
| Central Warehouse Corp., Class A<br>Operates warehouse in Albany | 19 | 1.00 | 16½ | 6.1 |
| Central West Co.<br>Investment trust | 22 | 0.30 | 6¼ | 4.8 |
| Central West Utility Co.<br>Operating public utility | 16 | 2.50 | 30 | 8.3 |
| Chain Store Real Estate Trust<br>Retail store properties | 20 | 5.00 | 85 | 5.9 |
| Chambersburg Engineering<br>Forging hammers, hydraulic presses | 20 | 2.00 | 33 | 6.1 |
| Chance (A. B.) Co.<br>Manufacturing products for Utility Line Construction & Maintenance | 22 | 1.20 | 20¾ | 5.8 |
| Chapman Valve Mfg. Co.<br>Gate valves, fire hydrants | 21 | 3.00 | 47 | 6.4 |
| Charleston Natl. Bk. (W. Va.) | 21 | 1.00 | 52 | 1.9 |
| Charmin Paper Mills, Inc.<br>Paper products | 18 | 0.90 | 25¼ | 3.6 |
| Chase Manhattan Bank | 110 | 2.25 | 50 | 4.5 |
| Chatham Manufacturing Co., Class A<br>Woolen blankets | 10 | 0.16 | 3⅝ | 4.4 |
| Chemical Corn Exch. Bank | 129 | 2.00 | 47¼ | 4.2 |
| Chenango & Unadilla Telephone Corp.<br>Operating telephone company | 31 | 1.20 | 24 | 5.0 |
| Chicago Allerton Hotel Co.<br>Chicago hotel | 18 | 5.50 | 90 | 6.1 |
| Chicago, Burlington & Quincy RR. Co.<br>Midwest carrier | 49 | 7.50 | 156 | 4.8 |
| Chicago City Bk. & Trust Co. | 22 | 5.00 | 150 | 3.3 |
| Chicago Medical Arts Building Corp.<br>Office building | 11 | 2.50 | 50 | 5.0 |
| Chicago Mill & Lumber<br>Wood boxes | 17 | 1.25 | 23½ | 5.3 |
| Chicago Molded Products Corp.<br>Plastic molding | 18 | †0.76 | 12 | 6.3 |
| Chicago Title & Trust Co. | 22 | 5.00 | 88½ | 5.6 |
| Chilton Co.<br>Publisher of business magazines | 20 | 1.00 | 30 | 3.3 |
| China Grove Cotton Mills Co.<br>Combed yarn | 35 | 2.00 | 48 | 4.2 |
| Christiana Secur. Co.<br>Holding company | *32 | 485.00 | 13,700 | 3.5 |
| Circle Theatre Co.<br>Indianapolis theatre | 21 | 4.00 | 44¾ | 8.9 |
| Citizens Commercial & Savings Bank (Flint, Mich.) | 21 | 3.25 | 135 | 2.4 |
| Citizens Fidelity Bank & Tr. (Louisville) | 38 | †3.90 | 114 | 3.4 |
| Citizens Natl. Trust & Savings Bank (Los Angeles) | 63 | 2.25 | 58½ | 3.8 |
| Citizens Nat. Trust & Savings Bank (Riverside, Calif.) | 53 | 1.60 | 64 | 2.5 |
| Citizens & Southern National Bank (Savannah) | 32 | 1.50 | 36¾ | 4.1 |
| Citizens & Southern National Bank of S. C. (Charleston) | 29 | 1.60 | 46 | 3.5 |
| Citizens Utilities Co., Cl. B<br>Public utility | 19 | 0.90 | 13⅛ | 6.9 |
| City National Bank & Tr. Co. (Chicago) | 16 | 3.00 | 83 | 3.6 |
| City Nat. Bank & Trust Co. (Columbus, Ohio) | 22 | 1.00 | 28 | 3.6 |
| City National Bank & Tr. Co. (Kansas City) | *29 | 0.80 | 84 | 0.9 |
| City Title Insurance Co.<br>Title insurance | 19 | 0.40 | 6¾ | 5.9 |
| Cleveland Builders Supply<br>Manufacturers and distributors of building materials | 18 | 2.50 | 41 | 6.1 |

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

## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Cleveland Quarries Co. — Building and refractory ... e | 17 | 0.50 | 10¾ | 4.6 |
| Cleveland Trust Co. | 21 | 6.00 | 296 | 2.0 |
| Cleveland Union Stock Yards Company — Operates livestock yards | 51 | 0.625 | 9 | 6.9 |
| Coca-Cola (Los Angeles) | 33 | 1.50 | 23½ | 6.4 |
| Coca-Cola (New York) | 18 | †0.99 | 24½ | 4.0 |
| Coca-Cola (St. Louis) | 29 | 0.90 | 14½ | 6.2 |
| Collins Co. — Farm and cutting implements | *42 | 8.00 | 125 | 6.4 |
| Collyer Insulated Wire — Supplies utilities and construction industries | 39 | 2.75 | 38¾ | 7.1 |
| Colonial Life Insurance Co. of America — Non-participating life insurance | 11 | 1.00 | 97 | 1.0 |
| Colonial Stores — Retail food stores in Southeast and Midwest | 16 | †1.05 | 26½ | 4.0 |
| Colorado Central Power Co. — Electric light and power su... r | z23 | 1.20 | 25¼ | 4.8 |
| Colorado Interstate Gas Co. — Natural gas transmission | 22 | 1.25 | 78 | 1.6 |
| Colorado Milling & Elevator — Flour and prepared mixes for baking | 12 | 1.40 | 19⅝ | 7.1 |
| Columbia Baking Co. — Southeastern baker — **Name changed to Southern Bakeries Co. on April 1, 1957** | 21 | 1.00 | 26½ | 3.8 |
| Columbian National Life Insurance Co. — Life, accident and health | 15 | 2.00 | 79 | 2.5 |
| Commerce Trust (K. C.) | 21 | 2.00 | 87 | 2.3 |
| Commerce Union Bank (Nashville) | *32 | †0.96 | 45 | 2.1 |
| Commercial Discount Corp. — Provides working capital | 11 | 0.30 | 11 | 2.8 |
| Commercial Shear. & Stamp. — Pressed metal products, hydraulic oil equipment and forgin s | 22 | †0.90 | 19½ | 4.6 |
| Commercial Trust Co. of New Jersey (Jersey City) | 52 | 3.50 | 72½ | 4.8 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Commonwealth Life Insurance Co. (Ky.) — Non-participating and industrial life | 16 | 0.20 | 23¼ | 0.9 |
| Commonwealth Trust Co. (Pittsburgh) | 32 | 1.125 | 40 | 2.8 |
| Community Hotel Co. (Pa.) — York Pa., hotel | 10 | 6.00 | 91 | 6.6 |
| Concord Elect. (New Eng.) — Operating public utility | 52 | 2.40 | 43½ | 5.5 |
| Connecticut Bank & Tr. Co. | 142 | 1.60 | 36½ | 4.4 |
| Connecticut General Life Insurance Co. — Life, accident and health insurance (group and individual) | 79 | †1.675 | 257 | 0.6 |
| Connecticut Light & Power — Operating public utility | 35 | 0.94 | 19⅞ | 4.7 |
| Connecticut National Bank (Bridgeport, Conn.) | 16 | 1.00 | 17⅜ | 5.8 |
| **CONNECTICUT POWER CO.** — Electric and gas public utilit — **● See Company's advertisement on page 62.** | 42 | 2.25 | 49½ | 5.6 |
| Connecticut Printers, Inc. — Commercial printing | 10 | 1.50 | 34½ | 4.3 |
| Connohio, Inc. — Warehousing | 10 | 0.30 | 3 | 10.0 |
| Consolidated Dearborn — Owns office buildings in Chicago and Newark | 11 | 1.30 | 20½ | 5.3 |
| Consolidated Dry Goods Co. — Department store chain | 15 | 3.625 | 74 | 4.9 |
| Consolidated Metal Products Corp. — Owns railroad equipment patents | 22 | †1.875 | 40½ | 4.6 |
| Consolidated Naval Stores — Holding company, diverse interests | 24 | 6.00 | 500 | 1.2 |
| Consolidated Rendering Co. — Tallow, grease, meat scrap, fertilizers, hides and skins | 22 | †2.375 | 28½ | 8.3 |
| Consol. Water Pwr. & Paper — Manufactures paper and paper products | 24 | 1.00 | 37 | 2.7 |
| Continental American Life Insurance Co. — Participating life | *32 | 1.40 | 44 | 3.2 |
| Continental Assurance Co. — Life, accident and health | 44 | †1.15 | 120 | 1.0 |
| Continental Casualty Co. — Diversified insurance | 23 | c†1.34 | 80½ | 1.7 |
| Continental Gin — Manufactures cotton ginning equipment | 57 | 2.50 | 41 | 6.1 |
| Continental Illinois National Bank and Trust Co. of Chicago | 21 | †3.83 | 83¼ | 4.3 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
c Also one share of Continental Assurance Co. for each 100 shares held.
z Monthly dividend increased to 11 at start of 1957.

*Continued on page 40*

*Continued from page 38*

# Refractory Metals and Ceramics

titanium and zirconium lose strength too rapidly at temperatures above 900°F to be of much use at the 2000° to 4000°F range, although their successful development and use at temperatures up to 1000°F represent one of the more important commercial advances of the past decade. Hafnium, however, is still relatively rare, and its widespread use is hampered by the difficulties associated with its separation from zirconium with which it is found naturally.

In Groups V and VI, however, can be found the elements which seem to be the most promising. These are vanadium, niobium, tantalum, chromium, molybdenum and tungsten. Tungsten and tantalum are both high density metals and for this reason have not been looked upon too favorably in the past for applications in the field of air propulsion where total weight is an important factor. In spite of this, both are currently undergoing re-examination as high temperature materials because of their other desirable properties in this range. Chromium, on the other hand, although a light element, has the disadvantage of being extremely brittle and difficult to fabricate. However, ductile chromium is now available in small amounts, and this metal should increase in importance with continued development.

### Molybdenum

Of the remaining three elements in these groups, niobium and molybdenum, appear to have the greatest chance of success in breaking through the present temperature barrier. This appears likely in spite of certain problems which must first be overcome: namely, the lack of oxidation resistance in air at the operating temperature and, specifically in the case of molybdenum, the difficulties associated with joining the metal to itself. Molybdenum, in particular, because of its most desirable strength and stress-rupture properties, has been intensively investigated, and much work has been done in an attempt to counteract the catastrophic oxidation which occurs in an oxygen-bearing atmosphere. This problem is further aggravated by the corrosive nature of the oxide which forms only to sublime off at temperatures below 1500°F with the result that other materials in its immediate vicinity such as claddings are rapidly attacked. A second disadvantage inherent in the use of molybdenum is the difficulty of producing welds which do not become embrittled in the presence of minute impurities. Some ductile welds have been produced in the laboratory, but even under these carefully controlled conditions, results cannot be duplicated at will. Efforts to overcome these problems are still continuing, however, and progress is being made. The use of claddings or ceramic coatings to protect molybdenum against oxidation has been actively considered and many different kinds of protective coatings are being investigated. Efforts are also being made to develop alloys having improved oxidation resistance. Some improvements have been made in this direction, but a solution to the lack of resistance to oxidation of molybdenum, whether by alloying, cladding or otherwise, has not yet been found.

### Niobium

A second metal which is rapidly gaining attention in the high temperature materials field is niobium. When many of us went to school this was called columbium. Although this metal also lacks resistance to oxidation to air, catastrophic oxidation does not occur in that the oxide formed is non-volatile. Studies of the oxidation characteristics of niobium base alloys are also being made, and some improvement in oxidation resistance at 1800°F has been reported through the addition of small amounts of zirconium, aluminum, molybdenum, iron, chromium, nickel, vanadium, tungsten, titanium or tantalum.

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*Continued from page 39*

# Refractory Metals and Ceramics

Titanium also seems to improve somewhat the oxidation resistance of several of the binary alloys. It seems likely, therefore, that a systematic study of the binary or ternary alloys of niobium may produce a material which may be sufficiently resistant to air oxidation to be of service above 2000°F without need for claddings or other protective coatings. The metallurgical properties of niobium, although not as attractive as those of molybdenum, still make use of this metal above 2000°F a potentially promising material. In addition, this metal is ductile, it can be cold worked easily and is of medium density. It has also a fairly low cross-section to thermal neutrons which makes it attractive for use in atomic reactors.

### Vanadium

The third metal of interest in this group, vanadium, is relatively new to engineering and its potention at elevated temperatures has not yet been fully explored. Its melting point is about 3450°F, and it has fair tensile strength and good ductility at high temperatures. However, its mechanical properties are appreciably altered by small amounts of impurities such as oxygen or nitrogen, and it must be protected from contamination by air during hot working. At the present time, not enough data on the hot properties of vanadium have been obtained to permit one to predict the future of this metal with any degree of reliability, but there are indications that vanadium may have a significant place in the high temperature materials picture.

With the possible exception of molybdenum, all of these metals are relatively rare in abundance, and, as a consequence, the pure metals command exceedingly high prices. Rhenium, for instance, although widely distributed in nature, occurs only in very small amounts, principally in the ore molybdenite which is also a source of molybdenum. At the present time rhenium is obtained only as a by-product of molybdenite and is recovered in the flue dust produced by the roasting of the ore. As a result, the metal can be obtained only in small quantities and at a cost of about $15 per gram. Unless more abundant sources of rhenium are found, then it is unlikely that this metal can ever be considered seriously for widespread use. Hafnium, also, does not occur naturally in rich deposits but is found generally with zirconium-containing minerals such as zircon and monazite.

Because of the chemical similarities between zirconium and hafnium, separation of the two elements is rather costly. However, should the demand for hafnium increase a substantial decrease in the cost of this metal should occur. Substantial reductions can also be predicted for vanadium, tantalum and niobium once use of any of these metals grows to commercial proportions. In contrast, both tungsten and molybdenum have long been used in industry, and their technology is fairly well established. Use of either of these metals as a high temperature material, therefore, is not expected to result in any appreciable change in their cost picture. At the present time, molybdenum powder can be obtained at about $3.25 per pound, whereas tungsten powder is somewhat more expensive, selling at about $4.50 per pound.

### Use of Ceramics

Another approach to the materials problem can be found through the use of ceramics. Their use is expected at temperatures above 2500°F. These, of course, present no problem as far as oxidation resistance is concerned. They are relatively abundant and their cost is a fraction of that of the more promising refractory metals. However, they lack ductility and the ability to carry stress. They also have poor shock resistance and poor heat conductivity and, in the case of nuclear applications, are not impermeable to the escape of fission products. In spite of this, however, ceramics such as silicon boride, beryllium oxide, magnesium oxide and several of the borides and nitrides are being used for applications where a minimum amount of stress will be encountered and where the ceramic component will not be subject to thermal shock or to impact. They also are being considered as coatings for the refractory metals in an attempt to protect them against oxidation.

An attempt to combine the desirable mechanical properties of metals with the oxidation resistance of ceramics has led to the use of cermets, that is, ceramics dispersed in metallic matrices. This compromise has helped somewhat but cermets still retain the low ductility and poor impact resistance of their ceramic component. Some work has been done to produce ceramics having some degree of ductility, but results have been limited. The possibility of practical applications of ceramics as structural elements is not too encouraging, therefore, unless designs are specifically aimed at avoiding and compensating for their inherently poor mechanical properties. Also needed in the ceramic field is some substantial amounts of fundamental and theoretical work. to better understand the nature of these materials.

### Search for Alloys

In the refractory metals picture, however, the immediate future is considerably brighter. The search for alloys which will improve the oxidation resistance of high strength metals or the strength of oxidation resistant metals at temperatures above 2000°F is being intensified and substantial improvements over the unalloyed elements have been reported in many cases. The study of claddings and ceramic coatings for the protection of metals like molybdenum and niobium at elevated temperatures against oxidation is also being pursued. Results to date are very encouraging and a break through the 2000°F temperature barrier is predicted for the very near future. A break through the materials thermal barrier is imperative. It's a roadblock to progress in aircraft. nuclear reactors, and all high energy propulsion devices.



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## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | No. Consecutive Years Cash Divs. Paid | Including Cash Divs. Extras for 12 Mos. to Dec. 31, 1956 $ | Quotation Dec. 31, 1956 | % Yield Approx. Based on Paymts. to Dec. 31, 1956 |
|---|---|---|---|---|
| Cook Coffee Co.<br>Operates Pick-N-Pay Supermarkets | 28 | †0.24 | 13¾ | 1.8 |
| Copeland Refrigeration Corp.<br>Refrigerators and air conditioning | 11 | 0.95 | 14¼ | 6.7 |
| Corduroy Rubber Co.<br>Tires and tubes | 18 | 3.00 | 60 | 5.0 |
| Cornell Paperboard Products<br>Wall & paperboard & containers | 17 | 1.00 | 15 | 6.7 |
| Cortland Co.<br>Heavy and medium trucks | 18 | 0.50 | 42½ | 1.2 |
| County Bank & Trust Co. (Paterson, N. J.) | 89 | 1.40 | 30½ | 4.6 |
| County Trust (White Plains) | *32 | †0.49 | 30 | 1.6 |
| Cowles Chemical Co.<br>Manufacturing chemists | 17 | †0.50 | 16¼ | 3.1 |
| Creamery Package Mfg.<br>Food processing and refrigerating machines and farm coolers | 70 | 2.00 | 36¼ | 5.5 |
| Crompton & Knowles Corp.<br>Wide variety of looms | 25 | 1.25 | 19 | 6.6 |
| Crown Life Insurance Co.<br>Life, accident and sickness; also annuities | *37 | 1.55 | 155 | 1.0 |
| Cuban Telephone Co.<br>Operating public utility | 14 | 6.00 | 82 | 7.3 |
| Cumberland Gas Corp.<br>Operating public utility | 10 | 0.60 | 7 | 8.6 |
| Curlee Clothing Co.<br>Men's suits and overcoats | 18 | 0.60 | 9½ | 6.3 |
| Curtis Companies, Inc.<br>Windows, doors and other woodwork | *15 | 0.40 | 11 | 3.6 |
| Dahlstrom Metallic Door Co.<br>Doors, mouldings, cabinets | 15 | 1.15 | 15 | 7.7 |
| Dallas Transit Co.<br>Local transit facilities | 15 | 0.35 | 5¼ | 6.7 |
| Darling (L. A.) Co.<br>Manufacturing display equipment | 10 | †0.46 | 13 | 3.5 |
| **DAYTON MALLEABLE IRON CO.**<br>Iron and steel castings<br>● See Company's advertisement on page 64. | 22 | 1.50 | 23¾ | 6.3 |
| Dean Co.<br>Veneer, lumber and wood products | *10 | 0.60 | 17 | 3.5 |
| Decker Nut Manufacturing Co.<br>Manufacturer of cold headed industrial fasteners | 11 | 0.30 | 4 | 7.5 |
| Del Monte Properties Co.<br>Real estate | 12 | 2.60 | 51 | 5.1 |
| Delaware Railroad Co.<br>Leased and operated by P.R.R. | 58 | 2.00 | 39 | 5.1 |
| Delta Electric Co.<br>Hand lanterns and auto type switches, bicycle lamps and horns | 24 | 1.50 | 19½ | 7.7 |
| Dempster Mill Manufacturing<br>Farm equipment | 21 | †1.20 | 18½ | 6.5 |
| Dentist's Supply (N. Y.)<br>Artificial teeth and other dental supplies | *31 | 1.00 | 16⅛ | 6.2 |
| Denver Natl. Bank (Denver) | *33 | 1.40 | 732 | 0.2 |
| Denver Union Stock Yard Co.<br>Livestock | 38 | 4.00 | 72 | 5.6 |
| Detroit Aluminum & Brass<br>Bearings and bushings | *11 | 0.55 | 7½ | 7.3 |
| Detroit Bank & Trust Co. | a21 | 1.66 | 46¾ | 3.5 |
| Detroit & Canada Tunnel<br>Owns and operates international tunnel | 16 | 1.00 | 15¾ | 6.4 |
| Detroit Harvester Co.<br>Mfr. auto parts, farm equipment and power lawn mowers | 22 | 1.20 | 16¾ | 7.2 |
| Detroit International Bridge<br>Operates bridge to Windsor | 13 | 1.05 | 18 | 5.8 |
| Detroit Mortgage & Realty Co.<br>Real estate financing | 18 | 0.075 | 2¾ | 2.7 |
| Detroit Stamping Co.<br>Pressed metal parts & specialties | 24 | 1.15 | 16½ | 7.0 |
| Diamond Portland Cement<br>Manufacturer of Portland Cement | 35 | 1.25 | 32 | 3.9 |
| Dickey (W. S.) Clay Mfg. Co.<br>Sewer and culvert pipes, tiles | 11 | 1.20 | 24¾ | 4.8 |
| Dictaphone Corp.<br>Manufacture and sale of Dictaphone, dictating, recording and transcribing machines | 31 | 6.00 | 162 | 3.7 |
| Dictograph Products Co.<br>Holding company | 11 | 0.15 | 5½ | 2.7 |
| Dime Bank (Akron) | 22 | 2.00 | n.a. | -- |
| Discount Corp. of New York<br>Dealers in U. S. Treasury securities and bankers acceptances | 38 | 8.00 | 126 | 6.3 |
| District Theatres<br>Operates theatre chain | 11 | 0.20 | 2½ | 8.0 |
| Dixon (Joseph) Crucible Co.<br>Crucibles, graphite, paint | 18 | 1.12 | 18¼ | 6.1 |
| Dobbs Houses, Inc.<br>Restaurant and airline catering | 10 | †1.86 | 34⅛ | 5.4 |
| Doeskin Products, Inc.<br>Tissues | 20 | 1.00 | 10¼ | 9.8 |
| Dollar Savings & Trust Co. (Youngstown) | 17 | 5.00 | 162 | 3.1 |
| Donnelley (R. R.) & Sons<br>Largest commercial printer in United States | 47 | 0.40 | 27¼ | 1.4 |
| Drackett Co.<br>Manufactures soybean and household products | *24 | 0.475 | 7¼ | 6.6 |

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

## Over-The-Counter Market – Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Dravo Corp. — Heavy engineering projects, marine equipment | 18 | 2.00 | 46½ | 4.3 |
| Drexel Furniture Co. — Furniture manufacturer | *21 | 1.50 | 27¾ | 5.4 |
| Drovers Natl. Bk. (Chicago) | 74 | 0.80 | 23 | 3.5 |
| Ducommun Metals & Supply — Metals and industrial supplies Steel or nonferrous products | 22 | 1.25 | 22 | 5.7 |
| Duff-Norton — Industrial jacks and lifting equipment | 67 | 2.50 | 36 | 6.9 |
| Dun & Bradstreet Inc. — Credit and marketing reports and publications | 24 | 1.50 | 28 | 5.4 |
| Duriron Co. — Corrosion resistant equipment | 17 | 1.00 | 18 | 5.6 |
| Eason Oil Co. — Oil and gas production | 15 | 0.50 | 19¼ | 2.6 |
| Eastern Racing Assn. — Suffolk Downs | 16 | 0.30 | 4⅜ | 6.8 |
| Eastern Utilities Associates — Holding company, New England public utilities | 29 | 2.20 | 34⅜ | 6.4 |
| Eaton Paper Corp. — Manufactures social stationery, typewriter paper, social and business record books | 12 | 4.50 | 52 | 8.6 |
| Economics Laboratory, Inc. — Mfr. of cleaning compounds | 20 | †0.45 | 16 | 2.8 |
| Ecuadorian Corp., Ltd. (Bahamas) — Holding co.—brewing interests | 19 | 1.00 | 11 | 9.1 |
| Edgewater Steel Co. — Circle E. rolled steel railroad wheels and tires, steel rings and forgings | *12 | 3.10 | 55½ | 5.6 |
| Edison Sault Electric Co. — Operating public utility | 21 | †0.78 | 16⅝ | 4.7 |
| Edison (Thomas A.) Class B — Batteries, dictating machines, aircraft and industrial instruments | 33 | 1.40 | 39¾ | 3.5 |
| Egry Register Co. — Autograhic registers | 18 | 0.25 | 19 | 1.3 |
| El Paso Electric Co. — Public utility | 29 | 1.85 | 43¼ | 4.3 |
| El Paso Natl. Bank (Texas) | 23 | 2.40 | 62 | 3.9 |
| Electric Hose & Rubber Co. — Rubber hose | 18 | 1.50 | 28 | 5.4 |
| Electrical Products Consol. — Neon sign manufacturing | 23 | 1.70 | 27¾ | 6.1 |
| Electro Refractories & Abrasives Corp. — Manufacturer of abrasives | 22 | 0.56 | 13¼ | 4.2 |
| Elizabethtown Consolidated Gas Co. — Natural gas distributing utility | 34 | 1.40 | 34½ | 4.1 |
| Elizabethtown Water Co. (Consolidated) — Operating public utility | 34 | †1.60 | 38½ | 4.2 |
| Emhart Manufacturing Co. — Glass industry machinery | 11 | 1.25 | 36 | 3.5 |
| Empire Southern Gas Co. — Natural gas public utility | 14 | 1.00 | 25 | 4.0 |
| Empire State Oil — Oil production and refining | 10 | 0.30 | 8⅝ | 3.5 |
| Empire Trust Co. (N. Y.) | 51 | 3.00 | 190 | 1.6 |
| Employers Casualty Co. — Fire and Casualty Insurance | *33 | 2.00 | 80 | 2.5 |
| Employers Reinsurance Corp. — Multiple line reinsurance | 43 | †1.17 | 27½ | 4.2 |
| Equitable Security Trust Co. (Wilmington) | 161 | 4.00 | 88 | 4.5 |
| Equitable Trust Co. (Balt.) | 42 | †0.99 | 54 | 1.8 |
| Erie & Kalamazoo RR. — Leased by New York Central | 108 | 3.00 | 48 | 6.2 |
| Erlanger Mills Corp. — Textile holding and operating co. | 11 | 0.725 | 15½ | 4.7 |
| Erwin Mills, Inc. — Textile mills | 25 | 0.60 | 11⅛ | 5.4 |
| Essex Co. — Water power to mills | 46 | 4.00 | 58 | 6.9 |
| Excelsior Life Insurance Co. (Toronto) — Participating & non-participating | *29 | 4.00 | 750 | 0.5 |
| Exeter & Hampton Electric Company — Operating public utility | 49 | 2.60 | 47 | 5.5 |
| Exeter Manufacturing Co. — Cotton and glass fabrics | 16 | 1.00 | 43 | 2.3 |
| Exolon Co. — Manufacture artificial abrasives and magnetic separators | 21 | 1.75 | 33½ | 5.2 |
| Faber Coe & Gregg, Inc. — Tobacco wholesaler | 23 | 3.10 | 50 | 6.2 |
| Fafnir Bearing Co. — Manufacturer of ball bearings | 44 | †2.31 | 52½ | 4.4 |
| Fairmont Foods Company — Dairy products and frozen foods | 53 | 1.35 | 21⅞ | 6.4 |
| Fairmont Railway Motors, Inc. — Railway motor cars | *23 | 32.50 | 400 | 8.1 |
| Fall River Gas Co. — Operating public utility | 33 | 1.30 | 22¾ | 5.7 |
| Fanner Mfg. — Manufactures chaplets and chills for foundries | 44 | 0.80 | 10¾ | 7.4 |
| Farmers & Merchants Bank of Long Beach (Calif.) | 22 | 3.00 | 70 | 4.3 |
| Farrel-Birmingham Co. — Heavy machinery & machine tools | 22 | 2.00 | 37¾ | 5.3 |

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

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# Future of Drugs and Biochemicals

what difficult to predict whether conditions will be better, worse, or equivalent.

Frankly, I can not yet see any finite signs of a leveling off in our area of the American industrial scene. 1955 was an excellent year compared to 1954, and all indications are that 1956 was even better as compared to 1955. Competition is getting increasingly keen so that profits may level somewhat and any one specific company could be adversely affected. But new products follow new products and the industry as a whole moves forward.

At present, in fact, in the biochemical end of the pharmaceutical business new products are appearing so fast that for the first time in years there is a slight squeeze on production facilities. Although this can be very exasperating from the point of view of the eager sales manager, it must be admitted that it does have compensating advantages from the general industry standpoint. One such advantage is rectification of the cost-price squeeze through the inevitable—if not government repealed — operation of the law of supply and demand. An example is the recent increase in the price of penicillin. As you may have read in "Chemical and Engineering News," this was most unusual since this product had one of the longest decline records in the entire chemical industry.

### Other Optimistic Views

I am not alone by any means in this feeling of optimism for the future for the nation and our industry. In fact, I am being guided by leaders in government and business rather than expounding a theory of my own. President Eisenhower, in 1955, predicted a Gross National Product of $500 billion in 1965. This figure is considered by many to be conservative and the performance in 1955 and 1956 certainly seems to indicate that this is so. Dr. Leon Keyserling indicated in a speech to the Democratic national convention last summer that he felt we would reach this level by 1960. This indicates at least that we are not divided in our optimism along political lines. These predictions of Gross National Product are not merely idle numbers. At least one industry—the scientific apparatus makers—has found a direct correlation between its own sales and Gross National Product. They have even developed a mathematical formula for estimating sales based on Gross National Product as the dependent variable.

Economists share this optimism. Although there is some conservatism concerning the latter half of this year, the general consensus appears to be that 1957 will be on the whole as much better than 1956 as 1956 was over 1955—that is, about a 5% increase. Business and industry leaders are also optimistic about the short and long range future. This is evidenced by the amount of money which is being invested in expansion programs everywhere. The joint report of the Department of Commerce and Exchange Commission places chemical industry expenditures during 1956 for expansion at $1,468 billion. Similar expenditures for 1957 are estimated at $1.5 billion, which represents an increase of 48% over 1955 outlays. Although such spending is in part a necessity, since to stand still is actually to go back in this competitive field, it is inconceivable that sums of this magnitude do not represent a general feeling of optimism among those who are guiding our industrial activities.

### Expanding Population

A second reason for my belief in the future potential of our industry is the expanding population of the United States and the world as a whole. Of course, this is one of the factors reflected in the Gross National Product mentioned before. For example, during the period 1947-1954, the best available records indicate that modern medicine literally saved 845,000 American people from the grave. At last report, these 845,000 people, who might otherwise have been reduced to mere death certificates, had worked and earned and added almost a billion and a half dollars to the national income.

The population of the United States is increasing by approximately 2⅓ million per year. There are 4.2 million births each year, as contrasted to only 1.7 million deaths and this disparity between births and deaths is more apt to increase than decrease. The 4.2 million births in 1956 constitute a new record and represent a 10% increase over the 1937 rate. Medical science and the pharmaceutical industry are keeping more of these babies alive, protecting their health throughout their lives, and enabling them to live longer, so the death rate per population unit has been decreasing. Thus our population spirals upward at an ever increasing rate. Some feel the U. S. census will exceed 200 million in 1965. These new citizens will need their share of our products and services and, as a result, we should experience at least modest increases based on population growth alone.

The efforts of medical scientists and the pharmaceutical industry have contributed indirectly as well as directly to this trend. As new medical discoveries have increased the average life-span, it has created a change in our population distribution. The elderly adult group is becoming significantly large—in fact, has quadrupled since 1900—and this happens to be a group which uses a great deal of our present products and which has need for many more.

Although I have talked about the population change in the United States, I do not wish to imply that this phenomenon is confined to this country. It is going on throughout the world, to such an extent that experts have predicted that our planet's population will be doubled by the year two thousand. Every 24 hours 85,000 individuals—the equivalent of a city almost the size of Huntington, West Virginia—the largest in this state—are added to our map. This is bound to present problems, but it will also present opportu-

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# Future of Drugs and Biochemicals

nities for those who wish to capitalize on them.

**World Living Standards Drive**

And this brings me to the third reason for my optimism concerning the future of my industry—and that is the growing awareness of the people in the so-called underdeveloped nations of the world of the standards of living and health enjoyed by all of us here in America. This knowledge cannot but be followed by the desire to attain to the level which we have reached—to live in the style, if not the manner, that we do—to possess the same products, processes, devices, and gadgets that we do—to enjoy to the same extent the leisure that we do, and last, but not least, to benefit from the same standards of health that we do. It is in the satisfaction of this desire that the American pharmaceutical industry will play its part.

Of course, neither the pharmaceutical industry, nor the chemical industry, nor any other one industry will proceed alone, but as these countries develop economically, new markets will open more or less simultaneously for products in the foreign field. Evidence is already available of the increasing importance of these foreign markets to American pharmaceutical concerns and industry in general. Pfizer products, for example, are now distributed directly in 57 major foreign markets, and sales in these areas make up a good percentage of our total.

The growing nationalism of many of these countries (which is but another indication of their increasing economic awareness and desire for our way of life) has brought about a change in the mode of operation of American concern within them, but has not seriously affected the potential that is there. One can no longer merely export, but must carry out full scale operations within many of the countries if he wishes to market his products there. This naturally presents problems, but the challenge is being met. Pfizer's foreign trade subsidiaries now have basic plants as well as complete marketing organization in England, France, and Japan. Another is being constructed in Argentina and there are plans for more. Facilities for processing various intermediates and for finishing operations are located in many other countries throughout the world. This has all come about within the past five years and reflects our confidence in the importance of these outlets. Similarly other companies are also locating facilities on foreign soil as they too strive for their share of this world market.

**5,000 U. S. Research Laboratories**

The final reason for my basic optimism concerning the future is research. I will not attempt to define this term which today has an all-inclusive connotation covering the hunt for new knowledge, new processes, new techniques, new products, and anything else new in all fields of human endeavor. However, for my purposes, the broad general meaning is sufficient.

There are now more than 5,000 industrial research laboratories in the United States, not including government, colleges and universities and non-profit institutions. These industrial laboratories hire over one-half million technically trained people. Current expenditures for research exceed $5 billion annually.

Perhaps a better idea of the rate at which money is now being invested in research in this country may be realized from the fact that expenditures from 1950 to 1955 almost equalled the grand total up to 1950. This phenomenal growth is expected to continue. Mr. E. Duerr Reeves of Esso Research and Engineering Corporation has estimated that by 1965 research expenditures will be at the rate of $10 billion, and by 1975 will reach a $20 billion annual rate.

Has all this pre-occupation with research paid off? I think we will all concede it has. We need only look around us at work, at home, at leisure, any time, any place, to see its effects. The estimated yearly return on the research dollar nationwide has been cited at 150%. Raymond Ewell, of the National Science Foundation, estimates that the United States as a whole earns back $2,000 to $5,000 for every $100 spent for research and development in the past 25 years. The Minnesota Mining and Manufacturing Company substan-

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# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Fate-Root-Heath Co. | 23 | 1.00 | 11½ | 8.6 |
| Manufactures locomotives, ceramic machinery, and lawnmower sharpeners | | | | |
| Faultless Rubber | 32 | 1.15 | 20 | 5.7 |
| Miscel. rubber goods, sponges | | | | |
| Federal Bake Shops, Inc. | 21 | 0.40 | 4⅛ | 9.7 |
| Chain of retail bake shops | | | | |
| Federal Chemical Co. | 13 | 3.00 | 110 | 2.7 |
| Fertilizers | | | | |
| Fed. Compress & Warehouse | 31 | †1.27 | 20¾ | 6.1 |
| Cotton compress and warehousing | | | | |
| Federal Insurance Co. | 55 | 0.90 | 32½ | 2.8 |
| Multiple line insurance | | | | |
| Federal Screw Works | 16 | 1.50 | 18¾ | 8.0 |
| Screws and machines | | | | |
| Federal Trust Co. (Newark) | 13 | 1.20 | 41½ | 2.9 |
| Federated Publications, Inc. | 22 | 4.65 | 90 | 5.2 |
| Michigan newspapers | | | | |
| Felters Co. | *16 | 0.30 | 8¾ | 3.4 |
| Pressed felts (non-woven) | | | | |
| Ferry Cap & Set Screw Co. | 18 | 0.40 | 6 | 6.7 |
| Manufacturer of screw products | | | | |
| Fidelity-Baltimore Natl. Bk. and Trust Co. (Baltimore) | 52 | 2.00 | 49¼ | 4.1 |
| **Name changed to Fidelity-Balt. Natl. Bank in January 1957** | | | | |
| Fidelity-Philadelphia Trust | 92 | 4.00 | 85 | 4.7 |
| Fidelity Trust Co. (Pgh.) | 73 | 3.15 | 68½ | 4.6 |
| Fidelity Union Tr. (Newark) | 63 | †2.60 | 63 | 4.1 |
| Fifth-Third Un. Tr. (Cinn.) | 20 | 2.00 | 49 | 3.1 |
| Fifty Associates (Boston) | *11 | 50.00 | 1,275 | 3.9 |
| Boston real estate | | | | |
| Finance Co. of Pennsylvania | 28 | 19.00 | 600 | 3.2 |
| Real estate and securities | | | | |
| Fireman's Fund Insur. Co. | 49 | 1.80 | 50 | 3.6 |
| Western fire underwriter | | | | |
| Firemen's Ins. Co. (Newark) | 20 | 1.25 | 33⅜ | 3.7 |
| Diversified insurance | | | | |
| First Amer. Nat. Bk. (Nashv.) | 19 | †1.27 | 31 | 4.1 |
| First Bank Stock Corp. | 28 | 1.70 | 34¼ | 4.9 |
| Bank holding company | | | | |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| First Bank & Trust Co. (Madison, N. J.) | 19 | n.a. | 60 | -- |
| First Bank & Trust Co. (South Bend) | 18 | †1.14 | 32 | 3.6 |
| **FIRST BOSTON CORP.** | 18 | 5.00 | 51¼ | 9.8 |
| Investment banking | | | | |
| **● See Company's advertisement on page 32.** | | | | |
| First Camden National Bank & Trust Co. (N. J.) | 12 | 0.80 | 20½ | 3.9 |
| First City Natl. Bk. (Houston | 24 | 1.50 | 62 | 2.4 |
| First Natl. Bank of Akron | 18 | 1.00 | 37½ | 2.7 |
| First Natl. Bank of Atlanta | *28 | 1.60 | 36½ | 4.4 |
| First Natl. Bank (Baltimore) | 29 | 2.50 | 50 | 5.0 |
| First Natl. Bank (Birming.) | 14 | 1.35 | 44½ | 3.0 |
| First Natl. Bank of Boston | 173 | 2.85 | 65⅝ | 4.3 |
| First Natl. Bank (Chicago) | 22 | 8.00 | 305 | 2.6 |
| First Natl. Bank (Cinn.) | 94 | †1.22 | 38½ | 3.2 |
| First Natl. Bank in Dallas | 81 | 1.40 | 33¼ | 4.2 |
| First Natl. Bank of Denver | *40 | 16.00 | 575 | 2.8 |
| First National Bank of Fort Worth | 24 | 1.00 | 31½ | 3.2 |
| First Natl. Bank (Jersey City) | 93 | ¶2.25 | ¶54½ | ¶4.1 |
| First Natl. Bank (K. C.) | 67 | 3.00 | 133 | 2.2 |
| First Natl. Bank (Memphis) | 62 | 1.40 | 35½ | 3.9 |
| First Natl. Bank (Miami) | 54 | 1.00 | 49½ | 2.0 |
| First Natl. Bank (Mobile) | *32 | 4.50 | 113 | 4.0 |
| First Natl. Bank (Omaha) | 20 | 2.00 | 65 | 3.1 |
| First Natl. Bank of Portland | 86 | 2.00 | 53¾ | 3.7 |
| First Natl. Bank (St. Louis) | *38 | 3.00 | 62 | 3.8 |
| First Natl. Bank (Shreveport) | 18 | 1.20 | 46 | 2.6 |
| First Natl. Bank (Tampa) | 23 | n.a. | 65 | -- |
| First Natl. Bank (Wichita) | 37 | 6.00 | 300 | 2.0 |
| First National Bank & Trust Co. (New Haven) | 21 | 1.15 | 28¼ | 4.1 |
| First Natl. Bk. T. (Okla. City) | 30 | †0.94 | 30½ | 3.1 |
| First National Bank & Trust of Paterson, N. J. | 92 | †2.90 | 78½ | 3.7 |
| First National Bank & Trust Co. (Scranton) | 94 | 2.20 | 40 | 5.5 |
| First National Bank and Trust Co. (Tulsa) | 18 | 1.20 | 32 | 3.8 |
| First National City Bank of New York | 144 | 2.60 | 68⅛ | 3.8 |
| First National Exchange Bank of Roanoke | 75 | 2.50 | 63 | 4.0 |
| First National Trust & Savings Bank of San Diego | 24 | †1.30 | 39 | 3.3 |
| First Pennsylvania Banking & Trust Co. (Phila.) | 142 | 2.15 | 42¼ | 5.1 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n.a. No published information regarding recent dividend payments.
¶ Stock dividend of 2.94% (3,600 shs.) was paid on Jan. 25, 1956.

