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EDITORIAL

As We See It

One of the lamentable failures of the Eisenhower regime is well manifested in the current status of agriculture. Of course, there are others too, as current budget proposals clearly attest, and as the continuance upon the statute books of many ill-conceived New Deal laws amply prove, but at least some of these are recognized as failures and effort here and there is being made to do something about them. Neither the liberal contingent in the President's party nor the so-called right wing appears, however, to be much concerned about the total failure of this Administration to make any real progress in correcting the situation that has grown up in agriculture. The opposition party, of course, upon occasion has some uncomplimentary things to say about the record but by and large its complaint is that the President and his followers have not gone still further astray.

From time to time, particularly in the earlier days of his participation in the political affairs of the nation, President Eisenhower had some apparently rather sensible things to say about the nature of our so-called farm problem, and at times appeared almost on the point of coming up with plans which could be expected to help correct current evils. Nothing of the sort—or next to nothing—was actually done, however, and as time passed and another Presidential election neared make-shift plans were devised which, when carefully studied, were found not to differ greatly from many of the programs that the President had in earlier days condemned. Now with eyes beginning to turn toward elections in 1958 and, for that matter, in 1960, the politicians

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Progress on Public Debt

By HON. W. RANDOLPH BURGESS*
Under Secretary of the Treasury

Dr. Burgess declares continued government spending and tax cuts would necessitate lifting of debt ceiling. Explains debt management moves which have eased the burden of Federal borrowings. Asserts "we have grown up to the debt a little" on the basis of its having declined to 79% of national income contrasted with 136% in 1946. Cites reduction of $4 billion in commercial banks' holdings, and lengthening of maturities.

This audience of financial experts gives me an opportunity to discuss a technical but highly important subject, the management of our $275 billion public debt.


W. R. Burgess

The public debt influences the life of everyone here tonight. It levies interest payments on us as taxpayers. But this old character's most serious misbehavior is the way she disrupts the flow of our economic life when she gets out of hand. In the war, she contributed to inflation, and even from the end of the war through 1952 she was led in such a way as to add 45% to the cost of living. She breaks into the money market and the investment markets and disturbs the peace.

We should, however, remind ourselves that this character, like the girl with the curl on her forehead, can be good as well as horrid.

Our public debt today is a symbol of a great war which we and our partners won. More recently, increases in debt have paid, in part, for armaments which protect us from destruction. Almost everyone in this room is a holder of part of the debt in the form of savings bonds or other Treasury obligations. These bonds are among our most satisfying possessions. In this uncertain world they give us a sense of security. The interest paid on the government debt is not just a cost to the people; it is also income to millions of individuals, either directly

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*An address by Dr. Burgess at the Annual Dinner Meeting of the New York Financial Writers Association, New York City, April 22, 1957.

Commercial Banks' Rebirth And the Importance of Debt

By HOWARD F. VULTEE*
Vice-President, Marine Midland Corporation, N. Y. City

Essentiality of debt creation to rising prosperity is asserted by Marine Midland officer after recounting commercial banking's return to the banking business accompanied by liquidity decline and prolonged business boom. Mr. Vultee believes: (1) capital funds' ratio will decline more and efforts to prevent further reduction in liquidity may have a considerable impact on future business level; (2) higher interest rates are necessary for an expanding economy; (3) restrictive credit policy is responsible for 1957 business decline; and (4) combination of deficit financing, some inflation and further debt creation should bring on larger bank deposits. Blames government debt monetization and resulting liquidity for stoking postwar boom until 1952-1953.


Howard F. Vultee

The sequence of events beginning around 1945 had a profound bearing on the position of the commercial banks and gradually put them back in the banking business.

This change in the role of the commercial bank coincided with the initial changes in the money market after years of artificiality incident to the war period and the New Deal fiscal and monetary concepts. It also reflected such factors as the tremendous demands for capital and credit inherent in the postwar period of industrial and business expansion combined with moves to sounder and more enlightened monetary and fiscal policies by the national administration.

As shown in Table I, the conversion of commercial banks from investment trusts largely holding governments into loaning institutions was gradually effected

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*From an address by Mr. Vultee before the Boston Security Analysts Society, April 22, 1957.

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 36.

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

Homestake Mining Company — Paul S. Ames, Investment Advisor, New York City. (Page 2)

American Broadcasting-Paramount — Jacques Coe, Senior Partner, Jacques Coe & Co., New York City. (Page 2)

PAUL S. AMES
Investment Advisor
New York City

Homestake Mining Co.

Homestake Mining, listed on the New York Stock Exchange, is the security that I like best at the present time for two unusual qualities with which it is endowed; namely, its defensive characteristics and its excellent opportunity for the enhancement in the value of its stock.

Paul S. Ames

Concerning the first of the aforementioned reasons Homestake is in the business of mining gold. It is the largest gold producer in the United States. For the past ten years this enterprise has been seriously handicapped by the ever present condition of a creeping inflation and a fixed gold price of $35 per ounce. Although the company has been prevented by Federal law from increasing this price for their major product, it has nevertheless reduced its operating costs over these years sufficiently to enable the company to earn enough money for the payment of an annual dividend which has averaged at least $2 per share during this period. Inasmuch as it is my considered opinion that our economy may have reached the peak of this inflationary cycle, I believe that this security will be benefited in the future by stable and possibly reduced costs which should result in better profits from their gold mining operation.

The second reason for my optimism on Homestake is because this company is fast becoming an important producer of uranium. Recently the company stated that it was giving serious attention to the acquisition of land in the Ambrosia Lake area in New Mexico where the largest reserves of uranium ore, thus far found in the United States, have been revealed through drilling. It seems very likely to me that their ventures in the mining of uranium have excellent prospects of being highly successful and consequently of contributing substantially to their future earnings. I think that they will become an important supplier of fissionable material to the new and dynamic Nuclear Age which is fast coming upon the entire world.

I wish to advise the readers of this article that I am a stockholder in the Homestake Mining Company.

JACQUES COE
Senior Partner, Jacques Coe & Co.
New York City
Members New York Stock Exchange

American Broadcasting-Paramount

Because one likes American Broadcasting-Paramount best at this time does not necessarily mean that it should take off from here in soaring flight. Years ago, the voicing of a favorite issue carried with it the implication that within a few weeks the "move" would begin. If nothing happened, the recommendation was considered a dud.

Jacques Coe

Nowadays the tempo is quite different. Not only are individual stock market "swing behaviorisms" more deliberate in their timing, but the potential buyer also is more relaxed, usually spreading purchases over a broad period, and contemplating at least a six months' interim before considering the establishment of capital gain.

The purpose of this introduction is to emphasize that so far as present indications go, one cannot expect particularly brilliant earnings for the first three quarters of 1957. At the same time, forward bookings, based upon unusual talent already acquired, and television advertising time already sold, makes it reasonably possible to estimate what the earnings may be not only for the fourth quarter of 1957, but for the greater part of 1958.

Hence we anticipate a conflict of supporting and depressing forces during the next few months . . . much if not most of the selling coming from tired holders and from those who are inclined to be influenced by **what has been** . . . while on the other hand, buying comes from those who are interested only in **what is likely to be.**

In the Spring of 1956 the shares of American Broadcasting-Paramount enjoyed sponsorship by numerous Stock Exchange firms, forecasting $3 for 1956, and thereafter anticipating consistent increase in earnings to $5 or $6 a share, by 1960. Unfortunately, there were some unexpected happenings during 1956, including a major shake-up in management of the Broadcasting Division so that earnings for the year were a trifle under $2 rather than $3 and the stock dropped from $32 to $21. For the past five months the price range has been pivoting either side of $23. It is possible that this trading range will not break out definitely on the upside until sometime this coming Summer.

In my opinion, the last opportunity to buy cheap stock of ABP (its symbol on the New York Stock Exchange) is after issuance of the first quarter earnings for 1957. They have just been made public, and as expected are lower than those for the same period in 1956. (40 cents compared with 60 cents.) Some stockholders may get the idea that this is a backward business with which one should not stay. Contrarywise, I do not claim any monopoly on brains or farsighted thinking. There must be other people equally well posted, who welcome any temporary price sinking spell to buy for the long-term upswing. There is of course no guarantee that there will be a sinking spell on publication of first quarterly earnings—potential buyers must take their chances.

The above disposes of the matter of "timing," such an all important factor in the buying and selling of securities. The remainder of this article will deal with essential background, although anyone interested in this situation can obtain all the necessary information from the usual financial services, the annual report recently issued, or the most illuminating special article in "Fortune" Magazine (April 1957).

From what I have been able to ascertain, the big shake-up in management of the Broadcasting Division of the company last Fall, eventually should work out most favorably for the company and its stockholders. The new team appears to be composed of men possessing both youth and experience — with top executives aggressive, imaginative and able. Furthermore there have been established second and third positions of the command "in depth" in various departments of the business.

Four years ago the American Broadcasting Company merged with United Paramount Theatres. At that time ABC had only seven primary Television affiliates. Today there are 71 primary station affiliates. Television rapidly is becoming the main revenue provider.

The company markets phonograph records, has a 35% interest in Disneyland, and has invested certain sums of money to produce feature length, relatively inexpensive movies. Practically 96% of ABP's income comes from two major sources. They operate 550 Motion Picture Theatres in 37 States, which provided about $100 million gross revenue in 1956.