# Over-The-Counter Market – Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| First Security Corp.<br>Bank holding company | 22 | 1.50 | 39½ | 3.8 |
| First Western Bank & Trust Co. (San Francisco) | 89 | 1.60 | 37½ | 4.2 |
| Fitchburg Gas & Elec. Light<br>Serves Massachusetts communities | 98 | 3.00 | 54 | 5.6 |
| Florida National Bank (Jacksonville) | 21 | 1.00 | 62 | 1.6 |
| Florida Public Utilities Co.<br>Operating public utility | 14 | 0.625 | 11½ | 5.4 |
| Florida Telephone Corp.<br>Telephone company | 16 | 0.84 | 17¾ | 4.7 |
| Fluor Corp. Ltd.<br>Plants for oil, gas and chemical industries | 14 | 1.20 | 16⅞ | 7.1 |
| Foote Bros. Gear & Mach.<br>Gears and transmission equip. | 16 | 1.30 | 17⅜ | 7.5 |
| Foote-Burt Co.<br>Drilling, reaming, tapping machines | 28 | 1.35 | 27 | 5.0 |
| Foote Mineral Co.<br>Chemicals and minerals | 10 | †0.49 | 42½ | 1.1 |
| Forbes & Wallace, Inc., Class B, non-voting<br>Dept. store, Springfield, Mass. | 21 | 1.50 | 27½ | 5.4 |
| Fort Pitt Bridge Works<br>Structural steel fabrication | 15 | 1.00 | 30 | 3.3 |
| Fort Wayne Corrugated Paper Co.<br>Corrugated shipping containers | 18 | 1.00 | 30½ | 3.3 |
| Fort Wayne National Bank (Indiana) | 22 | 2.00 | 59 | 3.4 |
| Ft. Worth National Bank | 73 | 1.00 | 25 | 4.0 |
| Fostoria Pressed Steel Corp.<br>Industrial lighting units | 17 | 2.00 | 26 | 7.7 |
| Fourth Natl. Bank of Wichita | *32 | 1.00 | 71 | 1.3 |
| Fownes Brothers & Co.<br>Gloves | 10 | 0.15 | 4⅜ | 3.4 |
| Fram Corp.<br>Manufacturer of oil, air, fuel and water filters | 15 | 0.95 | 16¾ | 5.7 |
| Franco Wyoming Oil Co.<br>Oil production, exploration and development | 21 | 2.50 | 79¾ | 3.1 |
| Frank (Albert)-Guenther Law, Inc.<br>Advertising agency | 13 | 0.30 | 12 | 2.5 |
| **FRANKLIN LIFE INSURANCE CO.**<br>Life insurance | **15** | **0.50** | **88½** | **0.6** |
| ● **See Company's advertisement on page 48.** | | | | |
| Franklin Process Co.<br>Yarns dyers and manufacturers | 43 | 2.75 | 25½ | 10.9 |
| Frick Co.<br>Refrigeration and air conditioning equipment | 55 | 2.25 | 30 | 7.5 |
| Friedman (Louis) Realty Co.<br>New York City real estate | 10 | 0.40 | 9 | 4.4 |
| Frontier Refining Co.<br>Petroleum production, refining and marketing | 11 | †0.24 | 16¼ | 1.5 |
| Fruit of the Loom, Inc.<br>Cotton goods | 11 | †1.67 | 20 | 8.4 |
| Fuller Brush Co., Class A<br>Brushes | 35 | 2.00 | 71 | 2.8 |
| Fuller Manufacturing Co.<br>Manufacturing heavy duty transmissions, forgings and axles | 19 | †1.96 | 58½ | 3.4 |
| Fulton Natl. Bank (Atlanta) | 44 | 1.25 | 34 | 3.7 |
| Galveston-Houston Co.<br>Holding company. Bus industry | 18 | 1.00 | 8½ | 11.8 |
| **GARLOCK PACKING CO.**<br>Mechanical packings, gaskets, oil seals and mechanical seals | **52** | **†1.89** | **34½** | **5.5** |
| ● **See Company's advertisement on page 61.** | | | | |
| Gary Natl. Bank (Indiana) | 43 | 4.00 | 450 | 8.8 |
| Gary Railways, Inc.<br>Transportation holding company | 14 | 0.60 | 7 | 8.6 |
| Gas Service Co.<br>Natural gas distributor serving Missouri, Kansas, Oklahoma and Nebraska | 13 | 1.36 | 24⅜ | 5.6 |
| **GENERAL AMERICAN OIL**<br>Crude oil producer | **11** | **†0.30** | **33½** | **0.9** |
| ● **See Company's advertisement on page 42.** | | | | |
| General Controls<br>Automatic controls for pressure and temperature | *18 | 1.00 | 20¼ | 4.9 |
| General Crude Oil Co.<br>Southern producer | 19 | 1.00 | 38 | 2.6 |
| General Industries Co.<br>Plastics. Also makes small electric motors | 17 | 1.65 | 37 | 4.5 |
| General Manifold & Ptg. Co.<br>Commercial printing | 12 | 0.49 | 6¼ | 7.8 |
| General Metals Corp.<br>Marine and other machinery | 22 | 1.20 | 19½ | 6.1 |
| **GENERAL REINSURANCE CORP.**<br>All casualty, bonding, fire and allied lines | **23** | **1.85** | **45½** | **4.1** |
| ● **See Company's advertisement on page 43.** | | | | |
| Georgia Marble Co.<br>Marble production | 14 | †1.19 | 39¼ | 3.0 |
| Giddings & Lewis Mach. Tool<br>Boring, milling and drilling machines | 20 | 2.00 | 31¼ | 6.4 |
| Gilbert & Bennett Manufacturing Co.<br>Wire cloth | 15 | 1.00 | 72 | 1.4 |

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

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*Continued from page 42*

# Future of Drugs and Biochemicals

tially corroborates this estimate. Company after company reports that 50 to 75% of its current sales come from products that did not exist 15 years ago. RCA estimates that 80% of its business results from products which were not on the market 10 years ago. duPont has predicted that in 1970 at least 60% of its income will come from products as yet unknown. The same situation exists at Pfizer where products which were unknown less than 10 years ago account for well over two-thirds of our business.

The pharmaceutical industry is at the forefront in this research effort, dedicating 4 to 5% (and in the case of some companies as much as 7%) of each sales dollar to research. This is somewhat higher than the chemical industry average and is probably exceeded only by the aircraft manufacturers and the electrical equipment companies.

### Newer Antibiotics

We can certainly look forward hopefully to the benefits to be derived from research, although I certainly do not wish to give the impression that it is only necessary to pour money into the research reservoir at one and then open the tap at the other to have new products flow out. We are also proud of our past accomplishments, many of which could be enumerated, such an antibiotics, corticosteroids, tranquilizers and mental health drugs. However, I believe our industry's past progress is summed up most dramatically when it is realized that, within the life-time of most of us here in this room, the average life expectancy has been increased by 20 years.

Furthermore, we have far from exhausted the concepts which were new to us only 15 years ago. In antibiotics, for instance, new and more powerful agents are still being uncovered and will continue to be uncovered. We are just now beginning to defeat the staphylococci, a group of disease-causing organisms with amazing adaptive resistance. New antibiotics, and synergistic combinations, have just appeared on the market aimed directly at these specific

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# Future of Drugs and Biochemicals

organisms. It is reasonable to expect that still newer antibiotic agents will become available for other infectious diseases caused by bacteria and even viruses.

The viral diseases are now under attack and they will yield to science. The Salk polio vaccine is, of course, a prime example, but this is only a start. Work is now underway on an oral, live virus preparation to replace the present series of injections. Also antibiotics may find an application in the cure of this disease.

The polio vaccine has stimulated interest in other phases of antiviral research. Vaccines for the common cold, respiratory infections, and measles may be just "around the corner." This all fits in with the coming theme of preventive medicine, wherein more and more emphasis will be placed on the prevention rather than the cure of disease. This could bring about radical changes in the entire pharmaceutical industry, but these changes need not be destructive; perhaps quite the opposite. Preventive medicine would make every individual a potential customer, the healthy as well as the sick.

### Preventive Medicine

Probably before preventive medicine is a complete practical reality, we shall see the concept of maximum health established and practiced. According to this theory, the body is in a state of equilibrium and disease is a distortion of this equilibrium in any one of many ways, some of which have previously not been manifest. The treatment of disease will involve more than elimination of the causative organism. The whole patient will be treated and many weapons brought to bear in order to return his body to the equilibrium state as soon as possible. This will focus more attention on hormones, vitamins, enzymes, the endocrine system, the reticulo-endothelial system, and the entire complex chemistry of the body, its organs, glands, and cells. This could result in an uncovering of many of the secrets of life itself.

Maybe I have wandered a little too far into the distant future here, so let us return to the more foreseeable again. There is at present tremendous activity in the cancer field. The program is attracting government, academic, and industrial attention. And on all fronts there is tremendous optimism. The American Cancer Society has estimated that half of the cancers are now curable by present techniques if detected early enough. But early detection has been the major problem. Now the possibility of detection in the premalignant and pre-invasive stage has been opened up by workers at the Sloan-Kettering Institute. This method was reported by Dr. Wroblewski at the recent annual meeting of the American Association for the Advancement of Science and consists of measurement of enzymes in the blood. The technique could have exciting possibilities in the war against this major killer. Over and beyond this, chemotherapeutic agents may well be on the way. A limited amount of success has already been had with a handful of chemicals in the treatment of cancer. More are coming. Dramatic results of this entire program may be available within the next five years.

Atherosclerosis, another major killer of the elderly adult, may also soon succumb to the advances of science. There is some healthy controversy now as to the etiology of this disease, but this adds a little spice to the search for new knowledge in this area. Cardiovascular diseases are being attacked on prophylactic as well as therapeutic lines, and we have every reason to hope for success.

New steroidal compounds for use against arthritis are even now with us. Delta-1 hydrocortisone followed hydrocortisone which in turn followed cortisone. But pharmaceutical companies do not consider this the end and there will be newer and better agents for the treatment of this dread crippler. The development of processes for making these compounds available at lower costs has led to the industrial application to synthesis of combined microbiological and chemical techniques. It has been found that the tiny organisms can carry out certain transformations on these molecules more efficiently than our chemists are yet able to do. I personally feel that the future will see an even greater integration of microbiology and chemistry.

### Chemotherapy

Further advances can also be expected in the field of mental disease. Activity in this field has been stimulated by the advent of the mental drugs and tranquilizers. The effectiveness of these new drugs, together with other experimental results, is lending more and more support to the theory that mental disease and psychotic states may be caused by metabolic disturbances. This could be as exciting a discovery as the finding that infectious diseases are caused by microorganisms, and would open whole new fields for chemotherapy.

The future may also see us growing entire new organs as replacement parts for our bodies. Tissue culturists are learning more and more about growing cells under artificial conditions and surgeons are learning more and more about transplants and implants. Who can say what the results may be sometime in the future when these two get together?

Microbiological cultivation of foods seems almost certain to be a practical reality as a result of the demands of our increasing population.

These new tools may come from algae, higher plant tissue, animal tissue, or iron or sulfate reducing bacteria. All these techniques are being investigated and it seems logical to assume that one or all will be successfully developed.

Microorganisms may also assist us to squeeze the last drop out of our petroleum reserves. Experiments are now underway utilizing these small servants in tertiary oil recovery after all secondary methods have played out.

We could, of course, go on and on speculating about what lies on the other side of the horizon. However, it is hoped that this may be sufficient to give you an idea of why we are looking forward to 1965 with confidence.



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## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Girard Trust Corn Exchange Bank (Philadelphia) | 120 | 3.15 | 67 | 4.7 |
| Gisholt Machine Co. | 22 | 1.00 | 18 | 5.6 |
| Turret lathes and tools | | | | |
| Glatfelter (P. H.) Co. | 12 | 1.95 | 61½ | 3.2 |
| Pulp and paper manufacture | | | | |
| Glen-Gery Shale Brick Corp. | 11 | 0.45 | 5¼ | 8.6 |
| Brick manufacturing | | | | |
| Glens Falls Insurance Co. | 91 | †1.00 | 34 | 2.9 |
| Multiple line insurance underwriter | | | | |
| Glens Falls Portland Cement | 11 | †0.85 | 20¼ | 4.2 |
| Portland and masonry cement | | | | |
| Globe & Republic Insurance Co. of America | 23 | 1.00 | 18 | 5.6 |
| Fire and allied lines of insurance | | | | |
| Goderich Elevator & Transit Co., Ltd. | 53 | 1.50 | 24 | 6.2 |
| Grain elevator | | | | |
| Good Humor Corp. | 23 | 0.35 | 7⅛ | 4.9 |
| Well-known ice cream retailer | | | | |
| Goodall Rubber Co. (class A) | 23 | d0.50 | 8½ | 5.9 |
| Hose, belting and packings | | | | |
| Govt. Employees Insurance | 10 | 1.30 | 54½ | 2.4 |
| Insurance—casualty and fire | | | | |
| Grace Natl. Bank of New York | 10 | 6.00 | 260 | 2.3 |
| Grand Trunk Warehouse & Cold Storage Co. | 14 | 2.00 | 65 | 3.1 |
| Detroit ice manufacturer | | | | |
| Graniteville Co. | 16 | 1.70 | 25 | 6.8 |
| Cotton fabrics | | | | |
| Great American Indemnity Company | 24 | 0.80 | 16½ | 4.8 |
| Diversified insurance | | | | |
| Great Amer. Ins. Co. (N. Y.) | 84 | 1.50 | 32⅛ | 4.7 |
| Diversified insurance | | | | |
| Great Lakes Engineering Works | 34 | 0.60 | 13 | 4.6 |
| Shipbuilders and engineers | | | | |
| Great Southern Life Ins. Co. | *32 | 1.60 | 81 | 2.0 |
| Life, accident and health | | | | |
| Great West Life Assurance Co. (Winnipeg) | 57 | 3.00 | 277 | 1.1 |
| Life, accident and health | | | | |
| Green (Daniel) Co. | *20 | 5.60 | 76½ | 7.3 |
| House slippers | | | | |
| Green Giant Co., Class B | *33 | 1.05 | 23 | 4.6 |
| Vegetable canning & distribution | | | | |
| Griess-Pfleger Tanning Co. | *16 | 1.00 | 14 | 7.1 |
| Leather tanning | | | | |
| Grinnell Corp. | 22 | 4.00 | 113 | 3.5 |
| Sprinklers & plumbing equipment | | | | |
| Guarantee Co. of North America (Montreal) | 84 | 18.00 | 360 | 5.0 |
| Fidelity and surety bonds | | | | |
| Guaranty Trust (N. Y.) | 65 | 4.00 | 85¾ | 4.7 |
| Gulf Insurance Co. (Dallas) | 23 | †1.95 | 84 | 2.3 |
| Fire and casualty insurance | | | | |
| Gulf Life Insurance Co. (Jacksonville, Fla.) | 25 | 0.50 | 30⅞ | 1.6 |
| Life and accident | | | | |
| Gustin-Bacon Mfg. Co. | 19 | †0.40 | 31¾ | 1.3 |
| Glass fibre insulation products | | | | |
| Hagan Chemical and Controls, Inc. | 14 | 1.40 | 37½ | 3.7 |
| Water treatment chemicals | | | | |
| Hajoca Corp. | 15 | 1.00 | 37½ | 2.7 |
| Building supplies | | | | |
| Halle Bros. | 42 | †0.95 | 27½ | 3.4 |
| Ohio merchandise distributors | | | | |
| Haloid Co. | 28 | 0.75 | 52½ | 1.4 |
| Photo papers, copying processes | | | | |
| Hamilton Mfg. | 18 | †0.93 | 16½ | 5.6 |
| Wood and steel products | | | | |
| Hamilton National Bank (Chattanooga, Tenn.) | *52 | 10.00 | 300 | 3.3 |
| Hamilton National Bank (Knoxville, Tenn.) | 25 | 8.00 | 325 | 2.5 |
| Hancock Oil Co., Class B | 28 | †0.59 | 39 | 1.5 |
| Producer, refiner & marketer of petroleum products | | | | |
| Hanes (P. H.) Knitting Co. | 24 | 2.20 | 40 | 5.5 |
| Underwear and sportswear | | | | |
| Hanna (M. A.), Class B | 23 | 3.00 | 124 | 2.4 |
| Coal, iron, steel | | | | |
| Hanover Bank (The) (N. Y.) | 105 | g2.00 | 43⅜ | 4.6 |
| Hanover Fire Insurance Co. | 104 | 2.00 | 36¼ | 5.5 |
| Multiple line insurance | | | | |
| Hanson Van Winkle | *14 | 0.10 | 8⅞ | 1.1 |
| Electroplating and polishing equipment | | | | |
| Harris Tr. & Svgs. Bk. (Chic.) | 49 | †11.40 | 455 | 2.5 |
| Harrisburg Hotel Co. | 21 | †3.00 | 42 | 7.1 |
| Penn-Harris Hotel | | | | |
| Hart-Carter Co. | 17 | 1.00 | 9 | 11.1 |
| Grain handling equipment | | | | |
| Hartford Fire Insurance | 84 | 3.00 | 135 | 2.2 |
| Diversified insurance | | | | |
| Hartford Gas Co. | 107 | 2.00 | 38½ | 5.2 |
| Hartford Natl. Bank & Trust | 127 | 1.325 | 34 | 3.9 |
| Hartford Steam Boiler Insp. | 86 | 2.50 | 77 | 3.2 |
| Boiler and machinery insurance | | | | |
| Harvard Trust (Cambridge) | 53 | †1.90 | 45 | 4.2 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
d Adjusted for 200% stock dividend authorized by shareholders on Dec. 27, 1956. Earlier, on March 15, 1956, company paid a stock dividend of one share of class A common for each 10 shares held.
g Plus 20% stock dividend paid on Aug. 31, 1956.

## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Haverhill Electric Co.<br>Operates in New England | *52 | 2.50 | 45½ | 5.5 |
| Haverhill Gas Co.<br>Sale of gas | 45 | †1.16 | 20 | 5.8 |
| Haverty Furniture Cos.<br>Holding company | 22 | 1.25 | 21 | 5.9 |
| Heidelberg Brewing Co.<br>Beer and ale | 12 | 0.20 | 3¼ | 6.2 |
| Hercules Cement Corp.<br>Cement manufacturing | 11 | †0.47 | 29½ | 1.6 |
| Hershey Creamery<br>Produces dairy products in Pennsylvania | 25 | 2.50 | 37 | 6.8 |
| Hettrick Manufacturing Co.<br>Canvas products | 20 | 1.00 | 17½ | 5.7 |
| Heywood-Wakefield Co.<br>Maker of furniture | 14 | 2.50 | 36 | 6.9 |
| Hibernia National Bank (New Orleans) | 22 | †1.92 | 82 | 2.3 |
| Higbee Co.<br>Department store | 13 | †1.16 | 25½ | 4.5 |
| Hines (Edward) Lumber Co.<br>Timber logging and processing | 16 | 3.00 | 45½ | 6.6 |
| Holyoke Water Power Co.<br>Electric and hydraulic power, industrial steam and real estate | 86 | 1.20 | 24¾ | 4.8 |
| Home Dairy Co.<br>Operation of food markets, cafeterias and bakeries | 14 | 0.80 | 8¼ | 9.7 |
| Home Insurance Co. (N. Y.)<br>Diversified insurance | 83 | 2.00 | 40⅜ | 4.9 |
| Home Telephone and Telegraph Company of Virginia<br>Local and long distance phone service | 37 | 0.34 | 5¾ | 5.9 |
| Home Title Guaranty Co. (Brooklyn, N. Y.)<br>Title insurance | 16 | h0.85 | 14½ | 5.9 |
| Hook Drugs, Inc.<br>Indiana drug chain | 22 | 0.60 | 11¾ | 5.1 |
| Hooven & Allison Co.<br>Ropes and twine | 26 | 15.00 | 65 | 23.1 |
| Hoover Co., Class B<br>Vacuum cleaners | 14 | 2.10 | 30¼ | 6.9 |
| Hotel Barbizon, Inc.<br>New York City | 23 | 18.00 | 470 | 3.8 |
| Hotel Syracuse, Inc.<br>606 rooms | 13 | 2.65 | 53 | 5.0 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Housatonic Public Serv. Co.<br>Connecticut public utility company, gas and electric and steam | 15 | 1.40 | 22¼ | 6.3 |
| Houston Natural Gas Corp.<br>Southern Texas utility | 21 | 1.25 | 38½ | 3.2 |
| Huntington National Bank of Columbus (Ohio) | 45 | 1.60 | 58 | 2.8 |
| Huston (Tom) Peanut Co.<br>Confection and food products | 20 | †1.90 | 48 | 4.0 |
| Huyck (F. C.) & Sons<br>Manufactures papermakers' felts, industrial fabrics, precision instruments and control devices | 50 | 1.40 | 35 | 4.0 |
| xI-T-E Circuit Breaker Co.<br>Electrical equipment and sub-assemblies for jet engines and radar | 17 | †1.04 | 37⅞ | 2.7 |
| Idaho First Natl. Bk. (Boise) | 23 | 0.70 | 33 | 2.1 |
| Ideal Cement Co.<br>A leader in the industry | 43 | i 2.00 | 70 | 2.8 |
| Imperial Paper & Color Corp.<br>Manufacturer of wallpaper and pigment colors | 21 | 1.55 | 33 | 4.7 |
| Imperial Sugar Co.<br>Sugar refining | 19 | †2.00 | 65 | 3.1 |
| **INDIANA GAS & WATER CO., INC.**<br>Gas and water utility<br>● See Company's advertisement on page 56. | 11 | 0.98 | 20¾ | 4.7 |
| Indiana National Bank of Indianapolis | 123 | †2.20 | 68 | 3.2 |
| Indiana Telephone Corp.<br>Operating public utility | 16 | 0.50 | 16 | 3.1 |
| Indianapolis Water Co.<br>Operating water utility | 45 | †0.67 | 20¼ | 3.4 |
| Industrial Bank of Commerce (New York) | 22 | 2.00 | 35 | 5.7 |
| Industrial Mortgage & Trust Co. (Ontario)<br>Savings, trust and mortgages | *30 | 4.00 | 86 | 4.6 |
| Industrial Natl. Bank (Prov.) | a165 | †1.18 | 31½ | 3.7 |
| Insley Manufacturing Corp.<br>Manufacture and sale of construction cranes, shovels, etc. | 11 | 1.00 | 30 | 3.3 |
| Insurance Co. of the State of Pennsylvania<br>Diversified insurance | 37 | 1.40 | 36 | 3.9 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
h Effective March 31, 1957 dividend rate was changed to 25c quarterly.
i Plus 5% stock dividend paid on Dec. 31, 1956.
x Listing on NYSE scheduled at time of going to press.

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*Continued from page 27*

## Return on Capital Problems in the Agricultural Chemical Industry

our industry. However, what we have created we believe to be average and is in the form of Random Agricultural Chemical Company. We have used certain facts and figures obtained from a number of sources to construct results which we believe typify experiences of recent years.

**Chart A** shows Randoms return on investment, which experience is considered to be typical for the Agricultural Chemicals industry as it existed in 1956. Assuming a sales volume of $10 million with earnings as a percent of sales at 8%; capital investment of $12,600,000 with a turnover of 0.79; the resultant return on investment 6.2%.

**Chart B** has been prepared to show changes which could be made to bring Random Agricultural Chemical Company in line with the average for all industries with respect to return on investment. Obviously, from the comparisons disclosed in previously exhibited charts relating to return on investment and also Chart B in front of us, it is evident that the return for industry at large is more than 50% higher than in the case of Random Agricultural Chemical Company.

### Diversified Chemical Firm's Return

While looking at these data, it might be appropriate to reflect upon the effect that an agricultural chemicals activity has upon the return on invested capital for a diversified chemical company. Suppose this chemical company was average and, therefore, had approximately 15% earnings on sales with a 1.01 turnover on capital. Its return on the dollars necessarily employed would be 15.2%. If this company had 25% of its total sales in the form of pesticides and if, at the same time, these sales were average for the agricultural chemicals industry, the profit on sales for the entire company would be reduced from 15% to 13.25% and the turnover would have dropped from 1.01 to 0.947, resulting in a return on capital employed of 12.55%. Under such circumstances, the diversified chemical company would have reduced its return on its invested dollars by 18% assuming, of course, that these dollars could have been used in other phases of the company's business, at comparable rate of return. To put it another way, if this diversified company wanted the average return for the chemical industry of 15.2% and, at the same time, wanted to continue with the manufacture and sale of pesticides, the latter would have to produce 19% profit on sales of pesticides to offset the low turnover rate of only 0.8, which is typical of the agricultural chemicals industry.

### What Can Be Done?

In an industry with major segments paying as much as 7% of sales for research and development, including expenditures for tolerances under the Miller Bill, as compared to less than 2% for the chemical industry and allied products, it has been important to know how such large expenditures are handled in order to evaluate return on total capital necessarily employed. Admittedly, it has been difficult to assess these items but we did notice that when such expense is added into administrative and sales costs, it had the effect of reducing return on investment by 10% to as much as 20%. Obviously, to know what is being earned by agricultural chemicals, such important items as research and legal expenses must be included.

Referring again specifically to formulators, the average percent of profit is so low as to indicate a necessity to look for the opportunity to reduce manufacturing costs, raise prices, eliminate low margin items, alter formulations, and eliminate sales in unprofitable areas. For the industry, better management extended right down the line to the grass roots would be good medicine. This would include, but not necessarily be confined to better inventory controls, improved credit policies and rendering of sound and reasonable service to customers to the extent that it could be afforded in the face of then existing competitive condition.

### Conclusion

There is nothing new or startling in the idea of making profit, of management's responsibility for a profit, or of portraying results with charts. All of what has been said could have been more effectively and more simply said by others. All that has been in mind is to restate with some emphasis, the homespun fact that what applies to a peanut stand, or to a colossus such as General Motors, with respect to earning a reasonable return on dollars used, can be expected to apply to a company engaged in agricultural chemicals. A simple approach is to consider net profit, turnover, and return on capital necessarily employed.

Regardless of our volatility, we can judge ourselves professionally the same as others. We can keep records and project from them. We can have good business practices related to sales, credit, inventories, and profit as is the case with our contemporaries, in or out of the chemical field. Agricultural chemicals industry is a fascinating, exciting business. We have been immature but there is no compelling reason why we must continue. Maturity will require us to chart our course more accurately and with somewhat less emotion. We can understand our problems better and plan decisively with the best of them. A willingness so to do is urgently needed. A commitment to do better in the area of return on the dollars employed is essential. It is certain that we can do it—that we will want to do it—and in time we will have to do it or many of us will not survive.

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# Current Objectives and Programs of the SEC

of public investors; and to provide against manipulation, "pools," rigging of prices, insider advantages, and misrepresentation and fraud in the purchase and sale of securities.

**Positive and Negative Responsibilities**

The Commission's responsibility in administering these laws is both positive and negative in character. Affirmatively, it is our job to see to it that the responsibilities of persons subject to our jurisdiction are assumed by them; in other words, that the securities laws are complied with. It is the responsibility of the corporation registering securities to state the required information in its registration statement and periodic reports. It is the responsibility of the person soliciting proxies in listed companies to state the facts required by our rules. The registration statement, the proxy statement, and other filings, are the statements of the persons filing them, not of the Commission, and our job is only to see that the informational requirements of the statutes and our rules are met.

It is the public investor that these statutes and rules seek to protect, but the protection afforded is to put the investor in an informed position to make his own investment decisions, to assure him free and fair markets, but not to prevent him from making his own investment decisions and certainly not have a Federal agency to make his decisions for him. It is not our responsibility to tell an investor what security to buy or sell or which side to vote for in a proxy contest. It is not our responsibility under the acts we administer to prohibit or prevent the purchase of securities, though many who charge that we should do something to prevent "raiding" seem glibly to assume that the Congress gave us, or should give us, some such power.

The Congress made an extremely important legislative decision in enacting the Federal securities laws which should always be remembered in considering the respective responsibilities of the Commission, of the securities industry, and of the investing public and corporations and others subject to these statutes. This decision gives emphasis to the word "free," when we use "free" in describing the securities markets and in speaking of the "free" enterprise system.

The Federal securities laws do not, and I hope never will, give the Commission power to pass on the investment merits of securities.

**Basic Approach**

The Commission's basic approach and philosophy in administering the Federal securities laws and in dealing with the problems which are presented to us, was well stated in 1953 by Ralph H. Demmler, a distinguished member of the Bar who was then Chairman of the Commission. To use his words, "The government should not interpose unnecessary obstacles to the raising of capital." He also emphasized that we should not sacrifice any of the essential safeguards for the protection of the investing public which had been built up over the years. Rather we were then seeking, and we still seek to make these programs conform to the statutes and be more effective.

Since the capital markets are not static but on the contrary are ever changing, it is necessary for us at the Commission to be constantly on the alert to adapt our procedures and our policies so as to accomplish the objectives of the statutes under the conditions which we find in the securities markets. For the past several years activity and prices in the securities markets have reached highs unprecedented in the experience of the Commission. This, of course, is all to the good and the achievements in capital formations over this period reflect great credit upon the securities industry and all who are connected with it.

**Accompanying Problems**

At the same time, administration of the Federal securities laws under these conditions involves certain problems not present in the depressed markets of the '30s or under the conditions of war. We have many new investors in the securities markets. According to a study made by the New York Stock Exchange, the number of people owning shares in publicly held corporations at the end of 1955 was 8,630,000—an increase of 33% since early 1952, with about half of this increase occurring in 1955 alone. Clearly, many of these new investors are inexperienced and in particular need of the protection of the statutes.

There has been a marked increase also in the number of registered broker-dealers, which now exceeds 4,700 as compared with 3,994 on June 30, 1952. Many of these new broker-dealers are likewise inexperienced, and some

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# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Inter-Mountain Telephone Company<br>Operating public utility | 31 | 0.80 | 14 | 5.7 |
| Inter-Ocean Reinsurance Co.<br>Reinsurance—multiple lines | 34 | 1.50 | 39½ | 3.8 |
| International Holdings, Ltd.<br>Investment trust — hydro-electric interests | 18 | 1.00 | 23½ | 4.3 |
| Interstate Co.<br>Restaurant chain | 13 | 0.10 | 7¾ | 1.3 |
| Investors Mortgage Company (Bridgeport)<br>Real estate, insurance and mortgages | *31 | 2.50 | 28½ | 8.8 |
| Iowa Public Service Co.<br>Electricity supplier | 18 | 0.80 | 16¼ | 4.9 |
| Iowa Southern Utilities Co.<br>Electricity supplier | 11 | 1.24 | 22¼ | 5.6 |
| Irving Trust Co. (N. Y.) | 50 | 1.70 | 33¾ | 5.0 |
| Ivey (J. B.) & Co.<br>Department store chain | 26 | 1.00 | 19½ | 5.1 |
| Jacksonville Gas Corp.<br>Operating public utility | 13 | †0.06 | 7¾ | 0.8 |
| Jahn & Ollier Engraving Co.<br>Photo-engraving | 23 | 0.25 | 3¼ | 7.7 |
| Jamaica Water Supply Co.<br>Long Island water supplier | 39 | 2.00 | 32¾ | 6.1 |
| James Manufacturing Co.<br>Manufacturers of farm equipment | 21 | 1.20 | 20 | 6.0 |
| Jantzen, Inc.<br>Sportswear manufacturing | 17 | †0.73 | 22¾ | 3.2 |
| Jefferson Standard Life Ins.<br>Life insurance | 45 | 1.25 | 128 | 1.0 |
| Jenkins Bros., Inc.<br>Valves | 22 | 2.00 | 36 | 5.6 |
| Jersey Insur. Co. of N. Y.<br>Multiple line insurance | a24 | 1.40 | 30 | 4.7 |
| Jervis Corp.<br>Refrigerators and stove hardware | 18 | 0.60 | 8¼ | 7.3 |
| Johansen Bros. Shoe Co.<br>Shoes for women | 18 | 0.30 | 4 | 7.5 |
| Johnson Service Co.<br>Temperature and air conditioning controls | *22 | 2.00 | 42½ | 4.7 |
| Jones & Lamson Machine Co.<br>Lathes, grinders, comparators, threading dies | 21 | 4.00 | 65 | 6.2 |
| Joseph & Feiss Co.<br>Manufacturers men's clothing | 18 | 1.00 | 11¼ | 8.0 |
| Joslyn Manufacturing & Supply Co.<br>Electrical and communication pole line equipment | 22 | 2.00 | 44 | 4.5 |
| Julian & Kokenge Co.<br>Women's shoes | 29 | 1.25 | 16½ | 7.6 |
| Kable Printing Co.<br>Magazine printer | 17 | 1.00 | 18½ | 5.4 |
| Kahler Corp.<br>Hotels, restaurant and laundry operator | 41 | 1.60 | 33 | 4.8 |
| Kalamazoo Veg. Parchm't Co.<br>Pulp and paper, specializing in food protection papers | 31 | 1.70 | 38½ | 4.4 |
| Kanawha Valley Bank (Charleston, W. Va.) | *72 | 8.00 | 200 | 4.0 |
| Kansas City Fire & Marine Insurance Co.<br>Multiple-line insurance | 21 | 1.25 | 37 | 3.4 |
| Kansas City Life Ins. Co.<br>Non-participating life | *33 | 6.00 | 1,150 | 0.5 |
| Kansas City Title Insurance Company<br>Title insurance and abstracts of title | 17 | 2.50 | 50 | 5.0 |
| Kansas-Neb. Natural Gas Co.<br>Natural gas production, transmission and distribution | 20 | 1.65 | 35 | 4.7 |
| Kearney (James R.) Corp.<br>Utility equipment | 20 | 1.00 | 15½ | 6.4 |
| Kearney & Trecker Corp.<br>Milling machines | 15 | 0.60 | 10⅝ | 5.6 |
| Kellogg Co. (Battle Creek)<br>Leader in dry cereals | 34 | 1.50 | 33¼ | 4.5 |
| Kendall Company (The)<br>Surgical dressings, elastic goods and textile specialties | 17 | 2.00 | 37 | 5.4 |
| Kendall Refining Co.<br>Producing, refining and marketing of petroleum and its products | 55 | 1.80 | 27¼ | 6.6 |
| Kennametal, Inc.<br>Hard carbide compositions, cutting tools and specialties | 14 | 1.00 | 37½ | 2.7 |
| Kentucky Central Life & Accident Insurance Co.<br>Non-participating life | 18 | 5.00 | 105 | 4.8 |
| Kentucky Stone Co.<br>Crushed stone | 14 | †1.44 | 38 | 3.8 |
| Kentucky Utilities Co.<br>Electricity supplier | 18 | 1.28 | 24⅝ | 5.2 |
| Kerite (The) Company<br>Manufacture insulated wire and cable | 25 | 2.25 | 34 | 6.6 |
| Kings County Trust Company, Brooklyn, N. Y. | 67 | 4.00 | 110 | 3.6 |
| Kingsburg Cotton Oil Co.<br>Cotton seed products | 10 | 0.02 | 1⅝ | 1.2 |
| Kingsport Press, Inc.<br>Printing and book binding | 13 | †0.76 | 17¼ | 4.4 |
| Kinney Coastal Oil<br>Crude oil produced | 15 | 0.17 | 1⅞ | 9.1 |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Kirsch Company<br>Manufacture venetian blinds, drapery hardware | 10 | 1.00 | 19 | 5.3 |
| Kittanning Telephone Co.<br>Operating public utility | 38 | 2.35 | 46¾ | 5.0 |
| Knudsen Creamery<br>Wholesale dairy products, Southern California | 17 | †0.99 | 25 | 4.0 |
| Koehring Co.<br>Earth moving and construction equipment | 16 | †0.72 | 23⅛ | 3.1 |
| Kuhlman Electric Co.<br>Transformers and metal smelting furnaces | 11 | †0.58 | 18¾ | 3.1 |
| Kuner-Empson Co.<br>Canned vegetables, bottled pickles | 11 | 0.30 | 3¾ | 8.0 |
| Kupenheimer Co.<br>Makes and wholesales men's clothing | 16 | 1.00 | 17 | 5.9 |
| Laclede Steel Co.<br>Basic steel manufacturer | 45 | 8.00 | 153 | 5.2 |
| Lake Superior Dist. Pwr. Co.<br>Public utility (electric, gas and water) | 20 | 1.175 | 25 | 4.7 |
| Lake Superior & Ishpeming Railroad Co.<br>Operating railroad | 33 | 1.75 | 33 | 5.3 |
| Lake View Trust & Savings Bank (Chicago) | *37 | 7.50 | 360 | 2.1 |
| Lambton Loan & Investment Co. (Ontario)<br>First mortgages | 113 | 4.50 | 87 | 5.2 |
| Lamston (M. H.) Inc.<br>Variety store chain | 13 | 0.50 | 8⅞ | 5.6 |
| Landers, Frary & Clark<br>Household electrical products, etc. | 70 | 1.45 | 17¾ | 8.2 |
| Lang & Co.<br>Wholesale grocer | 12 | 0.30 | 3¼ | 9.2 |
| Latrobe Steel<br>High speed, tool and die, stainless steels | 19 | †1.28 | 34 | 3.8 |
| Lau Blower Co.<br>Manufacture of air moving equip. | 22 | †0.63 | 7⅛ | 8.8 |
| Lawrence Electric Co.<br>Operating public utility | 107 | 1.10 | 30½ | 3.6 |
| Lee (H. D.) Co.<br>Mfr. of work, utility and play clothing | 26 | 3.50 | 65½ | 5.3 |
| Leece-Neville Co.<br>Starting-light equipment for autos and aircraft | 34 | †0.49 | 12¼ | 4.0 |
| Liberty Bk. of Buffalo (N.Y.) | 12 | 1.15 | 35½ | 3.8 |
| Liberty Life Insurance Co.<br>Non-participating | 15 | 1.00 | 165 | 0.6 |
| Liberty Loan Corp.<br>Small loan business | 22 | 1.50 | 32½ | 4.6 |
| Liberty Natl. Bank & Trust Co. of Louisville | 16 | 2.30 | 65 | 3.5 |

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

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## Hardy & Co. Sponsors Investor Course

A post season course on investments will be offered by Hardy & Co., members of the New York Stock Exchange, on Tuesday evenings, beginning April 23. Because of the uncertain state of the market, special emphasis will be given to "Knowing Your Stocks" and "Understanding the Market." Samuel C. Greenfield, Investment Adviser, will conduct the nine lectures.

Mr. Greenfield plans to spend several sessions analyzing the oil, chemical, cement and road building groups. The course, to be conducted partly through lecture and partly through a workshop, will give special attention to such matters as security analysis, timing, portfolio management and the errors commonly made by investors.

## Gregory & Sons Will Admit Sloan to Firm

Gregory & Sons, 72 Wall Street, New York City, members of the New York Stock Exchange, on May 1 will admit Samuel Sloan, III, member of the Exchange, to partnership in their firm.

### Cruttenden, Podesta Adds

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich.—Lester F. Walker is now connected with Cruttenden, Podesta & Co., McKay Tower.

### Joins Kidder Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—John J. Michael has joined the staff of A. M. Kidder & Co., Inc., Guardian Building.

### With Central Republic

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John A. Ladd, Jr. has become connected with Central Republic Company, Boatmen's Bank Building. He was formerly with A. G. Edwards & Sons and Fusz-Schmelzle & Co.

## Overnight Freight Service Stock Offered

An offering of 126,000 shares of Overnight Transportation Co. common stock priced at $13.30 per share was made on April 16 by an underwriting group headed by Scott, Horner & Mason, Inc. Representing the first public distribution of the shares, the underwriters are reserving 25,000 shares for purchase by officers or employees of the company.

None of the proceeds of the sale will go to the company. All of its stock is owned by J. Harwood Cochrane, President, who will retain after this sale 49.6% of the outstanding stock of the company.

The company operates an interstate motor freight service in Virginia, North Carolina, South Carolina, Georgia and Tennessee with 750 pieces of rolling equipment and 24 terminals in four states.

The company reported operating revenue of $7,926,375 in 1956 compared with $5,843,153 in 1955. Net income in 1956 was $327,841, equal to $1.31 per share on the common stock compared with $271,547 or $1.09 per share in 1955.

The company, which started in 1935 with one tractor trailer and one pick-up truck, has financed its growth from earnings, and no dividends were paid prior to 1955. Under a dividend waiver agreed to by Mr. Cochrane the stock now being offered to the public is initially entitled to dividends aggregating 85 cents per share annually before Mr. Cochrane receives any dividend on his stock.

### Charles Grant Opens

BROOKLYN, N. Y. — Charles Grant is conducting a securities business from offices at 494 Crescent Street.

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# Current Objectives and Programs of the SEC

of them have been drawn into the business in the hope of making a quick profit in the existing market rather than with the expectation of establishing a sound business based on just and equitable dealings. The Securities industry organizations, such as the registered exchanges and dealers associations, have made a valiant effort to audit and inspect their members, and industry cooperation is a vital part of the regulatory scheme to protect the public investor. Unfortunately, violations have been found in increasing numbers and increasing magnitude.

We have accordingly found it necessary to step up our enforcement efforts with respect to brokers and dealers and to expand our inspection program. In the current fiscal year we will make more broker-dealer inspections than ever before in Commission history. We have in recent years tightened our net capital requirements for registered broker-dealers primarily by increasing from 10% to 30% the so-called "hair cut"—that is, the deduction from the market price of stocks in inventory which is required to be made in computing the net capital of brokers and dealers. We are insisting upon compliance with this rule by registered brokers and dealers, particularly in connection with underwriting commitments, and we do not hesitate to go into Federal District Court and seek an injunction when we find a broker-dealer operating with insufficient capital.

### Diminished Caution

Generally, rising markets have created conditions favorable to the marketing of speculative securities and would appear, unfortunately, to have diminished to some degree the caution and prudence of many investors. We have found that there are people who are willing to purchase an unknown speculative security upon the basis of a telephone call from a stranger. These conditions have produced a resurgence of old fashioned boiler rooms. A boiler room, as I am sure you know, consists of a group of fast-talking salesmen assembled in a back room somewhere, selling securities by fraudulent high pressure methods over the long distance telephone. We are making every effort to stamp out these activities and despite the obstacles which we encounter, I am optimistic concerning our progress.

There is another phase of what may be a related problem which gives us cause for concern. I refer to what appears to be an increasing effort to avoid compliance with the registration requirements of the Securities Act of 1933 in the distribution of securities by attempted resort to some of the exemptions provided in the statute. The problem is related in the sense that a boiler room must have securities to sell and it obviously does not sell them in compliance with the prospectus requirements of the Securities Act, and in practically every case some exemption from registration is claimed for the securities being distributed, but the possibility of abuse of the exemptions from registration is by no means limited to boiler rooms.

### Policy on Exemptions

We must make every effort to see that investors receive the protection of the registration and prospectus requirements of the Securities Act in those cases where under the law they are entitled to this protection and that exemptions are confined to the area in which Congress intended them to operate.

There is, for example, an exemption for transactions by an issuer not involving any public offering. The Supreme Court has indicated that this exemption was intended for situations where the offerees had access to all material information about the security, and accordingly to not need the protections of registration. Other relevant factors must be considered, including the number of offerees, which the Commission in past years and at least one Congressional Committee recently felt by "rule of thumb" should not exceed 25. We have encountered a number of situations where securities issued ostensibly in reliance on this exemption have in fact entered channels of public distribution without any reliable information concerning the issuer being available — a result which seems contrary to the statutory intent. Similarly, there is an exemption for securities which are part of an issue offered and sold only to persons resident within a state where the issuer is organized and doing business. This exemption is clearly designed for purely local financing which is subject to the effective control of the state concerned. Again we find securities issued in reliance upon this exemption finding their way into the interstate securities markets without the information called for under the Securities Act being supplied.

### "No-Sale" Policy

A Commission interpretation of long standing has provided that no sale, for the purposes of the registration provisions of the Securities Act, is deemed to occur insofar as shareholders of a corporation are involved where, pursuant to state statute, there is submitted to the vote of such stockholders, a plan for merger, consolidation, reclassification of securities, or the transfer of assets of such corporation in consideration for voting stock of the transferor. The underlying rationale of this interpretation, expressed in Commission Rule 133 under the Securities Act, presumably is that in such a case the element of individual contract or volition which is part of the ordinary concept of a sale is not present, as such stockholders receive new securities in lieu of the old ones by operation of corporation law rather than by individual agreement.

Recently the Commission has had occasion to reexamine the soundness of this proposition and that question is still under study. This reconsideration has brought forcibly to our attention the fact that widespread misunderstanding exists as to the scope of the rule. There seems to be an impression abroad that the use of a stockholder's vote in such a transaction operates to free the securities from the registration requirements of the Securities Act so that they can immediately be redistributed to the investing public

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# Over-The-Counter Market – Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Liberty Natl. Bank & Trust Co. of Oklahoma City | 22 | †0.80 | 23 | 3.5 |
| Life & Casualty Ins. of Tenn. (Life, accident and health) | 21 | †0.45 | 20⅞ | 2.2 |
| Life Insurance Co. of Missouri (Life, accident & health insurance) | 11 | 0.60 | 31½ | 1.9 |
| Lincoln Natl. Bank & Trust Co. of Fort Wayne | 16 | 2.80 | 55 | 5.1 |
| Lincoln Natl. Bank & Trust Co. of Syracuse | 23 | 1.50 | 39¾ | 3.8 |
| Lincoln Natl. Life Ins. Co. (Life insurance) | 38 | †1.65 | 208 | 0.8 |
| Lincoln Rochester Trust Co. (Rochester) | 21 | 2.40 | 50 | 4.8 |
| Lincoln Square Building Co. (Springfield, Ill. real estate) | 23 | 12.00 | 145 | 8.3 |
| Lincoln Stores, Inc. (Dept. store chain in New England) | 27 | 1.00 | 15½ | 6.5 |
| Lion Match Co. (Paper matches) | 19 | 0.40 | 15 | 2.7 |
| Lock Joint Pipe Co. (Water and sewer pipe) | 21 | 70.00 | 950 | 7.4 |
| Loft Candy Co. (Leader in the candy field) | 14 | 0.20 | 3¼ | 6.2 |
| Lone Star Brewing Co. (Lager beer) | 12 | †1.59 | 36 | 4.4 |
| Longhorn Portland Cement (Manufacturer of Portland Cement) | 20 | 0.90 | 36½ | 2.5 |
| Lorain Telephone Co. (Operating public utility) | 29 | 1.40 | 32 | 4.4 |
| Los Angeles Transit Lines (Traction company) | 12 | 1.30 | 15⅞ | 8.2 |
| Louisiana State Rice Milling Co. (Rice and by-products) | 16 | 0.60 | 23 | 2.6 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Louisville Title Mortgage Co. (Title insurance) | 22 | 1.15 | 32⅛ | 3.6 |
| Louisville Trust Co. (Ky.) | 14 | 2.30 | 55 | 4.2 |
| Lowell Bleachery, Inc. (Bleaches and dry cotton goods) | 25 | 1.00 | 21 | 4.8 |
| Lowell Electric Light Co. (Operating public utility in Mass.) | *32 | 3.25 | 60½ | 5.4 |
| Lucky Stores, Inc. (Retail food chain in northern California) | 12 | 0.60 | 11⅞ | 5.0 |
| Ludlow Mfg. & Sales (Jute and burlap) | 85 | 3.10 | 40¼ | 7.7 |
| Ludlow Typograph Co. (Typesetting equipment) | 12 | 3.00 | 52 | 5.8 |
| Luminator-Harrison, Inc. (Automotive & electrical products) | 11 | 0.70 | 11½ | 4.7 |
| Lux Clock Mfg. Co. (Manufacturer of clocks and timing mechanisms) | 35 | 1.00 | 16 | 6.2 |
| Lynchburg Foundry Co. (Cast iron products) | 18 | †1.00 | 19 | 5.3 |
| Lynchburg Gas Co. (Natural gas supplier) | 14 | 1.00 | 22 | 4.5 |
| Lynn Gas & Electric Co. (Manufacture and distribution of gas and electricity in Mass.) | 67 | 1.60 | 32 | 5.0 |
| Lyon Metal Products, Inc. (Fabricated steel products) | 20 | 3.00 | 35 | 8.6 |
| MacGregor Sport Products, Inc. (Golf and athletic equipment) | 25 | 1.00 | 19¾ | 5.1 |
| Macmillan Co. (Well-known book publisher) | 59 | 1.75 | 32½ | 5.4 |
| Macwhyte Co. (Wire, rope, cables) | 13 | 1.60 | 25 | 6.4 |
| Mading Drug Stores Co. (Houston drug chain) | 11 | 0.60 | 13 | 4.6 |

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

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# Current Objectives and Programs of the SEC

without registration. Such an assumption reads into the rule something that the Commission did not intend. The rule expressly provides that no sale is deemed to be involved "so far as the stockholders of a corporation are concerned." It does not afford any exemption for re-sale of a security to others. The Commission has no power under the Act to grant an exemption from registration which the Act itself does not expressly provide. To the extent that the rule may in effect do this, its validity in my opinion is open to serious question.