The program of the management is toward a reduction of Theatres (probably by another 100 from the current 550) so that eventually they will have a hard core of approximately 450 top Theatres with the best potential—with the finest conveniences and facilities necessary to cater to today's movie-going public and which should continue to provide as much, if not more gross and net revenue as they are obtaining today from a larger number.

Broadcasting, both Radio and Television for 1956, also provided about $100 million of revenue. This branch of the business is expected to increase consistently over the next three or four years, with a goal set for 1960 of not less than $250 million.

Their Television business in 1956, showed an increase in gross revenue of 49%, compared with 18% for Columbia Broadcasting and 15% for National Broadcasting.

Expansion possibilities lie in the fact that American Broadcasting-Paramount has more network broadcasting time available for sale, although a recent issue of "Variety" contends that the company's Fall program schedule virtually is set, with Sunday night being the only time where the network leaves room for any large scale changes.

A few weeks ago Oliver Treyz, Vice-President in charge of Television, told affiliates that 1957-1958 promises to be the first season when ABC will have had a station affiliate exclusively with the ABC network in every major

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Government Expansion In a Dynamic Society

By SUMNER H. SLICHTER*
Lamont University Professor, Harvard University

Distinguished Harvard economist explains and defends most of the rapidly expanding governmental activities and spending. In disagreeing with the current conception of government as an expense, Dr. Slichter portrays our government as a service-rendering organization that should seize opportunities to add to present and future productivity of the economy by enlarging and improving its services, and by cutting unjustifiable subsidies. Finds government is not a threat to our liberties; calls attention to record high real capital outlays, employment level, and ability of prices not to rise ahead of costs. Concludes fears of expanding activities "are not well founded" and that we can obtain increasing returns for our tax dollars.

I
The Issues

The thesis of my remarks is that the government is not merely an expense—it is a service-rendering organization that repays its costs manyfold in the services that it gives. In a dynamic society the demand for services from the government is constantly growing—not only the demand for the services of the traditional sort, but the demand for new kinds of services. In such a society it is likely to be wise to spend more, not less on the government.

Sumner H. Slichter

To many people the expansion of government activities is a cause for alarm. They fear that the expanding activities of the government will imperil our political liberties by making the population unduly subject to influence by the holders of public office and they fear the effects of the growing costs of government upon our economy. I propose to examine these views. My remarks will fall into two principal parts. In the first place, I wish to discuss briefly some of the reasons for the rapidly expanding activities of the government. In the second place, I wish to discuss the principal effects of the growing activities of government upon the economy, upon our politics, and upon our philosophy and scale of values. In my judgment, the various fears created by the expanding activities of government are not well founded. They are based upon a serious misconception of the nature of the activities of the government, of the effects of these activities upon the economy, of the way in which public policies are made, and of the possibility of still further increasing the usefulness of the government.

*An address by Dr. Slichter before the Midwest Business Conference of the Harvard Business School, Chicago, April 13, 1957.

II
The Forms of the Growing Activities of the Government And the Reasons for This Growth

Behind the expanding activities of the government are many influences. In an age of science and machine industry, the ancient governmental functions of enforcing law and order, promoting health and safety, and regulating trade find new applications and take on new forms. Many of the things that the government did not do in days gone by simply reflected the fact that people were too ignorant of the causes of disease to demand protection, or that science and technology were not sufficiently advanced to provide tests or standards for the law to apply. Nearly all of the important work of the government in the field of public health (its control of the quality of the water supply, its rules governing ventilation and the installation of plumbing, its requirements for vaccination, its pure food and drug legislation, its inspection of seeds and plants) simply means that the government is led by scientific knowledge to perform ancient functions more adequately. Such developments as the Sherman Act, the Securities and Exchange Commission, the Federal Trade Commission, the National Labor Relations Board, the Civilian Aeronautics Board, and many other administrative or quasi-judicial boards and commissions, both state and Federal, represent the application of the ancient function of regulating trade under modern conditions. Some of these bodies could stand overhauling and streamlining; some of their procedures are cumbersome and are full of featherbedding legal rules. All of them, however, are simply performing the ancient governmental functions.

The disturbed state of international relations requires a far larger defense establishment than was necessary before the Second World War. Here again, the expansion of the activities of government involves no new principles. The government has simply enlarged its activities to do what it has always done—protect the nation from the danger of outside attack and to provide appropriate military support for the country's foreign policies.

The government has always been

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The Business and Market Outlook

By SAUL S. SMERLING*
Standard & Poor's Corp.

Mr. Smerling maintains the indicators show the economy is now moving "sidewise" in a status of consolidation and correction, in lieu of recession. For business, predicts over-all stability will average out rolling readjustments with unprecedented selectivity. Expects present profits squeeze to be eventually followed by new peaks. For the stock market, he maintains over the short term a broad status quo; and over the long term an up-side break-out carrying through to a 25% advance over the next three years.

On the basis of accepted indicators, the economy is moving sidewise, following two years of almost uninterrupted boom. Using physical output as a measure, the FRB production index averaged 125 in the 1954 recession year. In 1955, it was up 11%; in 1956 the rise slowed to a normal 3%. Corrected for seasonal, the index averaged 146 in the last quarter of 1956, and again in the first quarter of 1957. For six months, output has stabilized on a high plateau.

Saul Smerling

The picture is much the same in other indicators. Adjusted for price changes, manufacturers' shipments in the opening months of 1957 were only fractionally higher than in the final 1956 quarter. In retail trade, there is little change on a seasonally adjusted basis. First-quarter construction activity was barely higher than in the final 1956 quarter.

A Consolidation Period

So—thus far, at least, the picture is one of consolidation—or sidewise correction, if you please—of previous gains. It is hardly a picture of recession. To be sure, there is a certain amount of inventory indigestion—which is always a reason for caution. But the indigestion is not universal; it is more marked in some lines than in others. In the retail field, for example, inventories are slightly under a year ago, with sales running about 5% higher. And despite the "aggregate indigestion," the economy refuses to give any ground. That, in itself, testifies to basic, underlying strength.

Profits Implications

From the standpoint of profits, the picture is about the same, though the implications are somewhat different. On an absolute basis, sales are rising—not in all lines, but rising in the aggregate. This primarily reflects an increase in selling prices. But the rise in prices has not been enough to offset completely the rise in costs. Thus, first-quarter earnings reports of industrial companies show a preponderance of year-to-year declines; but, refreshingly, more are in the plus column than many of us had been led to expect.

How Is All This Reflected in the Market?

Between the 1956 high of 53.28 and the February low of 44.86, Standard & Poor's Industrial Index surrendered 28% of the previous steep advance. This reflected the fact that growth stocks had been tremendously overbought; the growing uneasiness in reaction to the "squeeze" on profit margins; the Suez troubles and other tensions; and last, but not least, the increasing competition from bonds for the investor's money.

As late as April, 1954, the yield of the S & P industrials was two times that afforded by A-1 industrial bonds. By August, 1956, the ratio was down to only 1.11 times.

However, since Feb. 12 the index — after some rebound — has moved mostly in an extremely narrow range, roughly between 46 and 47—a range of only 2%. Clearly, this reflected investor indecision. First, the news was bewildering — an up here, a down there, no over-all pattern one way or the other. Second, for every expert who offered the prospect of better things to come later on, another aroused fears of further recession in earnings and stock prices. So the investor, instead of performing his normal function of discounting what is to come, found that he could not decide what is to come, and acted according to the facts of the moment, which, as I have said, add up to stabilization on a high plane.

Where Is Business Headed?

First, as to the economy:

This can best be expressed in an over-all way through Gross National Product. We estimate GNP will be about $427 billion for 1957, only a slim increase over the fourth quarter rate, but about 3.5% above the full-year 1956 figure.

It is interesting to analyze the increase, because it will highlight the reasons for anticipating support of the economy. A 3.5% increase comes to $14.6 billion. Of this, $8.3 billion will come from growth of personal consumption expenditures; $5.3 billion will come from bigger government spending—on Federal, State and local levels; $2.2 billion will come from expansion of industry's investment in plant and equipment; and finally, the effect of the latter will be reduced to the tune of $1.1 billion by inventory curtailment. Incidentally, available data do not yet show a decline in over-all inventories, but the rate of increase has slowed to a crawl, and it seems likely that this will be followed by a moderate decline.

This may mean some slight interim let-down in business, but nothing serious on an over-all basis. The rise in government spending, the somewhat lesser rise in business spending for plant and equipment, and, above all, the growth of consumer purchasing power as a result of higher unit wages and still rising employment, will cushion any shocks, making for general stability in coming months, and possibly a tendency toward upturn late in the year.

The over-all stability will average out a series of rolling readjustments in individual lines and for individual companies, with some doing much better than others. We analysts sometimes abuse the word "selectivity" in our work, but the business pattern justifies the use of that word, and that approach, as it seldom has been justified before.

The Longer Term Profit Outlook

Just a word on the longer term. The profit curtailment from which business is suffering by reason of the non-recurring cost of installing new equipment, and of training workers to handle this equipment, will be followed by a new, higher level of profit margins eventually. Remember that we have a number of factors working in favor of stocks over the long run: the inevitable growth of population, a rising standard of living, more leisure time that will bring on new demands, increased production efficiency that will bolster profit margins and—so far as we can see right now—permanently higher government budgets on all levels, to lend added support to the economy. That is, they will lend support—IF they do not generate a larger tax burden in relation to the national income than at present.

What does all this imply for the market? Short term, a broad status quo.