### Intensified Proxy Contests

Another recent development in the administration of the Federal securities laws has been the increasing frequency and intensity of proxy contests for the control of major corporations. Under Section 14(a) of the Securities Exchange Act of 1934, the Commission is granted jurisdiction to prescribe rules governing the solicitation of proxies in respect of securities registered on national securities exchanges. A basic purpose of the Commission's rules under this Section is to obtain for investors and stockholders the fair disclosure of material facts and to prevent, by seeking relief in the Federal courts where necessary, as the statute provides, the dissemination of false and misleading information.

After two years of intensive study the Commission, in January 1956, adopted a revision of its proxy rules designed to clarify and make more specific the intent of the rules as they relate to contests for control. Among the more important changes made by this revision were to establish for the first time uniform ground rules governing solicitations prior to the furnishing of a formal proxy statement and to provide specifically for the furnishing of detailed factual information as to participants in contests, both the nominees for election as directors and those actively participating in their election campaign. This includes information about the identity and background of such persons, their interest in securities of the corporation, and certain other important information, particularly with reference to arrangements or understandings with respect to the acquisition of securities and the financing of the contest. The revised rules also contain examples of statements which may be made in the heat of proxy fights and which, depending upon the particular facts, may be misleading.

The new rules have generally worked well and have been of marked assistance to the Commission in the discharge of its statutory duties under the conditions created by hotly contested proxy contests. However, in recent proxy contests the Commission has had to use its investigative powers to the utmost to obtain and then require participants to disclose in their proxy statements basic material facts necessary for full and fair disclosure to the stockholders. This has often had to be done in an atmosphere of apparent hostility among various participants, and under circumstances that make our traditional impartiality in proxy contests difficult but vitally important.

Also, Committees and Members of the Congress have for the first time in our administration of the rules required us to report to them our enforcement activity on a day to day basis during a particular proxy fight and members of the Congress have commented both favorably and unfavorably on various participants and on the Commission. I believe it is something of a new development for administration of the law hitherto left to the Commission and the Courts to have been the object of such close surveillance by the Congress during a particular proxy fight.

## Lewis C. Dick

Lewis C. Dick, President of Lewis C. Dick Company, Philadelphia, passed away April 10 at the age of 60, following a brief illness.

## With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Raymond A. Savage, Jr. has become connected with Keller & Co., 31 State Street.

## With F. J. Leazes Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Anthony F. Mastrovito has become connected with F. J. Leazes Co., 11 Wabash Avenue. He was formerly with Palmer, Pollacchi & Co., Inc.

## Now With Goodbody

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William R. Kitchel has become affiliated with Goodbody & Co., 140 Federal St. He was previously with Preston, Moss & Co.

## Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — C. William Ryder has become associated with Gibbs & Co., 507 Main St.

## With Carr & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Bruce D. White is now with Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

## Argodale Inv. Sales

HOT SPRINGS, Ark.—Constantine G. Argodale is engaging in a securities business from offices at 925 Greenwood under the firm name of Argodale Investment Sales.

# Favorable Chemical Prospects Depicted by Chemical Fund Pres.

**Chemical Fund head sees chemical industry favorably situated in terms of profits, compared to manufacturers generally, higher cash accumulations for improvements and expansion, and continuing pronounced new product growth. On balance, Fund President Williams states, there may be little, if any, further decline in profit margins, and immediate future cash flow should increase.**

On the occasion of the recent nationwide observance of Chemical Progress Week by the chemical industry, Francis S. Williams, President of Chemical Fund, Inc., stated that the high investment standing of chemical securities is more fully justified today than at almost any other time in the post-war period.

Francis S. Williams

New record sales volume of $24.3 billion was achieved by the industry in 1956, and estimates indicate a further gain for 1957. Accelerating research efforts combined with record expansion programs scheduled for 1957 are tangible expression of the industry's confidence in its growth prospects. Post-war capital expenditures by the industry have totaled more than $12½ billion including $1,468 million in 1956, and are estimated at $1,750 million for 1957, a 19% increase over last year. The present tight money conditions are expected to have little retarding effect on chemical manufacturers' plans owing to the expanding level of internally generated funds.

The over-all profit experience of the chemical industry has been more favorable than that of manufacturers generally. Profit margins before tax of 26 chemical companies and of 200 manufacturing concerns, as reported by the Federal Reserve Board, have been as follows:

| | 26 Chemical Companies | 200 Manufacturing Concerns |
|---|---|---|
| 1947 | 17.6% | 13.2% |
| 1955 | 21.2 | 14.7 |
| 1956 (9 mos.) | 19.3 | 12.7 |

In the most recent period, one of slightly receding profit margins for most manufacturers, the percentage reduction in chemical profits per dollar sales has been materially less than the average of all manufacturers. Superior sales growth for chemicals has made aggregate profit experience for the group even more favorable.

A recent source of confusion regarding profit margins is the apparent squeeze on earnings caused by the more favorable accounting methods now permitted by the Federal Government for amortizing new plant and equipment, according to Mr. Williams. New depreciation methods, when combined with rapid expansion of physical plant by chemical companies, have created an illusionary cost squeeze for many chemical companies.

Experience of Union Carbide, for example, over the recent past indicates how significantly this accounting device has altered the nature of cash flow.

| | Cash Flow Items as a Percent of Sales | | |
|---|---|---|---|
| | 1947 | 1955 | 1956 |
| Net Income | 14.5% | 11.9% | 11.0% |
| Depreciation, etc. | 3.2 | 8.8 | 8.6 |
| Total | 17.7% | 20.7% | 19.6% |

Other things being equal, the shorter the period of depreciation and the higher the rate in a company, the better are its prospects for the future. Higher depreciation means more cash accumulation for improvements and expansion without recourse to borrowing or the issuing of more stock. This company has available a larger proportion of cash per dollar sales for expansion and dividend purposes in 1955-56 than a decade earlier, but is writing off its plant investment at the much more rapid rate permitted by accelerated amortization under Certificates of Necessity and by changes in tax-allowable depreciation methods. This experience is not unique. It is repeated in greater or lesser degree in almost every chemical company.

As 1957 commences, there are, as always, Mr. Williams added, mixed immediate prospects for individual chemical companies and for individual product lines. In the aggregate, prices for chemicals are firm at somewhat higher levels than those prevailing during most of 1956. Physical and dollar volume of sales are also higher. At least part of these advances in revenues are offset by higher labor and materials costs and by further increases in depreciation allowances. On balance, there may be little, if any, further decline in profit margins, and over the immediate future cash flow should increase.

The rapid introduction of new and improved products is one of the most important characteristics of the chemical industry. The horizons of chemistry remain promising. Atomic energy, high energy fuels, new metals, advances in medicine and many other new areas rely heavily upon the chemical sciences and provide frontiers for the industry which will contribute to future growth.

The significance of new product development may be illustrated by recent sales trends in the important plastics division of the chemical industry. Sales of resins increased from $669 million in 1951 to approximately $1,125 million in 1956. Such sales are projected at $1,750 million for 1961. Growth in the five years 1951-56 and that anticipated for 1956-61 is due in large part to the introduction of new and improved plastic materials. The five big volume plastic materials accounted for about 75% of total plastic sales in 1951, 64% in 1956 and may account for only 50% in 1961. Increases in the five big volume plastics are projected to 1961, but the declining proportion to total sales is due to growth of new materials. Over the next five years, particularly good growth should be achieved by linear polyolefins, urethanes and other plastics which were relatively small volume items in 1956.

Analogies to the plastics experience can be made in almost all phases of chemical activity. This, in combination with the completely new chemical horizons, illustrates the pronounced growth characteristics of the chemical and allied fields.





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## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Madison Gas & Electric Co. | 48 | 1.80 | 42 | 4.3 |
| Wisconsin utility | | | | |
| Magor Car Corp. | 21 | 2.00 | 25 | 8.0 |
| Railroad rolling stock | | | | |
| Mahon (R. C.) Co. | 21 | 1.20 | 24¾ | 4.8 |
| Fabricated structural steel and sheet metal products | | | | |
| Mallory (P. R.) & Co. Inc. | 19 | 1.40 | 43 | 3.3 |
| Electric, electronics and Metallurgical parts and products | | | | |
| Manning, Maxwell & Moore | 21 | †1.12 | 27¾ | 4.0 |
| Hoists, cranes, gauges, valves | | | | |
| Manufacturers Life Insur. Co. | *48 | 2.10 | 249 | 0.8 |
| Life insurance | | | | |
| Mfrs. Natl Bank (Detroit) | 20 | 1.65 | 45 | 3.7 |
| Mfrs. & Traders Tr. (Buf.) | *30 | †0.98 | 25 | 3.9 |
| Manufacturers Trust (N. Y.) | 48 | †1.71 | 44¼ | 3.9 |
| Maremont Automotive Products, Inc. | 18 | 0.80 | 13¼ | 6.0 |
| Auto parts | | | | |
| Marine Natl. Exchange Bank of Milwaukee | 96 | e4.00 | 103 | 3.9 |
| Market Basket (Los Ang.) | 18 | †0.69 | 23 | 3.0 |
| Retail market chain | | | | |
| Marlin-Rockwell Corp. | 33 | 1.05 | 18⅜ | 5.7 |
| Mfr. ball and roller bearings | | | | |
| Marshall & Ilsley Bk. (Milw.) | 19 | 1.75 | 70 | 2.5 |
| Marshall-Wells Co. | *12 | 11.00 | 370 | 3.0 |
| Manufactures and wholesales hardware and kindred lines | | | | |
| Martell Mills Corp. | 12 | 3.10 | 42 | 7.4 |
| Cotton products | | | | |
| Maryland Credit Finance Corp. | 10 | 1.75 | 25 | 7.0 |
| Auto financing | | | | |
| Maryland Shipbuilding & Drydock Co. | 23 | 1.25 | 33 | 3.8 |
| Ship construction, conversion, repairs and manufacturer of industrial products | | | | |
| Maryland Trust Co. (Balti.) | 22 | 2.00 | 56½ | 3.6 |
| Massachusetts Bonding & Insurance Co. | 21 | 1.60 | 28¼ | 5.7 |
| Diversified insurance | | | | |
| Massachusetts Protective Association, Inc. | 33 | 3.00 | 130 | 2.3 |
| Accident and health insurance | | | | |
| Massachusetts Real Estate Co. | 22 | 4.35 | 105 | 4.1 |
| Real estate | | | | |
| Mastic Asphalt Corp. | 19 | 0.30 | 5½ | 5.4 |
| Imprinted brick and insulating siding | | | | |
| Mathews Conveyor Co. | 11 | 1.00 | 26¾ | 3.7 |
| Conveying equipment | | | | |
| Matthiessen & Hegeler Zinc Co. | 12 | 1.40 | 26 | 5.4 |
| Producer of zinc, zinc products, sulphuric acid and ammonium sulphate | | | | |
| Mayer (Oscar) & Co., Inc. | 21 | †0.64 | 30 | 2.1 |
| Meat processing | | | | |
| McCandless Corp. | 11 | 0.20 | 4 | 5.0 |
| Rubber goods | | | | |
| McCloud River Lumber Co. | 11 | 4.75 | 65 | 7.3 |
| Western softwood lumber | | | | |
| McCormick & Co. Inc. | 33 | 1.40 | 25½ | 5.5 |
| Manufacturers & distributors of spices, extracts, tea, etc. | | | | |
| Meadville Telephone Co. | 33 | 1.50 | 24½ | 6.1 |
| Operating public utility | | | | |
| Mechanical Handling Systems, Inc. | 21 | 0.45 | 13½ | 3.3 |
| Design, manufacture and installation of conveyors | | | | |
| Medford Corp. | 17 | 7.00 | 180 | 3.9 |
| Lumber manufacturer | | | | |
| Mellon Natl. Bank & Trust | 52 | 3.70 | 109 | 3.4 |
| Melrose Hotel Co. | 23 | 1.50 | 37 | 4.0 |
| Dallas residential hotel | | | | |
| Mercantile National Bank of Chicago | 21 | 1.80 | 51 | 3.5 |
| Mercantile Natl. Bk. (Dallas) | 22 | 1.18 | 28 | 4.2 |
| Mercantile-Safe Deposit and Trust Co. (Baltimore) | 90 | 4.00 | 95½ | 4.2 |
| Mercantile Trust (St. Louis) | 57 | 2.40 | 59½ | 4.0 |
| Merchandise National Bank of Chicago | 23 | †0.91 | 26½ | 3.4 |
| Merchants Acceptance Corp. Class A | 20 | 1.65 | 25 | 6.6 |
| Small loans and general financing | | | | |
| Merchants Fire Assur. Corp. | 45 | 1.90 | 50 | 3.8 |
| Merchants Fire Insurance Co. (Colorado) | 47 | †0.81 | 16½ | 4.9 |
| Fire and allied lines of insurance | | | | |
| Merchants and Manufacturers Insurance Co. of N. Y. | 21 | 0.65 | 10⅝ | 6.1 |
| Fire and allied lines of insurance | | | | |
| Merchants National Bank of Boston | 126 | 1.80 | 40½ | 4.4 |
| Merchants National Bank in Chicago | 18 | 1.50 | 42 | 3.6 |
| Merchants National Bank of Mobile | 55 | 3.25 | 81 | 4.0 |
| Merchants National Bank & Trust Co. (Indianapolis) | *32 | 0.80 | 46½ | 1.7 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
e A 100% stock dividend was paid on Jan. 15, 1957. Figures shown are for old shares.

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Merchants National Bank & Trust Co. of Syracuse | 17 | 1.32 | 40 | 3.3 |
| Meredith Publishing Co. Publishing | 28 | 1.60 | 29 | 5.5 |
| Messenger Corp. Calendars (religious and commercial) and greeting cards | *22 | 0.50 | 8¾ | 5.7 |
| Metal Forming Corp. Mouldings and tubing | 11 | 0.60 | 7½ | 8.0 |
| Metals & Controls Corp. Strip metal | 18 | 2.65 | 148 | 1.8 |
| Metropolitan Storage Warehouse Co. General warehouse | 26 | 2.25 | 29 | 7.8 |
| Meyercord Co. Decalcomanias | 16 | 0.50 | 6⅛ | 8.2 |
| Michigan Gas & Electric Co. Operating public utility | 10 | 1.60 | 47½ | 3.4 |
| Mich. Natl. Bank (Lansing) | 16 | †0.95 | 55 | 1.7 |
| Michigan Seamless Tube Co. Sheet tubing | 18 | †0.875 | 22 | 4.0 |
| Middle States Telephone Co. of Illinois Operating public utility | 18 | 0.90 | 19¼ | 4.7 |
| Middlesex County Natl. Bank (Mass.) | 21 | †2.24 | 50 | 4.5 |
| Middlesex Water Co. Operating public utility | 44 | 3.00 | 55 | 5.4 |
| Midwest Rubber Reclaiming Mfrs. of reclaimed rubber | 20 | 1.25 | 15¾ | 7.9 |
| Miles Laboratories, Inc. Alka Seltzer | 63 | 1.04 | 20¼ | 5.1 |
| Miller Mfg. Co. Tools for auto and engine repair | 15 | 0.30 | 4¼ | 7.1 |
| Millers Falls Co. Tools | *20 | †0.91 | 19 | 4.8 |
| Minneapolis Gas Co. Natural gas distributor | a38 | 1.30 | 26¾ | 4.9 |
| Mississippi Glass Co. Rolled glass, wire glass, etc. | 10 | 1.95 | 34¼ | 5.7 |
| Mississippi Shipping Co. Steamship operators | 32 | 1.15 | 18½ | 6.2 |
| Miss. Valley Barge Line Commercial carrier; freight on rivers | 15 | 0.90 | 15¼ | 5.9 |
| Mississippi Valley Public Service Co. Operating public utility | 23 | †1.30 | 29 | 4.5 |
| Missouri-Kansas Pipe Line Holding company | 17 | 3.00 | 107 | 2.8 |
| Missouri Utilities Electricity and natural gas | 15 | 1.36 | 27¼ | 5.0 |
| Mobile Gas Service Corp. Operating public utility | 12 | 0.975 | 23 | 4.2 |
| Mode O'Day Corp. Women's and children's apparel | 10 | 1.00 | 15⅛ | 6.6 |
| Mohawk Petroleum Corp. Oil production | 12 | 0.75 | 29 | 2.6 |
| Mohawk Rubber Co. Manufacturer of rubber products | 15 | 1.00 | 17 | 5.9 |
| Monarch Life Insurance Life, accident & health insurance | 25 | †0.375 | 30¼ | 1.2 |
| Monarch Mills Sheetings and print cloths | 23 | 0.75 | 32¾ | 2.3 |
| Monroe Calculating Calculating and bookkeeping machines | 23 | 1.75 | 30 | 5.8 |
| Montana Flour Mills Co. Flour and feeds | 17 | 1.60 | 32 | 5.0 |
| Monumental Life Ins. (Balt.) Life insurance | 28 | 1.40 | 75 | 1.9 |
| Moore Drop Forging Co. Drop forgings and machinery | 18 | 0.80 | 11¼ | 7.1 |
| Moore-Handley Hardware Hardware wholesaler | 10 | 0.60 | 8¼ | 7.3 |
| Morgan Engineering Co. Produces mills, cranes, etc. | 10 | 0.30 | 23½ | 1.3 |
| Morgan (J. P.) & Co. Inc. | 17 | 10.00 | 362 | 3.3 |
| Morris Paper Mills, Inc. Paperboard and boxes | *11 | 1.19 | 32¼ | 3.7 |
| Morris Plan Co. of California Thrift accounts, loans, time-sales financing | 31 | 1.80 | 34½ | 5.2 |
| Morrison-Knudsen Co. Construction—heavy engineering | 18 | †1.89 | 40 | 4.7 |
| Mosinee Paper Mills Co. Sulphate pulp and paper | 17 | 1.50 | 33¼ | 4.5 |
| Motor Finance Corp. Auto financing and insurance | 32 | 4.00 | 95 | 4.2 |
| Murray Co. of Texas Cottonseed oil | 12 | 1.25 | 20 | 6.2 |
| Nashua Corp. Units Makes waxed, gummed, coated papers, printed cellophane | 31 | 2.375 | 65 | 3.7 |
| National Aluminate Corp. Water and petroleum treatments and industrial chemicals | 29 | 1.05 | 32½ | 3.2 |
| National American Bank of New Orleans | *26 | 16.00 | 405 | 4.0 |
| Natl. Bk. of Comm. (Houston) | 18 | 3.00 | 105 | 2.9 |
| National Bank of Commerce in Memphis | 18 | 2.00 | 56 | 3.6 |
| National Bank of Commerce in New Orleans | 23 | 2.05 | 60 | 3.4 |
| National Bank of Commerce of Norfolk | 68 | 3.20 | 105 | 3.0 |
| National Bank of Commerce of San Antonio | 55 | 1.54 | 46½ | 3.3 |

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

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# The Security I Like Best

cific Railway before it, too, was successful in overcoming all obstacles.

Distance and climate have always been barriers for Canadians and the bridging of remote areas has taxed the ingenuity of its people. With the help of partners in the United Kingdom and the United States of America, Canadians have successfully linked the east and the west by railway and oil pipeline. Now that the gas line is actually underway, this third link covering a distance of almost one-tenth of the distance around the world, will be completed as were the others.

The whole project was made possible by a tremendous build-up of reserve gas in Western Canada. In a space of 10 years the rapid increase of these reserves has made feasible their movement to the large industrial areas in the east.

In Eastern Canada, utilities who distributed manufactured gas had found it increasingly difficult to compete with oil and electricity. Without the advent of natural gas many of these companies faced an uninspiring future.

With plenty in the west and scarcity in the east, the stage was set for the Trans-Canada Pipeline.

The estimated cost of building the line from the border of Alberta to the heart of Montreal is over $400,000,000. Of this amount about $120,000,000 will be provided by the Government of Canada to build the 675 mile link from the Manitoba-Ontario border to Kapuskasing in Northern Ontario. The government support was given for this link running through the more sparsely settled areas in Northern Ontario.

The balance of the monies required to finance the line have been provided through a bank loan, first mortgage bonds, debentures and common shares. Of the first mortgage bonds a large percentage were placed in the U.S.A. among a small number of insurance companies. In Canada the balance of the bonds were purchased by insurance companies with almost every company across the whole Dominion participating. This type of support has been the bulwark of Canadian unity through the years.

The debentures and common shares have been sold as a unit to both American and Canadian investors. The Canadian unit consists of a debenture due in 1987 in the denomination of $100 bearing interest at the rate of 5.85% and five common shares with a par value of $1. Of the five common shares, three are detachable within a period of months and the balance of two shares after Nov. 1, 1958, at the option of the company, but in any event prior to Jan. 1, 1960. The debentures issued in the U.S.A. will carry an interest rate of 5.60%.

Trans-Canada Pipelines will draw its gas supply from the Alberta Gas Trunkline. This company's feeder lines will tap 13 gas fields in the Province of Alberta. Permission has been granted for the export from 19 fields in Alberta until 1981 of 4.35 trillion cubic feet at a maximum daily amount of 620,000 M.C.F. or a maximum annual quantity of 183 billion cubic feet.

The basic price to the gas producers of 10c per M.C.F. will be progressively increased beginning on Jan. 1, 1960, ¼c per M.C.F. annually to a maximum of 15.75c per M.C.F. No price renegotiation will take place until 1968 unless the company earns over 7½% on its capitalization.

By November of 1963 or within five years of the initial transmission of gas to the East, the company expects it will have achieved its initial development stage based on Canadian markets only. This would represent an anticipated annual sale of 186,656,000 M.C.F. Of this total 20,219,000 M.C.F. would be sold west of Ontario.

Eight 20-year contracts have been worked out with gas distributing utilities. Of these, by far the largest is with the Consumers Gas Co. of Toronto, who plan to take at least 51,191,300 M.C.F. by 1963. The average rate to the utilities varies from 20.8c to 65.7c per M.C.F. depending on location and load factor.

If immediate permission can be obtained from the Federal Power Commission to export additional gas through Niagara Falls to supply the Quebec Natural Gas Corp., then a market could be built up in Montreal to be ready when the Trans-Canada line reaches the East.

The possible export of natural gas to the U.S.A. via Minnesota may be nearer reality. If export is allowed, it would mean the transmission of an additional 200,000 M.C.F. daily from Alberta to the U. S. border south of Winnipeg.

In the rapidly growing Canadian economy, the use of natural gas will grow at a rapid rate particularly in such highly industrialized areas as southern Ontario and the area between Toronto and Montreal. Even without the sale of gas to the U.S.A. the company can generate full earnings to enhance the value of the securities of the company.

The debentures bearing common shares are subordinated to all prior indebtedness. A protection for earnings is an agreement between the company and certain original shareholders obligating them to purchase up to $21,000,000 in convertible notes to the extent that earnings are insufficient to meet full interest requirements.

Estimates of earnings on the common shares run as high as $1.65 at such time as the line is operating at full capacity. The obvious stability of an undertaking financed in partnership with the Canadian Government and with its blessing lends further attraction to the securities.

In addition, the high interest rate on the debentures issued at a time when yields are at their peak in over 30 years ensures good income.

In my opinion the units of Trans-Canada Pipelines Limited are good value and an excellent means of participating in the growing economy of Canada.

*Continued from first page*

# As We See It

apportionment of costs—and is tempted to leave by the same door "as in he went." There probably is not a corporals guard among the legislators now so critical of the Postmaster General who would agree to the discontinuance of any of the services now rendered. There would, of course, be no more who would really be willing to take the steps necessary to get politics out of the operations of the system. Any increase in postal rates is about as politically unpopular. The postal deficit has been around for a long time, and talk, charges, countercharges, and all the rest have regularly ended with nothing being done about the problem.

### Other Types of Unrealism

The really unfortunate part of it is that much the same type of unrealism prevails in virtually all of the fiscal affairs of the nation. Just at the moment there is a great ado about the President's budget for the next fiscal year. There is good reason to complain, but what is being done and what is likely to be done? It is evident that members of Congress, by and large, are fully as reluctant to take the steps necessary to a real overhauling of the budget as is the President or any of his advisers. A little may be lopped off here and there, and foreign aid, which is not politically popular anyhow, may feel the knife in a mild sort of way. Almost any member of Congress would like very much to have the political prestige that might be his if he were to lead a movement for real fiscal reform, or would if he could do so without taking steps which would bring down on his head the wrath of some one or more of the various elements in the population which now enjoy vested interests in largesse in one form or another—or even of those professional liberals who think we can spend ourselves rich. As things stand there are very few who are willing to get down to brass tacks and do anything of much consequence about this or any other budget they may wish were smaller.

But there is another type of unrealism in the handling of these fiscal affairs which is even more distressing. Various devious devices have been found or invented by which it is possible to keep the truth wholly out of any budgetary figures presented to Congress or acted upon by the national legislature. One of these devices is, of course, that of guaranteeing all ventures undertaken by private citizens or private organizations. The sundry housing schemes are cases in point. Sometimes similar schemes are called insurance. No one, so far as we are aware, has seriously undertaken to estimate the contingent liabilities of the Federal Government in ventures of this sort, but it is without doubt all but astronomical. Of course, it appeals to the politician because it provides a way to spend (or which is about the same thing to commit the national Treasury) in amounts which they would never have the face to place in the ordinary budget.

Without doubt the outstanding example of this type of financial legerdemain is found in social security. By use of trust funds and certain related accounting procedures it is possible to incur future liabilities which if fully understood would make many a citizen gasp and stare. Yet search the budget from end to end in any year, and no hint of all this is to be discerned. If it were possible to put expenditures, all of them, on some sort of accrual basis for the purpose of giving a true picture of what is taking place, the result would bear very little resemblance to the budget about which a good deal is being said at present. It would have no resemblance because the two would not even be in the same order of magnitude. Whatever Congress may or may not do with the President's budget this year, this distressing and even dangerous situation will remain.

### Deceiving Ourselves

We deceive ourselves in another way about the cost of government. We think the cost of government to the people of the United States is measured by the funds that the taxpayers or the buyers of its bonds turn over to government and are spent by government. But such amounts are very far from all inclusive. We have already spoken of the incredibly large future liabilities being assumed from year to year by the Federal Government in the name of social security. But has any one even tried to estimate the cost to the people of the United States of keeping the records that are required of employers, in-

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# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| National Bank of Detroit | 22 | 2.00 | 61½ | 3.2 |
| National Bank of Tulsa | 13 | †0.80 | 43 | 1.9 |
| National Bank of Washington (Tacoma) | 51 | 2.00 | 57½ | 3.5 |
| National By-Products, Inc.<br>Animal products | 20 | 0.40 | 5 | 8.0 |
| National Casualty Co.<br>Accident, health, casualty insur. | 23 | 1.50 | 55 | 2.7 |
| National Chemical & Mfg. Co.<br>Paints and related products | 18 | 0.80 | 17¾ | 4.5 |
| Natl. City Bank of Cleveland | 21 | 2.20 | 62 | 3.5 |
| National Commercial Bank & Trust Co. (Albany, N. Y.) | 102 | 2.60 | 76 | 3.4 |
| Natl. Fire Ins. Co. of Hartf'd<br>Diversified insurance | 87 | 3.00 | 89 | 3.4 |
| National Food Products Corp.<br>Holding company; chain food stores | 17 | †1.03 | 23¾ | 4.3 |
| National Life & Accident Insurance Co.<br>Life, accident and health | *32 | 0.60 | 88½ | 0.7 |
| National Lock Co.<br>Mortise locks | 16 | 1.00 | 19½ | 5.1 |
| National Newark & Essex Banking Co. (Newark) | 153 | †2.93 | 57½ | 5.0 |
| National Oats Co.<br>Cereals, animal feeds | 31 | 0.60 | 11 | 5.4 |
| National Reserve Life Insurance Co.<br>Participating & non-participating | 14 | 0.80 | 38 | 2.1 |
| National Screw & Mfg. Co.<br>Screws, bolts and nuts | 67 | 2.75 | 46½ | 5.9 |
| Natl. Shawmut Bk. (Boston) | *60 | 2.10 | 46 | 4.6 |
| National Shirt Shops of Del.<br>Chain, men's furnishings | 18 | 0.90 | 13¼ | 6.8 |
| National State Bk. (Newark) | 145 | †2.20 | 50½ | 4.9 |
| National Tank Co.<br>Manufactures and sells oil field equipment | 10 | 1.00 | 25½ | 3.9 |
| National Terminals Corp.<br>Midwest storage facilities | 13 | 1.25 | 19¼ | 6.5 |
| National Tool Co.<br>Precision cutting tools | 12 | 0.40 | 5⅛ | 7.8 |
| National Union Fire Insur.<br>Diversified insurance | 23 | 2.00 | 36¼ | 5.5 |
| Nazareth Cement Co.<br>Pennsylvania producer | 12 | 2.00 | 35 | 5.7 |
| Nekoosa-Edwards Paper<br>Pulp and papers | 16 | †1.12 | 51 | 2.2 |
| New Amsterdam Casualty<br>Diversified insurance | 20 | 1.30 | 40½ | 4.4 |
| New Britain Gas Light Co.<br>Public utility, gas | 98 | 1.85 | 33 | 5.6 |
| New Britain Machine<br>Machine tools | 21 | 2.65 | 36 | 7.4 |
| New England Gas & Electric Association<br>Owning investments in several operating utility companies | 10 | 1.00 | 18 | 5.5 |
| New Hampshire Fire Ins.<br>Diversified insurance | 88 | 2.00 | 36 | 5.6 |
| New Haven Board & Carton Co.<br>Paper board and folding boxes | 12 | 0.75 | 15 | 5.0 |
| New Haven Gas Co.<br>Operating public utility in Conn. | a106 | 1.70 | 30¾ | 5.5 |
| New Haven Water Co.<br>Operating public utility in Conn. | 78 | 3.00 | 58¾ | 5.1 |
| New York Fire Insurance<br>Fire and allied lines of insurance | 24 | 1.50 | 24¾ | 6.1 |
| New York Trust Co. | 63 | 3.25 | 69 | 4.7 |
| New Yorker Magazine<br>Publishes "The New Yorker" | 28 | 3.20 | 41½ | 7.7 |
| Newark Telephone Co. (O.)<br>Operating public utility | 27 | 4.00 | 65 | 6.2 |
| Newport Electric Corp.<br>Rhode Island utility | 18 | †1.10 | 19 | 5.8 |
| Niagara Lower Arch Bridge<br>Joint operator of Whirlpool Rapids Bridge | a100 | 2.00 | 71 | 2.8 |
| Nicolson File Co.<br>Manufactures files and rasps | 86 | 1.50 | 22¼ | 6.7 |
| 900 Michigan Ave., North, Corp.<br>Chicago real estate | 12 | 1.00 | 21 | 4.8 |
| No-Sag Spring Co.<br>Furniture and bedding springs | 20 | 1.00 | 16½ | 6.1 |
| Norfolk County Trust Co. (Brookline, Mass.) | 20 | 1.70 | 35½ | 4.8 |
| North American Refractories<br>Fire brick & refractory materials | 10 | †1.50 | 26¾ | 5.6 |
| North & Judd<br>Wide variety of hardware | 92 | †2.25 | 40 | 5.6 |
| North River Insurance Co.<br>Diversified insurance | 119 | 1.40 | 32 | 4.4 |
| North Shore Gas Co. (Ill.)<br>Retail distributor of natural gas in Illinois | 14 | 0.90 | 16¾ | 5.4 |
| Northeastern Ins. of Hartford<br>Reinsurance | 11 | 0.33 | 7½ | 4.4 |
| Northern Engineering Works<br>Cranes and hoists | *17 | 0.60 | 9¼ | 6.5 |
| Northern Indiana Pub. Serv.<br>Electric and gas public utility | 13 | 1.83 | 36¾ | 5.0 |
| Northern Insurance (N. Y.)<br>Diversified insurance | *47 | †2.74 | 62 | 4.4 |
| Northern Life Insurance Co.<br>Life, accident and health | 45 | 14.00 | 1220 | 1.5 |

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

## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Northern Ohio Telephone Co.<br>Operating public utility | 30 | 1.55 | 36 | 4.3 |
| Northern Oklahoma Gas Co.<br>Operating public utility | 21 | 1.00 | 18¼ | 5.5 |
| Northern Trust (Chicago) | 61 | 10.00 | 410 | 2.4 |
| Northwestern Fire & Marine Insurance Co.<br>Fire and casualty insurance | 47 | 1.00 | 33 | 3.0 |
| Northwestern National Insurance Co. (Milwaukee)<br>Fire, automobile and allied lines | 84 | 2.25 | 69 | 3.3 |
| Northwestern National Life Insurance Co.<br>Multiple line insurance | 21 | 1.00 | 104½ | 0.9 |
| Northwestern Public Service<br>Electric and gas public utility | 11 | 1.00 | 16⅜ | 6.1 |
| Northwestern States Portland Cement Co.<br>Iowa producer | 23 | †0.99 | 43 | 2.3 |
| Noxzema Chemical Co., Cl. B<br>Distributes "Noxzema" shaving cream and medicated cream | 34 | 1.00 | 17½ | 5.7 |
| Noyes (Charles F.) Co.<br>Real estate | 14 | 6.00 | 53 | 11.3 |
| Oakland Title Insurance Co.<br>Title insurance | *26 | 1.75 | 30 | 5.8 |
| Ohio Casualty Insurance Co.<br>Diversified insurance | *31 | †0.50 | 24½ | 2.0 |
| Ohio Citizens Trust Co. (Toledo) | 22 | 1.60 | 38 | 4.2 |
| Ohio Forge Machine Corp.<br>Gears, speed reducers, etc. | 21 | 4.00 | 40 | 10.0 |
| Ohio Leather Co.<br>Upper leather for shoes | 25 | 1.00 | 16¼ | 6.2 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Ohio National Life Insurance Company<br>Participating only | *32 | 1.25 | 36¼ | 3.4 |
| Ohio State Life Insur. Co.<br>Life, accident and health | *33 | 2.00 | 285 | 0.7 |
| Ohio Water Service<br>Retails treated water; wholesales untreated | 21 | 1.50 | 26¼ | 5.7 |
| Oilgear Co.<br>Hydraulic machinery | *15 | 2.40 | 45 | 5.3 |
| Old Ben Coal Corp.<br>Coal mining | 10 | 0.75 | 18 | 4.2 |
| Old Kent Bank and Michigan Trust Co. (Grand Rapids)<br>Formerly Old Kent Bank | 28 | †1.375 | 32 | 4.3 |
| Old Line Life Insurance Co. of America<br>Life, accident and health | *32 | 1.25 | 61 | 2.0 |
| Old Republic Life Insurance Company<br>Life, accident and health | *12 | 0.60 | 23 | 2.6 |
| Olympia Brewing Co.<br>Brewing | 21 | 1.85 | 31½ | 5.9 |
| Omaha National Bank | 22 | 1.60 | 66 | 2.4 |
| Oneida, Ltd.<br>Manufacture sterling, silverplate and stainless tableware | 21 | 1.25 | 20¾ | 6.2 |
| Onondaga Pottery Co.<br>China tableware | 14 | 1.05 | 20½ | 5.1 |
| Orange & Rockland Electric Company<br>Operating public utility | 50 | 1.00 | 30 | 3.3 |
| Orangeburg Manufacturing Co.<br>Manufacture bituminized fibre pipe, conduit and underfloor | 21 | †1.15 | 29¼ | 3.9 |
| Orpheum Building Co.<br>San Francisco office-theatre bldg. | 19 | 0.40 | 5⅜ | 7.4 |
| Osborn Manufacturing Co.<br>Manufacturers of industrial brushes and foundry machinery | 18 | 1.40 | 29 | 4.8 |

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

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Continued from page 52

## As We See It

cluding the self employed of the nation? Can any one doubt that it is of an order of magnitude equal to the sums that are exacted from the public in the name of social security?

Then, too, take the complicated system of taxation, particularly income taxation. Some day perhaps some one will make a good guess at the cost to the citizens of this country of the record keeping, the preparation of returns and all the rest that goes along with the system. If so, we have no doubt that it will not be regarded as insignificant even if compared with the billions paid in income taxes. Add to all this the cost to the private citizen of all the records and reports required of him to insure compliance with complex laws of the land, and the total without doubt would assume proportions which only a relative few years ago would have been regarded as quite fantastic.

Compared to all this, the postal mess does not bulk very large, but it is typical and therefore doubly disheartening.

### Now Boyd, O'Bryon

CORONA DEL MAR, Calif. — The firm name of Advisers Fund Distributors, Inc., 2515 East Coast Highway has been changed to Boyd, O'Bryon & Co., Inc.

### Now Bradshaw, DuPuy

LUFKIN, Tex.—The firm name of B. A. Bradshaw Investment Securities, Lufkin National Bank Building, has been changed to Bradshaw DuPuy & Company.

### With Joseph Faroll

Arthur P. Rockman has joined the staff of Joseph Faroll & Co., 29 Broadway, New York City, members of the New York Stock Exchange.

### Lee Higginson Corp. Adds to Staff

Richard V. Z. Salembier and George W. Ward have become associated with Lee Higginson Corporation, 20 Broad Street, New York City. Mr. Salembier was previously with Bache & Co.

### Now Pill & May

MONTGOMERY, Ala.—The investment business of Howard E. Pill, Old South Life Building, is being continued under the new firm name of Howard E. Pill & May, Inc.

### Now Allen Schwarz

BALTIMORE, Md.—The investment business of Howard S. Schwarz, 210 East Redwood Street, is being continued by Allen Schwarz.

### Joins Carr & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Ray A. Cornett is now affiliated with Carr & Co., Penobscot Building, members of the Detroit Stock Exchange.

## Florida Steel Corp. Common Stock Offered

Kidder, Peabody & Co. and McDonald & Company jointly headed an underwriting group which offered publicly on April 16 an issue of 270,000 shares of $1 par value common stock of Florida Steel Corp. at $8.50 per share.

None of the proceeds will go to the company. The shares offered are being sold for the account of certain selling stockholders who will jointly continue to own more than 35% of the common stock after completion of the current sale. The company was organized in 1956 and is the surviving corporation of four Florida corporations and in addition owns all of the outstanding stock of Dominion Culvert and Metal Corporation, a Virginia Corporation.

The company fabricates and distributes structural steel, reinforcing bars, mesh and allied materials for concrete construction purposes, steel joists, metal culverts and other steel products. The marketing area is in Florida and other Southeastern states. The company has 10 plants and is constructing a plant at Statesville, N. C.

A pro-forma consolidated statement of income for the three months ended Dec. 31, 1956 shows net sales of $4,716,121 and net income of $430,530, equal to 54 cents per share on 800,000 outstanding common shares. For the fiscal year ended Sept. 30, 1956 sales were $17,684,957 and net income $1,411,438, or $1.76 per share, compared with $13,687,051 and $763,298, or 95 cents a share in the preceding year.

### With Kirchner, Ormsbee

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Michael J. Brum is now with Kirchner, Ormsbee & Wiesner, Inc., First National Bank Building.

### Plankinton Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Bernard S. Friedberg has been added to the staff of Walter R. Plankinton, 1637 South Broadway.

### With L. F. Rothschild

L. F. Rothschild & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announced that Jacob Heller is now associated with their firm.

### Gruss to Admit

Gruss & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, on May 1 will admit to partnership Leonard C. Scruggs.

### Charles Connfelt

Charles M. Connfelt passed away April 10 at the age of 82. Prior to his retirement in 1948 Mr. Connfelt had been a partner in Hayden Stone & Co. for over 30 years.

### Henderson, Harrison & Struthers to Admit

Henderson, Harrison & Struthers, 40 Wall Street, New York City, members of the New York Stock Exchange, on May 1 will admit Henry C. Van Rensselaer to partnership.

*Continued from page 10*

# The Most Valuable Dollar Spent Is the Research Dollar

turing companies in our industry that have facilities for such work.

### Research in Metals

The first project involves metals. The future of your industry and mine is bound up in peculiar and probably decisive ways with the advances we make or do not make in metallurgy. Further improvements in much of our equipment must wait on further improvements in alloys. That will take considerable research, development, and operating experience.

Now, the amount of special metals involved in our products is relatively small—too small, in fact, to be of much interest to the metals industry. For that reason, much of the metals research that is done for the electrical industry has to be done by the electrical industry itself.

Two years ago, to help meet this situation, Westinghouse built a metals pilot plant a Blairsville, Pa. The plant, which covers 205,000 square feet and employs 650 persons, has facilities for vacuum melting, hydraulic forging, hot-rolling, cold-rolling, conditioning, pickling, and heat treating, as well as for manufacture of powdered metal parts, shell molding, and the development of new casting techniques. Blairsville is a new link between the laboratory production of new alloys and their commercial production.

Projects under way in this metals pilot plant include development of a number of high-temperature materials designed to meet specific needs for steam turbines. We are working on molybdenum and titanium, high-strength alloys, resistance and expansion alloys, and nuclear alloys.

The metals pilot plant is producing components from which nuclear fuel elements are manufactured. These are made up largely of a zirconium "super-alloy" which is highly corrosion resistant, has nuclear characteristics making it especially suitable for use in reactors, and is both strong and workable.

The second research project also concerns metals. Back in 1930, scientists agreed that only by developing entirely new magnetic materials could they realize substantial gains in magnetic characteristics. But who would undertake such a development? The market potential for electrical steels at that time was too small to greatly interest most steel manufacturers. This again was a job which had to be supported in a major way by the electrical industry itself.

### Hipersil and Tidd Experiments

In 1930, Westinghouse, in conjunction with one of the major steel companies, began development work on grain-oriented silicon steel. After ten years of work, practical methods and techniques were found for the mass production and handling of a truly new magnetic material named Hipersil.

The effects of this new material have been most widely felt in the manufacture of transformers. It required a completely new approach to transformer design. The over-all result has been greatly improved transformers and savings to customers running into millions of dollars.

The third project I would like to mention—the Tidd experiment—involves a high degree of cooperation among a number of electrical manufacturers and utilities. Ten years ago, in order to determine the loss and radio influence under corona conditions on extra-high voltage lines, the American Gas and Electric Co., working in cooperation with a number of manufacturers, built a full-scale outdoor laboratory, including a 5,000-kva bank of transformers.

Over a period of three years a great amount of data was accumulated under various conditions of of operating voltage, conductor size and shape, and weather conditions. The information has produced a better understanding of the performance, economic design, and operation of extra-high voltage lines and substations.

The final project I should like to describe concerns atomic power. In introducing this subject, I wish to point out that the utility industry is today bearing a substantial part of the research and development costs in the atomic power field. The great national need for speeding up the development of atomic generation has caused the electric utility industry to depart from normally established policies and many utilities are making great contributions to the development of nuclear power.

The application of nuclear energy to power generation provides many examples of research and development which are or will be important to utilities. As a matter of fact, a considerable segment of the work going on in the field of reactor technology is devoted to the design, development, and construction of reactor plants for use in central power stations.

### First Nuclear Generating Plant

Construction of the first full-scale nuclear powered central station generating plant in this country, I am happy to tell you, is proceeding on schedule. The plant itself and the installation of the equipment are approaching completion. The manufacture of the reactor fuel has been going on for about a year and will be finished during the summer. A very careful test program will be carried out and, barring unforeseeables, the plant will be in operation before the end of this year. At which time some people at the Duquesne Light Co., the Atomic Energy Commission, and Westinghouse will get a carefree night's sleep for the first time in several years.

Like the first major step in any new field, the Shippingport Project provides a continuing succession of research and development activities. To use the nuclear fuel itself as an example, we had to develop the techniques for manufacturing uranium oxide shapes suitable for use in a reactor. At the same time, we had to demonstrate the physical and chemical properties which make it a useful and reliable fuel material. Our reactor designers were then called upon to devise methods for containing and supporting more than 14 tons of fuel material uniformly distributed within a circular cylinder six feet in diameter and six feet in height.

We cannot measure Shippingport, of course, only in terms of its contributions to the specific problems which are being solved in its design and construction. Shippingport is, rather, a development and experimental tool. Out of the design and operation of this plant will come invaluable first-hand knowledge of the technology and of the component and system

*Continued on page 55*



*Continued from page 53*

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Oshkosh B'Gosh<br>Complete line of work clothing and matched sets | 21 | 1.75 | 27 | 6.5 |
| Oswego Falls Corp.<br>Mfg. of paper containers and closures | 21 | 1.40 | 27¼ | 5.1 |
| Otter Tail Power Co.<br>Utility; Dakotas and Minnesota | 19 | 1.60 | 27⅜ | 5.8 |
| Pabst Brewing<br>Well-known brewer | 21 | 0.525 | 7½ | 7.0 |
| Pacific Car & Foundry Co.<br>Makes railway cars | 14 | †1.15 | 39 | 2.9 |
| Pacific Fire Insurance (N.Y.)<br>Multiple line insurance | 52 | 2.20 | 49 | 4.5 |
| Pacific Intermountain Exp.<br>Motor freight; Western States | 10 | †1.08 | 15 | 7.2 |
| Pacific Lumber Co.<br>Planning mill products | 21 | 12.00 | 273 | 4.4 |
| Pacific Natl. Bank of Seattle | 29 | 1.00 | 31½ | 3.2 |
| Pacific Power & Light Co.<br>Electric operating utility | 10 | 1.48 | 31 | 4.8 |
| Pacific Vegetable Oil Corp.<br>Vegetable oil trading and manufacture | 15 | 1.00 | 15½ | 6.4 |
| Package Machinery<br>Automatic wrapping machines | 40 | 1.00 | 21½ | 4.6 |
| Pacolet Manufacturing Co.<br>Fabrics | 18 | 7.50 | 168½ | 4.4 |
| Panama Coca-Cola Bottling<br>Beverage bottling | *28 | 0.45 | 5⅞ | 7.7 |
| Passaic-Clifton National Bk. & Trust Co. (Clifton, N. J.) | 18 | 1.50 | 30 | 5.0 |
| Paterson Parchm't Paper Co.<br>Vegetable parchment, waxed and custom made papers | 66 | 1.00 | 17 | 5.9 |
| Peaslee-Gaulbert Corp.<br>Furniture and radio distribution | 23 | 1.10 | 12½ | 8.8 |
| Peden Iron & Steel Co.<br>Hardware | 20 | 2.40 | 38 | 6.3 |
| Peerless Cement Corp.<br>Michigan producer | 16 | 1.00 | 34½ | 2.9 |
| Pemco Corp.<br>Porcelain, enamel and ceramic frits and colors | *13 | 4.75 | 46 | 10.3 |
| Pendleton Tool Industries, Inc.<br>**Formerly Plomb Tool Company. New name approved by stockholders on Jan. 8, 1957** | 19 | †0.76 | 15¼ | 5.0 |
| Pennsylvania Engin'g Corp.<br>Steel mills; oil refineries; chemical plants | 10 | 1.00 | 22 | 4.5 |
| Pennsylvania Gas Co.<br>Operating public utility in Pennsylvania and New York | 78 | 1.20 | 23½ | 5.1 |
| Penobscot Chemical Fibre Co. Voting<br>Mfr. bleached soda and sulphite woodpulp | 10 | 1.05 | 27 | 3.9 |
| Peoples First National Bank & Trust Co. (Pittsburgh) | 90 | †2.24 | 53½ | 4.2 |
| Peoples National Bank of Washington (Seattle) | 29 | 1.50 | 73 | 2.1 |
| Peoples Telephone Corp.<br>Public Service Telephone | 31 | 4.00 | 41½ | 9.6 |
| Pepsi-Cola General Bottlers, Inc.<br>Soft drinks | 10 | 0.60 | 11⅜ | 5.3 |
| Perkins Machine & Gear Co.<br>Precision gears | 16 | 2.00 | 23 | 8.7 |
| Permanente Cement Co.<br>Cement and gypsum products manufacturer | 11 | †0.57 | 22⅛ | 2.6 |
| Permutit Co.<br>Water softeners | 20 | 1.30 | 24¾ | 5.2 |
| Personal Industrial Bankers, Inc.<br>Small loans | 12 | 0.15 | 4½ | 3.3 |
| Peter Paul Co.<br>Popular candies | 23 | 2.40 | 35¼ | 6.8 |
| Petroleum Exploration<br>Producing crude petroleum and natural gas | 38 | 2.75 | 75 | 3.7 |
| Petrolite Corp.<br>Chemical compounds | 26 | 2.75 | 116 | 2.4 |
| Pettibone Mulliken<br>Railroad track equipment, forging and machinery | 15 | †1.14 | 47 | 2.4 |
| Pfaudler (The) Co.<br>Corrosion resistant equipment | 18 | 2.35 | 43½ | 5.5 |
| Pheoll Manufacturing Co.<br>Manufacture metal fasteners | 36 | 0.70 | 15¾ | 4.4 |
| Philadelphia Bourse<br>Exhibition and office building | 21 | 1.50 | 43 | 3.5 |
| Philadelphia National Bank | 114 | 5.00 | 113 | 4.4 |
| Philadelphia Suburban Transportation Co.<br>Operates street railway lines and motor buses under charter | 17 | 1.00 | 33 | 3.0 |
| Philadelphia Suburban Water<br>Operating public utility | *18 | †0.48 | 29¾ | 1.6 |
| Phoenix Insur. (Hartford)<br>Insurance carrier (except life) | 84 | 3.00 | 70 | 4.3 |
| Pictorial Paper Package Corp.<br>Paper boxes | 21 | 0.60 | 10 | 6.0 |
| Piedmont & Northern Ry.<br>Operates Diesel line in Carolinas | 28 | 7.00 | 122 | 5.7 |
| Pioneer Finance Co.<br>Mobile home financing | 19 | 0.17 | 3⅝ | 4.7 |
| Pioneer Trust & Savings Bank (Chicago) | 33 | 8.00 | 240 | 3.3 |

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

## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Pittsburgh Fairfax Corp.<br>Owning and operating apartment building | 15 | 2.00 | 49 | 4.1 |
| Pittsburgh Finance Building Corp.<br>Owns & operates office building | 11 | 1.25 | 42 | 3.0 |
| Plainfield-Union Water Co.<br>Operating public utility | 44 | 3.00 | 70 | 4.3 |
| Planters Nut & Chocolate<br>Peanut products | 45 | 2.50 | 58 | 4.3 |
| Plomb (The) Tool Co.<br>Name changed to Pendleton Tool Industries, Inc. on Jan. 8, 1957<br>Mechanics hand tools | 18 | †0.76 | 15¼ | 5.0 |
| Plymouth Cordage Co.<br>Manufacture of rope, harvest twines, twisted paper products | 99 | 3.00 | 45 | 6.7 |
| Port Huron Sulphite & Paper<br>Lightweight papers | 18 | 0.60 | 20 | 3.0 |
| Porter (H. K.) Co. (Pa.)<br>Manufactures high voltage electrical equipment, hydraulic presses and related products | 13 | 2.00 | 71½ | 2.8 |
| Porter (H. K.), Inc. (Mass.)<br>Bolt and wire cutters and special purpose tools | *19 | 0.40 | 7¼ | 5.5 |
| Portland Gas Light Co.<br>Operating public utility | 12 | 0.75 | 10¾ | 7.0 |
| Portland General Electric<br>Electric utility | 11 | 1.15 | 23⅛ | 5.0 |
| Portsmouth Steel Corp.<br>Owns substantial interests in Cleveland-Cliffs Iron Co., Detroit Steel Corp., and companies in related fields | 10 | 0.60 | 19½ | 3.1 |
| Potash Co. of America<br>Potash and oil interests | 20 | 2.25 | 36 | 6.2 |
| Pratt, Read & Co.<br>Piano and organ keys | 11 | †0.93 | 18 | 5.2 |
| Princeton Water Co.<br>Operating public utility | 49 | 4.00 | 80 | 5.0 |
| Progress Laundry Co.<br>Laundry and dry cleaning | 22 | 1.80 | 18¾ | 9.6 |
| Providence Washington Ins.<br>Multiple line insurance | 51 | 1.00 | 18⅝ | 5.4 |
| Provident Savings Bank & Trust Co. (Cincinnati) | 53 | 1.75 | 39 | 4.5 |
| Provident Trust Co. of Phila. | 92 | 2.90 | 58½ | 5.0 |
| Provincial Bank of Canada<br>Foreign and domestic banking business | 57 | 0.87 | 29¼ | 3.0 |
| Public Service Co. of N. H.<br>Electric utility | 20 | 1.00 | 16⅜ | 6.1 |
| Public Service Co. (N. Mex.)<br>Public utility | 11 | 0.68 | 13⅜ | 5.1 |
| Publication Corp. vot.<br>Owns rotogravure printing plants | 21 | 3.00 | 36 | 8.3 |
| Punta Alegre Sugar Corp.<br>Cuban holding company | 12 | 1.50 | 17⅞ | 8.4 |
| Purex Corp.<br>Makes "Purex" and "Trend" | *15 | †0.78 | 18 | 4.3 |
| Purolator Products<br>Filters oil, gas and air | 16 | 2.00 | 32½ | 6.2 |
| Quincy Market Cold Storage<br>Boston operation | 15 | 10.00 | 192 | 5.2 |
| Ralston Purina<br>Animal feeds, breakfast foods | 23 | †0.80 | 31¾ | 2.5 |
| Real Estate Investment Trust of America<br>A new company formed in June 1956 as a result of a merger of the Boston Ground Rent Trust, the Boston Real Estate Trust and the Western Real Estate Trustees | a62 | 0.20 | 12½ | 1.6 |
| Red Owl Stores, Inc.<br>Midwest retail food chain | *11 | 1.20 | 29¾ | 4.0 |
| Reece Corp. (Mass.)<br>Makes button hole machines | 75 | 1.10 | 17½ | 6.3 |
| Reed (C. A.) Co., class B<br>Crepe paper | 11 | 1.50 | 25 | 6.0 |
| Reinsurance Corp. (N. Y.)<br>Writes only reinsurance | 20 | 0.50 | 14¼ | 3.5 |
| Reliance Varnish Co.<br>Paints, varnishes and enamels | 13 | 0.60 | 9 | 6.6 |
| Republic Insurance (Dallas)<br>Fire and casualty insurance | 51 | 1.40 | 53 | 2.6 |
| Republic National Bank of Dallas | 37 | †1.61 | 56½ | 2.8 |
| Republic Natural Gas<br>Natural gas and oil producer | 19 | 1.00 | 38½ | 2.6 |
| Republic Supply Co. of California<br>Suppliers and distributors of oil-well and industrial supplies | 36 | †0.93 | 16½ | 5.6 |
| Resistance Welder Corp.<br>High production welding machines | 10 | 0.05 | 3¾ | 1.3 |
| Revere Racing Assn.<br>Dog racing, near Boston | 15 | 0.60 | 7⅛ | 8.4 |
| Rhode Island Hospital Trust | 90 | †3.33 | 96 | 3.5 |
| Richardson Co.<br>Manufacturers of battery parts and plastic products | 25 | 1.00 | 14½ | 6.9 |
| Rich's, Inc.<br>Operates Atlanta department store | 28 | 0.70 | 14⅞ | 4.7 |
| Riegel Textile Corp.<br>Wide line textile products | 19 | 1.25 | 27½ | 4.5 |
| Rieke Metal Products Corp.<br>Heavy metal stampings | 20 | 1.25 | 17½ | 7.1 |
| Rike-Kumler Co.<br>Dayton department store | 42 | 1.50 | 34½ | 4.3 |

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

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*Continued from page 54*

## The Most Valuable Dollar Spent Is the Research Dollar

design. This knowledge will provide a firm, factual basis for the evaluation of future plants, and will give us a better understanding of both the economic and the technical factors involved. What is true of Shippingport is also true of the other and later reactor plants of different designs. The reactor now being developed for the 150,000-kilowatt Pennsylvania Power and Light Co. plant, for example, will determine the technical feasibility of building a large aqueous homogeneous type reactor for central station use. The 134,000-kw. reactor being built for the 12 New England power companies that make up the Yankee Atomic Electric Co. will show us the technical feasibility of using a core of slightly enriched uranium oxide contained in stainless steel tubes. Since this is another pioneering project, a large developmental program is now in progress.

These, then, are some representative examples of research and develpment work in the electrical industry. I should like to make two final points about this work.

First, it is not enough that the research effort in our industry be continued. Our research effort must be increased.

I say this for several reasons. We can move forward in research, or we can move backward, but we cannot stand still. Our research work is too closely bound up with our industrial economy for that. We are operating in that situation, normal to a dynamic free enterprice system, in which we have to run faster to stay where we are, and much faster to move ahead.

A study made by the National Science Foundation indicates pretty convincingly, along with other evidence, that there is a close correlation between growth rates of individual industries and the effort they put into research and development. A high rate of growth and improving productivity are both clearly associated with high research activity. It follows that certain industries—and ours is one—must steadily increase their research effort to keep up their rapid rate of growth.

Some electrical manufacturers spend very little on research. Others spend a great deal. There is an extraordinarily high degree of interchange of technical information in the electrical industry. A research and development department may spend years on a long, tedious, research and development program before it turns up a salable end-product. The result may be presented to the trade under a proprietary name, but the advantage accruing to the developing company is short-lived. Once it is on the market, the new development quickly spreads throughout the manufacturing industry. In this respect our practices are almost like those of ethical medicine, where it is neither desirable nor possible to withhold any major new development from general use.

The other point I would make is simply that research is expensive and has to be paid for as one of the normal costs of doing business. The electrical manufacturers of this country are spending 6% of their sales income on research and development. This figure is high—the second highest among all industries. But even so, it does not tell the whole story. It is like the average annual temperature of Amarillo, Texas. You don't get the whole story until you break it down. The large companies spend a great deal more than 6% of sales on their technical effort.

Now the electrical manufacturers have to obtain this money before they can spend it on research; and I am well aware of where the money actually comes from. In our capitalist economy, the customer pays for everything. Those who pay the research cost of the electrical manufacturers are those customers—including utility customers—who buy the products.

As a manufacturer, I should like to say to the customer, that no money you can spend will bring you so great a return as this money you spend, indirectly, on your research. The research dollar is indeed the most valuable dollar being expended in America today. You get more value for the dollars you invest in electrical research than you do for any other investment you can make.

I should like to say further that the greatest hazard our industry as a whole could face would be a drive to cut the cost of electrical equipment and apparatus to the point where research and development must suffer. Such a drive would perhaps produce short-range cutting of utility costs. But it would bring long-range losses that would be highly detrimental to the continued progress of our industry.

In the words I have chosen for the title of this paper, we have a mutual stake in industrial research. It is to the interest of each branch of this partnership that we have both technical leadership and sound economic health for the electrical industry as a whole.

The money invested in research in the 1920's and early 1930's brought forth products that have given new life to our industry. The money we invested 5 to 10 years ago is only now beginning to produce its new developments—luminescent lighting, central station nuclear power, and a host of others.

If the research dollar continues to be as productive in the future as it has been in the past—and I am firmly convinced that it will—then the tremendous sums we are now investing will inevitably result in a series of developments greater even than those we have known up to now. New products will expand our markets. New processes and equipment will improve our quality, raise our efficiency, and lower our costs. Some of the great basic problems that remain in our industry may be solved. Major technical breakthroughs may open up whole new avenues of expansion and advance.

We have scarcely more than scratched the surface of what we can build and do, in harnessing electricity for the improvement of Man's estate. The most exciting and most rewarding work remains to be done, and there is no doubt at all that, working together, we can do it.

*Continued from page 10*

# Recent Developments in Soviet Taxes and Standard of Living

this purpose is facilitated by existence of large sales taxes which can be adjusted up or down as the case may be.

### Tax State Enterprises' Profits

Three major types of price-raising taxes are employed by the Soviets. The most important by far is the famous turnover tax which is a traditional-type sales or excise tax. This tax is levied at present almost exclusively on goods sold to the public and is highly differentiated with rates ranging from 1% of selling price on some commodities to as much as 90% on others. Viewed as a markup over cost, the tax is much higher, of course. Thus a tax which amounts to 50% of price is equivalent to a 100% markup over cost; a tax which is 80% of price constitutes a 400% markup.

The tax on profits of state enterprises is next in importance to the turnover tax. It is not to be confused with a profits tax on private enterprise, however. It is much more akin to a transferring into the budget the excess of receipts over costs of an institution like the post office (assuming the post office charged high enough prices to make a profit). It is easily seen that under these circumstances a profits tax is not a tax on enterprise but simply serves to raise the price paid by consumers —hence is analogous in effect to a sales tax.

### Other Taxes

The third price-increasing tax in the Soviet arsenal is a payroll tax which is similar to our own social security tax. It amounts, on average, to about 5% of the industrial payroll.

Despite the advantages of commodity taxation under Soviet conditions, the people are also required to pay an income tax. The income tax is not very important fiscally. Its main function is to discourage private practice by professionals (doctors, lawyers, etc.) and other so-called "nonworker" elements in the urban population (e.g., priests, private shopkeepers). These groups pay a discriminatorily high tax which reaches 55 and 65%, respectively, on incomes in excess of 70,000 rubles whereas workers and salaried employees, constituting probably 98% of all taxpayers, pay according to a schedule which reaches a maximum rate of only 13% on all income over 12,000 rubles. In the case of the rural population, the tax (called agricultural tax) discriminates against the peasant who has not joined the collective farm: he pays at a rate double that levied on the collective farmer.

### Bond Sales As a Tax

Sales of government bonds to the population are, in effect, another form of direct tax on the Soviet population. Considerable social pressure is brought to bear on the public to subscribe from two to four weeks wages a year, and the subscriptions are withheld from wages every month just as in the case of the income tax. Pressure is required to sell the bonds because: the people are too poor to voluntarily subscribe such a large portion of their income; the bonds are inconvertible until maturity (20 years) unless the subscriber happens to win an interest-lottery prize; until 1948, consumers' goods prices skyrocketed annually reducing the *real* value of a bond at maturity to only a fraction of its original value; a series of forced bond-conversions (1930, 1936, 1938) lowered interest rates and extended the dates at which bonds were to be paid off; finally the Currency Reform of 1947 reduced the value of all outstanding bonds by two-thirds (exchanging one new for three old bonds). Under these circumstances no one in the Soviet Union would have bought bonds unless forced to—as is the case with taxes.

### Breakdown of Revenue

The major sources of budget revenue for selected years in the postwar period are set forth in Table I. The predominance of price-increasing taxes is obvious. The turnover tax by itself, regularly brings in between 40 and 60% of total revenue. The turnover, profits, and payroll taxes together typically account for from 60 to 70% of total revenues. Direct taxes on the population, on the other hand, never total as much as 10% of receipts, and sales of bonds tend to bring in still less revenue. It is worth noting that the Soviet press vigorously affirms that the very minor income taxes are virtually the only taxes levied on the population;

*Continued on page 57*

**TABLE I**
**Soviet Budget Receipts, 1946, 1950, 1956**

| | 1946 | 1950 | 1956 |
|---|---|---|---|
| Total budget receipts | 325.4 | 422.8 | 583.0 |
| Price-increasing taxes | 219.0 | 296.1 | 387.4 |
| Per cent of total | (67.3) | (70.0) | (66.4) |
| Turnover tax | 190.9 | 236.1 | 258.1 |
| Per cent of total | (58.7) | (55.8) | (44.3) |
| Profits tax | 16.5 | 40.4 | 101.2 |
| Per cent of total | (5.1) | (9.6) | (17.4) |
| Payroll tax | 11.6 | 19.6 | 28.1 |
| Per cent of total | (3.6) | (4.6) | (4.8) |
| Direct taxes on population | 22.7 | 35.8 | 50.7 |
| Per cent of total | (7.0) | (8.5) | (8.7) |
| Sales of bonds | 24.7 | 31.0 | 32.8 |
| Per cent of total | (7.6) | (7.3) | (5.6) |

SOURCE—1946, 1950: from Author's "Soviet Taxation: The Fiscal and Monetary Problems of a Planned Economy," Harvard Press 1955, p. 222. 1956: from "Pravda," February 6, 1957.



*Continued from page 55*

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Riley Stoker Corp. — Steam generators and fuel burning equipment | 18 | 0.60 | 20¼ | 3.0 |
| Risdon Manufacturing Co. — Small metal stampings | 40 | 3.75 | 63½ | 5.9 |
| River Brand Rice Mills — Leading rice miller and packager | a24 | 1.50 | 18⅝ | 8.0 |
| Roanoke Gas Co. — Public utility. Distributes natural gas | 13 | 0.80 | 16 | 5.0 |
| Robertson (H. H.) Co. — Manufacturers of construction materials | 21 | 3.40 | 70½ | 4.8 |
| Rochester American Insurance Co. — Diversified insurance | 28 | 1.60 | 42 | 3.8 |
| Rochester Button Co. — Buttons | 20 | 1.00 | 15 | 6.6 |
| Rochester Telephone Corp. — Operating public utility | 14 | 1.00 | 18⅝ | 5.4 |
| Rock of Ages Corp. — Granite quarrying and mfg. | 17 | 1.00 | 17 | 5.9 |
| Rockland-Atlas Natl. Bank of Boston | 93 | 1.55 | 34 | 4.6 |
| Rockland Light & Power Co. — Hudson west shore electric supplier | *43 | 0.70 | 17¼ | 4.1 |
| Rockwell Mfg. Co. — Meters, valves, power tools | 18 | 2.20 | 46¼ | 4.8 |
| Roddis Plywood Corp. — Manufacture and distribution of plywood doors and lumber | 13 | †.59 | 13 | 4.5 |
| Rose's 5, 10 & 25c Stores, Inc. — Operates 145 stores in the South | 30 | 1.15 | 24 | 4.8 |
| Ross (J. O.) Engineering Corp. — Manufactures oven, dryers and air systems | 17 | 1.05 | 21 | 5.0 |
| Ross Gear & Tool Co. Inc. — Manufacturers of steering gears | 29 | 1.50 | 24¼ | 6.2 |
| Royal Dutch Petroleum (NY) — Affiliated with producers of many nations | 10 | 1.73 | 73 | 2.4 |
| Royalties Management Corp. — Oil and gas royalty interests | 14 | 0.20 | 4 | 5.0 |
| Saco-Lowell Shops — Manufactures textile machinery | 19 | 1.65 | 23⅛ | 7.1 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Safety Industries, Inc. — Supplies the following markets: general industrial, food, chemical and railroad | 26 | 1.25 | 25¼ | 4.9 |
| Safway Steel Products, Inc. — Manufactures steel scaffolding, grand stands and bleachers | 20 | 1.00 | 13¾ | 7.3 |
| Sagamore Mfg. Co. — Sateens, broadcloths, twills | 21 | 8.00 | 100 | 8.0 |
| St. Croix Paper Co — Maine producers | 37 | 1.25 | 33½ | 3.7 |
| St. Joseph Stock Yards Co. — Livestock | 58 | 7.00 | 50 | 14.0 |
| St. Paul Fire & Marine Insur. — Diversified insurance | 85 | 1.175 | 45¾ | 2.6 |
| St. Paul Union Stockyards — Minnesota operator | 41 | 1.60 | 19¾ | 8.1 |
| San Antonio Transit Co. — Intra-city busses | 13 | 0.60 | 13½ | 4.4 |
| San Francisco Brewing Co. — "Burgermeister" beer | 13 | 1.20 | 14¼ | 8.4 |
| San Jose Water Works — Public utility (water) | 26 | 2.80 | 45¼ | 6.2 |
| Sanborn Map Co. — Fire insurance & real estate maps | 80 | 4.00 | 60 | 6.7 |
| Sargent & Co. — Hardware, locks and tools. | 14 | 1.00 | 19 | 5.3 |
| Savannah Sugar Refining — Georgia operator | 33 | 5.00 | 85 | 5.9 |
| Schenectady Trust Co. (N.Y.) | 53 | 2.00 | 64 | 3.1 |
| Schlage Lock Co. — Locks and builders' hardware | 17 | †0.97 | 35 | 2.8 |
| Schuster (Ed.) & Co. — Three Milwaukee dept. stores | *15 | 1.00 | 17 | 5.9 |
| Scott & Fetzer Co. — Vacuum cleaner attachments | 10 | 2.10 | 27 | 7.8 |
| Scott & Williams, Inc. — Builds knitting machinery | 41 | 2.40 | 32¾ | 7.3 |
| Scranton Lace Co. — Lace curtains and table covers | *41 | 0.60 | 26 | 2.3 |
| Scruggs-Vandervoort-Barney — Department stores; St. Louis, Kansas City, Denver | 17 | 0.60 | 14 | 4.3 |
| Seaboard Surety Co. — Diversified insurance | 22 | 2.00 | 64 | 3.1 |
| Searle (G. D.) & Co. — Pharmaceuticals | 22 | 1.00 | 35¼ | 2.8 |
| Sears-Community State Bank (Chicago) — Name changed to Sears Bank & Trust Co. in January 1957 | 17 | †2.20 | 70 | 3.1 |
| Seatrain Lines — Transports freight cars by ships | *16 | 0.50 | 11⅛ | 4.4 |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Second Bank-State St. Tr. Co. | 38 | 2.60 | 63½ | 4.1 |
| Second National Bank & Tr. Co. of Saginaw (On Feb. 1, 1957 name was changed to Second Natonal of Saginaw) | 79 | 3.00 | 75 | 4.0 |
| Securities Acceptance Corp. (Instalment financing and personal loans) | 23 | 0.40 | 9¼ | 4.3 |
| Security-First National Bank of Los Angeles | 76 | 1.60 | 50¼ | 3.2 |
| Security Insurance Co. of New Haven | 63 | †1.07 | 30¾ | 3.5 |
| Security National Bank of Greensboro (N. C.) | 21 | 1.50 | 57 | 2.6 |
| Security Trust Co. of Rochester | 64 | 2.00 | 50½ | 4.0 |
| Security Trust & Savings Bank of San Diego | 21 | †0.925 | 29 | 3.2 |
| Seismograph Service Corp. (Surveys for oil and gas industries) | 11 | 1.00 | 13¼ | 7.5 |
| Selected Risks Indemnity Co. (Diversified insurance) | *24 | 1.20 | 34 | 3.5 |
| Seven-Up Bottling Co. (St. Louis) (Bottler of carbonated beverages) | 19 | 0.60 | 8¾ | 6.9 |
| Shakespeare Co. (Fishing reels, rods and lines) | 19 | 1.50 | 22 | 6.8 |
| Shaler Co. (Vulcanizers) | 21 | 0.40 | 11½ | 3.5 |
| Shepard Niles Crane & Hoist (Electric cranes and hoists) | 22 | 2.00 | 25½ | 7.8 |
| Sherer-Gillett Co. (Manufacturer commercial refrigeration) | 12 | 0.20 | 4½ | 4.4 |
| Shuron Optical Co. (General line of ophthalmic goods) | 21 | †1.38 | 40 | 3.4 |
| Sibley, Lindsay & Curr Co. (Rochester, N. Y. department store) | 11 | 1.60 | 28 | 5.7 |
| Sicks' Seattle Brewing & Malting Co. ("Ranier" and "Brew 66" beer) | 20 | 0.20 | 3 | 6.7 |
| Sierra Pacific Power (Operating public utility) | 31 | 1.18 | 21½ | 5.5 |
| Simplex Paper Corp. (Asphalt laminated papers) | 22 | †0.19 | 7 | 2.4 |
| Sioux City Stock Yards (Iowa livestock market) | 53 | 1.90 | 30½ | 6.2 |
| Sivyer Steel Casting Co. (Castings) | 21 | 1.50 | 23 | 6.5 |
| Skil Corp. (Portable tools) | 20 | 1.55 | 27¼ | 5.7 |
| Smith Agric. Chemical Co. (Chemical fertilizers) | 33 | 0.45 | 8 | 5.6 |
| Smith (J. Hungerford) Co. (Manufacturer of soda fountain & ice cream fruits and flavors) | 34 | 2.75 | 41¼ | 6.7 |
| Smith (S. Morgan) Co. (Heavy manufacturing, turbines and valves) | 59 | 1.50 | 22¼ | 6.7 |
| Smith Engineering Works (Mining machinery) | 16 | 2.05 | 42 | 4.9 |
| Smith Kline & French Labs. (Pharmaceutical manufacturers) | 34 | 2.00 | 58 | 3.4 |
| Snap-On Tools Corp. (Manufactnre and distribution of mechanics' hand service tools and related items) | 18 | †1.77 | 40 | 4.4 |
| Sonoco Products Co. (Paper and paper products) | 32 | 1.00 | 29 | 3.4 |
| South Atlantic Gas Co. (Operating public utility) | 12 | 0.75 | 13¼ | 5.6 |
| South Carolina National Bk. (Charleston) | 21 | 2.50 | 63 | 4.0 |
| South Parkway Building Corp. (Chicago real estate) | 15 | 3.50 | 82 | 4.3 |
| Southeastern Telephone Co. (Operating public utility) | 17 | 0.90 | 14⅝ | 6.1 |
| So. California Water Co. (Water, electric and ice interests, Operating company) | 29 | 0.79 | 13⅝ | 5.8 |
| Southern Colorado Power (Electricity supplier) | 13 | 0.70 | 14 | 5.0 |
| Southern Fire & Casualty Co. (Diversified insurance) | 16 | 0.40 | 6¾ | 5.9 |
| So. New England Tel. Co. (Communications services) | 66 | 2.00 | 39⅜ | 5.1 |
| Southern Union Gas Co. (Natural gas production and distribution) | 14 | 1.12 | 24⅝ | 4.5 |
| Southern Weaving Co. (Fabrics, tapes and bindings) | 30 | 1.00 | 50 | 2.0 |
| Southland Life Insurance Co. (Life, health and accident insurance) | 22 | †0.90 | 90 | 1.0 |
| Southwest Natural Gas Co. (Southen natural gas supplier) | 10 | 0.20 | 4¼ | 4.7 |
| Southwestern Drug Corp. (Wholesale drugs) | 15 | 2.00 | 39½ | 5.0 |
| Southwestern Elec. Service (Electricity supplier) | 12 | 1.12 | 20 | 5.6 |
| Southwestern Investment Co. (Sales, financing and personal loans) | 21 | †0.49 | 15¼ | 3.2 |
| Southwestern Life Insur. Co. (Non-participating life) | 48 | †1.53 | 100 | 1.5 |
| Southwestern States Tel. Co. (Operating public utility) | 11 | 1.12 | 18¼ | 6.1 |
| Speed Queen Corp. (Manufactures home laundry equipment) | 18 | 1.00 | 33 | 3.0 |

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

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# Recent Developments in Soviet Taxes and Standard of Living

that the price-increasing taxes are levied not on the people but on state enterprises and represent productivity gains; and that the bonds are purchased voluntarily and indicate patriotic support of the government by the people.

The turnover tax is levied almost exclusively on goods sold to the population through state and cooperative retail stores and is paid by the population in the form of high prices. The tremendous magnitude of this tax can be better visualized by indicating what percentage it constitutes of the total value of this retail trade. The data are presented in Table II.

### Effect Upon Price Index

The decline in the average rate of turnover tax has its counterpart in the decline in price of commodities sold to the population by the state. In fact, the principal method of altering consumers' goods prices in the USSR is by changing the turnover tax. Therefore, it is not surprising to find that the price index of consumers' goods has declined substantially since the end of the war as the official figures indicate (Table III).

The decline in taxes and prices has reflected a relative shift, in the USSR, from production of military and investment goods to consumers' goods. The increase in standard of living crudely reflected in the above figures, while perhaps surprising at first glance, is not difficult to understand. Even though the standard of living may have come close to "doubling" over the decade since the war, it is still very low by American, Western European, and even Soviet standards. In fact, the best estimates indicate that it was not until 1952 or 1953 that the Soviet standard of living finally reached once again the level at which it stood in 1928. The year 1928, it will be recalled, marked the launching of the First Five-Year Plan to industrialize the nation. So the substantial achievement of the past decade has hardly more than raised the standard of living above the level at which it stood almost 30 years ago. Needless to say, living conditions in the USSR must have been at an intolerably low level at the end of World War II.

While the changes in both taxes and prices shown above have been steadily downwards, some trends are discernible. The biggest drop occurs from 1947 to 1950. This undoubtedly reflects an attempt by the Soviet regime to make up the huge war losses (from both destruction and depreciation) in stocks of consumer durables. Some tapering off occurs in 1951 and 1952. The change in pace may be attributed to the military requirements of the Korean affair and in part to a feeling on the part of the Soviet leaders that the worst arrears in consumers' goods had now been made up. The years 1953 and part of 1954 reflect Malenkov's short-lived emphasis on giving the consumer a break. When Bulganin and Khrushchev took over in 1954, they quickly reaffirmed the traditional Soviet emphasis on heavy industry. This change in policy is not fully reflected in our figures until 1955. In 1955 and 1956, for the first time since 1947, no cut in consumers' goods prices was announced. The only concession to the Soviet worker in 1956 appears to have been a cut in the work week from 48 to 46 hours.

### Conclusion

The outlook for the Soviet consumer in the immediate future is not bright. The crisis in the Middle East plus the Hungarian uprising and general unrest in the satellites may soon be reflected in an increase in military build-up. Any substantial military build-up will be reflected, of course, in reduced supplies of consumers' goods and no further drop in prices and taxes—perhaps even some rise. It will be interesting to check this hypothesis when next year's budget is published.

**TABLE II**

**Average Rate of Turnover Taxation, 1947-1956**

| | Value of State and Cooperative Retail Trade (billions of rubles) | Turnover Tax (billions of rubles) | Average Rate of Tax as Per Cent of Price |
|---|---|---|---|
| 1947 | 308.0 | 239.9 | 77.8% |
| 1948 | 332.0 | 247.3 | 74.5 |
| 1949 | 348.0 | 245.5 | 70.5 |
| 1950 | 359.6 | 236.1 | 65.7 |
| 1951 | 379.8 | 247.8 | 65.2 |
| 1952 | 393.6 | 246.9 | 62.7 |
| 1953 | 430.7 | 243.6 | 56.6 |
| 1954 | 481.9 | 224.3 | 46.5 |
| 1955 | 501.5 | 242.4 | 48.3 |
| 1956 | 547.0 | 258.1 | 47.2 |

SOURCE:
Value of Retail Trade Turnover—
1947-1949 "Soviet Taxation," p. 142.
1950-1955 "Narodnoe khoziaistvo SSSR" (National Economy of the USSR), Moscow 1956, p. 201.
1956 "Pravda," Jan. 31, 1957.
Turnover Tax—
1946-1953 "Soviet Taxation," p. 222.
1954 "Finansy SSSR" (Finances of the USSR), 1956:2, p. 20.
1955-1956 "Pravda," Feb. 6, 1957.

**TABLE III**

**Price Index of Commodities Sold by State Retail Stores**

| 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|---|---|---|---|---|---|---|---|---|
| 100 | 83 | 71 | 57 | 53 | 50 | 45 | 43 | 43 | 43 |

SOURCE: "Narodnoe khoziaistvo SSSR, pp. 210-211.

# Public Utility Securities

By OWEN ELY

## Citizens Utilities Company

Citizens Utilities Company, with annual revenues of about $7 million, is one of the smaller "rapid growth" companies whose revenues have increased 167% in the past decade, while (more important) share earnings have increased 150%—from 45 cents in 1946 to $1.12 in 1956.

The company is also noted for its two-way diversification, geographically and by services. While not the usual type of holding company (properties being owned outright with some exceptions) plants are operated in seven states and Alaska. Based on the proportion of revenues contributed, the Western states — California, Arizona, Colorado and Idaho—account for about three-quarters of revenues; Vermont and Maine contribute 23% and Alaska 2%. The breakdown by services is about as follows: electricity 42% of revenues, gas 26%, telephone 19%, water 10%, and ice, cold storage and wharfage 3%.

The 200 communities served by Citizens are small, Bangor (Maine) being the largest—in fact only 14 municipalities have populations of over 2,500. Operations are therefor mostly of "small town" character, many of them in economic frontier areas. Residential business predominates, with industrial customers playing a minor role—a stabilizing factor.

Citizens buys much of its electricity. In Idaho it buys its entire power supply from Washington Water Power; in Arizona part from the Arizona Power Authority, and in Vermont a small part from Southern Canada Power. The company last year installed a small hydro plant in addition to its own operating facilities in Vermont. Natural gas for the Colorado system is purchased from Colorado Interstate Gas and that for Nogales from El Paso Natural Gas.

Recently the U. S. Board of Claims ruled that Citizens Utilities and California-Pacific Utilities Company are entitled to recover damages from the Federal Government for refusal to renew their contracts for power from Hoover Dam in 1954. The amounts remain undetermined—the original suit asked for $16.6 million—but the decision should naturally reduce Citizens' Arizona power costs.

To continue its productive expansion — productive of increase in per share earnings — Citizens has been aggressively seeking new properties. Last July it bought all the capital stock of Northwest Utilities Company and Suburban Utilities Company, operating water and sewerage facilities in a suburban area near Chicago; the business of these companies is expected to triple by the time development is finished. Citizens has also been building up its water business in California and two properties were recently acquired. Shasta Telephone Company in California was also recently taken over. In all, six properties were acquired in 1956—the heaviest acquisition period in Citizens' history. Two more acquisitions are awaiting regulatory approval. System construction expenditures last year were estimated at $3.3 million.

Citizens Utilities was a moribund company when Richard L. Rosenthal took over as President in 1946. In years prior thereto, share earnings had been quite irregular. However, beginning with 1946 there has been an unbroken upward annual trend in share earnings — probably there are only a small handful of companies, if any, which can show an equally consistent uptrend in per share income for a decade.

A special policy adopted by Mr. Rosenthal in 1947 was the payment of stock dividends on a regular annual basis so as to permit a larger plowback of earnings, thus avoiding the dilution of equity financing. In the past decade no common stock has been sold to raise construction funds. Dividends were paid both in cash and stock in the years 1952-55. Early in 1956 stockholders were given the privilege of taking A or B common stock, in even exchange for their old holdings; the A stock pays only stock dividends, and the B pays only in cash. Roughly three-quarters of the shares now outstanding are the series A which pays stock dividends. There is no distinction between the A and B shares other than the method of dividend payment. Thus the new setup is more favorable than the old as a means of reducing cash dividend payout. The equity ratio (which was less than 7% in 1935 and 19% in 1945) has now been raised to over 41%, with a corresponding decrease in the debt ratio.

After adjustment for the 3-for-1 stock split in 1951 and the stock dividends, the stock advanced from a low around 2 in 1949 to a high of nearly 19 in 1954. This indicated market recognition of the company's strongly diversified setup and consistent growth in share earnings. However, earnings in 1955 showed a relatively small gain and the stock gradually retreated to a low of 12¾ last year, from which it has currently recovered to around 15. (Both stocks are quoted alike.)

The 1956 report to stockholders has not yet been released, but share earnings for the 12 months ended Dec. 31, were $1.12. The company is seeking rate increases in California which would approximate 11 cents a share. At 15, the price-earnings ratio is 13.5 vs. the general utility average around 14.3 (and 18 times or more for the larger growth companies). The yield approximates 6% on the B stock and 6½% on the A compared with 5.1% average for the industry.

## Form Golden West Inv.

LOS ANGELES, Calif.—Golden West Investment Corp. has been formed with offices at 7813 Sunset Boulevard to engage in a securities business. Officers are Arnold Spatt, President; Harold Siegel, Vice-President; and Derry Stanley, Secretary-Treasurer.