In the past two weeks the S & P industrial index rose out of the 46-47 rut to close on April 12 at 48.07. I lay this to several factors —(1) the fact that not all the disappointing news intermingled with the rest could cause stocks to break the low level of the range, which in itself was encouraging; (2) a somewhat better tone to earnings reports than had been expected; (3) excellent news on sales prospects from such industrial leaders as Bethlehem and Jones & Laughlin in the steel industry, which had been a source of worry, and from duPont; (4) a tendency for some of the big short interest to run to cover.

This rally may continue, though there is resistance just ahead in the 49-51 area. The chances are the rally will not proceed too far. On the other hand, the business prospect is such, and the amount of money waiting to buy stocks at moderate price concessions is such, as to offer pretty good assurance that the market will not decline substantially, either.

As a guess, I would expect the market to continue to hover within a range, at least most, and possibly all, of 1957. This range will be wider than we have recently seen, of course. But I would place its upper limit at most likely around 50-52 (Standard & Poor's) and its lower limit around 42-44; always barring unforeseeable developments. Within that over-all pattern, however, it should be possible for the investor who operates selectively, yet with restraint, to make money in predominantly dull markets.

The Long Term

Long term, I would expect stocks to break out of the range strongly on the upside, in line with the long-range business outlook. Nineteen fifty-six earnings on the S & P industrials were $3.53 a share—they won't be much different this year. But it would not be surprising to see them rise to $4.50 or more in the next three years. That's a gain of about 25%, or about 8%-plus per year, on average. Stocks are currently selling at 13.4 times earnings in a period of indecision; presumably they will not sell for less in a period of renewed upturn. Based on this multiple and $4.50 earnings, the projection would work out to around 60 for the index.

The dividend payout by all corporations last year was 56% of earnings. Let's assume this ratio remains static, on $4.50 earnings it would produce a little better than $2.50 dividends. But let us also assume that stocks will yield less than the current 4.2% in a period of dynamic resurgence. I think a figure of 3.75% is not out of line, in terms of our expectations.

On the basis of the dividend projection, and the assumption as to yield, we get a projected level of 67-68 for the index. Let's settle, then, for 65 or so, as a measure of what the market can produce for us within a reasonable time. That's a rise of 35%. . . . It could be a good deal more for selected stocks, and it could be more for the index, depending on the investment climate at the time. However, I want to emphasize that I have not attempted to pinpoint the attainment of this level of the market, but have merely been trying to outline what I feel are the reasonable possibilities.

*A talk by Mr. Smerling before the N. Y. Society of Security Analysts, April 15, 1957.

The Outlook for the Stock Market

By ALBERT I. A. BOOKBINDER*
Harris, Upham & Co., Members New York Stock Exchange

Based on "the fundamental factors" of money and credit conditions, prospective profits, and investment psychology; and on expectations that there will be no early stimulants to a renewed economic upswing. Mr. Bookbinder forecasts continuation of the market's "primary downward trend." Considers recent upswing a mere technical rally.

The outlook for the stock market depends on money and credit conditions, prospective profits and investment psychology resulting from these fundamental factors.

A. I. A. Bookbinder

Bank borrowing from the Federal Reserve banks is exceeding excess reserves, so that free reserves show a deficit of approximately a half billion dollars. Tight money and credit conditions have been reflected in higher interest rates. This means lower bond prices and conversely larger yields. As measured by Moody's averages, triple A quality corporate bonds yield 3.66% and all corporates nearly 4%. At the same time industrial stocks yield hardly more than 4%. Thus, the differential between stocks and high grade bonds is not more than one-half of 1%. In the past this small spread — making bonds more attractive — has occurred not far from tops in "bull" markets.

Prospective profits for corporations principally depend on general business activity. For the past two years national income has been propped by the capital expenditures boom. For the second half of this year, however, expansion of plant and equipment will tend to taper off.

Leveling-Off of Expansion Plans

According to the latest survey conducted jointly by the Department of Commerce and the Securities and Exchange Commission, businessmen plan to increase expenditures on new plant and equipment in 1957 some 6% over the all-time high set in 1956. The substance of this rise could be absorbed in higher prices, however. Actual capital outlays in the last quarter of 1956 and in the first quarter of 1957 were lower than had been projected. This failure to realize anticipations may be due at least in part to cutbacks in expansion plans. While capital expenditures are scheduled to move up somewhat in this current quarter, a slight reduction from this peak is planned for the second half of 1957.

A survey of manufacturers by the National Industrial Conference Board indicated that capital appropriations in the last quarter of 1956 for new plant and equipment were 14% below a year ago. This decrease corroborated a downward trend first suggested in third quarter appropriations, which showed an 8% decline from a year earlier authorizations. The last report marked the second successive quarter in which appropriations failed to reach capital expenditures, while cancellations doubled that of the previous quarter. As a result, the backlog of capital appropriations fell to a level lower than in any quarter of 1956. Moreover, the backlog "rate" (the ratio of outstanding appropriations to current expenditures) tumbled to a two-year low.

Decline in Residential Construction

Based on F. W. Dodge reports, residential construction contracts awards on a floor space basis declined in February to 22% below the level of a year ago. On April 8 the Veterans Administration announced that requests in March for V. A. appraisals on proposed home construction dropped to 48% below the level of a year ago. Applications for Federal Housing Administration commitments on contemplated home building are running about 33% behind last year. According to the latest survey by the University of Michigan Survey Center sponsored by the Federal Reserve Board, 8.4% of consumer spending units plan to buy houses in 1957 as against 9.4% with such plans last year. This could mean a further 10% cut in home building.

This same survey also indicates that there is no significant change in consumer plans to purchase automobiles in 1957, as compared with last year. In fact, total automobile sales so far this year are running behind 1956, according to Ward's Automotive Reports. This is resulting in an 11% cutback in automobile production scheduled for the second quarter, compared with the initial quarter. No significant increase in total consumer spending may be expected, since consumption depends on income.

Tapering Inventories

Inventory accumulation is showing signs of tapering off, to be followed by some liquidation as national income fails to expand.

Despite expected increases in government spending, the Federal Government's budget is not particularly inflationary. On a cash basis as a matter of fact, the budgeted excess of tax revenue over expenditures would have a deflationary impact on the economy.

In April, 1956, new all-time highs were recorded in the stock market averages. After the Federal Reserve banks raised the discount rate, the industrial average fell 10% in May. The subsequent recovery returned the industrial average to around its peak by August, but this was not a broad advance. The rails lagged behind, while the majority of stocks actually failed to advance on net balance. Then prices generally dipped until February of this year. Presently the rally appears to be technical in nature, as a rebound to the earlier decline.

A combination of tight money and credit conditions resulting in a narrow differential between stock and bond yields, a squeeze on profit margins and lower stock prices have adversely affected market psychology.

For the foreseeable future there are presently no stimulants to generate a renewed upsurge in the economy. Until this outlook for profits is reversed, the primary downward trend in the stock market may be expected to continue.

*A talk by Mr. Bookbinder at the Chamber of Commerce, New York City, April 8, 1957.

The State of Trade and Industry

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

Reports on business activity the past week appeared to bear out earlier predictions that the current year would be a leveling-off period. Reporting on industrial output for March the Federal Reserve Board Index noted that the month remained at 146 (1947-49 = 100), unchanged from that of January and February, but rose 3% above March, a year ago. Other steady indicators were employment, industrial profits and construction.

Over-all manufacturing activity in the past six weeks was close to that of the first two months of the year and slightly above a year ago. Although steel operations declined somewhat each week since mid-February, manufacturing in most steel consuming industries showed slight gains. Industrial profit margins in March again were narrowed by higher manufacturing costs.

Non-farm employment in March continued at the record level of 52,000,000, while the number of unemployed dipped seasonally to just below 3,000,000. Personal income in March rose slightly to an annual rate of $337,500,000,000, another new high. So far this year consumers are paying off their instalment debt at a faster pace. In March repayments exceeded $3,000,000,000, the highest monthly rate on record.

The recent Spring rise in sales of new passenger cars continued last week and dealer inventories were somewhat reduced. On April 1 stocks were 12% less than those on the comparable 1956 date. This was a result of the sales rise in late March and the lowest April 1 rate of factory shipments in four years.

The downward trend in home building continued. The annual rate of housing starts fell to 880,000 in the first quarter, the lowest rate since 1949. In March applications for FHA mortgage insurance on proposed houses were 35% below last year.

The latest report available on employment for the country at large shows that claims for unemployment insurance by newly laid-off workers went up by 700 to a total of 261,400 during the week ended April 13, according to the Bureau of Employment Security.

While 29 states reported declines in initial claims for jobless insurance, the rise in other states was enough to balance it out. The largest number of claims came in Ohio, New York and Indiana. The Bureau stated the Ohio increase was attributable to sizable layoffs in an auto assembly plant. Seasonal layoffs in the apparel and related industries accounted for much of the increase in New York's initial claims, and apparel cutbacks and layoffs at a television plant were blamed for Indiana's rise in new claims. Initial claims for jobless insurance during the same week of 1956 totaled 227,000, it noted.

Insured unemployment, meanwhile, went down for the fifth straight week during the week ended April 6. The total dropped by 14,100 to 1,494,300. The total for the like week of last year was 1,400,500, the Bureau of Employment Security observed.

The steel market still lacks a much-needed stimulus this week. A pick-up in automotive and appliance ordering could provide the spark that mills have been hoping for, but these important steel users show little inclination to snap out of the doldrums, stated "The Iron Age," national metalworking weekly, on Wednesday of this week.

Several midwestern mills report an encouraging pick-up in automotive sheet orders for June delivery, but other mills see no particular change in the order volume coming from Detroit. Appliance makers are still loaded with steel inventory and some have cut back operations to four days a week.

One bright spot in the otherwise dark sheet-strip market is the indication that some steel users may have cut their inventories to the point where they may have to re-enter the market soon. Orders for emergency delivery of sheet and strip tonnages are cropping up more frequently.

Another hopeful sign is that some companies are now talking about placing orders as a hedge against the expected steel price increase in July. These hedge orders will be nothing like those of previous years when the possibility of a steel strike provided an additional incentive. But sheet-strip mills are welcoming the windfall, however slight, declares this trade weekly.

The July steel price boost will offset the scheduled wage increase effective July 1 under steel labor contracts. Some steel men are plumping for a $10-a-ton increase, while others believe the rise will average about $7.50 per ton. A good possibility is an average boost of between $5 to $7 per ton, "The Iron Age" points out.

Inventory cutbacks may be closer to completion than is generally realized. Warehouses report receipt of emergency orders from steel users who normally buy in mill quantities. Mills are competing for business in some products strictly on the basis of delivery. This is forcing some mills to warehouse fairly heavy tonnages to meet customer demands for prompt delivery. Several stainless steel producers recently lost orders to competitors because they could not meet customer delivery requirements, states this trade publication.

The steel scrap market gave additional signs of firming up this week, but there's no indication of a definite trend as yet. Some scrap dealers are beginning to rebuild yard inventories and are resisting mill efforts to buy at lower prices, yet some market areas still report declining prices, concludes "The Iron Age."

In the automotive industry last week, observances of Good Friday at the auto plants caused a decline of 2.7% in motor vehicle production.

"Ward's Automotive Reports" counted 144,940 car and truck assemblies last week for United States factories as against 148,898

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Observations . . .

By A. WILFRED MAY

THE PENDING FINANCIAL LEGISLATION

The "Financial Institutions Act of 1957," popularly known as the Robertson Bill, has not received the attention which is its due.

This important Bill is the end-product of a badly needed effort to bring together in a single legislative measure all existing major statutes pertaining to banks and other financial institutions, including the National Bank Act, the Federal Reserve Act, and the Federal Deposit Insurance Act. Enacted by the Senate, its counterpart in the form of the Brown Bill now is about to be considered by the House.

A. Wilfred May

The extended debate on the Senate floor on such important issues as disclosure of stock ownership, cumulative voting, and bankers' political contributions elicited major discussion on an extremely high objective level. Participating were such well-grounded experts as Senators Paul H. Douglas, a former President of the American Economic Association and Prescott Bush, erstwhile investment banker as partner in Brown Brothers Harriman & Co. and corporate director. It should be read by everyone interested in banking, investment, or other aspects of finance. (cf *The Congressional Record, March 14, 18, 19, 20, and 21.*)

For Broadening Stock Ownership Disclosure

Voicing self-imposed restraint in urging the need for wider disclosure of bank stock holdings, including his belief that "the conduct of our banking institutions is overwhelmingly in honorable hands," Mr. Douglas pointed out that nevertheless there is the possibility of unsavory interests gaining control of banks without the knowledge of the supervisory agencies, and urged in any event, the legitimacy of at least knowing who the real major owners are. In line with the original philosophy underlying our Federal securities legislation and SEC administration, Senator Douglas emphasized that "publicity is the best method in a democratic society . . . acts as a restraining influence far more effective than criminal sanctions could ever be."

Senator Bush, speaking in opposition to Senator Douglas' proposal, stating that it arose from the latter's concern over the previous Illinois bank scandals, maintained that the suggested remedies would be "both ineffective and so far-reaching as to impose hardships on all banks, discourage investments in bank stocks, and thus decrease the possibility of acquiring new capital needed for the protection of bank depositors."

The Senate's disposed of this issue by providing for the furnishing of a list of shareholders to the Comptroller on his demand within ten days; and for the banks notifying the Comptroller immediately of any single transaction recorded on the transfer records involving the purchase or sale of 10% of the outstanding stock.

That Controversial Issue

That Number One controversial corporate question, cumulative voting, was proposed to include banks, although defeated by a Senate vote of 57 against 28, (with Senator Fulbright against and new sub-committee Chairman Lausche in favor), it brought forth particularly illuminating discussion. (Cumulative voting is a provision whereby a minority of the voting stockholders may obtain a roughly corresponding proportion of the number of directors.) Senator Douglas brilliantly supported the provision's inclusion on the grounds that it gives substantial minorities justified representation; makes information available to minority stockholders giving them a "say" about company affairs; and curtails "yes-men" abuses now actually harming the majority. Senator Hubert Humphrey chimed in with the suggestion to use the play or movie, "The Solid Gold Cadillac," as expert testimony.

Political Contributions

On the matter of political contributions raised by Senator Douglas, it was decided to prohibit banks or their officers and directors from making contributions to any elective or appointive official who has authority to deposit public funds, or to any candidate for public office who has such authority. Exception is made for a bona fide contribution made to a political committee supporting a general ticket.

Regulation at the Crossroads

Final disposition of all of these questions will shortly be made before the House under the Brown Bill, with the Fulbright Bill in the Senate applying "SEC regulation" to all companies, excepting banks; and the Multer Bill in the House removing that exception for the banks.

* * *

A Reader Writes on Rights

(The following communication refers to our column of April 4 which pointed out some ways in which the stockholder is disadvantaged through his company's rights offerings; concluding that in any event there should be no infliction of dilution—as is sometimes marked in the case of closed-end investment companies—in the absence of a compelling corporate business motivation. Our correspondent, Senator Lehman, was Chairman of the Sub-Committee on Securities of the Senate Banking and Currency Committee.)

Dear Mr. May:

I am not sure that your and other current criticism of rights is entirely justified. When I was in business and my firm marketed securities, in almost every issue of common stock there was included preemptive rights. I felt then, and I still do, that preemptive rights guaranty to stockholders that no senior securities could be issued which would dilute their holdings, unless they were willing to waive their rights. I note that now in many instances preemptive rights have been eliminated and that pursuant to the more or less perfunctory powers given by the stockholders to the Directors, the latter could issue stock, sometimes in large volume, in such manner and under such conditions as seemed desirable to them. I have the feeling that that authority gives to the Directors, an opportunity for substantial abuse of stockholders interests, although I must admit

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New Issues

$80,000,000

STATE OF CALIFORNIA

5%, 3¼% and 3½%

VETERANS' BONDS,
STATE SCHOOL
BUILDING AID BONDS

Principal and semi-annual interest (February 1 and August 1) for the $50,000,000 Veterans' Bonds and (March 1 and September 1) for the $30,000,000 State School Building Aid Bonds, payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder, at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. First coupon payable August 1, 1957, on the $50,000,000 Veterans' Bonds and first coupon payable September 1, 1957, on the $30,000,000 State School Building Aid Bonds. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

Veterans' Bonds maturing on and after August 1, 1973, are subject to redemption at the option of the State, as a whole or in part, on August 1, 1972 (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. State School Building Aid Bonds maturing on and after September 1, 1979, are subject to redemption at the option of the State, as a whole or in part, on September 1, 1978 (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two weeks not less than 30 days nor more than 90 days prior to said date of redemption, in each of the Cities of San Francisco, Sacramento and Los Angeles, California. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not less than all the bonds maturing in any one year.

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

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

Veterans' Bonds, issued under the Veterans' Bond Act of 1956 (Article 5F, Chapter 6, Division 4, Military and Veterans Code) for Veterans purposes, in the opinion of counsel are general obligations of the State of California payable in accordance with the Veterans' Bond Act of 1956 out of the General Fund of the State. The full faith and credit of the State of California are pledged for the punctual payment of both principal and interest. The bonds are authorized for the purpose of assisting California war veterans to acquire farms and homes, the cost of which must be repaid to the State on an amortized purchase basis.

State School Building Aid Bonds, issued under provisions of State School Building Aid Bond Laws of 1954 (Chapter 23, Division 3, Education Code) for school purposes, in the opinion of counsel are valid and legally binding general obligations of the State of California payable in accordance with their terms out of the General Fund of the State, and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as the same become due. The bonds were authorized by the electorate on November 2, 1954, for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part, by the districts receiving aid.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by the

ISSUES, AMOUNTS, RATES, MATURITIES AND YIELDS OR PRICES

(Accrued interest to be added)

$50,000,000
Veterans' Bonds, Act of 1956, Series L

Dated June 1, 1957
Due August 1, 1958-77, incl.

Amount	Coupon Rate	Due	Yield or Price†
$2,000,000	5%	1958	2.40%
2,000,000	5	1959	2.60%
2,000,000	5	1960	2.75%
2,200,000	5	1961	2.85%
2,200,000	5	1962	2.95%
2,200,000	3¼	1963	2.95%
2,300,000	3¼	1964	3.00%
2,300,000	3¼	1965	3.05%
2,300,000	3¼	1966	3.10%
2,500,000	3¼	1967	3.15%
2,500,000	3¼	1968	3.20%
2,500,000	3¼	1969	100
2,700,000	3¼	1970	100
2,700,000	3¼	1971	100
2,700,000	3¼	1972	3.30%
2,900,000	3¼	1973*	3.35%
2,900,000	3¼	1974*	3.35%
2,900,000	3½	1975*	3.40%‡
3,100,000	3½	1976*	3.40%‡
3,100,000	3½	1977*	3.40%‡

† Yield to maturity, except where yield to call date indicated.
*Bonds maturing 1973-77, subject to call at par, plus accrued interest, on and after August 1, 1972, as described herein.
‡ Yield to first call date.