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# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Speer Carbon Co.<br>Carbon, graphite and electronic products | 24 | 1.50 | 33¼ | 4.5 |
| Sprindale Mills, Inc.<br>Yarn shirtings and dress goods | 12 | 1.00 | 15¼ | 6.6 |
| Spokane International Railroad Co.<br>Northwestern carrier | 15 | 1.50 | 27 | 5.5 |
| **SPRAGUE ELECTRIC CO.**<br>Electronic components | 17 | 1.20 | 35½ | 3.4 |
| • See Company's advertisement on page 52. | | | | |
| Springfield F. & M. Ins. Co.<br>Multiple line insurance | 90 | 2.00 | 44¾ | 4.5 |
| Springfield Gas Light Co.<br>Massachusetts operating utility | 104 | 2.50 | 46¼ | 5.4 |
| Staley (A. E.) Mfg. Co.<br>Processes corn and soy beans | 22 | †1.33 | 25½ | 5.2 |
| Stamford Water Co.<br>Operating public utility | 61 | 1.80 | 38 | 4.7 |
| Standard Accident Insurance Co. (Detroit)<br>Casualty, bonding and fire and marine insurance | 17 | 1.80 | 47¼ | 3.8 |
| Standard-Coosa Thatcher Co.<br>Yarns and threads | 35 | 1.00 | 13¾ | 7.3 |
| **STANDARD FIRE INSURANCE CO. OF NEW JERSEY**<br>Diversified insurance | 88 | 2.50 | 56 | 4.5 |
| • See Company's advertisement on page 17. | | | | |
| Standard Screw Co.<br>Screws and screw machine products | 52 | 4.00 | 66½ | 6.0 |
| Standard-Toch Chemicals, Inc.<br>Varnishes and lacquers | 10 | †0.26 | 7¾ | 3.3 |
| Stange (Wm. J.) Co.<br>Food colorings and seasonings | 11 | 0.75 | 11½ | 6.5 |
| Stanley Home Products, Inc. (Nonvoting)<br>Brushes and mops | 14 | 2.25 | 35 | 6.4 |
| Stanley Works<br>Hardware for building trades, etc. | 81 | 2.70 | 45¼ | 6.0 |
| State Bank of Albany | *32 | 1.60 | 52 | 3.1 |
| State Loan & Finance Corp. Cl. A<br>Loans and finance business, Southern states | 26 | 0.80 | 14¾ | 5.9 |
| State Natl. Bank of El Paso | 76 | 6.00 | 275 | 2.2 |
| State Planters Bank of Commerce & Trs. (Richmond, Va.) | *35 | 2.20 | 59 | 3.7 |
| Stearns Manufacturing Co.<br>Manufactures concrete block making equipt. and associated items | 21 | 0.10 | 5½ | 1.8 |
| Stecher-Traung Lithograph Corp.<br>Labels, packets and boxes | 18 | 1.85 | 20 | 9.2 |
| Stifel (J. L.) & Sons, Inc.<br>Cotton textiles | *12 | 0.40 | 7½ | 5.3 |
| Stonecutter Mills Corp., Cl. B<br>Dies and fabrics | 15 | 0.20 | 4½ | 4.4 |
| Stonega Coke & Coal Co.<br>Coal and lumber | 17 | 4.00 | 117 | 3.4 |
| Stouffer Corp.<br>Restaurant chain | 21 | 0.60 | 30 | 2.0 |
| Strathmore Paper Co.<br>Writing paper | 14 | 2.25 | 32 | 7.0 |
| Strawbridge & Clothier<br>Large Philadelphia department store | 10 | †0.99 | 25⅝ | 3.9 |
| Struthers Wells Corp.<br>Fabricated metal products; chemical and refinery equipment | 13 | 1.60 | 25 | 6.4 |
| Suburban Propane Gas Corp.<br>Propane gas distributor | 11 | 1.20 | 16 | 7.5 |
| Sun Life Assurance<br>Life. Also large annuity business | 20 | 4.60 | 247 | 1.9 |
| Super Valu Stores, Inc.<br>Wholesale food distributor | 21 | 1.20 | 34¾ | 3.4 |
| Swan Rubber Co.<br>Manufactures hose (rubber and plastic) small tires | 21 | 1.10 | 21½ | 5.1 |
| Syracuse Transit Corp.<br>Local bus operator | 15 | 2.00 | 20½ | 9.8 |
| Tampax, Inc.<br>Miscellaneous cotton products | 14 | 1.70 | 31½ | 5.4 |
| Tappan Stove Co.<br>Gas ranges | *22 | 1.40 | 19¼ | 7.3 |
| Taylor-Colquitt Co.<br>Railroad ties and poles | *30 | 2.50 | 29¾ | 8.4 |
| Taylor & Fenn Co.<br>Grey iron alloy castings | 51 | 0.80 | 11 | 7.3 |
| Taylor Instrument Cos.<br>Mfr. of scientific instruments | 56 | 2.00 | 68½ | 2.9 |
| Tecumseh Products Corp.<br>Refrigeration compressors, etc. | 17 | 5.00 | 128 | 3.9 |
| Tenn., Ala. & Georgia Ry. Co.<br>Railroad common carrier | 19 | 0.75 | 11 | 6.8 |
| Tennessee Gas Transmission<br>Natural gas transmission | 10 | 1.40 | 29¾ | 4.7 |
| Terre Haute Malleable & Manufacturing Corp.<br>Iron castings | 21 | 0.90 | 14½ | 6.2 |
| Terry Steam Turbine Co.<br>Turbines and reduction gears | *49 | 11.00 | 145 | 7.6 |
| Texas Natl. Bank (Houston) | *33 | 2.50 | 71 | 3.5 |
| Textiles, Inc.<br>Makes cotton yarn | 16 | 1.00 | 15 | 6.7 |
| Thalhimer Brothers, Inc.<br>Richmond department store | *11 | 0.60 | 9¼ | 6.5 |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Thermatomic Carbon Co.<br>"Thermax" carbon black | 21 | 18.00 | 260 | 6.9 |
| Third Natl. Bank in Nashville | 28 | 10.00 | 375 | 2.7 |
| Third National Bank & Trust Co. (Dayton, Ohio) | 95 | 1.00 | 32 | 3.1 |
| Third National Bank & Trust Co. of Springfield (Mass.) | 92 | 2.30 | 45 | 5.1 |
| Thomaston Mills<br>Wide range of cotton products | *16 | 1.25 | 19 | 6.6 |
| Thompson (H. I.) Fiber Glass<br>Fiberglass, fabricators Hi Temp insulation, fiberglass reinforced plastic parts | 10 | †0.49 | 27 | 1.8 |
| Thomson Electric Welder Co.<br>Electric welding machines | 11 | 2.00 | 26 | 7.7 |
| 300 Adams Building, Inc.<br>Chicago office building | 22 | 3.00 | 57 | 5.3 |
| Thrifty Drug Stores<br>California drug store chain | 20 | 0.575 | 13½ | 4.3 |
| Time Finance Co. (Ky.)<br>Personal loans | 20 | 0.40 | 21 | 1.9 |
| Time, Inc.<br>Publishers of "Life," "Time," "Fortune" & "Sports Illustrated" | 26 | 3.50 | 70 | 5.0 |
| Timely Clothes, Inc.<br>Men's suits, coats, etc. | 16 | 1.00 | 20 | 5.0 |
| Tinnerman Products, Inc.<br>"Speed Nuts" | *11 | 1.75 | 25 | 7.0 |
| Titan Metal Mfg. Co.<br>Brass and bronze rods | 14 | 1.40 | 31½ | 4.4 |
| Title Insurance Co. of Minnesota<br>Title Insurance | a49 | 2.40 | 50 | 4.8 |
| Title Insurance Corp. of St. Louis<br>Title insurance | 30 | 1.80 | 26½ | 6.8 |
| Title Insurance & Trust Co. (Los Angeles)<br>Title insurance | 27 | 1.50 | 28 | 5.4 |
| Tobin Packing Co.<br>Meat packer | 15 | 1.00 | 18 | 5.5 |
| Tokheim Corp.<br>Gasoline pumps | 25 | 1.25 | 29¼ | 4.3 |
| Toledo Trust Co. | 23 | †2.85 | 96 | 3.0 |
| Toro Manufacturing Corp.<br>Power lawn mowers and stationary power tools | 10 | †0.90 | 21½ | 4.2 |

**Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 62.**

| | | | | |
|---|---|---|---|---|
| Torrington Mfg. Co.<br>Manufactures machinery, blower wheels and fan blades | 22 | †0.95 | 28½ | 3.3 |
| Towle Mfg. Co.<br>Sterling silver tableware | 40 | 2.00 | 21 | 9.5 |
| Towmotor Corp.<br>Fork-lift truck | 12 | 1.20 | 28 | 4.3 |
| Townsend Co.<br>Wire products | 51 | 1.20 | 20¼ | 5.9 |
| Travelers Ins. Co. (Hartford)<br>Life, accident, health | 91 | 1.10 | 68⅛ | 1.6 |
| Trico Products Corp.<br>Manufacturers of automotive equipment | 29 | 2.875 | 63½ | 4.5 |
| Trinity Universal Insurance Company<br>Diversified insurance | 20 | †1.92 | 54 | 3.5 |
| Troxel Manufacturing Co.<br>Bicycle saddles | 14 | 0.30 | 8½ | 3.5 |
| Trust Co. of Georgia | 27 | 22.00 | 715 | 3.1 |
| Tucson Gas Elec. Lt. & Pwr.<br>Electric and gas utility | 39 | 1.20 | 30 | 4.0 |
| Twin City Fire Insurance Co.<br>Diversified insurance | 31 | 0.60 | 19 | 3.2 |
| Twin Disc Clutch Co.<br>Clutches and gears | 23 | 4.00 | 103 | 3.9 |
| 220 Bagley Corp.<br>Theatre and office building | 10 | 1.00 | 37½ | 2.7 |
| Tyer Rubber Co.<br>Manufacturers of rubber goods | 20 | 0.90 | 15¼ | 5.9 |
| Tyler Refrigeration Corp.<br>Steel display and storage equipment | 20 | 0.60 | 11¾ | 5.1 |
| Uarco, Inc.<br>Business stationery | 25 | 2.15 | 50½ | 4.3 |
| Union Bank of Commerce (Cleveland)<br>Name changed to Union Commerce Bank in January 1957 | 14 | 2.00 | 45½ | 4.4 |
| Union Bank & Trust (L. A.) | *32 | 1.45 | 39 | 3.7 |
| Union Gas System, Inc.<br>Natural gas utility | 10 | 1.16 | 23½ | 4.9 |
| Union Manufacturing Co.<br>Chucks, hoists, and castings | 17 | 1.10 | 18 | 6.1 |
| Union Metal Manufacturing Co.<br>Power distribution poles | 19 | 3.00 | 59 | 5.2 |
| Union Natl. Bank in Pittsburgh | *32 | 1.30 | 36 | 3.6 |
| Union Natl. Bank of Youngstown, Ohio | 20 | 2.25 | 61½ | 3.7 |

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

Continued on page 60

Continued from page 6

# The State of Trade and Industry

bled an estimated 126,707 cars, compared with 130,318 in the previous week. The past week's production total of cars and trucks amounted to 150,517 units, or a decrease of 3,697 units below that of the preceding week's output, states "Ward's."

Last week the agency reported there were 23,810 trucks made in the United States. This compared with 23,896 in the previous week and 24,242 a year ago.

Last week's car output dipped below that of the previous week by 3,611 cars, while truck output declined by 86 vehicles during this week. In the corresponding week last year 135,918 cars and 24,242 trucks were assembled.

Canadian output last week was placed at 9,485 cars and 1,831 trucks. In the previous week Dominion plants built 9,020 cars and 1,892 trucks, and for the comparable 1956 week, 11,646 cars and 2,752 trucks.

### Business Failures Rose Sharply The Past Week

Commercial and industrial failures ended a two-week decline by climbing to 308 in the week ended April 11 from 231 in the preceding week, Dun & Bradstreet, Inc., reports. The toll was considerably heavier than the 255 last year and the 204 in 1955. Failures were almost equal to the prewar level of 313 in the comparable week of 1939.

Liabilities of $5,000 or more were involved in 265 of the week's casualties as against 204 in the previous week and 222 a year ago. The toll among small failures with liabilities under $5,000, rose to 43 from 27 last week and 33 in 1956. Twenty-nine concerns failed with liabilities in excess of $100,000, increasing from 23 in the preceding week.

All industry and trade groups had more casualties during the week. More businesses failed than last year in all lines. The mildest increases from the 1956 level occurred among manufacturers and wholesalers.

In seven of the nine major geographic regions, failures rose during the week. Casualties in the Pacific States jumped to 106 from 52, while more moderate increases lifted the toll in the Middle Atlantic, East North Central and South Atlantic States. Only the New England and East South Central States reported week-to-week declines. These two regions, along with the East North Central and West South Central States had fewer failures than a year ago. Casualties exceeded the 1956 level in the other five regions, but the only sharp rise from last year occurred in the Pacific States.

### Wholesale Food Price Index Advanced Moderately the Past Week

The Dun & Bradstreet wholesale food price index rose to $6.19 on April 9, from $6.17 the week before, but was moderately lower than the 1957 high of $6.22 recorded two weeks ago. The current level compares with $5.96 last year at this time, or a rise of 3.9%.

Commodities moving higher in the week were flour, wheat, corn, rye, oats, beef, hams, lard, cottonseed oil, cocoa, potatoes, steers and hogs. Lower in price were barley, bellies, sugar, coffee, eggs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

### Wholesale Commodity Price Index Registers a Further New Low For Year in Latest Week

Further price declines in some basic commodities pulled the general commodity price level down again last week. The Dun & Bradstreet daily wholesale commodity price index fell to another new low for the year so far on April 5 reaching 286.99 (1930-1932=100). On April 8 the index stood at 287.33, comparing with 287.67 a week earlier and with 292.45 on the corresponding date a year ago.

While prices on grains, flour, steel scrap and tin fell somewhat, quotations on cocoa, lard, cottonseed oil and rubber exceeded those of the preceding week.

Most grain prices weakened the past week. Further precipitation in growing areas resulted in sluggish buying of wheat futures, and prices fell slightly. Although corn futures prices dipped moderately, cash prices remained firm with export sales continuing at the level of the prior week. Light stocks stimulated the buying of oats and prices were steady. Small receipts and prospects that local stocks would dwindle through shipments to Canada encouraged purchases of soybeans. Trading in rye was irregular.

Although grain transactions on the Chicago Board of Trade revived last week and they remained less than a year ago.

**Average daily purchases of grain and soybean futures climbed to 42,000,000 bushels from 37,000,000 in the preceding week, but compared with 56,000,000 bushels in the comparable week last year.**

Compared with a week ago trading volume in wheat, corn and oats expanded noticeably, but de-

Continued on page 60

*Continued from page 59*

# The State of Trade and Industry

creases in rye and soybeans occurred.

Cocoa futures activity expanded at the end of the week and prices advanced. Flour trading was limited, but supplies of soft wheat baking flour dwindled. Late in the week sugar rallied holding prices at the level of the prior week.

Despite a weakness in vegetable oils, purchases of lard climbed noticeably, resulting in a moderate rise in prices on lard futures. Cattle receipts in Chicago fell considerably and were the lowest for any week since early February. Traders increased their buying of steers and prices rose appreciably. Prices on hogs advanced as receipts were reduced. Following an early decline, lamb prices leveled out later in the week.

There was a slight rise in cotton future prices the past week on the New York Cotton Exchange. Trading volume was close to that of the previous week. The carryover of cotton at the close of the season is expected to be 600,000 bales larger than it was at the beginning of the season. Last week's cotton exports were estimated at 153,000 bales, down from the 248,000 bales of the prior week, but noticeably higher than the 78,000 bales of the similar week last year.

**Total cotton exports for the current season through April 2 were estimated at 5,669,000 bales compared with only 1,178,000 bales in the comparable period last year.**

Except for some scattered orders for cotton print cloths, transactions in cotton gray goods lagged. Woolen and worsted flannels were the best-sellers in the wool fabric market.

### Trade Volume Lifted in Past Week As Easter Approaches

An encouraging sign is the recent rise in consumer interest in durable goods. Much of this has been attributed to price adjustments, extensive sales promotions, and seasonal trends. The last 10 days of March helped dispel some of the gloom around some automobile showrooms. The average daily sales rate for this period was the highest for any 10-day period in 1956 or 1957. Consumers reduced their installment debt by $65,000,000 in February. This compared with a $29,000,000 rise last February.

Once again increased apparel buying boosted retail trade. Apparel sales for this pre-Easter week were even to slightly ahead of the pre-Easter week in 1956. Turnover in Summer outdoor furniture quickened too, as did sales of floor coverings, linens and draperies. Interest in major appliances was close to that of the prior week.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 2 to 6% 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 0 to +4; Middle Atlantic +6 to +10; East North Central —1 to +3; West North Central and Mountain +1 to +5; South Atlantic +5 to +9; East South Central —4 to 0; West South Central —3 to +1 and Pacific Coast +4 to +8%.

Bookings in apparel were high and steady the past week, with buyers primarily interested in women's Spring and Summer clothing. Total wholesale volume in February dropped 2% from January, but was 1% higher than last year's similar level, the Department of Commerce reveals.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended April 6, 1957, advanced 9% from the like period last year. In the preceding week, March 30, 1957, a decrease of 8% was reported. For the four weeks ended April 6, 1957, no change was recorded. For the period Jan. 1, 1957 to April 6, 1957, an increase of 1% was registered above that of 1956.

**Retail trade volume in New York City last week rose 8 to 10% above the corresponding period of 1956 due largely to Easter shopping, trade observers reported.**

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 6, 1957 rose 8% above that of the like period of last year. In the preceding week, March 30, 1957, a decrease of 7% was reported. For the four weeks ending April 6, 1957 a gain of 5% was registered. For the period of Jan. 1, 1957 to April 6, 1957 the index recorded a rise of 3% above that of the corresponding period in 1956.

### Buckner Partner

Charles J. Irwin will be admitted to partnership in Buckner & Co., 122 East 42nd Street, New York City, member of the New York Stock Exchange, on May 6.



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# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Union Oil and Gas Corp. of Louisiana, class B<br>Crude oil and natural gas production | 52 | 0.80 | 66½ | 1.2 |
| Union Planters National Bank of Memphis | 27 | 1.60 | 45 | 3.5 |
| Union Trust Co. of Maryland | 18 | 1.80 | 42½ | 4.2 |
| Union Wire Rope Corp.<br>Manufactures wire, wire rope and slings | 30 | 1.20 | 21¼ | 5.6 |
| United Drill & Tool<br>Machine tools, misc. equipment | 16 | 1.60 | 30 | 5.3 |
| United Illuminating Co.<br>Connecticut operating utility | 57 | †1.325 | 26¼ | 5.0 |
| United Printers & Publ., Inc.<br>Greeting cards | 18 | †0.69 | 8⅛ | 8.5 |
| United Public Markets, Inc.<br>Massachusetts retail chain | *11 | 0.10 | 6½ | 5.5 |
| United States Cold Storage Corp.<br>Car-icing, ice, etc. | 15 | 2.40 | 30½ | 7.9 |
| U. S. Envelope Co.<br>Manufacturer of envelopes, paper cups and other paper products | 18 | †1.03 | 25 | 4.1 |
| U. S. Fidelity & Guaranty Co.<br>Diversified insurance | 13 | 2.00 | 63 | 3.2 |
| U. S. Fire Insurance Co.<br>Diversified insurance | *47 | 1.00 | 24¾ | 4.0 |
| United States Loan Society<br>Lends on gold, silver, diamonds and watches | 50 | 0.90 | 12¾ | 7.0 |
| U. S. Lumber Co.<br>Holding company, land and mineral interests | *49 | 0.40 | 5 | 8.0 |
| United States National Bank of Denver | 33 | 2.00 | 56 | 3.6 |
| U. S. Natl. Bank (Portland) | 58 | †2.54 | 81 | 3.1 |
| U. S. Radium Corp.<br>Phosphors, industrial radiation sources, dials, panels and nameplates | 13 | 0.60 | 13½ | 4.4 |
| United States Testing Co.<br>Research and tests textiles, soaps, oils | 22 | 1.80 | 100 | 1.8 |
| U. S. Truck Lines (Del.)<br>Inter-city motor carrier | 25 | 1.40 | 21¾ | 6.4 |
| U. S. Trust Co. (N. Y.) | 103 | †3.50 | 69½ | 5.0 |
| United Steel & Wire Co.<br>Wire and metal specialties | 20 | 0.45 | 8 | 5.6 |
| United Utilities, Inc.<br>Holding company | 18 | 1.20 | 20¼ | 5.9 |
| Universal Match Co.<br>Matches and candy | 19 | 1.275 | 29 | 4.4 |
| Univis Lens Co.<br>Manufacturer and distributor of multifocal opthalmic lens blanks and eye glass frames | 29 | 0.05 | 3½ | 1.4 |
| UPSON (THE) CO.<br>Exterior and interior fibre wallboard<br>● See Company's advertisement on page 55. | 16 | 1.20 | 15½ | 7.7 |
| Upson-Walton (The) Co.<br>Manufactures wire rope, tackle blocks and rope fittings | 23 | 0.80 | 11¾ | 6.8 |
| Utah Home Fire Insurance Company<br>Disaster insurance | *23 | 1.00 | 30 | 3.3 |
| Valley Mould & Iron Corp.<br>Ingot moulds and stools | 21 | 3.00 | 44½ | 6.7 |
| Valley National Bank of Phoenix | 24 | 1.00 | 30 | 3.3 |
| Vapor Heating Corp.<br>Car heating systems | 23 | 3.00 | 49 | 6.1 |
| Veedor-Root, Inc.<br>Makes counting devices | 23 | 2.50 | 50 | 5.0 |
| Velvet Freeze, Inc.<br>Ice cream | 10 | 0.40 | 4⅝ | 8.6 |
| Victoria Bondholders Corp.<br>New York City real estate | 21 | 25.00 | 550 | 4.5 |
| Viking Pump Co.<br>Rotary pumps | 23 | 1.40 | 28 | 5.0 |
| Virginia Coal & Iron Co.<br>Owns soft coal land in Virginia and Kentucky | *41 | 6.00 | 107½ | 5.6 |
| Vlchek Tool Co.<br>Tools and plastics | 22 | 0.60 | 10 | 6.0 |
| Volunteer State Life Insurance Co.<br>Non-participating only | 14 | †0.50 | 65 | 0.8 |
| Vulcan Mold & Iron Co.<br>Ingot moulds and plugs | 23 | 0.50 | 10 | 5.0 |
| Wachovia Bank & Trust (Winston-Salem) | 21 | 1.00 | 45½ | 2.2 |
| Walker Manufacturing Co. of Wisconsin<br>Auto parts | 11 | †0.95 | 26 | 3.6 |
| Walnut Apartments Corp.<br>Owning and operating apartment house in Philadelphia | 10 | 2.50 | 43 | 5.8 |
| Warehouse & Terminals Corp.<br>Warehouses and outdoor storage | 11 | 0.14 | 2 | 7.0 |
| Warner Co.<br>Sand, gravel, lime and concrete | 11 | 2.75 | 49¾ | 5.5 |
| Warren Bros. Co.<br>Paving contractors | 14 | †1.90 | 50 | 3.8 |
| Warren (S. D.) Co.<br>Printing papers & allied products | 21 | †1.36 | 47 | 2.9 |
| Washburn Wire Co.<br>Wire and springs | 18 | 2.00 | 34 | 5.9 |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Washington National Insurance Co. (Evanston, Ill.) — Life, accident and health | 34 | 0.60 | 72 | 0.8 |
| Washington Oil Co. — Crude oil and gas producer | 32 | 2.25 | 23 | 9.7 |
| Waterbury-Farrell Foundry — Makes metal working machinery | 103 | 2.00 | 31 | 6.4 |
| Watson-Standard Co. — Paints and glass | *13 | 0.90 | 13½ | 6.7 |
| Weber Showcase & Fixture — Store fixtures, soda fountains | 10 | 0.20 | 7¾ | 2.6 |
| Wells-Gardner Co. — Electronic manufacturer | 12 | 1.00 | 14 | 7.1 |
| Welsbach Corp., class B — Maintenance and installation of street lighting systems | 10 | 0.75 | 9 | 8.3 |
| West Coast Telephone Co. — Operating public utility | 18 | 1.00 | 17⅝ | 5.7 |
| West Disinfecting Co. — Sanitation products | 17 | 0.80 | 15½ | 5.2 |
| West Mich. Steel Foundry — Steel and alloy castings | 21 | 1.40 | 19 | 7.4 |
| West Ohio Gas Co. — Public utility | 17 | 0.90 | 17⅛ | 5.2 |
| West Penn Power Co. — Both operating utility and holding company | *34 | 2.50 | 48¼ | 5.2 |
| West Point Mfg. Co. — Textile manufacturing | 70 | 1.20 | 17 | 7.0 |
| West Virginia Water Service — Wholesale gas; retails water and ice | 12 | 1.40 | 23 | 6.1 |
| Westchester Fire Ins. (N. Y.) — Diversified insurance | 86 | 1.20 | 25⅛ | 4.8 |
| Western Assurance Co. (Toronto) — Fire, marine, aviation, auto and casualty | 23 | †2.515 | 67½ | 3.7 |
| Western Casualty & Surety Company — Multiple line, fire & casualty and fidelity and surety bonds | 19 | †1.17 | 28½ | 4.1 |
| Western Electric Co. — Makes equipment for A. T. & T. | 21 | 3.60 | 99 | 3.6 |
| Western Life Insurance Co. — Participating & non-participating | 48 | 2.20 | 130 | 1.7 |
| Western Light & Telephone — Supplies electric, gas, water and telephone service | 14 | 1.85 | 33 | 5.6 |
| Western Massachusetts Cos. — Holding company for an operating electric utility | 30 | 2.20 | 41⅛ | 5.3 |
| Weyerhauser Timber Co. — Manufacture and sale of forest products | 24 | 1.00 | 36 | 2.8 |
| Whitaker Cable Corp. — Manufacturer of automotive cable products | 22 | 0.80 | 12 | 6.7 |
| Whitaker Paper Co. — Paper products and cordage | 23 | 2.50 | 54 | 4.6 |
| White & Wyckoff Manufacturing Co. — Social stationery & greeting cards | 15 | 0.60 | 17 | 3.5 |
| Whitehall Cement Manufacturing Co. — Manufacturer of portland cement | 11 | †1.54 | 55 | 2.8 |
| Whitin Machine Works — Textile machinery | 70 | 1.40 | 21¼ | 6.6 |
| Whiting Corp. — Cranes, hoists, foundry equipment | 20 | 1.00 | 34½ | 2.9 |
| Whitney Blake Co. — Insulated wires and cables | 15 | †0.49 | 17¼ | 2.8 |
| Whitney Natl. Bk. (New Or.) | 72 | 4.00 | 321 | 1.2 |
| Will & Baumer Candle Co. — Candles and beeswax | 61 | 1.00 | 16¾ | 6.0 |
| Willett (Consider H.), Inc. — Maple and cherry furniture | *17 | 0.75 | 8¼ | 9.1 |
| Williams & Co., Inc. — Supplies for industrial safety, welding, refrigeration, etc. | 22 | 1.50 | 34 | 4.4 |
| Williams (The) (J. B.) Co. — Manufactures toilet articles | 72 | 0.40 | 7¾ | 5.2 |
| Wilmington (Del.) Trust Co. | 49 | 8.00 | 197 | 4.1 |
| Winters Natl. Bank & Trust (Dayton, Ohio) | *32 | 0.95 | 26 | 3.6 |
| Wisconsin Motor Corp. — Air-cooled engines | 10 | 1.20 | 13½ | 8.9 |
| Wisconsin National Life Insurance Co. — Life, health and accident | 37 | 0.80 | 61 | 1.3 |
| Wisconsin Power & Light — Electricity supplier | 11 | 1.28 | 26⅜ | 4.8 |
| Wisconsin Southern Gas Company, Inc. — Operating natural gas public utility | 11 | †0.91 | 19¼ | 4.7 |
| Wiser Oil Company — Crude oil and natural gas producer | 42 | 2.75 | 50 | 5.0 |
| WJR The Goodwill Station (Detroit, Mich.) — Detroit broadcaster | 29 | †0.48 | 12⅛ | 4.0 |
| Woodward Governor Co. — Speed controls for engines and propellers | 18 | 1.75 | 33 | 5.3 |
| Worcester County Trust Co. (Mass.) | 15 | 2.80 | 66½ | 4.2 |
| Wyatt Metal & Boiler Works — Sheet and steel plate | 26 | 2.34 | 39¾ | 5.9 |
| York Corrugating Co. — Metal stamping, wholesale plumbing and heating supplies | 21 | 1.40 | 18¾ | 7.5 |

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

Continued on page 62

Continued from page 13

# Solving Our Domestic Problems And Fearing No Foreign Foe

the responsibility that each citizen has an obligation to undertake can well lead to a chain of events that would undermine both our governmental and economic systems.

The founders of this Republic knew well the history of the world up to their time. They knew that where there was a concentration of power in a single agency of national government that the freedom they sought to guarantee could be easily lost.

As a result they not only created three great coequal branches of the Federal Government, the legislative, executive, and judicial, but they also made the Federal Government one of limited and of specified powers and reserved all other powers to the several States and to the people thereof.

The Congress is a coordinate and not a subordinate branch. It was made the repository of all legislative power.

If we are half as wise as the men who gave us our Republic and as those who helped to maintain it, we will see to it that no administration, Republican or Democratic, departs from the letter or the spirit of the American Constitution.

The strength of our country depends, of course, on far more than our Armed Forces alone. It rests upon a sound national economy and a solvent Federal Government.

For the fiscal year ending June 30, 1941, the budget expenditures amounted to $13,262,000,000. The 1958 proposed budget is $71,800,000,000.

The national debt has grown from $48,900,000,000 to over $270 billion. The annual $7 billion of interest alone on the debt is now greater than the total cost of all functions of the government (including national defense) as late as the fiscal year 1938. The annual interest charge is larger than the total tax receipts of the Federal Government in any year between the founding of our government under the Constitution in 1789 and when we entered World War II in 1941.

Now, frankly, I do not subscribe to the theory that if individuals or business organizations spend their own earnings, it is inflationary whereas if the government takes it from them and spends it that is not inflationary. Government spending is a major inflationary factor.

The challenge we face is how to meet the large defense expenditures necessary for the preservation of our way of life, to take care of our growing needs for public and private facilities and to avoid the tendency to solve the problem by concentrating more and more power in the government at Washington.

This will take some voluntary restraint on the part of citizens generally, in requesting new and additional programs until we can digest programs now underway or complete certain of the projects before undertaking additional ones.

This is the time for prudent and responsible citizens in private industry, in labor, in agriculture, and, indeed, throughout our entire population to take a close look at the growth of the Federal Government. Constructive support is needed for the efforts which will be made to reduce nonessential spending, to apply some payments on the national debt and to lay a foundation for further tax reductions next year.

As an American citizen and as a Senator of the United States, I am convinced that if we of this generation will only use the same faith and courage that motivated the men who sat at Philadelphia and under what I believe to have been divine guidance, gave us first our Declaration of Independence and later our Constitution, there are none of our great domestic problems which we as a free people cannot solve, and there is no foreign foe we need ever fear.

## Joseph Hammel With Benjamin Lewis Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Joseph F. Hammel has become associated with Benjamin Lewis & Co., 135 South La Salle Street. Mr. Hammel who has been in the investment business in Chicago for many years has recently been with McDougall & Condon, Inc.

Gino Giolli has also been added to the firm's staff.

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# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| York County Gas Co. — Operating public utility | 12 | 2.00 | 48 | 4.2 |
| York Water Co. — Operating public utility | *14 | 1.20 | 32 | 3.7 |
| Yosemite Park & Curry Co. — Operates hotels, camps and stores | 14 | 0.30 | 6¼ | 4.8 |
| Young (J. S.) Co. — Licorice paste for tobacco | 45 | 4.50 | 56½ | 8.0 |
| Youngstown Steel Car Corp. — Railroad cars and equipment | 18 | 1.00 | 18 | 5.5 |
| Younker Bros. — Department stores in Midwest | *10 | 2.00 | 35½ | 5.6 |
| Yuba Consol. Gold Fields — California gold dredger | 48 | 0.40 | 2½ | 16.0 |
| Zeigler Coal & Coke Co. — Owns mines in Illinois and Kentucky | 18 | 0.85 | 22¼ | 3.8 |
| Zonolite Co. — Fire proof building materials | 13 | 0.075 | 2¾ | 2.7 |

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

## TABLE II
## OVER-THE-COUNTER
### Consecutive Cash
## DIVIDEND PAYERS
### for
## 5 to 10 YEARS

| | No. Consecutive Years Cash Divs. Paid | Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1956 $ | Quotation Dec. 31, 1956 | Approx. % Yield Based on Paymts. to Dec. 31, 1956 |
|---|---|---|---|---|
| Alabama Tennessee Natural Gas Co. — Pipeline | 6 | 1.10 | 20¾ | 5.3 |
| Allen (R. C.) Business Machines, Inc. — Adding machines, typewriters, etc. | 5 | 0.50 | 10 | 5.0 |
| Allied Gas Co. — Natural gas distributor | 8 | 0.95 | 24 | 4.0 |
| Alpha Beta Food Markets, Inc. — California super markets | *7 | †0.66 | 18½ | 3.6 |
| American Forest Products Corp. — Logging and lumbering | *7 | †0.99 | 28 | 3.5 |
| American Furniture Mart Building Co. — Chicago real estate | 8 | 0.25 | 26 | 0.09 |
| American Greetings Corp., Class A and B — Manufacture of greeting cards | 7 | 1.20 | 20½ | 5.7 |
| American Home Assurance Corp. — Diversified insurance | 6 | 1.40 | 42 | 3.3 |
| American National Fire Insurance Co. — Diversified insurance | 9 | 0.80 | 15 | 5.3 |
| American Rock Wool Corp. — Mineral wool | 6 | 1.00 | 11 | 9.1 |
| Anchor Steel & Conveyor Co. — Mechanical conveyor systems | 9 | 0.15 | 2⅜ | 6.3 |
| Atlanta Paper Co. — Cartons and bags | 7 | †0.44 | 16¾ | 2.6 |
| Atlas Finance Co. — Auto financing | 5 | 0.60 | 8¾ | 6.9 |
| Auto-Soler Co. — Shoe repair machinery | 7 | 0.20 | 2¾ | 7.3 |
| Bausch & Lomb Optical Co. — Optical instruments | 5 | 1.00 | 19¼ | 5.2 |
| Bausch Machine Tool Co. — Drills and boring mills | 6 | 0.75 | 17 | 4.4 |
| Blue Ridge Insurance Co. — Diversified insurance | 7 | 1.00 | 26¼ | 3.8 |
| Bradley (Milton) Co. — Games and toys | 6 | 0.65 | 14½ | 4.5 |
| Brooklyn Borough Gas Co. — Operating public utility | 7 | 0.80 | 15 | 5.3 |
| Capitol Records, Inc. — Phonograph records | 7 | 1.05 | 16 | 6.6 |
| Carlisle Corp. — Inner tubes, brake lining, bicycle tires, etc. | 7 | 0.50 | 8 | 6.2 |
| Carpenter (L. E.) & Co. — Manufactures coated fabrics | 5 | 0.05 | 5¼ | 0.9 |
| Cedar Point Field Trust, ctfs. — Texas oil wells | 7 | 0.57 | 5½ | 10.4 |
| Chicago Railway Equipment Co. — Railway equipment and foundry (malleable) | 6 | 2.00 | 40 | 5.0 |
| Churchill Downs, Inc. — "Kentucky Derby" | 6 | 1.30 | 18 | 7.2 |
| Cleveland Trencher Co. — Manufacturer of mechanical trench excavators | 8 | 0.80 | 15 | 5.3 |
| Cochran Foil Co. — Foil rolling, laminating lacquering | 9 | †0.50 | 25½ | 2.0 |
| Color-Craft Products, Inc. — Wall coverings | 9 | 0.40 | 3¼ | 12.3 |
| Commercial Banking Corp. — Dealer financing | 9 | 0.70 | 8 | 8.7 |
| Commonwealth Telephone Co. (Dallas, Pa.) — Telephone service | 6 | 0.80 | 14 | 5.7 |
| Conn (G. C.), Ltd. — Top manufacturer of band instruments | 9 | 0.475 | 11⅞ | 4.0 |
| Consolidated Freightways, Inc. — Motor freight | 6 | †0.80 | 16⅝ | 4.8 |
| Consolidated Rock Products Co. — Gravel and sand | 5 | †0.22 | 17¼ | 1.3 |
| Continental Motor Coach Lines, Inc. — Kentucky bus service | 8 | 3.50 | 29 | 12.0 |
| Cooper Tire & Rubber Co. — Tires and tubes | 7 | 0.75 | 9½ | 7.9 |
| Cosmopolitan Realty Co. — Denver hotel | 7 | 10.00 | 225 | 4.4 |
| Craddock-Terry Shoe Corp. — Shoe manufacturer | 8 | 1.00 | 21 | 4.8 |
| Cribben & Sexton Co. — Manufacturer of domestic gas appliances | 6 | 0.45 | 6½ | 7.0 |
| Cummins Engine Co. — Diesel and gas engines | 9 | †0.80 | 50½ | 1.6 |
| De Bardeleben Coal Corp. — Bituminous coal | 9 | 6.00 | 90½ | 6.6 |
| De Laval Steam Turbine Co. — Turbines, pumps, etc. | 6 | 1.75 | 35 | 5.0 |
| Denver Chicago Trucking Co., Inc. — Motor common carrier | 7 | 1.00 | 19 | 5.3 |
| Dewey Portland Cement Co. Cl. B — Portland cement | *8 | †0.33 | 40¾ | 0.8 |
| Dulany (John H.) & Son — Canned and frozen food | 5 | 0.225 | 6½ | 3.5 |
| Eagle Stores Co. — Variety chain in South | 5 | 0.45 | 20¾ | 2.2 |
| Eastern Industries, Inc. — Mfrs. pumps and traffic signals | 5 | †0.30 | 12⅛ | 2.5 |
| Equity Oil Co. — Crude oil production | 9 | 0.40 | 17 | 2.3 |
| Erie Resistor Corp. — Electronic products | 6 | 0.80 | 20¾ | 3.9 |
| Federal Sign & Signal Corp. — Signaling apparatus | 9 | †1.18 | 22 | 5.4 |
| First-Mechanics Natl. Bank of Trenton | 8 | 1.45 | 34 | 4.3 |
| Flour City Ornamental Iron — Ornamental metal work | 9 | 0.70 | 10¾ | 6.5 |
| Fort Worth Transit Co. — Fort Worth bus service | 9 | 0.60 | 4¾ | 12.6 |
| Fulton Market Cold Storage — Chicago cold storage | 9 | 1.00 | 15¾ | 6.3 |
| Funsten (R. E.) Co. — Sheller and packer of pecans, walnuts and almonds | 7 | 0.60 | 8¾ | 6.9 |
| Gamble Brothers, Inc. — Lumber products | 7 | 0.525 | 6¾ | 7.8 |
| Genuine Parts Co. — Auto parts distributor | 9 | 1.00 | 20¼ | 4.9 |
| Germantown Fire Insurance Company — Fire and allied lines insurance | 9 | 2.50 | 90 | 2.8 |
| Gould Pumps, Inc. — Pumps and water systems | 9 | 1.00 | 28 | 3.6 |
| Great Lakes Steamship Co. — Freighters | 9 | 2.00 | 38 | 5.3 |
| Green Mountain Power Corp. — Public utility, electric and gas in Vermont | 6 | †0.95 | 15⅝ | 6.1 |
| Greene Cananea Copper Co. — Metal mining | 7 | 3.50 | 35 | 10.0 |
| Greenwich Gas Co. — Distributor of natural gas | 6 | 0.70 | 12⅜ | 5.7 |
| Gregory Industries, Inc. — Stud welding equipment and welding studs | 7 | †0.39 | 12¾ | 3.1 |
| Hagerstown Gas Co. — Natural gas supplier | 6 | 0.70 | 11½ | 6.1 |
| Haytian American Sugar Co., S. A. — Sugar production | 8 | 2.00 | 36 | 5.5 |

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

# Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Hibernia Bank (San Fran.) | 9 | 3.00 | 78 | 3.8 |
| Home Finance Group, Inc.<br>Holding company—auto financing | 9 | 0.25 | 5⅞ | 4.2 |
| Hubinger Co.<br>Corn refining | 8 | 0.80 | 15 | 5.3 |
| Hudson Pulp & Paper Corp., Class A<br>Pulp, paper and paper products | 6 | 1.26 | 27¾ | 4.5 |
| Indiana Gas & Chemical Co.<br>Coke | 6 | 0.75 | 16½ | 4.5 |
| Indiana Limestone Co.<br>Limestone production | 6 | 0.40 | 7½ | 5.3 |
| Inter-County Title Guarantee & Mortgage Co.<br>Title insurance | 9 | 5.00 | 105 | 4.8 |
| International Textbook Co.<br>Printing, publishing and home study schools | 6 | 2.30 | 37½ | 6.1 |
| Interstate Bakeries Corp.<br>Baking bread and cakes | 9 | 1.20 | 21 | 5.7 |
| Interstate Engineering Corp.<br>Aircraft parts and vacuum cleaners | 6 | †0.38 | 8 | 4.7 |
| Interstate Motor Freight System<br>Common motor carrier | 7 | 1.00 | 13¼ | 7.5 |
| Iowa Electric Light & Power Co.<br>Operating public utility | 7 | 1.40 | 29 | 4.8 |
| Jack & Heintz, Inc.<br>Precision parts for aircraft | 6 | 0.80 | 11¾ | 6.8 |
| Jacobsen Manufacturing Co.<br>Power lawn mowers | 5 | 0.50 | 7½ | 6.7 |
| Jersey Mortgage Co.<br>Mortgage banking and real estate | 7 | 3.00 | 46 | 6.5 |
| Kaiser Steel Corp.<br>Leader on Pacific Coast | 6 | 0.40 | 50¼ | 0.8 |
| Kansas City Structural Steel<br>Buildings, bridges and tanks | 9 | 1.00 | 21 | 4.8 |
| Kelling Nut Co.<br>Edible nuts | 5 | 0.25 | 5½ | 4.5 |
| Kent-Moore Organization<br>Service station equipment | 9 | 1.00 | 12½ | 8.0 |
| Keyes Fibre Co.<br>Paper plates, plastic trays, etc. | 7 | 1.20 | 21 | 5.7 |
| Keystone Portland Cement Co.<br>Manufactures cement | 7 | 1.85 | 33½ | 5.5 |
| La Salle Natl. Bk. (Chicago) | 9 | 2.25 | 53 | 4.2 |
| Lakeside Laboratories, Inc.<br>Pharmaceutical products | 9 | 0.70 | 32 | 2.2 |
| Langendorf United Bakeries<br>West Coast baker | 8 | †0.95 | 20¼ | 4.7 |
| Ludman Corp.<br>Manufactures "Auto-Lok" aluminum awning type windows, glass and aluminum venetian type windows and jalousie doors | 6 | †0.09 | 3½ | 2.6 |
| Macco Corp.<br>Oilfield construction and maintenance | 9 | 0.60 | 10½ | 5.7 |
| Marmon-Herrington Co. Inc.<br>Heavy duty trucks; mining equipment | 8 | 0.40 | 16 | 2.5 |
| Maryland Casualty Co.<br>Diversified insurance | 9 | 1.50 | 31 | 4.8 |
| Material Service Corp.<br>Limestone | 5 | 3.00 | 250 | 1.2 |
| Maxson (W. L.) Corp.<br>Electro-mechanical and electronics apparatus | 9 | †0.09 | 6⅜ | 1.4 |
| McNeil Machine & Engineering Co.<br>Vulcanizers | 6 | 1.50 | 30¾ | 4.9 |
| Metals Disintegrating Co.<br>Metal powders | 7 | 0.40 | 20 | 2.0 |
| Mexican Eagle Oil Co., Ltd. Ordinary<br>Property interests | 6 | 0.52 | 3¼ | 1.6 |
| Moore (William S.), Inc.<br>Retail chain stores | 8 | 0.10 | 7 | 1.4 |
| Morganton Furniture Co.<br>Manufactures furniture | 6 | 0.75 | 18½ | 4.0 |
| National Bank of Toledo (Ohio) | 8 | 1.50 | 42 | 3.6 |
| National Gas & Oil Corp.<br>Natural gas and Pennsylvania grade crude oil | 7 | 1.025 | 17½ | 5.9 |
| New England Lime Co.<br>Lime manufacturing | 8 | 0.50 | 19 | 2.6 |
| New Jersey Natural Gas Co.<br>Operating public utility | 6 | †1.18 | 23½ | 5.0 |
| N. Y. Wire Cloth Co.<br>Insect metal screening | 5 | 1.00 | 12 | 8.3 |
| Norris-Thermador Corp.<br>Metal fabricating, appliance manufacturing | 7 | 0.75 | 13½ | 5.5 |
| Opelika Manufacturing Corp.<br>Towels and linens | *9 | †0.72 | 14¾ | 4.9 |
| Packard-Bell Electronics Co.<br>Radio, TV-electronics; garage door openers; hollow core doors | 8 | 0.50 | 9⅞ | 5.1 |
| Palace Corp.<br>Trailers | 5 | 0.10 | 1⅝ | 6.1 |
| Pantex Manufacturing Corp.<br>Laundry equipment | 5 | †0.96 | 18 | 5.3 |
| Paragon Electric Co.<br>Mfgr. of electric time controls | 8 | 1.00 | 16 | 6.0 |
| Park-Lexington Co.<br>N. Y. C. real estate | 5 | 10.00 | 180 | 5.5 |
| Parker Appliance Co.<br>Manufacturer of hydraulic & fluid system components | 7 | 1.00 | 19 | 5.3 |
| Pearl Brewing Co.<br>Beer producers | 7 | 1.20 | 18¼ | 6.6 |
| Penn Controls, Inc.<br>Manufactures automatic electric controls | 7 | 1.20 | 20 | 6.0 |
| Penn Fruit Co. Inc.<br>Regional super market chain | 5 | †0.34 | 19⅞ | 1.7 |
| Penton Publishing Co.<br>Business and technical journals | 8 | 1.00 | 17 | 5.9 |
| Perfex Corp.<br>Manufacturer of heat transfer products | 8 | 1.25 | 16 | 7.8 |
| Petersburg Hopewell Gas Co.<br>Natural gas | 5 | 0.95 | 19 | 5.0 |
| Pickering Lumber Corp.<br>California, Louisiana and Texas holdings | 9 | 0.95 | 11⅝ | 8.2 |
| Pittsburgh Reflector C., Cl. B<br>Lighting equipment | *8 | †0.29 | 6⅛ | 4.7 |
| Plastic Wire & Cable Corp.<br>Plastic covered wire and cable | 5 | 0.60 | 21 | 2.9 |
| Polaroid Corp.<br>Cameras and films | 5 | 0.50 | 108 | 0.5 |
| Pope & Talbot, Inc.<br>West Coast lumber mills | *9 | 1.20 | 27¾ | 4.3 |
| Portable Electric Tools, Inc.<br>Portable tools | 5 | 0.40 | 4⅞ | 8.2 |
| Produce Terminal Cold Storage Co.<br>Public cold storage warehouse | 9 | 1.00 | 16½ | 6.1 |
| Quaker City Cold Storage Co. v. t. c.<br>Cold storage facilities | 7 | 0.15 | 8½ | 1.8 |
| Quaker City Fire & Marine Insurance Co.<br>Diversified insurance | 8 | 1.00 | 16 | 6.2 |
| Queen Anne Candy Co.<br>Bar and bulk candy | 9 | 0.10 | 2⅜ | 4.2 |
| Reardon Co.<br>"Bondex" cement paint | 9 | 0.25 | 4½ | 5.5 |
| Robbins & Myers, Inc.<br>Manufacturing motors, fans, hoists & cranes, and pumps | 7 | 3.50 | 53 | 6.6 |
| Roberts-Gordon Appliance Corp.<br>Gas heating equipment | 9 | 0.25 | 4 | 6.2 |
| Rochester Transit Corp.<br>Rochester, N. Y., bus lines | 6 | 0.40 | 5¾ | 7.0 |
| Rogers Corp., Cl. B<br>Five different fields | 5 | †0.58 | 38 | 1.5 |
| Rothmoor Corp.<br>Women's coats and suits | 9 | 0.40 | 3¼ | 12.3 |
| Rumford Printing Co.<br>Magazines | 5 | 4.00 | 72 | 5.5 |
| San Miguel Brewery, Inc. (Philippines)<br>Beer and dairy products | *9 | 1.60 | 12½ | 12.8 |
| Seaboard Fire & Marine Insurance Co. (NYC)<br>Diversified insurance | 7 | 0.90 | 22½ | 4.0 |
| Security Title Insurance Co.<br>Title insurance | 9 | †0.525 | 26½ | 2.0 |
| Shedd-Bartush Foods, Inc.<br>Margarine, peanut products and salad products | 7 | 1.00 | 19½ | 5.1 |
| Smith-Alsop Paint & Varnish Co.<br>Paints and varnishes | 9 | †1.53 | 24 | 6.4 |
| Smith (T. L.) Co.<br>Concrete mixing equipment | 7 | 0.40 | 30 | 1.3 |
| Snyder Tool & Engineering Co.<br>Special machinery | 5 | †0.39 | 21¾ | 1.8 |
| Sommers Drug Stores Co.<br>Retail drug store chain | 7 | 0.40 | 5¼ | 7.6 |
| Sorg Paper Co.<br>Sulphite, kraft and rag papers | 7 | 1.25 | 31 | 4.0 |
| South Jersey Gas Co.<br>Natural gas | 5 | 1.35 | 24 | 5.6 |
| South Texas Development Co. Class B<br>Oil royalties | *7 | 4.00 | 75 | 5.3 |
| Southdown Sugars, Inc.<br>Operates Louisiana sugar plantation | 9 | †0.50 | 22¾ | 2.2 |
| Southeastern Public Service<br>Natural gas supplier | 9 | 0.70 | 10⅞ | 6.4 |
| Southern Nevada Power Co.<br>Electric utility | 6 | 1.00 | 16⅜ | 6.1 |
| Southern Utah Power Co.<br>Operating public utility | 6 | 1.00 | 15¾ | 6.3 |
| Southland Paper Mills, Inc.<br>Newsprint | 6 | 2.00 | 140 | 1.4 |
| Southwestern Engineering Co.<br>Diversified operations | 5 | †0.70 | 8 | 8.7 |
| Spartan Mills<br>Cloths and sheetings | 7 | 1.50 | 36 | 4.2 |
| Standard Commercial Tobacco Co.<br>Tobacco merchandising | 5 | †0.19 | 5¾ | 3.3 |
| Standard Paper Manufacturing Co.<br>Sulphite bonds & coated papers | 6 | 4.50 | 42 | 10.7 |