$30,000,000
State School Building Aid Bonds, Series N

Dated May 1, 1957
Due September 1, 1959-83, incl.

Amount	Coupon Rate	Due	Yield or Price†
$1,000,000	5%	1959	2.60%
1,000,000	5	1960	2.75%
1,000,000	5	1961	2.85%
1,000,000	5	1962	2.95%
1,000,000	3¼	1963	2.95%
1,100,000	3¼	1964	3.00%
1,100,000	3¼	1965	3.05%
1,100,000	3¼	1966	3.10%
1,100,000	3¼	1967	3.15%
1,100,000	3¼	1968	3.20%
1,200,000	3¼	1969	100
1,200,000	3¼	1970	100
1,200,000	3¼	1971	100
1,200,000	3¼	1972	3.30%
1,200,000	3¼	1973	3.35%
1,300,000	3¼	1974	3.35%
1,300,000	3½	1975	3.40%
1,300,000	3½	1976	3.40%
1,300,000	3½	1977	3.40%
1,300,000	3½	1978	3.45%
1,400,000	3½	1979*	3.45%‡
1,400,000	3½	1980*	3.45%‡
1,400,000	3½	1981*	3.45%‡
1,400,000	3½	1982*	3.45%‡
1,400,000	3½	1983*	3.45%‡

† Yield to maturity, except where yield to call date indicated.
* Bonds maturing 1979-83, subject to call

N. T. & S. A.
Bankers Trust Company
The First National City Bank of New York
The Chase Manhattan Bank
The First National Bank of Chicago
Halsey, Stuart & Co. Inc.
Blyth & Co., Inc.
The First Boston Corporation

Harriman Ripley & Co. Incorporated
Harris Trust and Savings Bank
Smith, Barney & Co.
Lehman Brothers
American Trust Company San Francisco
Security-First National Bank of Los Angeles
California Bank Los Angeles
Drexel & Co.
Glore, Forgan & Co.

Chemical Corn Exchange Bank
C. J. Devine & Co.
Continental Illinois National Bank and Trust Company of Chicago
The Northern Trust Company
R. H. Moulton & Company
Goldman, Sachs & Co.
Kidder, Peabody & Co.

Eastman Dillon, Union Securities & Co.
Bear, Stearns & Co.
Merrill Lynch, Pierce, Fenner & Beane
Blair & Co. Incorporated
Weeden & Co.
The First National Bank of Boston
The First National Bank of Portland, Oregon

The Philadelphia National Bank
Seattle-First National Bank
Equitable Securities Corporation
Stone & Webster Securities Corporation
Dean Witter & Co.
Phelps, Fenn & Co.
White, Weld & Co.

Salomon Bros. & Hutzler
R. W. Pressprich & Co.
Paine, Webber, Jackson & Curtis
Mercantile Trust Company
Shields & Company
Reynolds & Co.
Ladenburg, Thalmann & Co.

American Securities Corporation
J. Barth & Co.
Alex. Brown & Sons
Clark, Dodge & Co.
Dick & Merle-Smith
Dominick & Dominick
First of Michigan Corporation
Hallgarten & Co.
Hayden, Stone & Co.
Hemphill, Noyes & Co.

Laidlaw & Co.
Lee Higginson Corporation
Carl M. Loeb, Rhoades & Co.
F. S. Moseley & Co.
National State Bank Newark
John Nuveen & Co. (Incorporated)
L. F. Rothschild & Co.
Schoellkopf, Hutton & Pomeroy, Inc.
William R. Staats & Co.

Stroud & Company Incorporated
Andrews & Wells, Inc.
Bache & Co.
Baxter & Company
A. G. Becker & Co. Incorporated
J. C. Bradford & Co.
Branch Banking & Trust Company
Braun, Bosworth & Co. Incorporated
Coffin & Burr Incorporated
Francis I. duPont & Co.
Estabrook & Co.

E. F. Hutton & Company
Kean, Taylor & Co.
The Marine Trust Company of Western New York
Laurence M. Marks & Co.
W. H. Morton & Co. Incorporated
Roosevelt & Cross Incorporated
Shearson, Hammill & Co.
Tucker, Anthony & R. L. Day
B. J. Van Ingen & Co. Inc.

Wertheim & Co.
Bacon, Stevenson & Co.
Bacon, Whipple & Co.
Barr Brothers & Co.
City National Bank & Trust Co. Kansas City, Mo.
R. S. Dickson & Company Incorporated
Eldredge & Co. Incorporated
Fidelity Union Trust Company Newark
Geo. B. Gibbons & Company Incorporated

Gregory & Sons
Ira Haupt & Co.
Hirsch & Co.
W. E. Hutton & Co.
The Illinois Company Incorporated
A. M. Kidder & Co.
Wm. E. Pollock & Co., Inc.
F. S. Smithers & Co.
Spencer Trask & Co.
Trust Company of Georgia

Wachovia Bank and Trust Company
G. H. Walker & Co.
Robert W. Baird & Co. Incorporated
Baker, Watts & Co.
Barret, Fitch, North & Co.
William Blair & Company
Bramhall, Falion & Co., Inc.
Brown Brothers Harriman & Co.

Commerce Trust Company Kansas City, Mo.
Dempsey-Tegeler & Co.
King, Quirk & Co. Incorporated
Mercantile-Safe Deposit and Trust Company
National Bank of Commerce of Seattle
Newhard, Cook & Co.
New York Hanseatic Corporation
The Ohio Company

Schwabacher & Co.
Stern Brothers & Co.
J. S. Strauss & Co.
Taylor and Company
Tripp & Co., Inc.
Van Alstyne, Noel & Co.
Chas. E. Weigold & Co. Incorporated
Robert Winthrop & Co.
Wood, Struthers & Co.
Byrne and Phelps Incorporated

A. G. Edwards & Sons
Glickenhaus & Lembo
Hannahs, Ballin & Lee
Lawson, Levy & Williams
Irving Lundborg & Co.
Model, Roland & Stone
Moore, Leonard & Lynch
Rand & Co.
Rauscher, Pierce & Co., Inc.

Shuman, Agnew & Co.
Stephens, Inc.
Stern, Lauer & Co.
Stone & Youngberg
Third National Bank in Nashville
R. D. White & Company
Wood, Gundy & Co., Inc.
H. E. Work & Co.
Auchincloss, Parker & Redpath

C. F. Childs and Company Incorporated
City National Bank & Trust Company of Chicago
Julien Collins & Company
Courts & Co.
Cruttenden, Podesta & Co.
Shelby Cullom Davis & Co.
Elkins, Morris, Stokes & Co.
Fahey, Clark & Co.
The First National Bank of Memphis

Freeman & Company
Hayden, Miller & Co.
Kenower, MacArthur & Co.
McDonald & Company
The National City Bank of Cleveland
Raffensperger, Hughes & Co. Incorporated
Rippel & Co.
Ryan, Sutherland & Co.
Atkinson and Company

Blunt Ellis & Simmons
A. Webster Dougherty & Co.
Federation Bank and Trust Co.
Field, Richards & Co.
Fulton Reid & Co., Inc.
Ginther & Company
Granbery, Marache & Co.
Hill Richards & Co.
J. A. Hogle & Co.

McCormick & Co.
McDonald-Moore & Co.
The Milwaukee Company
Mullaney, Wells & Company
W. H. Newbold's Son & Co.
D. A. Pincus & Co.
Schaffer, Necker & Co.
Shannon & Company
Singer, Deane & Scribner

Stubbs, Smith & Lombardo, Inc.
Talmage & Co.
Thomas & Company
Chas. N. Tripp Company
Anderson & Strudwick
Allan Blair & Company
Brush, Slocumb & Co. Inc.
Ernst & Co.
Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.

Garrett-Bromfield & Co.
Robert Garrett & Sons
Goodbody & Co.
Hooker & Fay
Kalman & Company, Inc.
Lyons & Shafto Incorporated
A. E. Masten & Company
McDonnell & Co.
Wm. J. Mericka & Co., Inc.
J. A. Overton & Co.

Park, Ryan, Inc.
The Peoples National Bank of Charlottesville, Va.
Pierce, Carrison, Wulbern, Inc.
Piper, Jaffray & Hopwood
The Robinson-Humphrey Company, Inc.
Rockland-Atlas National Bank of Boston
Seasongood & Mayer

Shaughnessy & Company, Inc.
Herbert J. Sims & Co., Inc.
John Small & Co., Inc.
Soden Investment Company
Stein Bros. & Boyce
Stix & Co.
Stranahan, Harris & Company
Sutro Bros. & Co.

Thornton, Mohr & Farish
Townsend, Dabney and Tyson
J. C. Wheat & Co.
Winslow, Cohu & Stetson
Arthur L. Wright & Co., Inc.
Zahner and Company
Bosworth, Sullivan & Company, Inc.

Burns, Corbett & Pickard, Inc.
Channer Securities Company
The Continental Bank and Trust Company Salt Lake City, Utah
Davis, Skaggs & Co.
The First Cleveland Corporation
First of Texas Corporation

Lucas, Eisen & Waeckerle Incorporated
McMaster Hutchinson & Co.
Northwestern National Bank of Minneapolis
Pacific Northwest Company
Prescott & Co.
Rodman & Renshaw
H. V. Sattley & Co., Inc.
Scott, Horner & Mason, Inc.