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

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*Continued from page 63*

## Over-The-Counter Market – Indispensable to Investors and Nation's Business Growth

| | 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 |
|---|---|---|---|---|
| Stern & Stern Textile, Inc. — Silk, rayon and nylon fabrics | 9 | 0.80 | 9¼ | 8.6 |
| Stuart Co. — Pharmaceutical manufacturer and distributor | 8 | †0.57 | 22½ | 2.5 |
| Stubnitz Greene Corp. — Manufactures spring seats for trucks, cars and buses, motor control switches and vinyl plastisols | 7 | 0.50 | 13⅞ | 3.6 |
| Stuyvesant Insurance Co. — Auto and marine insurance | 9 | †0.16 | 30 | 0.5 |
| Suburban Gas Service, Inc. — Petroleum gases | 7 | 0.82 | 18¼ | 4.5 |
| Superior Separator Co. — Materials-handling equipment | 5 | 0.60 | 15 | 4.0 |
| Tejon Ranch Co. — California land holdings | 8 | 0.60 | 18 | 3.3 |
| Television-Electronics Fund, Inc. — Open-end mutual invsetment co. | 8 | f0.92 | 12.75 | 7.2 |
| Tennessee Natural Gas Lines, Inc. — Pipe lines | 7 | 0.50 | 12 | 4.2 |
| Texas Eastern Transmission — Operates natural gas pipelines | 7 | 1.40 | 25⅝ | 5.5 |
| Texas Gas Transmission Corp. — Natural gas pipeline | 5 | †0.98 | 21⅝ | 4.5 |
| Title Guarantee & Trust Co. (N. Y.) — Title insurance | 5 | 1.20 | 19 | 6.3 |
| Transcontinental Gas Pipe Line Corp. — Natural gas | 5 | 0.925 | 17¾ | 5.2 |
| Union Lumber Co. — California redwood | 9 | 1.25 | 52 | 2.4 |
| U. S. Life Insurance Co. — Life, accident and health | 6 | †0.15 | 28¼ | 0.5 |
| U. S. Realty & Investment Co. — Real estate | *8 | 1.25 | 24 | 5.2 |
| United States Sugar Corp. — Sugar production | 6 | 0.90 | 18 | 5.0 |
| Upper Peninsular Power — Electric public utility | 9 | 1.57 | 28⅝ | 5.5 |
| Utah Southern Oil Co. — Oil and gas producer | 9 | 0.50 | 13 | 3.8 |
| Vanity Fair Mills — Lingerie | *9 | 1.05 | 12⅞ | 8.1 |
| Virginia Hot Springs, Inc. — Resort hotels | 8 | 2.50 | 32 | 7.8 |
| Vulcan Corp. — Wood heels, bowling pins, etc. | 7 | 0.70 | 10 | 7.0 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
f The 1956 dividend payments were $0.366 from income, and $0.557 payable in cash or stock from capital gains. The Dec. 31 value of $12.75 shown here is the offering or selling price and the yield is based on that figure.

| | 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 |
|---|---|---|---|---|
| Warner & Swasey Co. — Machine tools, earth moving machines, textile machinery, etc. | 7 | 2.00 | 31¼ | 6.4 |
| Washington Natural Gas Co. — Gas properties (Washington State) | 8 | e0.40 | 15½ | 2.6 |
| Washington Steel Corp. — Stainless steel | 8 | 1.25 | 26½ | 4.7 |
| Waverly Oil Works Co. — Oils, greases and soaps | 7 | 0.50 | 10½ | 4.8 |
| Welex Jet Services, Inc. — Services oil wells | 7 | †0.50 | 36½ | 1.4 |
| Wiggin Terminals, Inc., v.t.c. — Boston harbor | 9 | 1.25 | 24 | 5.2 |
| Wisconsin Hydro Electric Co. — Operating public utility | 9 | 1.00 | 16¼ | 6.1 |
| Wolf & Dessauer Co. — Fort Wayne department store | 9 | 0.85 | 11 | 7.7 |
| Wyckoff Steel Co. — Cold finished steels | 8 | †1.43 | 25½ | 5.6 |
| York-Hoover Corp. — Manufacturing specialized truck bodies and burial caskets | 15 | 1.30 | 14 | 9.3 |

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
e Represents cash payment in January 1956 of 10 cents, plus stock dividend in May of one share of Pacific Northwest Pipe-line Corp. common for each 70 shares held.

## Difference Between Listed and Over-the-Counter Trading

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

In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, by, in effect though not in strict parlance, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own.

The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.



**The Over-the-Counter Market**

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

Thus many over-the-counter dealer-brokers, in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

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

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

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

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

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

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

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

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

## Over-The-Counter Market — Indispensable to Investors and Nation's Business Growth

Counter Market there are on the job from 7:00 in the morning until 5:00 in the afternoon.

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

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

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

**Values**

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real economic values." Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with

*Continued on page 66*

## Merrill Lynch Reports Record Gross But Slight Dip in Profits in Last Fiscal Year

**Candid report issued by Directing Partner Winthrop H. Smith. Underscores need for still more investor service.**

The nationwide investment firm of Merrill Lynch, Pierce, Fenner & Beane had record total operating income but a slight dip in profits in the fiscal year ended Feb. 28, Directing Partner Winthrop H. Smith announced April 11. Mr. Smith became head of the large firm following the death of Charles E. Merrill on October 6, 1956.

Winthrop H. Smith

Total revenues of the firm, which now has 116 domestic offices and six foreign offices, rose to $83,497,000 in the year ended February, or 3% above the preceding year and almost double 1952. Mr. Smith commented "Our increase in revenues was despite a slow-down in the financial community as a whole."

After all expenses including charitable deductions and estimated Federal income taxes on individual partners, final profits were $4,514,000 or exactly $41,000 below the previous year.

The firm's net worth rose about 12% to a new record of $40,500,000, a figure which Mr. Smith described as "comfortably above" any requirements by regulatory bodies of the 46 security and commodity exchanges of which the firm is a member.

During the fiscal year the firm handled 12% of all public round lot trading on the New York Stock Exchange, a slight decline from the previous record of 12.3%. Public trading excludes transactions by specialists for their own account, other member trading and odd-lot dealers trading in round lots.

Reflecting Merrill Lynch's traditional emphasis on the small investor, the firm's percentage of all odd-lot trading reached a new high of 19.6 compared to 18.7 in the previous year.

Merrill Lynch is one of the very few investment firms which makes a full financial report to its customers and the general public.

An unusual feature of the 16-page annual report is a complete description of a year-long "self-analysis" just completed by the firm. Mr. Smith explained the survey was undertaken "simply because we wanted to know how well we were fulfilling our foremost policy: 'The interests of our customers *must* come first.'"

As a result of the survey, the firm's policies have been modernized and in some cases re-stated, but in essence they remain unchanged, Mr. Smith stated.

In order to get additional "grass roots" sentiment, the firm specifically asks its customers "Have You a Complaint?" and if so, please write. Mr. Smith pointed out this was an approach seldom used in annual reports.

## First Boston Group Offers Iowa Southern Utilities Common Stock

The First Boston Corp., as manager of an investment banking group, offered publicly yesterday (April 17) 75,000 shares of Iowa Southern Utilities Co. common stock (par $15) at a price of $21.50 per share.

Net proceeds from the sale of the common stock will be used initially to reduce bank loans, presently outstanding in the amount of $4,500,000, through which the company has financed its construction program since 1953. The company expects to offer for sale later this year approximately $5,000,000 in first mortgage bonds from the proceeds of which, together with internal funds, it will repay the balance of its bank loans and finance its construction program until the early part of 1958. The company does not presently expect to issue any additional common stock prior to 1960.

Iowa Southern Utilities Co.'s interconnected electric transmission and distribution system serves at retail 157 communities located in 24 Iowa counties having a population of approximately 425,000; it also sells electrical energy at wholesale to five communities, four other public utility companies and one REA distribution cooperative. The company also distributes natural gas which it purchases under contract.

During 1956 operating revenues of the company amounted to $13,458,695 and net income to $1,498,369 compared with operating revenues of $12,526,392 and net income of $1,394,938 in 1955.

An initial dividend of 20 cents a share was paid on the company's common stock on June 15, 1946, a total of 65 cents being paid during that year. Quarterly dividends aggregating $1.00 a share per annum were paid in 1947 and 1948, $1.10 a share in 1949, $1.20 a share yearly from 1950 through 1955, and $1.24 a share in 1956. A quarterly dividend of 32 cents a share was paid on Mar. 1, 1957, and a like dividend has been declared, payable on June 1 to holders of record on May 15, 1957. The new common stock being offered will participate in this dividend.

*Continued from page 15*

# Third-Party Liability of American Nuclear Exports

all liability for negligence. In the recent "202" hearings, Rep. Sterling Cole is reported favoring a foreign indemnification provision in bilaterals "except, of course [in the case of] any proven negligence on the part of the American producers." But doesn't the exception take away the assurance? American producers might still worry about what would pass for proof of negligence and shrink from exposure to unrestricted atomic damage claims, whatever their basis. Absent government indemnity, damage claims should be kept to some amount for which insurance coverage could be obtained at a reasonable cost. Rather than risk devastating losses, American concerns might prefer to license foreign companies to make nuclear reactors and their equipment.

### American Business Reputation

I am somewhat troubled by the danger to American business reputation and good will from over-assiduous efforts by our government to get legal immunity for our own manufacturers from liability based on fault. Will we sow seeds of distrust in the reliability of American products? If this risk is real, may we not do better to enlist the good offices of the International Atomic Energy Agency. It could initiate a conference for drafting a multinational convention under its auspices, setting limits on the liability of foreign suppliers of nuclear reactors, their components, and materials. Such a step would have important precedents in the field of maritime transport and civil aviation. It would not, of course, prevent any country from itself providing indemnification for injury to its own residents to the extent it thought prudent.

My reference to multi-national conventions limiting liability for maritime injuries (which, incidentally, cover land damage caused by vessels) brings to mind the liability problems that an atomically-powered merchant marine would present. Unlike the land-based power reactor which can be located far from cities, atomically-powered vessels would come sailing into large seaports, exposed to all the hazards of navigation in crowded waters. Here the traditional principle of limited liability may leave too many people unprotected. Moreover, in this situation, the reactor manufacturer would be sued wherever color of negligence could be raised against him. Probably we shall need an international convention governing the use of atomically-propelled vessels, regulating their access to populous ports, requiring appropriate measures of indemnity, and otherwise limiting liability for maritime nuclear incidents.

Obviously, atomically-powered anti-aircraft would give rise to like problems, but I submit that I have provided grist enough for us to grind for the time being.

## J. J. Weiss With Bear, Stearns Co.

CHICAGO, Ill.—John J. Weiss, Jr. and Albert H. Klee have become associated with Bear, Stearns & Co., 135 South La Salle Street. Mr. Weiss was formerly Vice-President of Arthur M. Krensky & Co., Inc., with which Mr. Klee was also associated.

### Arthur L. Devens

Arthur L. Devens, associated with Draper, Sears & Co., passed away April 13 at the age of 77.

*Continued from page 65*

# Over-The-Counter Market—Indispensable to Investors and Nation's Business Growth

the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insights as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

### Inventory Positions

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the eco-

## Over-The-Counter Market – Indispensable to Investors and Nation's Business Growth

nomic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over-the-counter dealers. Investment officers, of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

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

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds, idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

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

## $29,500,000 Issue of Philadelphia Bonds Offered to Investors

An underwriting syndicate managed by The First National City Bank of New York, with Halsey, Stuart & Co. Inc. and The Philadelphia National Bank as associate managers, was awarded on April 17 an issue of $29,500,000 City of Philadelphia, Pa., various purpose bonds, due July 1, 1958 to 1982, inclusive.

The group submitted a bid of 100.056 for a combination of 4s, 3¼s, and 3½s, representing a net interest cost of 3.5104% to the city.

The bonds are being reoffered on a scale from a yield of 2.30% out to a dollar price of 99.50 for the 3½% coupon in 1982.

Among those participating in the underwriting are: Harris Trust and Savings Bank; C. J. Devine & Co.; Goldman, Sachs & Co.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Stone & Webster Securities Corporation; R. W. Pressprich & Co.; Mercantile Trust Company, St. Louis; Continental Illinois National Bank and Trust Company of Chicago; Dean Witter & Co.; First of Michigan Corporation; Hornblower & Weeks.

## Quebec Natural Gas Securities on Market

Public offering of $48,000,000 of securities of Quebec Natural Gas Corporation is being made today (April 18) in the United States and Canada. The offering in this country is being made by a group of underwriters managed by Lehman Brothers and Allen & Co., with whom are associated Stone & Webster Securities Corp.; White, Weld & Co. and Butcher & Sherrerd. The Canadian offering is being made by Nesbitt, Thomson & Co., Ltd.; Wood, Gundy & Co. Ltd.; and Osler, Hammond & Nanton Ltd.

The securities offered are $12,550,000 of 6% first mortgage bonds due 1980 (Canadian); $7,450,000 of 5½% first mortgage bonds due 1980 (United States); $20,000,000 of 5¾% subordinated debentures due 1985 (Canadian); and 800,000 shares of common stock.

The first mortgage bonds are priced at 100% and accrued interest. The subordinated debentures and the common stock are being offered in units, each unit consisting of $100 principal amount of debentures and four shares of stock. The units are priced at $145.60 per unit (United States).

Quebec Natural Gas Corp. was organized to acquire principally from the Quebec Hydro-Electric Commission, the gas distribution facilities and other related facilities in Montreal, Quebec. The territory to be served includes Montreal, the largest city in Canada, and 35 municipalities with an estimated population of over 1,600,000. Proceeds from the sale of securities will be used to finance the acquisition of these facilities and to prepare and develop the properties for the distribution of natural gas. Until a supply of natural gas is available the company will continue manufactured gas operations and will continue to distribute manufactured gas.

Sinking fund provisions of the first mortgage bonds provide for the payment on or before June 30, 1960 and semi-annually thereafter of a sinking fund equal to 2% of the maximum amount of bonds outstanding. For the sinking fund the bonds will be redeemable at par and accrued interest.

The first mortgage bonds may not be redeemed prior to Jan. 1, 1970 for the purpose of refunding them with debt bearing a lower interest rate than the bonds to be redeemed.

Principal and interest of the Canadian first mortgage bonds are payable in Canadian funds and of the United States bonds in United States funds.

The debentures carry a sinking fund under which the company must pay into the fund on or before March 31, 1966 and annually thereafter an amount equal to the smaller of $500,000 or 50% of sinking fund net income.

Principal and interest of the debentures are payable in Canadian funds.

Capitalization of the company as of March 31, 1957, and as adjusted to give effect to completion of the present financing, consisted of $20,000,000 first mortgage bonds; $20,000,000 subordinated debentures; $2,100,000 first mortgage bonds of Montreal Coke & Manufacturing Company and a 4% note in the amount of $2,500,000; and 805,014 shares of common stock and 544,986 shares of class B stock, each of a par value of $1 a share.

### Herzfeld, Stern Admits

Herzfeld & Stern, 30 Broad Street, New York City, members of the New York Stock Exchange, on May 1 will admit Carol R. Cohen to limited partnership.

# 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) | Apr. 21 | §89.7 | *90.3 | 93.5 | 100.2 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | Apr. 21 | §2,297,000 | *2,310,000 | 2,392,000 | 2,466,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | Apr. 5 | 7,599,500 | 7,786,300 | 7,812,850 | 7,171,100 |
| Crude runs to stills—daily average (bbls.) | Apr. 5 | ¶7,856,000 | 8,039,000 | 8,076,000 | 7,517,000 |
| Gasoline output (bbls.) | Apr. 5 | 25,683,000 | 26,007,000 | 26,667,000 | 25,579,000 |
| Kerosene output (bbls.) | Apr. 5 | 1,880,000 | 2,170,000 | 2,431,000 | 2,342,000 |
| Distillate fuel oil output (bbls.) | Apr. 5 | 12,634,000 | 12,296,000 | 13,328,000 | 12,174,000 |
| Residual fuel oil output (bbls.) | Apr. 5 | 8,248,000 | *8,651,000 | 8,578,000 | 7,559,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | Apr. 5 | 203,310,000 | 203,489,000 | 205,782,000 | 197,322,000 |
| Kerosene (bbls.) at | Apr. 5 | 19,729,000 | 20,168,000 | 20,711,000 | 17,644,000 |
| Distillate fuel oil (bbls.) at | Apr. 5 | 75,295,000 | 75,855,000 | 83,331,000 | 60,808,000 |
| Residual fuel oil (bbls.) at | Apr. 5 | 37,594,000 | 37,098,000 | 36,383,000 | 32,651,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | Apr. 6 | 644,092 | 694,922 | 672,386 | 685,378 |
| Revenue freight received from connections (no. of cars) | Apr. 6 | 624,122 | 642,210 | 644,115 | 650,191 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | Apr. 11 | $344,476,000 | $281,484,000 | $412,284,000 | $529,844,000 |
| Private construction | Apr. 11 | 117,714,000 | 127,546,000 | 174,847,000 | 376,133,000 |
| Public construction | Apr. 11 | 226,762,000 | 153,938,000 | 237,437,000 | 153,711,000 |
| State and municipal | Apr. 11 | 141,886,000 | 124,888,000 | 149,950,000 | 109,657,000 |
| Federal | Apr. 11 | 84,876,000 | 25,050,000 | 87,487,000 | 44,054,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | Apr. 6 | 8,350,000 | *10,570,000 | 9,700,000 | 8,502,000 |
| Pennsylvania anthracite (tons) | Apr. 6 | 387,000 | 386,000 | 428,000 | 462,000 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100** | Apr. 6 | 113 | 112 | 98 | 104 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | Apr. 13 | 11,695,000 | 11,693,000 | 11,650,000 | 10,918,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | Apr. 11 | 308 | 231 | 301 | 255 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | Apr. 9 | 5.670c | 5.670c | 5.670c | 5.179c |
| Pig iron (per gross ton) | Apr. 9 | $64.56 | $64.56 | $64.68 | $60.29 |
| Scrap steel (per gross ton) | Apr. 9 | $42.67 | $44.17 | $49.50 | $54.83 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | Apr. 10 | 31.575c | 31.550c | 33.525c | 47.525c |
| Export refinery at | Apr. 10 | 30.100c | 30.175c | 30.950c | 49.175c |
| Lead (New York) at | Apr. 10 | 16.000c | 16.000c | 16.000c | 16.000c |
| Lead (St. Louis) at | Apr. 10 | 15.800c | 15.800c | 15.800c | 15.800c |
| ‡Zinc (delivered) at | Apr. 10 | 14.000c | 14.000c | 14.000c | 14.000c |
| Zinc (East St. Louis) at | Apr. 10 | 13.500c | 13.500c | 13.500c | 13.500c |
| Aluminum (primary pig. 99%) at | Apr. 10 | 25.000c | 25.000c | 25.000c | 22.500c |
| Straits tin (New York) at | Apr. 10 | 98.875c | 99.000c | 102.250c | 101.375c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Apr. 16 | 90.19 | 91.06 | 90.69 | 92.41 |
| Average corporate | Apr. 16 | 96.69 | 96.85 | 96.54 | 105.69 |
| Aaa | Apr. 16 | 101.47 | 101.47 | 101.31 | 108.70 |
| Aa | Apr. 16 | 99.52 | 99.52 | 99.20 | 107.62 |
| A | Apr. 16 | 96.69 | 96.85 | 96.54 | 105.69 |
| Baa | Apr. 16 | 89.64 | 89.92 | 89.78 | 101.14 |
| Railroad Group | Apr. 16 | 95.16 | 95.32 | 95.47 | 104.66 |
| Public Utilities Group | Apr. 16 | 97.00 | 97.16 | 96.69 | 106.56 |
| Industrials Group | Apr. 16 | 97.94 | 97.94 | 97.62 | 106.04 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Apr. 16 | 3.32 | 3.25 | 3.28 | 3.10 |
| Average corporate | Apr. 16 | 3.96 | 3.95 | 3.97 | 3.41 |
| Aaa | Apr. 16 | 3.66 | 3.66 | 3.67 | 3.24 |
| Aa | Apr. 16 | 3.78 | 3.78 | 3.80 | 3.30 |
| A | Apr. 16 | 3.96 | 3.95 | 3.97 | 3.41 |
| Baa | Apr. 16 | 4.44 | 4.42 | 4.43 | 3.68 |
| Railroad Group | Apr. 16 | 4.06 | 4.05 | 4.01 | 3.47 |
| Public Utilities Group | Apr. 16 | 3.94 | 3.93 | 3.96 | 3.36 |
| Industrials Group | Apr. 16 | 3.88 | 3.88 | 3.90 | 3.39 |
| **MOODY'S COMMODITY INDEX** | Apr. 16 | 406.4 | 407.9 | 412.4 | 423.0 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | Apr. 6 | 360,476 | 275,692 | 302,893 | 380,425 |
| Production (tons) | Apr. 6 | 283,101 | 274,516 | 280,314 | 276,703 |
| Percentage of activity | Apr. 6 | 93 | 92 | 95 | 94 |
| Unfilled orders (tons) at end of period | Apr. 6 | 490,041 | 408,271 | 478,942 | 647,160 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100** | Apr. 12 | 110.85 | 110.87 | 110.77 | 108.45 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | Mar. 23 | 972,220 | 1,040,610 | 1,118,110 | 1,827,630 |
| Short sales | Mar. 23 | 186,220 | 158,900 | 220,430 | 318,150 |
| Other sales | Mar. 23 | 833,680 | 836,210 | 933,960 | 1,555,890 |
| Total sales | Mar. 23 | 1,019,900 | 995,110 | 1,154,390 | 1,874,040 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | Mar. 23 | 186,800 | 270,470 | 207,600 | 396,990 |
| Short sales | Mar. 23 | 27,500 | 35,200 | 33,100 | 28,620 |
| Other sales | Mar. 23 | 232,570 | 217,550 | 232,580 | 366,620 |
| Total sales | Mar. 23 | 260,070 | 252,750 | 265,680 | 395,240 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | Mar. 23 | 345,088 | 391,441 | 437,800 | 654,620 |
| Short sales | Mar. 23 | 87,240 | 94,950 | 115,810 | 99,630 |
| Other sales | Mar. 23 | 474,160 | 545,420 | 397,996 | 866,105 |
| Total sales | Mar. 23 | 561,400 | 640,370 | 513,806 | 965,735 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | Mar. 23 | 1,504,108 | 1,702,521 | 1,763,510 | 2,879,240 |
| Short sales | Mar. 23 | 300,960 | 289,050 | 369,340 | 446,400 |
| Other sales | Mar. 23 | 1,540,410 | 1,599,180 | 1,564,536 | 2,788,615 |
| Total sales | Mar. 23 | 1,841,370 | 1,888,230 | 1,933,876 | 3,235,015 |
| **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. 23 | 969,320 | 1,003,696 | 1,055,443 | 1,598,596 |
| Dollar value | Mar. 23 | $43,334,294 | $46,511,275 | $51,821,305 | $86,427,561 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—Customers' total sales | Mar. 23 | 802,018 | 814,542 | 807,074 | 1,326,752 |
| Customers' short sales | Mar. 23 | 6,428 | 10,757 | 9,225 | 8,383 |
| Customers' other sales | Mar. 23 | 795,590 | 803,785 | 797,849 | 1,318,369 |
| Dollar value | Mar. 23 | $36,407,533 | $37,037,054 | $38,759,855 | $67,600,841 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | Mar. 23 | 207,030 | 203,880 | 185,560 | 296,470 |
| Short sales | Mar. 23 | ------ | ------ | ------ | ------ |
| Other sales | Mar. 23 | 207,030 | 203,880 | 185,560 | 296,470 |
| Round-lot purchases by dealers— | | | | | |
| Number of shares | Mar. 23 | 363,550 | 418,670 | 447,560 | 565,450 |
| **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. 23 | 409,810 | 412,400 | 494,730 | 569,630 |
| Other sales | Mar. 23 | 8,125,180 | 8,390,760 | 8,390,410 | 14,546,840 |
| Total sales | Mar. 23 | 8,534,990 | 8,803,160 | 8,885,140 | 15,116,470 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | Apr. 9 | 117.2 | *117.0 | 116.9 | 113.4 |
| Farm products | Apr. 9 | 90.2 | *89.2 | 88.7 | 88.0 |
| Processed foods | Apr. 9 | 104.7 | *104.0 | 103.7 | 100.8 |
| Meats | Apr. 9 | 86.6 | 84.2 | 82.2 | 76.5 |
| All commodities other than farm and foods | Apr. 9 | 125.3 | *125.4 | 125.4 | 121.3 |

*Revised figure. ¶Includes 832,000 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 |
|---|---|---|---|
| **BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR**—Month of March (in millions): | | | |
| Total new construction | $3,172 | $2,910 | $3,071 |
| Private construction | 2,259 | 2,110 | 2,260 |
| Residential building (non-farm) | 1,013 | 926 | 1,116 |
| New dwelling units | 890 | 810 | 1,000 |
| Additions and alterations | 89 | 80 | 86 |
| Nonhousekeeping | 34 | 36 | 30 |
| Nonresidential buildings | 709 | 705 | 655 |
| Industrial | 269 | 270 | 226 |
| Commercial | 249 | 240 | 257 |
| Office buildings and warehouses | 118 | 118 | 97 |
| Stores, restaurants and garages | 131 | 122 | 160 |
| Other nonresidential buildings | 191 | 195 | 172 |
| Religious | 63 | 65 | 53 |
| Educational | 40 | 41 | 39 |
| Hospital and institutional | 36 | 34 | 25 |
| Social and recreational | 23 | 23 | 18 |
| Miscellaneous | 29 | 32 | 37 |
| Farm construction | 105 | 96 | 109 |
| Public utilities | 419 | 371 | 373 |
| Railroad | 35 | 31 | 33 |
| Telephone and telegraph | 115 | 100 | 75 |
| Other public utilities | 269 | 240 | 265 |
| All other private | 13 | 12 | 7 |
| Public construction | 913 | 800 | 811 |
| Residential buildings | 30 | 29 | 19 |
| Nonresidential buildings | 345 | 304 | 301 |
| Industrial | 42 | 35 | 31 |
| Educational | 215 | 194 | 195 |
| Hospital and institutional | 26 | 22 | 23 |
| Administrative and service | 32 | 28 | 23 |
| Other nonresidential buildings | 30 | 25 | 29 |
| Military facilities | 95 | 86 | 89 |
| Highways | 240 | 205 | 225 |
| Sewers and water systems | 104 | 93 | 92 |
| Sewer | 58 | 53 | 50 |
| Water | 46 | 40 | 42 |
| Public service enterprises | 31 | 26 | 31 |
| Conservation and development | 52 | 44 | 42 |
| All other public | 16 | 13 | 12 |
| **BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES**—Month of February: | | | |
| New England | $16,947,232 | $17,087,185 | $15,915,875 |
| Middle Atlantic | 83,355,413 | 82,213,541 | 116,267,638 |
| South Atlantic | 46,549,416 | 39,121,588 | 44,015,042 |
| East Central | 96,048,886 | 67,022,799 | 78,464,404 |
| South Central | 79,268,506 | 90,388,169 | 27,236,207 |
| West Central | 22,249,456 | 16,699,709 | 20,888,474 |
| Mountain | 15,161,781 | 13,405,693 | 18,495,762 |
| Pacific | 72,826,312 | 90,055,712 | 66,499,347 |
| Total United States | $432,407,002 | $415,994,396 | $437,782,749 |
| New York City | 56,474,685 | 50,783,539 | 89,172,555 |
| Outside New York City | 375,932,317 | 365,210,857 | 348,610,194 |
| **EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES**—Month of February: | | | |
| All manufacturing (production workers) | 13,091,000 | *13,126,000 | 13,212,000 |
| Durable goods | 7,679,000 | *7,713,000 | 7,692,000 |
| Nondurable goods | 5,412,000 | *5,413,000 | 5,520,000 |
| Employment indexes (1947-49 Avge.=100)— | | | |
| All manufacturing | 105.8 | *106.1 | 106.8 |
| Payroll indexes (1947-49 Average=100)—All manufacturing | 164.8 | *164.8 | 157.7 |
| Estimated number of employees in manufacturing industries— | | | |
| All manufacturing | 16,908,000 | *16,934,000 | 16,824,000 |
| Durable goods | 9,922,000 | *9,948,000 | 9,776,000 |
| Nondurable goods | 6,986,000 | *6,986,000 | 7,048,000 |
| **LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE**—Month of January: | | | |
| Death benefits | $236,900,000 | $209,000,000 | $204,900,000 |
| Matured endowments | 66,500,000 | 63,700,000 | 59,300,000 |
| Disability payments | 10,900,000 | 8,900,000 | 10,200,000 |
| Annuity payments | 61,500,000 | 38,100,000 | 54,400,000 |
| Surrender values | 98,000,000 | 94,900,000 | 76,900,000 |
| Policy dividends | 122,100,000 | 176,300,000 | 117,100,000 |
| Total | $595,900,000 | $590,900,000 | $522,800,000 |
| **MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS**—Month of March: | | | |
| Industrials (125) | 4.16 | 4.27 | 3.68 |
| Railroads (25) | 6.47 | 6.55 | 5.02 |
| Utilities (not incl. Amer. Tel. & Tel.) (24) | 4.85 | 4.82 | 4.52 |
| Banks (15) | 4.38 | 4.50 | 4.36 |
| Insurance (10) | 2.99 | 3.10 | 2.72 |
| Average (199) | 4.35 | 4.44 | 3.86 |
| **PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)**—Month of January (in billions): | | | |
| Total personal income | $3,352 | *$3,340 | $3,167 |
| Wage and salary receipts, total | 233.0 | *232.9 | 219.0 |
| Commodity producing industries | 101.8 | *102.3 | 94.8 |
| Distributing industries | 61.4 | 60.9 | 57.9 |
| Service industries | 31.2 | *31.3 | 29.5 |
| Government | 38.6 | *38.4 | 36.8 |
| Less employees' contribution for special insurance | 6.7 | 6.0 | 5.7 |
| Other labor income | 7.5 | 7.4 | 7.3 |
| Proprietors and rental income | 51.2 | 51.2 | 49.4 |
| Personal interest income and dividends | 30.6 | 29.2 | 28.5 |
| Total transfer payments | 19.6 | *19.3 | 18.2 |
| Total nonagricultural income | 320.0 | *318.8 | 301.6 |
| **PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1911=100—As of Feb. 15:** | | | |
| All farm products | 234 | 238 | 227 |
| Crops | 233 | 239 | 233 |
| Commercial vegetables, fresh | 225 | 249 | 264 |
| Cotton | 255 | 256 | 262 |
| Feed, grains and hay | 181 | 187 | 173 |
| Food grains | 235 | 236 | 220 |
| Fruit | 221 | 227 | 212 |
| Oil-bearing crops | 260 | 266 | 239 |
| Potatoes | 153 | 162 | 175 |
| Tobacco | 452 | 457 | 452 |
| Livestock | 234 | 237 | 220 |
| Dairy products | 266 | 269 | 257 |
| Meat animals | 249 | 254 | 215 |
| Poultry and eggs | 157 | 155 | 188 |
| Wool | 267 | 262 | 226 |
| **REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD**—Month of Jan. (000's omitted): | | | |
| Savings and loan associations | $658,237 | $659,895 | $664,760 |
| Insurance companies | 133,612 | 137,622 | 147,859 |
| Bank and trust companies | 352,771 | 365,589 | 435,439 |
| Mutual savings banks | 116,755 | 148,461 | 130,761 |
| Individuals | 303,865 | 270,588 | 274,651 |
| Miscellaneous lending institutions | 376,440 | 368,716 | 405,622 |
| Total | $1,942,280 | $1,950,871 | $2,059,032 |

## $100 Million World Bank Bonds Marketed

**International Bank for Reconstruction and Development 21-year 4¼% bonds offered for public sale by First Boston-Morgan Stanley Group.**

Public offering of a new issue of $100,000,000 International Bank for Reconstruction and Development (World Bank) 4¼% 21-year bonds of 1957, due May 1, 1978, was made April 17 by a nation-wide underwriting group of 163 investment firms and banks managed jointly by The First Boston Corp. and Morgan Stanley & Co. The bonds are to be priced at 98% and accrued interest.

As in the case of an offering of World Bank bonds in January 1957, arrangements have been made for sale of bonds for delayed delivery to certain institutional investors. Such sales will be at the public offering price and deliveries will be made under contracts between the bank and the purchasers providing for delivery in instalments on one or more quarterly dates from Aug. 1, 1957 through Feb. 1, 1960. A commitment fee of ¾% a year will be paid by the bank to purchasers under delayed delivery contracts; payments will cover the period from May 1, 1957 to date of delivery, and will be made to purchasers on delivery.

The new bonds will not be redeemable before May 1, 1967. On and after that date they will be redeemable at the election of the bank at prices ranging from 101% and accrued interest if redeemed on or before April 30, 1969, down to 100% if redemption is after April 30, 1975.

Beginning in 1967, a sinking fund will be in effect which will retire at par $4,000,000 of the bonds in each of the years 1967 to and including 1971; and $5,000,000 of the bonds in each of the years 1972 to an including 1977. The sinking fund is calculated to retire 50% of the issue prior to maturity.

The subscribed capital of the bank is in excess of $9,250,000,000 of which 20% has been paid in dollars and other currencies. The balance is subject to call by the bank but only when required to meet obligations of the bank arising out of its borrowings or guarantees. Payments on any such call may be made, at the option of the particular member, either in gold, in dollars, or in the currency required to discharge the obligations of the bank for which the call is made. The United States Government has a total subscription of $3,175,000,000 of which $2,540,000,000 remains subject to call. The United States is entitled to cast approximately 30% of the total votes of all present members.

The bank's total outstanding funded debt, giving effect to this financing, will consist of $851,278,000 payable in United States dollars and $201,193,912 equivalent payable in other currencies.

From its establishment in June, 1946 to Feb. 28, 1957 the bank had entered into loan commitments in an aggregate principal amount equivalent to $3,052,766,464 to finance programs or projects in 44 countries. The loan commitments effective and held by the bank as of Feb. 28, 1957 totaled $2,342,028,940 of which the undisbursed balance was $652,708,808. Additional loan commitments to March 31, 1957 total $10,600,000.

Total reserves of the bank as of Feb. 28, 1957 were $261,040,291 equivalent. From June 25, 1946 to Feb. 28, 1957 the bank's net income amounted to the equivalent of $173,185,628. The net income has been allocated to a supplemental reserve against losses on loans and guarantees. During the same period the equivalent of $87,854,663 had accumulated in the special reserve provided for in the bank's Articles of Agreement.

Major purposes of the bank are: (a) to assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes, thereby promoting the long-range growth of international trade and the improvement of standards of living, (b) to promote private foreign investment by guarantees of and participations in loans and other investments made by private investors, and (c) to make loans for productive purposes out of its own resources or funds borrowed by it when private capital is not available on reasonable terms.

### James Tweeddale With Birkenmayer & Co.

(Special to The Financial Chronicle)

DENVER, Colo. — James C. Tweeddale has become associated with Birkenmayer & Co., Denver Club Building. Mr. Tweeddale in the past was an officer of Honnold and Company, Inc.

### Joins Cruttenden, Podesta

(Special to The Financial Chronicle)

DENVER, Colo.—John J. Sylvester has become associated with Cruttenden, Podesta & Co., 524 Seventeenth Street.

## Cooper, Griesedieck With Dempsey-Tegeler

ST. LOUIS, Mo.—The partners of Dempsey-Tegeler and Company, 10th and Locust Streets, members of the New York Stock Exchange, announced the addition of two new members of the staff of the investment firm. They are Wallace Cooper, former member of the Missouri State Legislature, and William H. Griesedieck, formerly director of public relations for the Griesedieck Bros. Brewery Co.

Mr. Griesedieck joined the brewing firm in 1949 upon graduation from St. Louis University with a degree in economics and was named director of public relations in 1955.

Mr. Cooper, graduate of the University of Virginia Law School, is known in St. Louis for his work with the National Labor Relations Board, as a partner in the law firm of Guffey and Cooper, and served as state legislator from Johnson County from 1949 through 1953. In addition, he is a member of the Board of Directors of the Missouri State Chamber of Commerce.

### Blair Branch

DOVER, Del.—Blair & Co. Incorporated has opened a branch office at 225 South State Street under the management of Walter W. Burrows.

# Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

**★ Acme Tool & Engineering Corp.**
April 4 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For leasehold improvements; purchase of equipment, inventory material, etc.; and for additional working capital. **Office** — 4142 Howard Ave., Kensington, Md. **Underwriter**—Williams, Widmayer & Co., Washington, D. C.

**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.

**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.

**★ Alabama Power Co. (5/9)**
April 12 filed $14,500,000 first mortgage bonds due May 1, 1987. **Proceeds** — For construction program. **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 at the office of Southern Services, Inc., Room 1600, 250 Park Ave., New York 17, N. Y.

**★ Alaska Cedar Corp.**
April 2 (letter of notification) 955 shares of common stock. **Price**—At par ($50 per share). **Proceeds**—To pay for labor, lumber, machinery, etc., necessary for the completion of the corporation's proposed lumber reserve for initial operations. **Office** — 2413 W. Harrison Avenue, Olympia, Wash. **Underwriter**—None.

**★ All Mines, Inc.**
April 1 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—Cheny Bldg., 139 N. Virginia St., Reno, Nev. **Underwriter**—None.

**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.

**American Hardware Corp., New Britain, Conn.**
April 8 filed 118,000 shares of common stock (par $12.50) to be offered in exchange for common stock and class B common stock of Kwikset Locks, Inc., at the rate of one share of American Hardware for each two Kwikset common shares and 55,500 American Hardware common shares for 150,000 shares of Kwikset class B common stock. The offer is conditioned upon its acceptance of not less than 85% of the issued and outstanding Kwikset common and class B common shares. **Underwriter**—None.

**★ American Pipe & Construction Co.**
March 21 (letter of notification) 9,731 shares of common stock (par $1) to be offered to employees pursuant to two Employee Stock Option Plans. **Price** — $16.36 per share. **Proceeds**—For additional working capital. **Address**—P. O. Box 3428 Terminal Annex, Los Angeles 54, Calif. **Underwriter**—None.

**American Provident Investors Corp.**
Feb. 15 filed 50,000,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For working capital and general corporate purposes. **Office**—Dallas, Tex. **Underwriter**—Peoples Securities Co., J. D. Grey, of New Orleans, John S. Tanner, of Dallas, and C. L. Edmonds, of Houston, three of the 22 directors, are Chairman, Vice-Chairman and President, respectively.

**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.

**★ Arkansas Motor Freight Lines, Inc.**
April 2 (letter of notification) 8,000 shares of common stock (par $1) to be offered to officers and employees only. **Price**—$15 per share. **Proceeds**—For working capital. **Office**—401 S. 11th St., Fort Smith, Ark.—**Underwriter**—None.

**Babcock & Wilcox Co.**
March 15 filed 535,148 shares of capital stock (par $9) being 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**—$35 per share. **Proceeds** — For capital expenditures and to finance increased inventories and accounts receivable. **Underwriter**—Morgan Stanley & Co., New York.

**Berkshire Gas Co.**
March 8 (letter of notification) 18,700 shares of common stock (par $10) being offered to common stockholders of record April 1 on the basis of one new share for 5¼ shares held (with an oversubscription privilege); rights to expire on April 29, 1957. **Price** — $14.50 per share. **Proceeds**—To retire an outstanding debt. **Office**—20 Elm St., Pittsfield, Mass. **Underwriter**—None.

**★ Blue Ridge Mutual Fund, Inc.**
April 10 filed (by amendment) 500,000 additional shares of common stock. **Price**—At market. **Proceeds**—For investment.

**★ Bonanza Oil & Mine Corp., Sutherlin, Ore.**
Feb. 11 (letter of notification) 71,710 shares of common stock (par 10 cents). **Price** — 75 cents per share. **Proceeds**—To go to selling stockholder. **Underwriter**—L. D. Friedman & Co., Inc., New York, N. Y.

**★ Brantley Helicopter Corp.**
April 2 (letter of notification) 21,818 shares of common stock (par 50 cents). **Price**—$13.75 per share. **Proceeds**—For working capital. **Office**—24 Maplewood Ave., Philadelphia 44, Pa. **Underwriter**—Drexel & Co., Philadelphia, Pa. No public offering expected.

**• British Columbia (Province of) (5/1)**
April 3 filed $45,000,000 of debenture issues, viz.: $25,000,000 of sinking fund debentures due 1987 of British Columbia Power Commission and $20,000,000 of sinking fund debentures due 1982 of Pacific Great Eastern Ry. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans and for capital expenditures. **Underwriters**—Morgan Stanley & Co., Harris & Partners, Ltd., Inc. and Burns Bros. & Denton, Inc.

**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.

**C & D Batteries, Inc.**
March 28 (letter of notification) 14,000 shares of common stock (par $10) to be offered for subscription by stockholders and employees. **Price**—$12.50 per share. **Proceeds** — For machinery, equipment, inventories and working capital. **Office** — Washington and Cherry Sts., Conshohocken, Pa. **Underwriter**—None.

**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.

**Carolina Mines, Inc., Kings Mountain, N. C.**
March 29 filed 679,469 shares of common stock, of which 283,676 shares are to be offered for subscription by stockholders at the rate of five additional shares for each four shares held; and the remainder will be offered to the public. **Price**—At par ($1 per share). **Proceeds**—To repay loans, for exploration and development work, construction and working capital. **Underwriter** — None. A. S. MacCulloch of Vancouver, B. C., Canada, is President and principal stockholder.

**Cascade Natural Gas Corp., Seattle, Wash. (4/24)**
March 29 filed 226,820 shares of common stock (par $1) to be offered for subscription by common stockholders of record April 24 on the basis of one new share for each 2½ shares held; rights to expire on May 8. **Price**—To be supplied by amendment. **Proceeds** — To reduce 4¼% notes by $1,000,000, to repay about $695,000 of bank loans and for construction program. **Underwriter** — White, Weld & Co., New York.

**• Central & South American Acceptance Corp. (4/25-26)**
March 22 filed 425,000 shares of common stock (par 10 cents). **Price**—Expected to be $1 per share. **Proceeds**—For working capital and other general corporate purposes. **Office**—Jersey City, N. J. **Underwriter**—Charles Plohn & Co., New York.

**★ Central Maine Power Co.**
April 17 filed $18,000,000 of first and general mortgage bonds, series W, due 1987. **Proceeds** — To repay bank loans ($14,000,000 at March 31, 1957) and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman, Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler. **Offering**—Expected in May.

**★ Chapman Processing Corp., Hammond, Ind.**
April 10 (letter of notification) 7,600 shares of class A common stock and 1,900 shares of class B common stock (the latter to be sold to partners of Chapman Management Co.) **Price**—At par ($10 per share). **Proceeds**—For land, equipment and working capital. **Office**—1475 Summer St., Hammond, Ind. **Underwriter**—None.

**Chinook Plywood, Inc., Rainier, Ore.**
Sept. 4 filed 200 shares of common capital stock. **Price**—At par ($3,000 per share). **Proceeds**—For acquisition of a plant site, construction of a mill building, purchase and installation of machinery and equipment, and as operating capital. **Underwriter** — Industry Developers, Inc.

**Cincinnati Gas & Electric Co. (5/7)**
April 4 filed $25,000,000 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.; 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**—Scheduled to be received up to 11 a.m. (EDT) on May 7 at Irving Trust Co., One Wall St., New York, N. Y.

**Clark Oil & Refining Corp.**
March 22 (letter of notification) 5,000 shares of common stock (par $1). **Price** — At market (estimated at about $20 per share). **Proceeds**—To Emory T. Clark, President of company. **Office**—8530 W. National Ave., West Allis, Wis. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

**Colonial Aircraft Corp., Sanford, Me.**
March 29 filed 250,000 shares of common stock (par 10¢), to be issued upon exercise of warrants to purchase the following number of shares and held as follows: Glick & Co., Inc., underwriters of original offering, 140,000 shares; and by three individuals 110,000 shares. **Price**—Shares to be offered at market. Warrants are exercisable at 10 cents per warrant. **Proceeds**—From sale of shares to sellers of warrants. **Underwriter**—None.

**Columbia Gas System, Inc.**
March 8 filed 1,675,415 shares of common stock (no par) being 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**—$15.75 per share. **Proceeds** — For financing construction work of subsidiaries. **Underwriters** — Lehman Brothers and Eastman Dillon, Union Securities & Co., both of N. Y.

**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 Stock Fund, Inc.**
April 11 filed (by amendment) 200,000 additional shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—San Francisco, Calif.

**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.

**★ Cooper River Industrial Park**
April 8 (letter of notification) $168,000 of 6% cumulative general lien bonds to be offered to stockholders and to their associates. **Price**—60.357%, or an aggregate of $101,399.76. **Proceeds**—For purchase of industrial lands situated on the Cooper River for development and sale to industry. **Office**—152 Market St., (P. O. Box 141) Charleston, S. C.—**Underwriter**—None.

**★ Cosmopolitan Life & Casualty Co.**
April 8 (letter of notification) 150,000 shares of common stock (par $1) to be offered to holders of policies of life insurance issued by Cosmopolitan Life Insurance Co. **Price**—$2 per share. **Proceeds**—To qualify and activate a legal reserve stock life insurance company. **Office**—2803 N. Seventh Ave., Phoenix, Ariz.—**Underwriter**—None. Amos Ben Peters is President.

**Cougar Mine Development Corp.**
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 Vegh Investing Co., Inc., New York**
April 16 filed (by amendment) 400,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

**★ Drug Fair-Community Drug Co., Inc. (5/6-7)**
April 15 filed 217,500 shares of common A stock (par $1), of which 160,000 shares are to be sold for account of selling stockholders and 57,550 shares for company's account. **Price**—$5 per share. **Proceeds**—To redeem on May 31, 1957, the outstanding 6% cumulative participating preferred stock and for working capital. **Office**—Arlington, Va. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

**★ El Paso Electric Co. (5/7)**
April 16 filed 119,522 shares of common stock (par $5) to be offered for subscription by common stockholders of record May 6, 1957 on the basis of one new share for each 15 shares held (with an oversubscription privilege); rights to expire on May 21, 1957. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

**★ El Paso Electric Co. (5/15)**
April 16 filed $6,500,000 first mortgage bonds due May 1, 1987. **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** — To be received up to 11 a.m. (EDT) on May 15 at 90 Broad St., New York, N. Y.

**★ El Paso Electric Co. (5/15)**
April 16 filed 20,000 shares of cumulative preferred stock (no par value). **Proceeds**—About $2,000,000, to be used for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co., White, Weld & Co., and Shields & Co. (jointly). **Bids** — To be received up to 11 a.m. (EDT) on May 15 at 90 Broad St., New York, N. Y.

**★ Festival Drive-Ins, Inc.**
April 15 (letter of notification) 10,000 shares of convertible preferred stock (no par) and 50,000 shares of common stock (par five cents) to be offered in units of one preferred share and five common shares. **Price**—$20 per unit. **Proceeds** — For capitalization of subsidiary, Festival Realty Co., Inc. and working capital. **Underwriter**—None. **Business**—Drive-in restaurants. **Office**—140 Old Short Hills Road, Short Hills, N. J.

**★ First Mississippi Corp., Jackson, Miss.**
April 10 filed 10,000,000 shares of common stock (par $1), of which 2,500,000 shares are to be offered publicly at $4 per share prior to Nov. 30, 1957, each purchaser of one share to receive an option to purchase two additional shares at any time prior to Nov. 30, 1959 at $4.50 per share. The price of the remaining 2,500,000 shares will be $5 each, of which 500,000 shares are to be reserved for exercise of options to be granted to directors, officers and employees. **Proceeds** — For industrial and business development of Mississippi and the South. **Underwriter**—None.

**★ Florida Power & Light Co. (5/15)**
April 17 filed $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 15.

**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.

**Ford Gum & Machine Co., Inc.**
Dec. 18 (letter of notification) $250,000 of 6% first mortgage bonds due 1962 to 1967, inclusive. **Price**—100% of principal amount. **Proceeds**—For machinery and working capital. **Office**—Hoag and Newton Sts., Akron, N. Y. **Business**—Manufacturing chewing gum and self-service machines. **Underwriter**—None.

**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., and The First Boston Corp. (jointly); 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 Refractories Co., Philadelphia, Pa.**
April 10 filed $677,250 participating interests in the company's Savings Plan for Salaried Employees, together with 15,750 shares of common stock which may be acquired pursuant to the plan.

**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.

**Gold Mountain Lodge, Inc., Durango, Colo.**
Aug. 23 filed 5,000 shares of class A voting common stock (par $1), 295,000 shares of class B non-voting common stock (par $1), and $700,000 of 4% debentures due Dec. 31, 1975, to be offered for sale in the States of Texas and Colorado in units of 50 shares of class A

*Continued on page 72*

# NEW ISSUE CALENDAR

**April 22 (Monday)**

Nyvatex Oil Corp. ........ Common
(Milton D. Blauner & Co., Inc.) $225,000

Shumway Uranium Mining Corp. ........ Common
(Winslow, Cohu & Stetson) $250,000

Tex-Tube, Inc. ........ Preferred & Common
(Moroney, Beissner & Co.) 50,000 preferred shares and 50,000 common shares

United States Leasing Corp. ........ Common
(Schwabacher & Co.) 800,000 shares

**April 23 (Tuesday)**

Hartfield Stores, Inc. ........ Common
(Van Alstyne, Noel & Co. and Johnston, Lemon & Co.) 200,000 shares

Kidde (Walter) & Co., Inc. ........ Debentures
(Shields & Co.) $3,000,000

Midwestern Instruments, Inc. ........ Common
(C. E. Unterberg, Towbin Co.) 200,000 shares

Minneapolis & St. Louis Ry. ........ Equip. Trust Ctfs.
(Bids noon CST) $2,700,000

Northwestern Bell Telephone Co. ........ Debentures
(Bids 11 a.m. EST) $30,000,000

Swartwout Co. ........ Common
(McDonnell & Co.) 30,000 shares

**April 24 (Wednesday)**

Cascade Natural Gas Corp. ........ Common
(Offering to stockholders—underwritten by White, Weld & Co.) 226,820 shares

Lone Star Gas Co. ........ Debentures
(The First Boston Corp.) $30,000,000

United Artists Corp. ........ Debentures & Common
(F. Eberstadt & Co.) $10,000,000 of debentures and 350,000 shares of common stock

**April 25 (Thursday)**

Central & South American Acceptance Corp. ........ Common
(Charles Plohn & Co.) 425,000 shares

Houston Oil Field Material Co., Inc. ........ Common
(Shearson, Hammill & Co. and Underwood, Neuhaus & Co.) 200,000 shares

Illinois Central RR. ........ Equip. Trust Ctfs.
(Bids noon CST) $9,600,000

**April 26 (Friday)**

Northern Natural Gas Co. ........ Debentures
(Blyth & Co., Inc.) $30,000,000

**April 29 (Monday)**

Associated Truck Lines, Inc. ........ Class A common
(Cruttenden, Podesta & Co.) 125,000 shares

Lake Lauzon Mines, Ltd. ........ Common
(Steven Randall & Co., Inc.) $300,000

**April 30 (Tuesday)**

Herold Radio & Electronics Corp. ........ Preferred
(Amos Treat & Co., Inc.) $800,000

Lang Co., Inc. ........ Common
(Lee Higginson Corp. and J. A. Hogle & Co.) 73,199 shares

Portland General Electric Co. ........ Common
(Blyth & Co., Inc.) 300,000 shares

**May 1 (Wednesday)**

British Columbia (Province of) ........ Debentures
(Morgan Stanley & Co.; Harris & Partners Ltd., Inc.; and Burns Bros. & Denton, Inc.) $45,000,000

Chicago, Milwaukee, St. Paul & Pacific RR. ........ Equip. Trust Ctfs.
(Bids noon CDT) $6,000,000

KLM Royal Dutch Airlines ........ Common
(Smith, Barney & Co. and The First Boston Corp.) 250,000 shs.

Laclede Gas Co. ........ Bonds
(Bids to be invited) $10,000,000

Mid-State Commercial Corp. ........ Debenture bonds
(Frazee, Olifiers & Co.) $190,000

Western Electric Co., Inc. ........ Common
(Offering to minority stockholders—no underwriting) $128,520

**May 6 (Monday)**

Drug Fair-Community Drug Co., Inc. ........ Common
(Auchincloss, Parker & Redpath) 217,500 shares

National Telefilm Associates, Inc. ........ Debentures
(Bache & Co.) $7,500,000

**May 7 (Tuesday)**

Cincinnati Gas & Electric Co. ........ Bonds
(Bids 11 a.m. EDT) $25,000,000

El Paso Electric Co. ........ Common
(Offering to stockholders—Stone & Webster Securities Corp. will be dealer-manager) 119,522 shares

Seaboard Air Line RR. ........ Equip. Trust Ctfs.
(Bids to be invited) $4,650,000

Spalding (A. G.) & Bros. Inc. ........ Debentures
(Offering to stockholders—no underwriting) $2,017,300

**May 8 (Wednesday)**

Collins Radio Co. ........ Debentures
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) $8,000,000

Missouri Pacific RR. ........ Equip. Trust Ctfs.
(Bids to be invited) $4,200,000

Potomac Edison Co. ........ Bonds
(Bids noon EDT) $14,000,000

**May 9 (Thursday)**

Alabama Power Co. ........ Bonds
(Bids 11 a.m. EDT) $14,500,000

Baltimore & Ohio RR. ........ Equip. Trust Ctfs.
(Bids to be invited) $3,585,000

**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

Florida Power Corp. ........ Common
(Offering to stockholders—to be underwritten by Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co.) 255,813 shares

New York State Electric & Gas Corp. ........ Bonds
(Bids noon EDT) $25,000,000

**May 15 (Wednesday)**

El Paso Electric Co. ........ Preferred
(Bids 11 a.m. EDT) $2,000,000

El Paso Electric Co. ........ Bonds
(Bids 11 a.m. EDT) $6,500,000

Florida Power & Light Co. ........ Bonds
(Bids to be invited) $15,000,000

Paul Hesse 3-D Arts, Inc. ........ Common
(Reilly, Hoffman & Sweeney, Inc.) $300,000

**May 16 (Thursday)**

Northern Pacific Ry. ........ Equip. Trust Ctfs.
(Bids to be invited) $6,000,000 to $8,000,000

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)**

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 22 (Wednesday)**

Interstate Power Co. ........ Bonds
(Bids 11 a.m. EDT) $20,000,000

**May 23 (Thursday)**

Reading Co. ........ Equip. Trust Ctfs.
(Bids to be invited) $2,550,000

**May 28 (Tuesday)**

Community Public Service Co. ........ Bonds
(Bids 11 a.m. EDT) $3,000,000

National Fuel Gas Co. ........ Debentures
(Bids 11:30 a.m. EDT) $15,000,000

Wabash RR. ........ Equip. Trust Ctfs.
(Bids noon EDT) $6,615,000

**June 3 (Monday)**

Government Employees Corp. ........ Debentures
(Johnston, Lemon & Co.) about $500,000

**June 4 (Tuesday)**

Alabama Great Southern RR. ........ Equip. Trust Ctfs.
(Bids to be invited) about $3,000,000

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

Indiana Harbor Belt RR. ........ Bonds
(Bids to be invited) $8,125,000

**June 6 (Thursday)**

Columbia Gas System, Inc. ........ Debentures
(Bids to be invited) $20,000,000

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) 225,976 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

**June 25 (Tuesday)**

Puget Sound Power & Light Co. ........ Bonds
(Bids to be invited) $20,000,000

**June 26 (Wednesday)**

Southern California Gas Co. ........ Bonds
(Bids to be invited) $35,000,000

**July 9 (Tuesday)**

Wisconsin Telephone Co. ........ Debentures
(Bids to be invited) $30,000,000

**July 30 (Tuesday)**

West Penn Power Co. ........ Bonds
(Bids to be invited) about $20,000,000

**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

*Continued from page 71*

stock, 2,950 shares of class B stock and one $7,000 debenture. **Price**—$10,000 per unit. **Proceeds**—For purchase of property, remodeling of present main building, for new construction and working capital. **Business**—Operates year-round resort hotel. **Underwriter**—None.

★ **Guardian Loan Co., Inc.**
April 10 (letter of notification) $300,000 of 10-year 7% subordinated capital notes due May 1, 1967. **Price**—At par. **Proceeds**—For expansion of business and other corporate purposes. **Office**—162 Remsen St., Brooklyn, N. Y. **Underwriter**—None.

● **Hartfield Stores, Inc. (4/23)**
April 4 filed 200,000 shares of common stock (par $1). **Price**—$9 per share. **Proceeds**—To selling stockholders. **Underwriters**—Van Alstyne, Noel & Co., New York; and Johnston, Lemon & Co., Washington, D. C.

★ **Hera Exploration Co.**
March 21 (letter of notification) 330,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** — For mining expenses. **Office** — 115 Seventh Avenue, Henton, Wash. **Underwriter**—None.

● **Herold Radio & Electronics Corp. (4/30)**
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.

**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 Oil Field Material Co., Inc. (4/25)**
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.

★ **Income Fund of Boston**
April 15 filed (by amendment) 800,000 shares of additional common stock. **Price**—At market. **Proceeds**—For investment. **Office**—Boston, Mass.

**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 185,000 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.

**International Fidelity Insurance Co., Dallas, Tex.**
March 28 filed 100,000 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for each seven shares held. **Price** —To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—Franklin Securities Co., Dallas, Texas.

★ **International Paper Co.**
April 10 filed 18,855 shares of common stock (par $10), to be issued pursuant to the company's Incentive Stock Option Plan for Key Employees.

**Interstate Fire & Casualty Co. (Ill.)**
March 29 filed 20,000 shares of common stock to be offered for subscription by common stockholders of record April 1, 1957, on the basis of two new shares for each five shares held; rights expire on June 10. **Price** — $21 per share. **Proceeds**—For working capital. **Underwriter** —None.

**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.

**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.

**Kidde (Walter) & Co., Inc. (4/23)**
April 3 filed $3,000,000 of convertible subordinated debentures due April 15, 1972. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for general corporate purposes. **Business**—Manufacture and sale of aircraft accessories, fire protection equipment, etc. **Underwriter**—Shields & Co., New York.

**KLM Royal Dutch Airlines (5/1)**
April 8 filed 400,630 shares of common stock (par 100 Dutch Guilders—$26.32 each), of which 250,000 shares are to be offered publicly in the American market and 150,630 shares will be made available for sale on the Amsterdam Stock Exchange. **Price**—To be supplied by amendment. **Proceeds**—For flight equipment and ground facilities and other general corporate purposes. **Underwriters** — Smith, Barney & Co. and The First Boston Corp. in the United States; and Heldring & Pierson, Pierson & Co. and the Netherlands Trading Society, in the Netherlands.

★ **Kobl Mountain Enterprises, Inc.**
April 8 (letter of notification) $15,000 of 6½% convertible debentures (each $500 face amount converted into 65 shares of common stock) and 3,300 shares of common stock (par 10 cents) to be offered in units of one $500 debenture at $450 each and 11 shares of stock at $5 per share. **Price**—$505 per unit. **Proceeds**—For equipment, improvement, etc. **Business**—Ski center. **Office**—35 No. Main St., Lake Placid, N. Y. **Underwriter**—None.

★ **La Pointe Industries Inc.**
April 10 (letter of notification) 250,000 shares of common stock to be offered to stockholders and debenture holders. **Price**—At par ($1 per share). **Proceeds**—To reduce indebtedness and for working capital. **Office**—155 West Main St., Rockville, Conn.—**Underwriter**—None.

**Laclede Gas Co., St. Louis, Mo. (5/1)**
April 4 filed $10,000,000 of first mortgage bonds due May 1, 1982. **Proceeds**—To repay bank loans and for construction program. **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 up to 11 a.m. (EDT) on May 1.

**Lake Lauzon Mines Ltd., Toronto, Can. (4/29-30)**
March 18 filed 750,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For drilling expenses, equipment, working capital and other corporate purposes. **Underwriter**—Steven Randall & Co., Inc., New York.

● **Lang Co., Inc. (4/30-5/1)**
April 9 filed 73,199 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for working capital. **Underwriters** —Lee Higginson Corp., Chicago, Ill., and J. A. Hogle & Co., Salt Lake City, Utah.

★ **Lang Construction Engineering Co.**
April 9 filed 239,999 shares of common stock (par $3) to be issued to stockholders of Lang Co., Inc. on the basis of one share for each share of Lang Co. common stock held on the record date. Distribution is expected sometime in May.

**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.

● **Lincoln Telephone & Telegraph Co.**
March 28 filed 68,750 shares of common stock (par $25) being offered for subscription by common stockholders of record April 10, 1957 on the basis of one new share for each three shares held; rights to expire on May 1. **Price**—$43 per share. **Proceeds**—To reduce bank loans. **Underwriter**—Dean Witter & Co., San Francisco, Calif., will underwrite 53,114 of the shares.

★ **Livestock Mortgage Credit Corp., Belvidere, Ill.**
March 27 (letter of notification) 10,000 shares of common stock to be offered first to stockholders for 20 days and then to the public. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—None.

**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.

**Lone Star Gas Co. (4/24)**
April 3 filed $30,000,000 of sinking fund debentures due 1982. **Price**—To be supplied by amendment. **Proceeds**—To finance 1957 construction program of company and its subsidiary, Lone Star Producing Co., and to provide additional working capital. **Underwriter** — The First Boston Corp., New York.

**Marion Finance Corp., Ardmore, Pa.**
March 28 filed $250,000 of 6% renewable subordinated debentures, due upon demand May 1, 1967, without demand May 1, 1972. **Price**—At par (in units of $100 and $500 each). **Proceeds**—For working capital. **Office**—17 W. Lancaster Ave., Ardmore, Pa. **Underwriters**—Walnut Securities Corp., Philadelphia, Pa.; B. Ray Robbins Co., New York; and Berry & Co., Plainfield, N. J.

**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.

**McCormick Armstrong Co., Inc.**
March 21 (letter of notification) 31,940 shares of common stock (par $5). **Price**—$6.50 per share. **Proceeds**—For working capital. **Office**—1501 East Douglas, Wichita 7, Kan. **Underwriters** — Small-Milburn Co., Inc.; Mid-Continent Securities Co., Inc.; First Securities Co. of Kansas, Inc.; Ranson & Co., Inc., and Brooks & Co., all of Wichita, Kan.

★ **Mercantile Acceptance Corp. of Calif.**
March 27 (letter of notification) $16,900 of 12 year 5½% capital debentures. **Price**—At face amount. **Proceeds**—For working capital. **Office** — 333 Montgomery Street, San Francisco, Calif. **Underwriter**—Guardian Securities Corp., same as issuer.

**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.

**Mid-State Commercial Corp. (5/1)**
March 29 (letter of notification) $190,000 of 7% registered debenture bonds due May 1, 1967. **Price**—At 100% and accrued interest. **Proceeds**—For expansion of service area and working capital. **Office**—2 King St., Middletown, N. Y. **Underwriter** — Frazee, Olifiers & Co., New York.

**Midwestern Instruments, Inc. (4/23)**
March 29 filed 200,000 shares of common stock (par $1). **Price** — Expected to be $5 per share. **Proceeds** — For capital expenditures, working capital and general corporate purposes. **Office**—Tulsa, Okla. **Underwriter**—C. E. Unterberg, Towbin & Co., New York.

● **Minneapolis Area Development Corp.**
Feb. 19 filed $750,000 of 4% sinking fund income debentures due March 1, 1972, and 50,000 shares of common stock (par $1) offered in units of $30 of debentures and two shares 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. Statement effective April 5.

★ **Mobile Home Park Development Corp.**
April 2 (letter of notification) 28,000 shares of common stock. **Price** — At par ($10 per share). **Proceeds** — To form a brokerage business to finance mobile home parks and courts. **Office**—176 W. Adams Street, Chicago, Ill. **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 Fuel Gas Co. (5/28)**
April 4 filed $15,000,000 of sinking fund debentures due 1982. **Proceeds**—Together with bank loans, to be used to repay bank loans of certain subsidiaries and for expansion program 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. (EDT) on May 28.

**National Lithium Corp., New York**
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 Telefilm Associates, Inc. (5/6-10)**
April 15 filed $7,500,000 of convertible subordinated debentures due May 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term debt, working capital and other corporate purposes. **Underwriter**—Bache & Co., New York.

**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 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. Postponed temporarily.

★ **New York State Electric & Gas Corp. (5/14)**
April 12 filed $25,000,000 of first mortgage bonds due May 1, 1987. **Proceeds**—To repay bank loans and for 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 to be received up to noon (EDT) on May 14 at 61 Broadway, New York 6, N. Y.

● **Northern Natural Gas Co. (4/26)**
April 3 filed $30,000,000 of sinking fund debentures due Nov. 1, 1976. **Price** — To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Blyth & Co., San Francisco and New York.

★ **Northwest Telephone Co.**
March 28 (letter of notification) 7,200 shares of common stock (par $5) to be offered first to stockholders on a preemptive basis; unsubscribed to employees; and remainder to public. **Price**—$16 per share. **Proceeds**—For construction, payment of current liabilities and working capital. **Office**—1313 Sixth St., Redmond, Ore. **Underwriter**—None.

**Northwestern Bell Telephone Co. (4/23)**
March 29 filed $30,000,000 of 32-year debentures due May 1, 1989. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent. **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**—To be received up to 11 a.m. (EST) on April 23 at Room 2315, 195 Broadway, New York, N. Y.

● **Nyvatex Oil Corp. (4/22-23)**
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.

★ **Pacific Uranium Corp.**
March 21 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds** — For mining expenses. **Office** — 2311 Second Avenue, Seattle, Wash. **Underwriter**—None.

★ **Phillips-Jones Corp., New York**
April 12 filed 75,000 shares of common stock to be offered for subscription under the company's Salaried Employees' and Salesmen's Stock Purchase Plan.

**Paul Hesse 3-D Arts, Inc. (5/15)**
March 28 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For machinery, equipment and working capital. **Office**—1250 Brookline Blvd., Pittsburgh, Pa. **Underwriter**—Reilly, Hoffman & Sweeney, Inc., New York.

**Pittsburgh Rys. Co., Pittsburgh, Pa.**
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. Statement effective March 27.

**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.

★ **Portland General Electric Co. (4/30)**
April 11 filed 300,000 shares of common stock (par $7.50). **Price** — To be supplied by amendment. **Proceeds** — Together with funds from private placement of $10,000,000 4⅞% first mortgage bonds due June 1, 1987, will be used to reduce bank loans. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

**Potomac Edison Co. (5/8)**
April 1 filed $14,000,000 of first mortgage and collateral trust bonds due 1987. **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). **Bids**—Expected to be received up to noon (EDT) on May 8.

★ **Propellex Chemical Corp.**
March 26 (letter of notification) 246,500 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For construction and equipment. **Office** — 227 Oakley Place, East Alton, Ill. **Underwriter**—None.

**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.

**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.

**Resource Fund, Inc., New York**
March 29 filed 100,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None. D. John Heyman of New York is President.

**Roberts Co., Sanford, N. C.**
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.

**St. Louis Insurance Corp., St. Louis, Mo.**
March 27 filed 1,250 shares of class C cumulative preferred stock (par $57). **Price**—$97 per share. **Proceeds**—To R. M. Realty Co., who is the selling stockholder. **Underwriter**—Yates, Heitner & Woods, St. Louis, Mo.

**St. Regis Paper Co.**
April 1 filed 850,000 shares of common stock (par $5) to be offered in exchange for common stock of St. Paul & Tacoma Lumber Co. on the basis of 56⅔ shares of St. Regis stock for each share of Lumber company stock. The offer will be declared effective if 95% of the latter stock is deposited for exchange (and may be declared effective at option of St. Regis, if not less than 80% of the stock is deposited).

★ **Scruggs (Loyd) Co., Festus, Mo.**
April 11 (letter of notification) 54,646 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each share held. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—1049 Front St., Festus, Mo. **Underwriter**—None.

**Security Savings Life Insurance Co.**
March 21 (letter of notification) 60,000 shares of non-assessable common stock (par $1) being offered to stockholders of record April 5 on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire about April 20. **Price** — $5 per share. **Proceeds**—To capital and paid-in surplus. **Office**—Old South Life Bldg. (P. O. Box 376), Montgomery, Ala. **Underwriter**—None.

**Shop Rite Foods, Inc.**
March 28 (letter of notification) 15,000 shares of common stock (par $5). **Price**—$11.50 per share. **Proceeds**—For fixtures and inventory. **Office** — 617 Truman St., N. E., Albuquerque, N. M. **Underwriters**—First Southwest Co., Dallas, Tex.; and Minor, Mee & Co., Albuquerque, N. M.

● **Shumway Uranium Mining Co. (4/22-23)**
March 26 (letter of notification) 200,000 shares of common stock. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office**—65 E. 4th South St., Salt Lake City, Utah. **Underwriter**—Winslow, Cohu & Stetson, New York, N. Y. **Offering**—Expected to be done privately.

★ **Southeastern Factors Corp., Charlotte, N. C.**
April 10 (letter of notification) $100,000 of 6% subordinated bonds due April 1, 1967, and warrants to purchase 30,000 shares of $1 par value common stock (exercisable immediately and up to July 1, 1959 at $3 per share) to be offered in units of $1,000 of bonds and warrants to purchase 300 shares of stock. **Price** — $1,000 per unit. **Proceeds**—For working capital. **Office**—220 W. Fourth St., Charlotte, N. C. **Underwriter**—Interstate Securities Corp., Commercial Bank Bldg., Charlotte, N. C.

**Southeastern Public Service Co.**
March 15 filed 92,500 shares of common stock (par 10 cents), being offered for subscription by common stockholders of record April 3, 1957, on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on April 23. **Price**—$11.25 per share. **Proceeds** — For investments in subsidiaries and other corporate purposes. **Underwriter** — Bioren & Co., New York and Philadelphia, Pa.

**Southwest Acceptance Co., San Antonio, Texas**
March 26 (letter of notification) $300,000 of 6% debentures due 1967. **Price**—At face amount. **Proceeds**—For additional working capital. **Underwriter** — First Trust Co. of Lincoln (Neb.), and Beecroft, Cole & Co., Topeka, Kansas.

★ **Spalding (A. G.) & Bros. Inc., Chicopee, Mass. (5/7)**
April 11 filed $2,017,300 of 5½% subordinated convertible debentures due June 1, 1962, to be offered for subscription by common stockholders of record May 7, 1957 on the basis of $100 of debentures for each 30 common shares held. **Price**—At par. **Proceeds**—To reduce bank loans. **Underwriter** — None. The largest stockholder, Pyramid Rubber Co., has agreed to purchase all of the debentures not subscribed for by the other stockholders.

**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.

★ **Standard Oil Co. (Ohio)**
April 16 filed $4,400,000 of Interests in company's Sohio Employees Investment Plan, together with 56,500 shares of Standard Oil common stock (par $10) and 14,620 shares of 3¾% cumulative preferred stock, series A (par $100), which may be purchased under the plan.

● **Stevens Markets, Inc., Miami, Fla.**
March 25 filed 100,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—To equip a third super market and for working capital and other corporate purposes. **Underwriter** — R. S. Dickson & Co., Inc., Charlotte, N. C. **Offering**—Expected today (April 18).

**Stinnes (Hugo) Corp., New York**
March 29 filed 530,712 shares of common stock (par $5), of the presently outstanding 988,890 common shares. **Proceeds** — To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders include Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly).

**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.

**Supercrete, Ltd.**
April 1 filed $1,000,000 of convertible subordinated debentures. **Price**—To be supplied by amendment. **Proceeds**—To repay $550,000 bank loans, and for increased facilities and working capital. **Office** — St. Boniface, Canada. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

● **Swartwout Co., Cleveland, Ohio (4/23)**
March 29 filed 30,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term borrowings and for expansion program. **Underwriter**—McDonnell & Co., New York.

**Tex-Tube, Inc., Houston, Texas (4/22-26)**
March 29 filed 50,000 shares of 6% convertible preferred stock (par $10) and 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital. **Underwriter**—Moroney, Beissner & Co., Houston, Tex.

★ **Thiokol Chemical Corp., Trenton, N. J.**
April 11 filed 25,000 shares of capital stock to be reserved for issuance under the company's Officers' and Employees' Stock Option Plan.

**Trans Empire Oils Ltd., Calgary, Alberta, Canada**
April 9 filed 436,291 shares of common stock (par $1.25) to be offered for subscription by common stockholders of record March 28, 1957 at the rate of one new share for each six shares held. **Price**—$2.50 per share (Canadian). **Proceeds**—For capital expenditures and expenditures for exploration activities; also for other general corporate purposes. **Underwriter**—None.

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**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 Artists Corp., New York (4/24)**
March 29 filed $10,000,000 of 6% convertible subordinated debentures due 1960. **Price** — To be supplied by amendment. **Proceeds** — To retire a $925,000 note and $2,500,000 of bank loans and for working capital. **Underwriter**—F. Eberstadt & Co., New York.

● **United Artists Corp., New York (4/24)**
March 29 filed 350,000 shares of common stock (par $1), of which 250,000 shares are to be offered for account of company and 100,000 shares for selling stockholders. **Price** — To be supplied by amendment. **Proceeds** — For working capital. **Underwriter**—F. Eberstadt & Co., New York.

● **United Illuminating Co., New Haven, Conn.**
March 22 filed 311,557 shares of common stock (no par) being offered for subscription by common stockholders of record April 10, 1957 on the basis of one new share for each eight shares held; rights to expire on May 2. **Price**—$22 per share. **Proceeds**—For payment of bank loans and construction program. **Underwriter**—None.

**United States Air Conditioning Corp.**
Sept. 27 filed 600,000 shares of common stock (par 10 cents), of which 50,000 shares are to be offered to employees, distributors and dealers; 50,000 shares, plus any of the unsold portion of the first 50,000 shares, are to be offered to the public; and the underwriter will be granted options to acquire the remaining 500,000 shares for reoffer to the public. **Price**—At market prices. **Proceeds**—For working capital and general corporate purposes. **Office**—Philadelphia, Pa. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York. **Offering**—Date indefinite.

● **United States Leasing Corp. (4/22-26)**
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.

★ **U. S. Semiconductor Products, Inc.**
April 11 filed 500,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For purchase of new materials and working capital. **Office** — Phoenix, Ariz. **Underwriter** — Jonathon & Co., Los Angeles, 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.

★ **Western Electric Co., Inc. (5/1)**
April 16 (letter of notification) 2,856 shares of common stock (no par) to be offered for subscription by minority stockholders of record April 9, 1957 at the rate of one new share for each nine shares held; rights to expire on June 3. An additional 1,565,662 shares will be subscribed for by American Telephone & Telegraph Co., the parent. **Price** — $45 per share. **Proceeds** — For expansion, etc. **Office**—195 Broadway, New York 7, N. Y. **Underwriter** —None.

**Western Nuclear Corp., Rawlins, Wyo.**
March 27 filed $400,000 of 5¾% subordinated debentures, series B, and 440,000 shares of common stock (par one cent) to be offered in units of $1,000 of debentures and 1,100 shares of stock. **Price**—$1,011 per unit. **Proceeds**—For capital expenditures and operating purposes. **Underwriter**—Bosworth, Sullivan & Co., Denver, Colo.

★ **Western States Life Insurance Co., Phoenix, Arizona**
April 1 (letter of notification) 50,000 shares of common stock (par $1) to be offered to policyholders issued by either Western States Insurance Co. or Western States Life Insurance Co. **Price**—$4 per share. **Proceeds**—For capital and surplus accounts. **Office** — 501 E. Thomas Road, Phoenix, Ariz. **Underwriter** — Western States Insurance Co., Phoenix, Ariz.

**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.

★ **Wilmington Truck Rental Co., Inc.**
March 29 (letter of notification) 1,128 shares of common stock to be offered to stockholders on a basis of one new share for each three shares or major portion thereof now held. **Price**—$35 per share. **Proceeds**—For improvement of plant and equipment. **Office**—100 West 10th St., Wilmington, Del.—**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.

★ **Winthrop Corp.**
March 29 (letter of notification) 75,000 shares of common stock (no par). **Price**—$2.50 per share. **Proceeds**—For machinery, equipment and working capital. **Office**—3216 Winthrop St., Fort Worth, Texas. **Underwriter**—None.

● **Wrigley Properties, Inc.**
March 6 filed 2,069,159 shares of common stock (par $1) being 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 as of April 11, 1957 (rights to expire on April 25, 1957), 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.

★ **Young (B. G.) & Sons, Inc.**
March 29 (letter of notification) 12,500 shares of first preferred stock. **Price**—At par ($20 per share). **Proceeds**—For working capital. **Office**—Young's Warehouse Building, Lamont Street at S. Boone Street, Johnson City, Tenn. **Underwriter**—None.

# Prospective Offerings

**Acme Steel Co.**
March 22 the company announced that it plans to retire bank loans ($15,000,000 at Dec. 31, 1956) out of the proceeds of new long-term financing in 1957. On Sept. 19, last year, a public offering of 400,000 shares of common stock was made through Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane and associates.

**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 Great Southern RR. (6/4)**
Bids are tentatively expected to be received by the company on June 4 for the purchase from it of about $3,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**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 European Securities Co.**
March 12 it was announced stockholders will vote April 24 on increasing the authorized capitalization from 600,000 shares (consisting of 500,000 common shares and 100,000 preferred shares) to 1,000,000 common shares, without par value. It is probable that additional common stock will be offered to common stockholders during the current year. **Underwriters**—Dominick & Dominick in United States; and Pictet & Cie, in Switzerland. Latter owned of record, but not beneficially, on March 1, 1957, 380,532 of the 459,379 common shares outstanding.

**American Trust Co., New York**
March 8 it was announced bank is offering 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.

**Atlantic City Electric Co.**
April 9, Bayard L. England, President, announced that later this year the company will probably issue about $5,000,000 of convertible debentures. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); The First Boston Corp. and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lee Higginson Corp.; Blyth & Co., Inc.

**Baltimore & Ohio RR. (5/9)**
Bids are expected to be received by the company on or about May 9 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.

**Bridgeport Gas Co.**
April 8 it was reported company plans an offering of additional common stock to its common stockholders during the first half of this year. **Proceeds**—To pay off bank loans (amounting to $700,000 at Dec. 31, 1956). **Underwriters** — Smith, Ramsay & Co. Inc., Bridgeport, Conn.; and Chas. W. Scranton & Co., New Haven, Conn.

**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, probably about 280,000 shares). **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. **Registration**—Expected late in April.

**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).

★ **Central Illinois Public Service Co.**
April 9 it was reported company plans to issue and sell $10,000,000 of 1st mtge. bonds. **Proceeds**—To reduce bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co.; and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly). **Offering**—Expected late in 1957.

● **Central Louisiana Electric Co., Inc.**
April 8 it was announced company plans to issue and sell late this year $6,000,000 of first mortgage bonds. **Proceeds** — Together with $4,500,000 of 4⅜% 12-year convertible debentures to be placed privately, to be used to repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co. about the middle of last year arranged the private placement of an issue of $5,000,000 series G first mortgage bonds.

★ **Central Vermont Public Service Co.**
April 15 it was reported company expects to offer publicly some additional common stock during 1957. **Proceeds**—To reduce bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Blyth & Co., Inc.; Lee Higginson Corp.; Harriman Ripley & Co. Inc.

★ **Chance Vought Aircraft, Inc.**
April 15 it was reported company plans to issue and sell $12,000,000 of convertible securities (debentures of preferred stock). **Underwriter**—May be Harriman Ripley & Co., Inc., New York.

**Chicago, Milwaukee, St. Paul & Pacific RR. (5/1)**
Bids are expected to be received by this company up to noon (CDT) on May 1 for the purchase from it of $6,000,000 equipment trust certificates due semi-annually from Aug. 1, 1957 to Feb. 1, 1972, inclusive. 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.

**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.

**★ Collins Radio Co. (5/8-9)**
April 15 it was reported early registration is expected of $8,000,000 convertible debentures to be offered for [illegible] 1957; rights to expire on or about May 21, 1957. **Proceeds** [illegible] Kidder, Peabody & Co., New York.

**● Columbia Gas System, Inc. (6/6)**
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). **Bids**—Expected to be received on June 6 for $20,000,000 debentures with an additional $25,000,000 to be sold in September.

**Columbus & Southern Ohio Electric Co.**
Feb. 21 it was reported that company plans to issue and sell in the Fall $8,000,000 of cumulative preferred stock. **Underwriter**—Dillon, Read & Co. Inc., New York.

**Community Public Service Co. (5/28)**
March 28 it was announced company plans to issue and sell $3,000,000 first mortgage bonds due 1987. **Proceeds**—To refund bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Incorporated. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 28. **Registration**—Planned for April 25.

**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.; Chas. W. Scranton & Co., New Haven, Conn.; and Estabrook & Co., Boston, Mass.

**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). **Bids** — Now expected to be received in latter part of June.

**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.

**Eastern Gas & Fuel Associates**
April 3 it was announced company may need additional capital of between $25,000,000 and $35,000,000 during the next two years. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co., and Kidder, Peabody & Co. (jointly).

**Empire District Electric Co.**
March 14, D. C. McKee, President, announced company plans to issue and sell some additional bonds this year. **Proceeds**—To retire bank loans ($2,200,000 at Dec. 31, 1956) and for construction program. **Underwriters**—Previous bond financing was done privately.

**Florida Power Corp. (5/14)**
March 29 it was announced that company plans to offer to its stockholders about May 14, next, 255,813 shares of additional common stock on a 1-for-10 basis; rights to expire June 3. **Price** — To be announced on May 13. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co., both of New York.

**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.

**Gulf States Utilities Co.**
March 4 it was reported company plans to issue and sell $16,000,000 first mortgage bonds late in June. **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 and Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Stone & Webster Securities Corp.; Lee Higginson Corp.

**Gulf States Utilities Co.**
March 4 it was reported company plans to raise approximately $7,000,000 through the sale of additional common stock. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Stone & Webster Securities Corp.; Carl M. Loeb, Rhoades & Co. **Offering**—Expected in June.