Stern, Frank, Meyer & Fox
The Weil, Roth & Irving Co.
Fred D. Blake & Co.
Boettcher and Company
Doll & Isphording, Inc.
Dwinnell, Harkness & Hill Incorporated
Clement A. Evans & Company Incorporated
Fauset, Steele & Co.

Ferris & Company
The First of Arizona Company
Foster & Marshall
Frantz, Hutchinson & Co.
J. B. Hanauer & Co.
Interstate Securities Corporation
Magnus & Company
J. Earle May & Co.
Merrill, Turben & Co., Inc.

Penington, Colket & Co.
Republic National Bank of Dallas
Walter Stokes & Company
Wagenseller & Durst, Inc.
Walter, Woody and Heimerdinger
C. N. White & Co.
Wilson, Johnson & Higgins

April 25, 1957

A circular relating to these bonds may be obtained from any of the above underwriters.

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. 26) — Comments on Atomic Fund's stock dividend, British buying of **Canadian uranium, Metal Hydrides, Inc., Kerr-McGee Oil Industries, Inc., General Tire and Rubber Co., Dominion Magnesium, Ltd.,** and **Lindsay Chemical Company.** Revised Reactor Diagrams now available—Atomic Development Mutual Fund, Inc., Dept. C., 1038 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 Candidates for Institutional Investment — Selected list—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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

Electric Wire Industry in Japan—Analysis in "Nomura's Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also is the same issue is a discussion of the Japanese government's budget and economic plan for 1957 and an analysis of the stocks acquired by foreigners through the market.

Insurance Stocks—Comparative 1956 per-share figures—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

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

Life Insurance Company Stocks—Fifth annual edition of data on selected companies—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

Life Insurance Stocks—Comparison of market worth and per cent gain for five years of 56 companies—Paradise Securities Company, 9477 Brighton Way, Beverly Hills, Calif.

New York City Bank Stocks—First quarter analysis of 13 New York City bank stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Paper Stocks—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

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

World Time Chart—Showing time differences in over 100 countries throughout the world compared with Eastern Daylight Saving Time which becomes effective April 28; also including map of standard time variations in United States and a list of States and communities observing Daylight Saving Time—International Banking Department, Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

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Allis Chalmers—Data—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y. Also available are data on **Combustion Engineering, Tennessee Gas Transmission** and **Mississippi River Fuel.**

American Brake Shoe Co.—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

American Marietta Company — Analysis in current issue of "Business & Financial Digest"—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. In the same issue is an analysis of **Johnson Service Company.** Also available are reports on **Mosinee Paper Mills Company** and **Nunn-Bush Shoe Company**

Barden Corporation—Analysis—Roosevelt & Gourd, 37 Wall Street, New York 5, N. Y.

Capitol Products Corp.—Memorandum—Warren W. York & Co., 203 Market Street, Harrisburg 2, Pa.

Caterpillar Tractor Co.—Memorandum—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

Chicago & Northwestern Railway Company—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Chicago Transit Authority—Analysis—John Nuveen & Co., 135 South La Salle Street, Chicago 3, Ill.

Clinton Machine Company—Analysis—H. Hentz & Co., 72 Wall Street, New York 4, N. Y.

Cook Coffee Company—Analysis—A. G. Becker & Co., Incorporated, 60 Broadway, New York 4, N. Y.

Crompton & Knowles Corp.—Card memorandum—May & Gannon, Incorporated, 140 Federal Street, Boston 10, Mass.

Cross Company—Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

Federal National Mortgage Association—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Federal Pacific Electric Co.—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available in the same report are reviews of **Foster Wheeler Corp., General Tire & Rubber Co.** and **Lone Star Steel Co.**

General Electric Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

W. R. Grace & Co.—Annual report—W. R. Grace & Co., Dept. CF, 7 Hanover Square, New York 5, N. Y.

Houdaille Industries, Inc.—Memorandum—Walston & Co., Inc., 120 Broadway, New York 5, N. Y.

Koehring Company—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Link Belt Co.—Data—McManus & Walker, 39 Broadway, New York 6, N. Y. Also in the same issue of "McManus-Walker Newsletter" is data on **National Sugar Refining Co.**

Mead Corporation — New study — Drexel & Co., 1500 Walnut Street, Philadelphia 1, Pa.

National Steel Corporation — Annual report — National Steel Corporation, Grant Building, Pittsburgh 19, Pa.

Pacific Gas & Electric Company—Annual report—Pacific Gas & Electric Company, K. C. Christensen, Treasurer, 245 Market Street, San Francisco 6, Calif.

Portland General Electric Co. — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y.

Puget Sound Power & Light Co.—Annual report—Puget Sound Power & Light Co., Frank McLaughlin, President, 860 Stuart Building, Seattle 1, Wash.

Southland Racing Corp. — Report — General Investing Corp., Dept. CH 4-25, 80 Wall Street, New York 5, N. Y.

Sylvania Electric Products—Analysis—Peter P. McDermott & Co., 42 Broadway, New York 6, N. Y. Also available is an analysis of **Hamilton Watch Company.**

Tennessee Gas Transmission Company — Analysis — Peters, Writer & Christensen Corp., 724 Seventeenth Street, Denver 2, Colo.

United States Life Insurance Company in the City of New York —Analysis—Sanford & Company, Russ Building, San Francisco 4, Calif.

COMING EVENTS

In Investment Field

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.

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

May 20-23, 1957 (Cleveland, Ohio)
National Federation of Financial Analysts at the Hotel Statler.

June 11, 1957 (Detroit, Mich.)
Bond Club of Detroit annual summer outing at the Orchard Lake Country Club.

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

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

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

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

June 21, 1957 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia, summer outing at Whitemarsh Country Club, Whitemarsh, Pa.

June 21, 1957 (Philadelphia, Pa.)
Philadelphia Securities Association annual outing at the Overbrook Golf Club, Ithan, Pa.

June 28, 1957 (New York City)
Investment Association of New York annual outing at Apawamis Club, Rye, N. Y.

Aug. 1-2, 1957 (Denver, Colo.)
Bond Club of Denver-Rocky Mountain Group of IBA annual summer frolic and golf tournament at the Columbine Country Club.

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

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

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

Albert Teller & Co. Formed in Philadelphia

PHILADELPHIA, Pa. — Albert Teller announces the formation of the investment securities firm of Albert Teller & Co., with offices in the Fidelity-Philadelphia Trust Building, 123 South Broad Street.

Albert Teller

Mr. Teller has been active in the investment securities business since 1946. Prior to establishing his own firm, Mr. Teller was a Vice-President of Charles A. Taggart & Co., Inc. During World War Two he enlisted in the Army Corps of Engineers as a private and was discharged from service in 1945 with the rank of Captain.

Weldon Carter With Dittmar & Company

SAN ANTONIO, Tex.—Weldon Carter has become associated with Dittmar & Company, Inc., 201 North St. Marys Street, members of the New York Stock Exchange. Mr. Carter was previously Vice-President of First of Texas Corp.

Seligman, Lubetkin To Admit John Regan

John G. Regan, member of the New York Stock Exchange, on May 1 will become a partner in Seligman, Lubetkin & Co., 30 Pine Street, New York City, members of the New York Stock Exchange. Mr. Regan will withdraw from partnership in Gregory & Sons April 30.

New Issue

$30,500,000

City of New York

3½% Serial Bonds

Dated April 15, 1957. Principal and semi-annual interest (April 15 and October 15) payable in New York City at the Office of the City Comptroller. Coupon Bonds in denomination of $1,000, convertible into fully registered Bonds in denomination of $1,000 or multiples thereof, but not interchangeable.

Interest Exempt from Federal and New York State Income Taxes under Existing Statutes and Decisions

Legal Investment for Savings Banks and Life Insurance Companies in the State of New York and for Executors, Administrators, Guardians and others holding Trust Funds for Investment under the Laws of the State of New York

*

AMOUNTS, MATURITIES AND YIELDS OR PRICES

Due $3,100,000 each April 15, 1958-62, inclusive
$1,600,000 each April 15, 1963-67, inclusive
$1,400,000 each April 15, 1968-72, inclusive

Due	Prices to Yield	Due	Prices to Yield	Due	Yields or Price
1958	2.30%	1963	3.15%	1968	3.40%
1959	2.60	1964	3.20	1969	3.45
1960	2.80	1965	3.25	1970	3.45
1961	3.00	1966	3.30	1971	100 (price)
1962	3.10	1967	3.35	1972	100 (price)

(Accrued interest to be added)

The above Bonds are offered, subject to prior sale before or after appearances of this advertisement, for delivery when, as and if issued and received by us, and subject to the approval of legality by Messrs. Wood, King & Dawson, Attorneys, New York City. Interim Bonds of the denomination of $1,000 will be delivered pending the preparation of definitive Coupon Bonds.