**★ Gulf States Utilities Co.**
April 8 it was reported company tentatively plans to issue and sell some preferred stock this year. **Proceeds**—To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly).

**★ Hanna Steel Co., Birmingham, Ala.**
April 8 it was reported company plans to issue and sell 120,000 shares of class A common stock. **Price**—$5 per share. **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala. **Offering**—Expected in May.

**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 Central RR. (4/25)**
Bids will be received by this company up to noon (CST) on April 25 for the purchase from it of $9,600,000 equipment trust certificates due semi-annually from Nov. 1, 1957 to May 1, 1972. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**● Illinois Power Co.**
March 29 stockholders approved 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.

**● Indiana Harbor Belt RR. (6/5)**
Bids are tentatively expected to be received by this company on June 5 for the purchase from it of $8,125,000 first mortgage bonds due 1982. **Proceeds**—To refund bonds due July 1, 1957. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**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.

**International Utilities Corp.**
March 15 it was announced stockholders were to vote April 17 on approving an increase in the authorized common stock from 2,500,000 to 4,000,000 shares (par $5). **Underwriter** — Butcher & Sherrerd, Philadelphia, Pa., handled last equity financing.

**Interstate Power Co. (5/22)**
March 4 it was announced company plans to sell about $29,000,000 of new securities ($20,000,000 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: Kidder, Peabody & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 22 for bonds.

**Iowa Gas & Electric Co.**
April 1 it was reported company now expects to issue and sell in the second quarter of 1957 $11,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Glore, Forgan & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly); Dean Witter & Co.; Lehman Brothers; Equitable Securities Corp.; Blyth & Co., Inc.

**Iowa Southern Utilities Co.**
April 2 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds later this year. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; White, Weld & Co.; Lehman Brothers, and Bear, Stearns & Co. (jointly) Equitable Securities Corp. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Dean Witter & Co.

**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.**
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.

**★ Long Island Lighting Co.**
April 16 it was announced company plans to sell later this year $28,000,000 of first mortgage bonds, series J. **Proceeds**—To refund $12,000,000 of series C bonds due Jan. 1, 1958 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); W. C. Langley & Co.; Smith, Barney & Co.

**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.

**★ Mexico Refractories Co.**
April 15 it was reported sale of 80,000 shares of common stock is expected early in May. **Underwriter**—Reinholdt & Gardner, St. Louis, Mo.

**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.

**★ Missouri Pacific RR. (5/8)**
Bids are expected to be received by the company on May 8 for the purchase from it of $4,200,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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**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.

**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.

**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 May, 1957.

**Northern Pacific Ry. (5/16)**
Bids are tentatively expected to be received by this company on May 16 for the purchase from it of between $6,000,000 and $8,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**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.

**Peninsular Telephone Co.**
March 28 it was announced company plans to offer to its common stockholders 189,844 additional shares of common stock on a 1-for-6 basis. **Proceeds**—Together with funds from proposed bond sale (probably privately), to finance new construction. **Underwriters**—Morgan Stanley & Co., and Coggeshall & Hicks, both of New York City.

**★ Pennsylvania RR.**
Bids are tentatively expected to be received by the company some time in May for the purchase from it of $4,740,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**Pepsi-Cola Mokan Bottlers, Inc.**
March 20 it was announced company plans to issue and sell 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—To acquire and operate selected Pepsi-Cola plants in the Midwest. **Office**—Coffeyville, Kansas. **Underwriter**—G. F. Church & Co., St. Louis, Mo.

**● 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. **Offering**—Expected in June.

**Portland Gas & Coke Co. (6/10)**
March 26 it was reported company plans offering to common stockholders of 225,976 shares of additional common stock (par $9.50) about June 10 on a 1-for-5 basis; rights to expire about July 1. **Underwriting**—To be on a negotiated basis.

**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 1982 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 New Mexico**
April 8 it was announced that the company is contemplating the issuance of additional common stock early in May. **Underwriter**—Allen & Co., New York.

**● Puget Sound Power & Light Co. (6/25)**
April 12, Frank McLaughlin, President, announced that company plans to sell an issue of $20,000,000 first mortgage bonds. **Proceeds**—To retire bank loans. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. **Bids**—To be received on June 25.

**● Radiation, Inc.**
April 17, Homer R. Denius, President, announced that about 183,333 shares of class A stock is soon expected to be offered for subscription by stockholders on the basis of one share of class A stock for each three shares of class A and common stock held. A total of 550,000 class A and common shares is currently outstanding. The subscription rights of the principal stockholders, constituting approximately two-thirds of the total, would be purchased and exercised by the underwriters, and the new stock created thereby offered to the public. **Proceeds**—For working capital and other corporate purposes. **Underwriters**—Kuhn, Loeb & Co., New York; and Johnson, Lane, Space & Co., Inc., Savannah, Ga.

**Reading Co. (5/23)**
Bids are expected to be received by this company on May 23 for the purchase from it of $2,550,000 equipment trust certificates, due semi-annually, from July 1, 1957, to Jan. 1, 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**● Seaboard Air Line RR. (5/7)**
Bids will be received by the company on May 7 for the purchase from it of $4,650,000 equipment trust certificates. 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. (6/26)**
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). **Bids**—Tentatively expected to be received on June 26.

**Sundstrand Machine Tool Co.**
March 11 it was reported company may do some equity financing in May (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).

**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.

**Trans World Airlines, Inc.**
April 2 it was announced stockholders on April 25 will vote on approving an offering to stockholders of approximately $37,000,000 subordinated notes or debentures convertible into common stock. The new securities will probably be offered at the rate of $100 of notes or debentures for each nine shares of stock held. Hughes Tool Co., owner of 74.2% of the TWA outstanding common stock will purchase any securities not subscribed for by minority stockholders. **Proceeds**—To pay in part the conditional sales contract covering 33 Lockheed aircraft. **Underwriter**—None.

**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.

**● Wabash RR. (5/28)**
Bids are tentatively scheduled to be received by the company up to noon (EDT) on May 28 for the purchase from it of $6,615,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**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.

**Washington Water Power Co.**
April 1, K. M. Robinson, President, stated that the company will probably market an issue of first mortgage bonds by June 30. **Proceeds**—To carry out 1957 expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman, Dillon, Union Eecurities & Co.; and Lehman Brothers (jointly); Blyth & Co., Inc.; Smith, Barney & Co., and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly).

**West Penn Power Co. (7/30)**
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. **Bids**—Tentatively scheduled for July 30.

**Wisconsin Telephone Co. (7/9)**
April 3 it was announced company plans to issue and sell $30,000,000 of 35-year debentures due 1992. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received at 195 Broadway, New York, N. Y., on July 9.

**★ Yale & Towne Manufacturing Co.**
April 11, Gilbert W. Chapman, President, stated that the company plans some long-term financing. **Underwriter**—Morgan Stanley & Co., New York.

# Mutual Funds

By ROBERT R. RICH

## BOOM IN GAS INDUSTRY

A leading specialist in the gas industry told a special meeting of 100 Wall Street securities dealers and mutual fund dealers that he believes the new natural gas bill sponsored by Rep. Oren Harris, Arkansas Democrat, would not only pass the Senate this year and the House of Representatives, but would also be signed by the President.

Victor Troendle, the specialist, is President of Colonial Distributors, Inc., sponsors of Colonial Fund, Bond Investment Trust of America and Gas Industries Fund, which now has about $70,000,000 invested in the oil and gas industry.

The Harris bill, vetoed early last year by the President, proposes that natural gas producers and gatherers who sell wholesale to interstate lines for resale be exempt from Federal utility regulations.

Mr. Troendle indicated the present bill had been seen by Administration officials and by leaders in the House and Senate and had been approved by them. It was also indicated that Northern Utilities, which had opposed the earlier Harris bill, would not do so this time.

In the event the bill becomes law, Mr. Troendle said the research of his investment organization indicated that not only would producers like Phillips Petroleum, Humble Oil and Cities Service benefit greatly, but also smaller companies like Colorado Oil & Gas. The latter, he said, is Colonial Management Associates' "number one choice" in which Gas Industries Fund has been buying heavily in the first quarter. The Colorado company is now actively exploring 1,500,000 acres in Alaska.

## Life Insurance Investors Reports

Directors of Life Insurance Investors, Inc., have declared a cash dividend of 23 cents per share, payable March 28 to shareholders of record March 15. Last year the fund paid an initial cash dividend of 18½ cents per share.

Income for the fiscal year ending Jan. 31, 1957, was $276,028.87 after expenses and taxes, an increase of $18,286.02 over the fund's first year of operation, said Raymond T. Smith, President. More than the value of net earnings, said Mr. Smith, is the fact that the fund now owns a cross section of what management regards as the most desirable life company stocks purchased at realistic prices.

Of this total, $156,901.94, equal to 13 cents per share, resulted from dividends and interest received and $119,126.93, equal to 10 cents per share, was realized capital gains on investments.

Net asset value of the fund on Jan. 31, 1957, was $14.76 per share as compared with $15.57 per share on Jan. 31, 1956, a decrease of 4.1%. This decrease is after allowance for the initial cash dividend of 18½ cents per share paid on March 1, 1956.

Invested assets on Jan. 31, 1957, amounted to $17,337,096, equal to 97.8% of total assets, an increase of 21.5% over the previous year. A total of 33 companies are represented in the investment portfolio.

## Diversified Growth Fund Assets Rise

Diversified Growth Stock Fund, Inc. reports net assets of $16,304,227 at March 31, end of the first quarter of the fiscal year. This represents an increase of 6.75% over the $15,273,789 figure on Dec. 31, 1956.

During the quarter, shares outstanding rose to a new high of 1,283,211. Asset value per share was $12.71 on March 31 compared with $12.73 at the 1956 year-end.

The fund's largest holdings are currently in oil and gas, instrumentation and metals stocks, in that order. Eleven of the companies whose securities are held in the fund are engaged in the field of nuclear energy, nine in electronics and nine in chemicals and drugs.

### Axe Shareholders

An 8% increase in shareholders during the first quarter of 1957 was reported by the four mutual funds sponsored by Axe Securities Corporation.

Shareholders of the funds—Axe-Houghton Fund A, Fund B and Stock Fund and Axe Science & Electronics Corporation — numbered 75,471 on March 31 as compared with 70,032 on Dec. 31, 1956. First quarter sales totalled $6,797,333.



## Broad Street Assets Reach New Record

Net assets of Broad Street Investing Corporation were $95,242,935 at March 31, a new quarter-end high for the diversified mutual fund, according to the first-quarter statement by Francis F. Randolph, Chairman of the Board and President. The figure compared with $94,518,508 on Dec. 31 and with $89,611,127 on March 31, 1956.

Per share asset value was $21.37 at the end of the quarter. This was a little below the $21.85 at Dec. 31, but, Mr. Randolph said, "the decline was less than for stock prices in general, as measured by various market indexes."

In the 12 months ended March 31, the number of Accumulation Plan holders increased from 2,758, to 4,490 for a gain of 63%, the Chairman reported.

The corporation, now in its 28th year, paid its 109 consecutive quarterly dividend on March 31. The payment of 20 cents per share was a record amount for the quarter, comparing with 19 cents for the comparable 1956 period. This meant, the Chairman stated, a good increase in dividend income from the first quarter of 1956 for shareholders who maintained their investment by taking shares in payment of the $1.03 distribution in December 1956 from realized gain on investments.

Mr. Randolph foresaw prospects "for an active economy during the months ahead." He told shareholders, however, that "there has been no lessening in the need for caution and keeping alert to possible warnings of economic readjustments" and that the corporation "continued during the first quarter to invest new money received from the sale of shares in fixed-income senior securities, primarily bonds."

Common stock holdings were reduced to 77.3% of Broad Street Investing's net assets on March 31, as compared with 80.0% at the start of the year and 83.6% on March 31, 1956. New common stock positions were established during the quarter through the purchase of 30,000 shares of American & Foreign Power, 18,000 shares of McKesson & Robbins, 4,900 shares of Skelly Oil, 4,400 shares of Delaware Power & Light and 3,300 shares of Montana Power. More important increases were 12,000 shares of Pioneer Natural Gas, 8,000 shares of Continental Baking, and 5,000 shares of San Diego Gas & Electric. Holdings were eliminated by the sale of shares of Allied Stores and Colgate-Palmolive, while decreases in holdings included sale of 12,000 shares of Union Pacific, 10,000 shares of Seaboard Air Line, 6,000 shares of General Electric, 5,800 shares of Union Bag-Camp Paper, 3,400 shares of International Paper and 1,800 shares of Amerada Petroleum.

### Delaware Income Fund

The new Delaware Income Fund, whose shares were first offered publicly on March 18, reports gross sales of more than $1,000,000 in its 10 selling days ended March 31, last. Daily sales averaging upwards of $100,000 totaled $1,094,106 at the close of the month.

## With Avery L. Eppler

(Special to The Financial Chronicle)

REDWOOD CITY, Calif.—Frank G. Ludwig has become connected with Avery L. Eppler Company, 1839 Broadway.

## With H. L. Jamieson Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—William D. Carter is now with H. L. Jamieson Co., Inc., Russ Building.

## Customers' Brokers to Hear Newton Steers

The Association of Customers' Brokers has announced that Newton I. Steers, President, Atomic Development Mutual Fund, Inc., will address the membership on the stocks of various companies engaged in Atomic Energy. Mr. Steers will emphasize specific securities and how best to participate in the atomic program rather than the program itself or the Atomic Development Mutual Fund, Inc.

Newton I. Steers, Jr.

The meeting will be held promptly at 4 p.m. on Wednesday, April 24, in the uptown office of Harris, Upham & Co., 99 Park Avenue, 2nd floor.

## Eugene G. Statter With Mabon & Co.

Eugene G. Statter

Mabon & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announces that Eugene G. Statter has become associated with them in their trading department. Mr. Statter was formerly a partner in Hoit, Rose & Company. He is President of the New York Security Dealers Association.

## J. A. Anderson With Harris, Upham & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—John A. Anderson has become associated with Harris, Upham & Co., 135 South La Salle Street. Mr. Anderson was formerly President, Plotz & Co., Inc.

## W. B. Stetson Joins Distributors Group

Warren B. Stetson of Duxbury, Mass., has joined Distributors Group, Inc. as Regional Manager for the New England States. This announcement was made by Herbert R. Anderson, President of Distributors Group, Inc. whose main office is at 63 Wall Street, New York. Distributors Group, Inc. is the underwriter and investment advisor to Group Securities, Inc., a mutual fund established in 1933.

Mr. Stetson was formerly associated with Blair Rollins & Company and C. F. Childs & Company. Recently he has been in security sales in the Boston area, and is a member of the Boston Security Analysts' Society.

Mr. Stetson succeeds "Rex" Stembridge who is retiring after 24 years as Resident Vice-President of Distributors Group in the New England area. The Distributors Group office in Boston is at 50 Congress Street.

*Continued from first page*

# Notes on Functional Finance And Modern Money Control

Most conveniently, the pouring-out is accomplished by unbalancing the budget—deficit financing. In the upturn, taxes should be raised or expenditures cut and the excess revenues "hoarded." That, however, is much less convenient. This mechanistic concept overlooks the simple fact of life, namely, that taxes are being shifted. Raising them may have the opposite of the desired deflationary effect. Moreover, tax-raising runs into very serious political obstacles. Minor moves, such as upping the excises on some "luxuries," are not very effective, as European governments found out in 1955-56. The same holds for the 10% excess profits tax imposed by Belgium, and the modest increase of French levies in 1956. Besides, tax policy serves more objectives than one; they frequently conflict with each other. "It would seem that, in the official view, the (purchase) tax was anti-inflationary when it fell on luxuries or unnecessary goods . . . , but inflationary when it fell 'unduly hardly' on necessities" (*Midland Bank Review*, London, Nov. 1952). In any case, a major raising of the tax burden is virtually impossible, except under war-like conditions. The idea of varying the levies in a contra-cyclical fashion was invented in the 1930's, before Europe had become overtaxed as it is at present, when additional levies on a substantial scale might undermine confidence instead of strengthening it.

At present, levies in most countries have reached or surpassed the limit of "capacity to pay"—gauged not by arbitrary percentage ratios to national income, but by the intensity of tax avoidance and tax evasion, or by the effect of retarding savings as well as labor productivity and entrepreneurial risk-taking. "The British economy is suffering from chronic overtaxation. This reduces private saving, discourages investment, removes incentives, and makes the whole economy sluggish, relatively unadaptable, and overloaded. . . . It is true that a reduction in taxation has an immediate inflationary effect. But overtaxation has a chronic inflationary effect by reducing saving and inhibiting the creation of productive capacity" (*The Financial Times*, London, Feb. 2, 1957). A recent study by an English scholar brought out the fact that it is not a shortage of capital that prevents the growth of smaller industrial units in Britain, but rather the lack of incentives due to crippling taxation. "Real investment is being destroyed before conception, not strangled at birth.* Together with price inflation, taxation and income redistribution are at the root of the process of capital erosion in postwar Europe. The erosion of capital, or its retarded growth, is a basic cause of productivity lags, inflationary troubles, and dollar-pains.

### Deficits During Prosperity

It is one thing to preach in Keynesian textbooks that the ideal fiscal policy requires over-balancing the budget in the boom by cutting expenditures and raising taxes. To make democracies swallow an unpleasant medicine, is quite another matter. Nor does the automatic increase of revenues in the prosperity take care of the ever-growing pressure for more subsidies. Europe's boom, since 1953, is accompanied by a majority of countries by continued, or restarted, deficit financing. France would be running a huge budget deficit even without the added cost of the Algerian revolt and the Suez crisis. Holland carried on for years with a balanced budget, a not unimportant element in the recovery of the guilder; it was unbalanced in the midst of record full employment to the tune of 860 million guilders in 1956, with a deficit of 786 million guilders budgeted for the following year. Britain piled up a record peace-time deficit of $1,086.4 million in 1954-55. Since 1954, many European countries have reduced, not raised, their tax rates. The reason is "politics," of course, highlighted by the virtual surrender, in 1955, of France's Faure government to the noisy Poujade movement of small shopkeepers. (But in the post-Suez crisis, the Mollet government reverted to — raising the income tax.)

Varying tax rates is a primitive substitute for monetary policy. High taxes tend to discourage competition instead of fostering it, as credit restraints do, and to encourage tax evasion and fraud, which have reached appalling dimensions in all of Europe. They actually foster the inflation of costs. They mean discriminatory interferences with the structure of prices and of income distribution. It takes drastic tax measures to control the public's expenditures on consumption or investments; the more drastic the measures, the less foreseeable the effects. Tax policy, in the monetary frame of reference, belongs in the category of clumsy physical controls, with all the inherent hazards of "boomeranging." Their clumsiness is enhanced by their complexity and the vast number of exemptions of one kind or another. Witness the some 300 kinds of "privileges" written into the French revenue law.

Given the high level of taxation, a major increase of the tax burden is likely to bring diminishing returns. No deflation is achieved, unless pubic expenditures are cut. Such economy operations offer a rich scope for action against inflation. Reducing them in order to balance an unbalanced budget is, of course, a first essential of a rationally managed money. But the Welfare States have lost their fiscal freedom of action. Eliminating subsidiaries which have grown into the pattern of the economy might revolutionize the pattern. In fact, governmental expenditures cannot be compressed in a hurry without devastating repercussions. Fiscal policy lacks the swiftness and adaptability characteristic of monetary measures proper. Nor has budget-balancing the shock effect if it is being imposed as a temporary device only, with the intent to discard it at the first sign of a recession.

### No Criteria and Forecasting Results

The Keynesian idea of functional finance, of contra-cyclical fiscal and monetary policies, is a fallacy. They produce an excess of purchasing power at the bottom of the cycle that makes the control at the peak extremely difficult, unless by applying such radical measures as to risk precipitating a depression. Undue expansion of the credit volume in a downturn — with no regard for the quality of the credit demand — creates a "frozen" credit structure. Contraction in the subsequent upturn may mean catastrophe; the system has lost its flexibility. It is a simple matter to start public works or to subsidize private ones. They would do—if the depression would last forever, as the Keynesians have thought. But they cannot be stopped when the upturn "breaks out"; then they breed inflation. And what are the criteria, short of quite extreme swings, by which to gauge the cycle?

Some sector of the economy is always depressed. Is the fate of the nation to be entrusted — to economists? Their near-unanimity about the unquestionable permanence of the 1929 High Plateau, and the apodictic prediction of an early post-World War II depression by a Keynesian majority, are remembered. That depression was to come with the reduction of military expenditures. "This whole experience in prediction—one of the most striking failures in the history of economics—was clearly due to the Keynesian bias in favor of large public expenditure. It was accompanied by a show of 'scientific' technique, with much making of mathematical models, projections, and regression lines . . ." (John H. Williams, "An Economist's Confessions," 1952.) "A good parallel," he aded, "was the joint meeting of the American Economic Association and the American Statistical Association in December 1929, when the most optimstic forecaster said the 'recession' resulting from the stock market crash of 1929 was already over, but the public would not realize it until February, 1930; and the most pessimistic said it would end about Labor Day, 1930." As to present-day British planners, "the extreme inaccuracy of their forecasts . . . would have had even more unfortunate consequences (than those of their Swedish colleagues) if the errors had not on several occasions providentially cancelled one another out." (D. H. Robertson, in *The Business Cycle in the Postwar World*, ed. E. Lundburg, London, 1955.)

### The Quest for Rational Criteria of Money Management

Money Manipulation has a claim on being considered as superior to the gold standard if there are scientific criteria by which to answer, in a reliable fashion, such questions as these: Where does the "cycle" stand at any given time? Where is it heading? How much "compensation," if any, is needed to offset an undesirable trend, and how should it be timed or dosed? And what constitutes an undesirable trend? The answer to these pertinent questions is that there is no "scientific" answer. They presuppose the knowledge of the cyclical future, which neither theory nor statistics can convey.

Forecasting, in the broadest sense of the word, is implicit in all practical knowledge. From a pragmatic point of view, economic "laws" are rationalizations, based on insight and experience, with the aid of which causal sequences may be predicted—provided that all essential factors entering the picture are taken into consideration. But that is where the difficulty lies, in the lack of such comprehensive knowledge of the present, let alone of the future. When it comes to the infinite complexities of the phenomenon called the Business Cycle, national income accounting offers no more guidance for sound prophecies than does the projection of trend lines.

### Appraises British Policies

More specifically, statistics are the meddling managers' stock-in-trade in directing investments. The blundering mal-investments of two five-year Monnet Plans are generally known. So are the malcalculations of the British Coal Board, based on totally arbitrary and changing statistical assumptions about coal demand and coal production, about the size of the available labor force and its per-man-shift productivity. For an appraisal of Britain's policies pursued—and at this writing still not abandoned—in centrally directing investments, Professors Ely Devon (Manchester, England) deserves to be quoted at lenth:

"*It is now generally acknowledged that there are no objective criteria by which the Government can decide what is the right amount of investment in total.* But it is still sometimes argued that it is possible by statistical analysis to decide on the distribution of investment. If the Government in its control over investment merely wants to imitate market procedure and to select the lines of investment that will pay best, then it might try to work out rates of return on the various projects submitted to it and use such rates as the criteria for selecting which to approve. Even on this basis, however, prospective rates of return could be calculated only with very wide margins, representing the essential risks involved in such forecasting and, as with estimates of future coal and steel requirements, statistical investigation might expose and illustrate these risks but is unlikely to narrow them.

"Usually, Government control of investment does not merely try to imitate market procedures; indeed, the very *purpose of Government control is to prevent ordinary market forces being the criterion of distribution.* The controlling authority tries to select on the basis of the public interest or of social priorities. It is extremely difficult to see how social priorities or social rates of return can be measured statistically. How does one compare statistically the social rate of return from building more houses with the social rate of return from more investment on road building and repair? Or compare the social rate of return from additional investment in the coal industry with investment in engineering or textiles?

"Whether or not it is possible to measure social rates of return statistically, there is in any case little evidence that such calculations ever played an important role in the deliberations of the Capital Issues Committee and the Investments Program Committee. Little has been published about the proceedings of these two important committees and the criteria which they used in arriving at their decisions, but I suspect that the *allocation of investment is much better thought of as the result of political and administrative struggles and pressures, than as a rational choice determined by the statistical measurement of rates of social return.*

"Each industry or line of investment is the administrative responsibility of some Government department and in the argument about the investment program, each department would fight for the interests for which it was responsible. Every argument would, of course, be used to demonstrate that the investment being sponsored is vital to the economy, because it would relieve a potential bottleneck, result in export expansion or dollar saving. The strength of this case, the efficiency with which it is presented, the power and energy of the Minister in charge, public pressure and generally accepted but vaguely expressed ideas of what is 'essential and inessential,' would all go to determine how each particular request for inclusion in the investment program was treated.

"No doubt argument before these committees would be dressed up in statistics, since every official knows that a statistical case always makes an impression. And if all those concerned play the statistical game correctly—especially if they are not sure that they are playing a game—then an apparent air of deciding the issues rationally in terms of quantitative estimates of the results of alterative lines of action may easily be maintained." (Italics supplied.) (*Lloyd's Bank Review*, July 1954.)

Such is the experience with British planning, as seen by an intimate connoisseur. At that, the British civil service is recognized in Europe as incorruptible, most scientific-minded, and much less prone to "unobjective" political motiviation than are the bureaucracies of most countries. (The French bureaucracy is, supposedly, the most inventive one.)

The idea of directing investments is an outgrowth of the influence which Soviet planning has exerted on the Western minds. It is, of course, an essential appurtenance of collectivism. Apparently, it is inescapable so far as Europe's nationalized industries are concerned. They cannot be "let down." Nor is it an easy decision to stop "throwing good money after bad" sunk into the private sector when doing so would virtually bankrupt innumerable marginal units, if not entire industries. So, investments have to be centrally directed over large areas of production in Britain, France, Italy, Holland, Norway, Sweden, and Austria. And what other criteria can be used for guidance than statistical gobbledegook? To quote again the trenchant words of Professor Ely Devon:

"We would not think of examining the entrails of a chicken, of consulting an oracle, or of asking a diviner to find out whether the the recession in the United States is going to get worse or not. Yet much of the grubbing about among national income and expenditure figures, of the statistical model-building of the econometricians and the desperate search for trend signs in the latest statistics, bear striking similarities to primitive magic."

### Even if Data Were Accurate

All of which is relevant to the working of the compensatory principle. It claims to be a rational technique of social engineering and bases this claim on the use of the statistical analysis of averages and "aggregates" for orienting policy. But the data about the components entering into such aggregates as national income, volume of production, savings and investment, etc., are pure "guesstimates," subject to arbitrary manipulation. The methods to substitute what amounts to "very wild guesses" in the place of factual knowledge are known to the statisticians as "interpolating between benchmarks, extrapolating from benchmarks, blowing up sample data, using imputed weights, inserting trends, applying booster factors. . . ." (G. H. Moore, "Accuracy of Government Statistics," *Harvard Business Rev.*, Spring 1947.) According to outstanding British statisticians, "The result (of forecasts based on national income statistics) looks about as scientific as Alice's celebrated attempt to play croquet by hitting a live hedgehog with a flamingo." (C. F. Carter and A. D. Roy, *British Economic Statistics*, Cambridge Univ. Pr., 1954.) Even if one had anything like accurate figures (without many months' delay, as is the case in Europe) and truly reliable series of price and cost indices, which one does not have, they still would not be of much help in determining casual relationships — which are what matters.

### Long-Run Monetary Planning

Under the old-fashioned gold standard, central banking was a fairly simple "business." It did not concern itself with any but short-run problems. It did not try to play the role of Providence (a role adopted lately by some economists of the Federal Reserve Board, too) which it has to play in

*N. A. D. Macrae, *The London Capital Market* (1955). For an incisive analysis of the adverse effects of the British fiscal system on savings, labor productivity, technological progress, and monetary stability, also on "tax morale," see A. R. Ilersic, *Government Finance and Fiscal Policy in Postwar Britain* (London, 1955).

a managed money system. There, long-run problems are at stake, with all the fallacies involved in the choice of objectives and criteria as well as in the selection of forecasting techniques. Hence, the wide variety of policies and methods, the vacillations from one to another, the lack of consistency over a period of time, to say nothing of the blunders which are almost certain to occur in the prognostication of long-term trends. The following may serve as an illustration:

"Before the war, it was generally accepted in Great Britain that the heavy industries had had their day and that Britain must develop rapidly the lighter consumption goods industries if she were ever to be prosperous again. The whole policy of "balanced distribution of industry" and the restoration of the depressed areas was based upon that diagnosis. The forecast has proved to be completely wrong. It is a shortage of coal and of steel which troubles us and not a surplus. And in these days it is assumed that Britain's industrial future depends largely upon the development of the heavy industries and of engineering, upon which the export trade has come to rest increasingly." (John Jewkes, "The Economist and Public Policy," *Lloyds Bank Review*, April 1953.)

A "classic" among fake long-term prophecies was the Keynesian idea, uncritically propagated by Alvin Hansen, that capitalism is moribund, due to its inherent trend toward impotent "maturity." This was the dynamic or evolutionary theory that served to justify the denunciation of the saver, the advocation of deficit financing, of Cheap Money, etc. It was underpinned by another Keynesian "insight": the assumption that the birth rate will stay low or keep declining. When, after the last war, both assumptions turned out to be flagrantly nonsensical, they were quietly dropped. But the monetary doctrines based on those assumptions still are being upheld—and no intellectual compunction or respect for logical consistency.

Under Manager Money, the necessity to "plan" fundamental economic trends brings about recurrent, if not perpetual, conflicts among policy-making bodies. In any case, the money managers cannot get around the use of two basic concepts which are as simple in theory as they are elusive in statistical application—the concept of money supply; and that of the monetary unit's purchasing power.

### The Elusive "Money Supply"

Take the money supply. Whether savings deposits are or are not counted, which is a matter of arbitrary choice, may make all the difference. And what is the relevance of changes in the money volume, unless those of the velocity are measured, too? The latter are extremely difficult to ascertain. Fatal mistakes of forecast and policy were committed by reliance on the simplicist quantity theory of money *a la* Irving Fisher, or on some of its variations.[1] Lately, several European central banks are trying to control bank loans as a handy device to regulate the money volume. But this means to ignore the complex shifting processes to which bank deposits are exposed. In Sweden, as an example, this policy resulted not only in a fiasco of the attempt to stabilize the price level, but it actually unleashed a new set of unstabilizing forces by distorting the balance between genuine savings and genuine—profitable—investments.

"The maintenance of a balanced economy presupposes that the surpluses of savings are transferred via the banking system and the capital market from the export sector to the home market sector. Consequently, if this is done to any considerable extent by way of the commercial banking system, then the maintenance of equilibrium between savings and investments will *require* that bank credit shall increase. In such a case even a considerable increase in advances need not entail any inflationary tendency; the increase in advances merely brings out what from the point of view of stabilization is the quite irrelevant fact that the amount of savings required for financing an unchanged volume of investments has become unevenly distributed over the firms as compared with the investments. Not even in this simple case is there any definite relation between the shift in the distribution of savings out of profits in relation to the distribution of investments on the one hand and the development of the banks' deposits and advances on the other. (E. Lundberg and B. Senneby, "Views on an Effective Credit Policy," *Skandinaviska Banken Quarterly Review*, Jan. 1957.)

### Government by Index Numbers

Managed Money of the Keynesian variety was not to bother with such unmeasurables as the purchasing power of money. Keynes was clear-headed enough to realize the naivete of Irving Fisher's reliance on index numbers of the price level for directing the national economy. Yet, in practice, all money managers have to take them as their cue. For one thing, wages are invariably bound—be it legally or contractually, or simply *de facto*—to some indices. And wage determination has become a prime function of money management, which is thus taken out of the hands of central banks and treasuries. Infinite possibilities of mismanagement arise, and materialize. In particular, there are three methods by which the index numbers are being manipulated in favor of the powers that be.

### Manipulating Price Indexes

First, the choice of the index numbers is by necessity a matter of arbitrary decision. Whose cost of living should be measured in order to keep it stable, or rising, and who is to take the decision (other than the *ex officio* superman, as Roscoe Pound has called the administrator of the bureau state? Patently, every choice in favor of one group is discriminatory against others—a special or class legislation, the direct antithesis to a State of Law.

Secondly, the composition of the index and the weighting of its parts can be changed from time to time. In fact, they must be changed in order to be realistic. But then, the index loses all value for comparative purposes, except in the short pull. In fact, a mere shifting of the base period may permit a "re-interpretation" of the quantitative relationships.

Thirdly, even the prices entering into the index are subject to manipulation. This technique is a perfect case of "functional finance," practiced by the political bureaucracies of all advanced Welfare States, but nowhere (outside the Soviets) with more gusto than in France.

### The French Experience

The French cost of living index, a weighted average of the retail prices of 213 articles, is full of "bugs." It is slanted by a 58% weight put on foodstuffs, and is not corrected, as is its Swiss counterpart, for seasonal variations. Moreover, it is based entirely on the Paris market, without regard to the province. However, since 1952, it has been serving as the legal gauge by which minimum wages are determined nationwide; they, in turn, carry the whole wage structure with them.

The crucial figure is 142; every change by 5% over or below that level automatically sparks a proportionate change of wages. This was to happen last February, threatening to bring down the government's uneasy price-stabilization—had not Monsieur Ramadier, the responsible Minister of Finance, intervened. He did so, most effectively: by subsidizing certain foodstuffs in order to keep down their prices and by reducing excises on several articles, for the same purpose. The outbreak of a vicious fever had been averted by changing the scale of the thermometer—one of the miraculous economic cures which are possible in the framework of "compensatory finance" *a la* Keynes. What this miracle of pseudo-stabilization means, should be obvious. For the time being, the index stays put, or even recedes. But the combination of more expenditures on subsidies—they will cost some 60 billion francs—and fewer revenues from excises will not fail to boost the (two-to-three billion dollars!) deficit in France's current budget, and will give a fresh impetus to her inflationary drift.

1 For glaring examples, cf. S. F. Sherwin, *Monetary Policy in Continental Western Europe* (Univ. of Wisconsin, Madison, 1956), covering the postwar period to 1952.

## Joins Rodman & Renshaw

(Special to The Financial Chronicle)

CHICAGO, Ill.—Jordan E. Rothbart has become associated with Rodman & Renshaw, 209 South La Salle Street. He was formerly with Reynolds & Co. and H. Hentz & Co.



## Security Dealers of Nashville Outing

NASHVILLE, Tenn.—The Security Dealers of Nashville will hold their annual spring party May 16 and 17. A dinner, preceded by cocktails, will be held at the Hillwood Country Club on May 16.

Friday, May 17, will be devoted to golf, games, and special events, to be held at the Belle Meade Country Club. Luncheon will be served from 11:30 to 2 p.m. and dinner at 7 p.m.

Guest fee is $25; reservations may be made with Jack Zeitler, Third National Bank of Nashville.

## Vickers, Hafely V.-Ps. Of Harding & Co.

HOUSTON, Tex. — Harding & Co., C & I Life Building, announce that James S. Vickers and G. Douglas Hafely have joined their firm as Vice - Presidents. Mr. Hafely was formerly a partner in Vickers, Brothers of New York; Mr. Vickers was in charge of the Houston office.

## Joins Dean Witter

LOS ANGELES, Calif. — Will Richeson, Jr. is now with Dean Witter & Co., 632 South Spring Street.

# Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Although the amiable and distinguished senior Senator from Virginia would never put it quite this way, Harry Byrd has got him a gimmick with which to ride herd on the Administration's budget, spending, and taxing policies for some months to come.

This is in the device of the Senate Finance Committee to "examine, investigate, and make a complete study of the financial condition of the United States, including (1) the revenues, bonded indebtedness, and interest rates on all public obligations, including contingent liabilities; (2) policies and procedures employed in the management of the public debt and the effect thereof upon credit, interest rates and the nation's economy and welfare and (3) factors which influence the availability and distribution of credit and the interest rates thereon as they may apply to public and private debt."

There is quite a story behind this. It starts with the "liberals" on the Finance Committee, Senators Bob Kerr of Oklahoma, Russell Long of Louisiana, Paul Douglas of Illinois, and Al Gore of Tennessee.

These "liberals" decided there was political hay to be made out of berating any one who could be found over "tight money and high interest rates." So when the comparatively minor bill come over to the Finance Committee from the House permitting the Treasury to pay higher interest on savings bonds, these four gentlemen were all prepared with their mower to cut the hay, their side delivery rakes, and their balers, all ready to harvest their crop.

### Berate Burgess

**They picked on the suburb technician and genuine public servant, W. Randolph Burgess, the Under Secretary of the Treasury. Randy just works for George M. Humphrey, the Secretary of the Treasury, but Randy is fundamentally a shy guy. Having a lot of when did you stop beating the poor small businessman questions, the "liberals" much preferred Randy as their foil to Mr. Humphrey, who can sling a mean barb back at when did you stop beating somebody questions.**

Even though the Finance Committee has no jurisdiction over monetary affairs as such, that being in the province of the Banking Committee, Chairman Byrd let the boys graze beyond the boundaries of the Committee's pastures. It was all good clean demagogic fun.

### Continuous Study

When Byrd announced the Finance Committee study, almost everybody jumped to the conclusion that this was a duplication of the proposed monetary commission proposed by the President and an infringement of the Banking Committee's bailiwick. This, it may be reported, is not the case.

Actually what the Virginia Senator did was to proceed from the point of "interest rates" which so pre-occupies the attention of the "liberals," and marked out what is to be a continuing check up on whither is government finance going. Mr. Byrd expects to get a lot of pertinent information out of the Treasury over the next few months, such as what is the real total of the contingent debt of the United States for a multiplicity of loan guarantees and miscellaneous Federal activities.

**This device will be very useful, for instance, when somebody comes along and pretends that Congress has "cut the budget" (when it has not done so in fact) and proposes a tax cut whose effect will throw the government back into the red ink in a big way.**

In the course of the inquiry the Federal Reserve will be called in to testify, and the "liberals" will have a little more fun talking about "tight money and high interest rates." This essentially will be the fringe of the inquiry, even if it makes most of the headlines. The continuous rein the Finance Committee will have on the fiscal picture will be the real objective.

**Thus it will be like the differing motives which brought Daddy and Johnny to the circus. Johnny was interested in the animals; Daddy in the partially clad girls.**

### Debt Limit

Incidentally, most of the daily press overlooked a significant exchange between Chairman Byrd and Mr. Burgess, during the time the "liberals" had Randy in the "stocks" before the Committee. Mr. Byrd drew from Mr. Burgess the admission that it might be found necessary near the end of this year for the Eisenhower Administration to seek another "temporary" increase in the legal public debt of the United States.

The whole tenor of the Eisenhower budget was that the Administration was running a surplus this year and next, and using this surplus to reduce the outstanding Federal debt. If this proved to be fact and not myth, then a further "temporary" boost beyond the statutory debt limit would be unnecessary.

From Mr. Burgess, Senator Byrd drew the admission that the Administration would not know until near the end of the present fiscal year, June 30, whether a further "temporary" boost in the debt limit could be avoided, in view of the admittedly precarious "surplus" under the estimates.

**Just to make the record clear, Senator Byrd, who has rather a decisive voice on what action the Senate will take, announced to Mr. Burgess that he would not approve a further "temporary" statutory debt limit boost. So the Administration's budget estimates must be pretty good, or an interesting time is going to be had by a lot of people starting next summer, when the seasonal dearth in corporate tax revenues begins.**

### Republican "Mills Plan"

Senator John J. Williams (R., Del.) who never seems to overlook an important facet of Federal finance, also brought into the open that the Republicans have their own "Mills plan" to accelerate tax collections by advancing them to a full current basis of 100% collections in each current year. The original "Mills plan" added 10% advance payments annually a year for five years on to the 52% rate. The Republicans carried this on to 1959, and in effect corporations are paying 110% of their current tax liabilities each tax year.

By the end of 1959, this bonanza will have expired and corporations will be on a current basis. Corporation tax revenue estimates take into account the 10% added annual kick-in. By 1959 corporations will be current, and the *de facto* rate of around 57% currently paid will drop to the legal rate of 52%.

**This is something which the talkers about tax cuts next year seem to have left out of their calculations. The rule of thumb is that each percentage point of corporation tax revenues brings in $300 million of Treasury revenues. Therefore in a couple of years, revenues will drop by $1.5 billion, more or less.**

### Backs Permanent SBA

Now that the Eisenhower Administration backs a permanent Small Business Administration, the Administration's philosophy on government in lending has turned full cycle.

When the Eisenhower Administration came into office, the chief remaining function of the Reconstruction Finance Corp. was the making of loans to small business. With great publicity fanfare, the Administration put the RFC into liquidation.

At the same time it backed a temporary one-year Small Business Administration to make small business loans or participate with commercial banks in making small business loans.

**SBA has been extended from year to year. Its latest legal life limit is next July 31. Wendell B. Barnes, SBA Administrator, revealed that the White House is now agreeable to continue SBA indefinitely.**

**This agency now occupies office space in the Lafayette Bldg., built for the RFC. All that is needed is another national emergency and a huge government lending agency along the lines of the RFC can be built around the SBA.**

### Liberalize Housing Aids

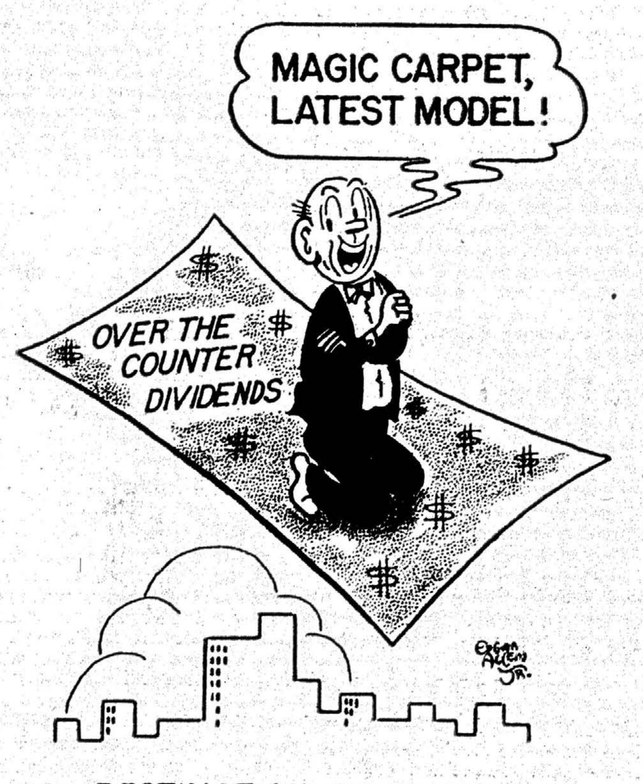
One of the proposals of the House Banking Committee for liberalization of Federally-sponsored housing mortgage finance is to tap the alleged reserves of the National Service Life Insurance fund for $1 billion. These reserves, of course, are purely a figment of the Treasury accounting imagination, all the money already having been spent. If these "reserves" were invested in veterans' housing mortgages, the Treasury would have to borrow the money it already has spent to replace these alleged "reserves."

This will be killed. A combination of Administration opposition to have to make good this money, plus Veterans Committee opposition to "a raid on GI life insurance reserves," is sufficient to kill this feature of the House Banking Committee bill.

**However, the Committee further proposes that blessings of subsidized housing shall bite into the Treasury for around $2 billion, more or less, by one direct or indirect accounting device. In the end, most of this subsidized housing mortgage financing will be approved by the Congress.**

*[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




DESTINATION SECURITY!

## Oscar's Delmonico Opens the Roman Room

Established since 1830, Oscar's Delmonico restaurant announces the opening of The Roman Room which is luxuriously appointed in Roman architecture. It is available by reservation for luncheons, dinners, banquets and buffets.

This famous international restaurant, at Beaver and William Streets, has had for patrons the Emperor of France, Diamond Jim Brady, Lillian Russell, Jenny Lind and many society favorites.