The First National City Bank of New York — **Bankers Trust Company** — **Guaranty Trust Company of New York**

The First Boston Corporation — **Harriman Ripley & Co.** Incorporated — **Smith, Barney & Co.** — **Halsey, Stuart & Co. Inc.** — **C. J. Devine & Co.**

Salomon Bros. & Hutzler — **Continental Illinois National Bank** and Trust Company of Chicago — **Kidder, Peabody & Co.** — **Phelps, Fenn & Co.** — **White, Weld & Co.**

Shields & Company — **Mercantile Trust Company** — **W. H. Morton & Co.** Incorporated — **Dean Witter & Co.** — **Kean, Taylor & Co.** — **The First National Bank** of Portland, Oregon

Clark, Dodge & Co. — **First of Michigan Corporation** — **Roosevelt & Cross** Incorporated — **Bacon, Stevenson & Co.** — **Shearson, Hammill & Co.** — **Estabrook & Co.**

Dominick & Dominick — **Lee Higginson Corporation** — **Robert Winthrop & Co.** — **C. F. Childs and Company** Incorporated — **Dick & Merle-Smith** — **W. E. Hutton & Co.**

Coffin & Burr Incorporated — **Manufacturers and Traders Trust Company** of Buffalo — **Rand & Co.** — **R. H. Moulton & Company** — **The National City Bank** of Cleveland

First Southwest Company — **Hannahs, Ballin & Lee** — **Shelby Cullom Davis & Co.** — **Thomas & Company** — **A. G. Edwards & Sons** — **Byrd Brothers**

April 24, 1957.

Brokers' Broker—Or the Role of Specialists

By GARDINER S. DRESSER

Origin, development and functions of the specialist, to stabilize and not manipulate the market — which sometimes involve transactions made against the specialist's judgment in order to maintain an orderly market, are explained by a close observer of stock market operations. The limitations regulating the brokers' broker, according to Mr. Dresser, are designed to prevent any effect upon price, unfair profits and other abuses which such intimate knowledge can make possible. Concludes the specialist is indispensable.

Most people who have had dealings in stocks traded in on the New York Stock Exchange have a general idea of the functions of specialists. Few, however, are fully informed about why specialists are needed, what they are required to do, what they may do and what they may not do.

When an investor gives to a registered representative of a Stock Exchange firm an order to buy 100 shares of ABC stock at 45, the registered representative gives the order to the order department. The order clerk telephones it to the firm's telephone booth on the border of the trading floor of the Exchange. The firm's representative there sends it to the firm's board member on the floor. The board member goes immediately to the post on the floor where ABC stock is traded in. He inquires the price. He hears "46 to an 1/8"—that is, 46 is bid and stock is offered at 46 1/8. Just then or soon thereafter, the floor member receives an order for another stock. He cannot remain at the first post to wait for ABC to decline from around 46 to the 45 limit of his buying order. So he leaves that order with the specialist.

In short, specialists are floor members who remain at one post all the time and execute orders only in one stock, if it is an active issue, or, if it is inactive, in that and others located at that post. They receive orders from other brokers, list them in their books, execute them when the market permits and report the execution to the firms from which they received the orders.

Development of Brokers' Brokers

About one-fourth, some 350, of all the members of the New York Stock Exchange are specialists. In addition, there are more than 30 relief specialists. These are two classes: first, those who substitute for the regular specialists for an extended absence, say a vacation; second, those who take their place for a brief period. The first group receive both commissions earned and profits and losses resulting from their trading. The second group receive only the commissions earned, not the trading profits and losses. Specialists handle a large part of the business transacted on the floor, but do not come in direct touch with the customers who originate that business. Specialists are brokers' brokers.

With the growth in the number of stock issues now listed on the exchange and the large volume of business which constitutes the present normal market, the necessity for specialists is apparent.

There is a tradition as to the origin of specialists. Way back in the 1870s, but some years after the actual seats on the exchange were abolished, the seats from which brokers participated in an auction, a certain member broke his leg. Not being able to move quickly from post to post, he got permission to sit in a chair at one particular post, from which he traded for his own account in one stock. Because he was a fixture at that post, he began to receive orders from other brokers to handle for them. By the time that he had fully recovered the use of his leg, he had found the occupation so interesting that he continued it. In time, as trading expanded, others followed his example.

Certain it is that by 1900 there were many specialists on the floor of the exchange. They were bound by the general rules of the exchange but they were not restricted by special regulations and they sometimes operated in ways which are now strictly banned.

A Former Illegal Operation

In the early 1900s, there was an occasion when a certain rather inactive stock was quoted 44 bid, offered at 45. The specialist then received an order from another broker to sell 1,000 shares at 40 stop—that is, an order to sell 1,000 shares at the market if and when the stock declined from 44 to 40 and actually sold at 40. In entering this order on his books, he found that the book showed orders to buy 200 at 44; 200 at 43; 200 at 42; 200 at 41, and 200 at 40. What did the specialist do? For his own account he sold 200 shares to the broker whose order it was to buy 200 at 44, then 200 shares at 43; 200 shares at 42; 200 at 41, and 200 at 40. That last sale of his at 40 touched off the stop order; he then had an order to sell 1,000 shares at the market. He himself bought that 1,000 shares at 40.

The specialist had thus made a profit of 1 point on the 200 shares he had sold at 41, a profit of 2 points on the 200 he had sold at 42; 3 points on the 200 he had sold at 43, and 4 points on the 200 he had sold at 44. In short, he had cleared a total personal profit of $2,000. He had done this without any risk. He had personally benefited from information that only he had possession of. He had taken advantage of the brokers, and their customers, who had entrusted him with their buying orders and the stop order. And he had done this without violating any specific regulations of the Exchange. But how did the broker, and his customer, who received notice that he had bought at 44 and the broker who sold at 40 feel?

Under present rules, such an operation would be impossible. Not to mention other restrictions, the specialist is definitely prohibited from effecting for his own account a purchase or sale which will make operative a stop order on his books for the account of others.

Present Regulations

The present regulations impose upon the specialist the duty to preserve at all times a fair and orderly market. He does this sometimes when the bid and asked prices are not close together merely by having printed on the Stock Exchange ticker tape that quotation, with the purpose of attracting new buying and selling orders in between. He does this also, and is expected to, by trading for his own account.

In buying and selling for his own account, he cannot take a position not warranted by his own financial condition.

He is further restricted in various ways, all designed for fairness and orderliness. For instance, he cannot buy for himself stock at the price bid by those whose orders he has on his books until all of his customers' orders at the bid price have been filled. Similarly, he cannot sell at the offered price until all of his customers' sell orders at the asked price have been satisfied. If, to stabilize the market, he has already bought 100 shares or 1,000 shares at say 52 and the asked price immediately afterwards is 52 1/8, he cannot buy for himself any more stock on the "uptick," that is, at 52 1/8, until there is a purchase for the account of others at 52 1/8. A possible exception to this prohibition is that, if no stock sells subsequently at 52 1/8, and if the best offering at the close of the market is 52 1/8, he may then buy it at 52 1/8.

The effect of this rule prohibiting the specialist from buying at the higher price is that the specialist operating for his own account does not affect the trend of prices; he is not there to manipulate the market but to stabilize it.

Again, if the specialist, for his own account, has bought say 100 or 1,000 shares at 52 to stabilize, he can buy more at the same price only when 52 has represented an advance over the next previous transaction. That is known among specialists as the "zero plus tick."

Intimate Knowledge and Remuneration

The specialist is paid commissions, on a sliding scale, for the services he performs for other brokers, who pay him this out of the commissions they receive from their customers. The buying and selling he does for his own account, while undertaken to maintain a fair and orderly market and sometimes involve transactions made against his own judgment as to the trend, entail a personal risk. He generally makes net profits—he wouldn't last if he didn't. To accomplish this, he must be capable of quick action and have good judgment. He has first-hand information from his books of the technical position of the stock. This is exclusive information, except that, in answer to a request for the "size" of the market, he will report say 18 to 1/4, 1 and 10, meaning 18 is bid for 100 shares and 1,000 shares are offered at 18 1/4. He does not give out how many shares are wanted below 18 or offered above 18 1/4. His books help him to judge the advisability or otherwise of taking a quick personal profit or loss. His intimate knowledge of the technical position of the stock is an advantage not always or entirely shared by others, it is true, but, when used by the specialist, it results in little or not effect on the trend of prices because of the limitations governing trading by the specialist.

As has been shown, he is confined mainly to purchases between the bid and asked prices of others. And, after all, if he holds 500 shares bought at 51 3/4 and then finds new selling orders put on his books to sell 5,000 shares at 52 and 5,000 shares at 52 1/8 and he chooses to take a small loss by selling his 500 at 51 1/2, he, to that extent, possibly increases selling pressure. But he had already possibly increased buying power when he acquired the 500.

Trading Suspension

There are some occasions when sudden, important and unexpected news brings in a flood of orders. It may be so huge a deluge that the specialist in the stock affected cannot immediately execute such orders. He summons a governor of the exchange who immediately suspends trading in that stock. The orders are listed as quickly as possible. Buy orders are pared off against sell orders at a price that is determined as fair. Then trading is resumed in an orderly manner.

In view of the scientific progress that is being made, who knows but that sometime in the future there will be electronic posts on the floor of the New York Stock Exchange and trading will be done with push-buttons. Meanwhile, it may be said that business as now conducted could not physically be carried on without the specialist. Abuses of his position long since eliminated, he works constructively toward making the market fair, broad and orderly.

Donald V. Lowe Again Named President of N. Y. Port Authority

Donald V. Lowe, of Tenafly, N. J., on April 11 was elected Chairman of The Port of New York Authority for the third time. The action was taken at the annual election of officers of the bi-state agency at its headquarters at 111 Eighth Avenue, New York City.

At the same time, Howard S. Cullman was re-elected Honorary Chairman. He was first elected to the newly established post two years ago.

The Commissioners also elected Eugene F. Moran as Vice-Chairman for a third term.

The 12-man Board of Commissioners of the Port Authority, six of whom are appointed by the Governor of New Jersey and six by the Governor of New York, serve without compensation.

It is customary in the Port Authority to elect the Executive Director and General Counsel at each Annual Meeting.

Austin J. Tobin was re-elected Executive Director for the 15th time. Mr. Tobin began his Port Authority career in the agency's Law Department 30 years ago.

Sidney Goldstein, who has been General Counsel since 1952, was also re-elected. He has been a member of the Port Authority's Law Department for 23 years.

Mr. Lowe is President of the Lowe Paper Company of Ridgefield, N. J., and a former President of the Ridgefield Manufacturers Association, and a director and former President of the Bergen County Chamber of Commerce, and a former Governor of the American Pulp and Paper Association. He served as State Chairman of the Citizens' Committee for the Hoover Report.

Chairman Lowe is a director of the New Jersey Bell Telephone Company, the New Jersey Manufacturers Insurance Companies, and the American Forest Products Industries Advisory Committee. He is Paper Industry Member of the Committee of American Industry for the National Fund for Medical Education, and Councilor for the Silver Bay Association.

Florida's Economic Prospects

By ROGER W. BABSON

Nearly every day I get letters from people asking if I would recommend locating in Florida. As I was about to leave for the North, I will try to answer these questions in this week's column. My answer is "No," if you are hoping to get something for nothing; but "Yes," if you are "retiring" and receive a pension check from the North each month or have sufficient income of your own.

Roger W. Babson

Mild Climate Lures Thousands

Although lacking in a number of important natural resources, Florida has an abundance of sunshine, plenty of water, large amounts of phosphate, and sufficient limestone for cement. It can compete with California and other sections as a mecca for tourists, vacationists, and retired folk. I am told that more than 2,000 people come into Florida each week intending to settle here. Many live on pensions or annuities or income from investments, and therefore have no need to seek employment. Others do need jobs, **but not all can find them today.**

In my observation, it is rather difficult to get a job in Florida unless you have special skills which the state's few industries can use. However, efforts to get natural gas by pipeline from Texas are now on the verge of succeeding. I predict that parts of the state will have natural gas by the summer of 1958. When the supply of this fuel is assured, industry should move into Florida at a very rapid pace.

New Boom in Real Estate

Mild climate has always been an attraction to prospective buyers of land for homes or businesses. Now that atomic energy is to be an added attraction, I forecast an even further boom in Florida real estate. The present boom will be far different from the "boom and bust" of the 1920's when sellers and buyers alike went just plain crazy. Sharp real estate operators, whose methods are questionable, cannot be eliminated entirely, but Florida does attempt to curb land and stock frauds.

I am bullish on well-located Florida homes which are **already built.** I do not hesitate to advise those interested to buy a house, or a lot, **in an already settled community.** However, I urge prospective settlers in Florida or those anxious to buy land there for investment or speculation to proceed very cautiously. Before buying lots in a new subdivision, you should first see them. Florida offers plenty of opportunity to those who are alert to its possibilities and willing to work hard to get ahead. At this time it is not a good place in which to **speculate.**

Shopping for Industrial Sites

Florida's lack of oil, coal, and waterpower has been a serious handicap to the development of heavy industry. Actually, light industry has been moving into the state at an increasing rate. Many industrial concerns in the North and Middle West ask me how to go about buying land for industrial use in Florida. My first answer is to buy for cash only, and to use the same common sense they would use when buying land in their own home state. **Second** — buy something which they feel sure they could rent or sell promptly if they cannot use it themselves.

Florida is growing fast. Where good land in a settled community can now be bought cheap, I advise buying it; but I have a word of caution for those who are in the market anywhere for land for office buildings, factories, or apartments. Plan for much more parking space than you now feel you will ever need. The success of business ventures in any state will depend largely on ease of access and parking facilities. Provide ample parking for employees, customers, and suppliers. In less than 20 years, I predict that the present number of registered cars will be doubled.

What About the Citrus Business?

After spending some 35 winters in Florida, I believe an experienced and hard-working citrus grower can do well. In recent years the citrus industry has prospered. It should do better in future years as new and less expensive methods for cultivating, picking, extracting, shipping, and preserving the flavor of fruit juices are discovered.

However, do not let citrus prosperity lure you to Florida to grow fruit unless you know something about the business or are prepared to have your interests cared for by an experienced co-operative citrus organization. Also be sure you invest in a frostproof grove that can furnish you a 20-year record. Don't buy new groves now. Look before you leap!

Hentz & Krensky to Share Facilities

CHICAGO, Ill. — Bookkeeping and clearing facilities of H. Hentz & Company will be made available, effective immediately, to Arthur M. Krensky and Company under terms of an agreement reached by the two stock brokerage firms.

The announcement was made jointly by Robert Pollak, resident partner for Hentz in Chicago, and Arthur M. Krensky, Jr., President of Krensky and Co.

Mr. Krensky stated that Hentz has an extensive bookkeeping department in its New York office at 72 Wall Street that will serve the needs of all Krensky brancnes.

It is expected that early in May the Hentz office in Chicago will move from its present location at 120 South La Salle Street into new and larger quarters in the Board of Trade Building, 141 West Jackson Blvd. They will be joined in this new office by the staff of Arthur M. Krensky and Company, for whom they will be providing clearance facilities.

At this location the two production staffs will work side by side, utilizing the modern quotation board and wire services presently in operation. The separate identity of the two firms and their respective staffs will be maintained.

The firm of H. Hentz & Company is more than 100 years old and operates branch offices throughout the United States and in many parts of the world.

Joins Dempsey-Tegeler

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Joseph W. David is now affiliated with Dempsey-Tegeler & Co., 10 and Locust Streets, members of the New York and Midwest Stock Exchanges.

Joins McGhee Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Edward L. Johnson has joined the staff of McGhee & Co., Inc., 2587 East 55th Street.

J. Logan Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Carl J. Gaertner is now affiliated with J. Logan & Co., 2115 Beverly Boulevard.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

Alfred F. Tisch, Fitzgerald & Company, New York City, Chairman of the National Advertising Committee of the National

John W. Bunn

C. R. McCulley, Jr.

Joseph E. Smith

Lex Jolley

Walter G. Mason

Lester J. Thorsen

Geo. W. Cunningham

Harold B. Smith

Security Traders Association, Inc., announces the appointment of the local affiliate Chairmen to the 1957 Advertising Committee.

Assisting Mr. Tisch as Vice-Chairmen are John W. Bunn, Stifel, Nicolaus & Company, Incorporated, St. Louis; C. Rader McCulley, First Southwest Company, Dallas; Joseph E. Smith, Newburger & Co., Philadelphia; Lex Jolley, The Robinson-Humphrey Company, Inc., Atlanta; Walter G. Mason, Mason & Lee, Inc., Lynchburg, Va.; and Lester J. Thorsen, Glore, Forgan & Co., Chicago. Chairman for the Members at Large is George W. Cunningham, George W. Cunningham & Co., Westfield, N. J. Harold B. Smith, Shearson, Hammill & Co., Newport Beach, Calif. will serve as Honorary Chairman.

NSTA 1957 Advertising Committee Chairmen

Alabama Security Dealers Association: Alonzo H. Lee, Sterne, Agee & Leach, Birmingham

Baltimore Security Traders Association: William C. Roberts, Jr., C. T. Williams & Company, Inc., Baltimore

Bond Club of Denver: Roscoe B. Ayres, The J. K. Mullen Investment Company, Denver

Bond Club of Louisville: Lincoln Lewis, Merrill Lynch, Pierce, Fenner & Beane, Louisville

Bond Club of Syracuse, N. Y.: Leo V. Smith, Leo V. Smith & Co., Syracuse

Bond Traders Club of Chicago: Fred T. Rahm, The Illinois Company, Incorporated, Chicago

Boston Securities Traders Association: James R. Duffy, Reynolds & Co., Boston

Cincinnati Stock and Bond Club: Robert W. Reis, Seasongood & Mayer, Cincinnati

Cleveland Security Traders Association: Stanley Eilers, Hornblower & Weeks, Cleveland

Dallas Security Dealers Association: Thomas Walker, Equitable Securities Corporation, Dallas

Florida Security Dealers Association: William Hough, Beil & Hough, Inc., St. Petersburg, Fla.

Georgia Security Dealers Association: James B. Dean, J. W. Tindall & Company, Atlanta

Investment Traders Association of Philadelphia: Willard F. Rice, Eastman Dillon, Union Securities & Co., and James G. Mundy, Suplee, Yeatman, Mosley Co., Inc., Philadelphia

Kansas City Security Traders Association: Charles M. Harris, A. C. Allyn and Company, Incorporated, Kansas City, Mo.

Memphis Security Dealers Association: R. Bruce Rader, Rader, Wilker & Co., Memphis

Nashiville Security Traders Association: Peyton Evans, Cumerland Securities Corporation, Nashville

New Orleans Security Traders Association: Robert P. Howard, Howard, Weil, Labouisse, Friedrichs & Co., New Orleans

Pittsburgh Securities Traders Association: Paul A. Day, Hulme, Applegate & Humphrey, Inc., Pittsburgh

San Francisco Security Traders Association: Walter Vicino, Blyth & Co., Inc., San Francisco

The Securities Dealers of the Carolinas: Roy F. Hunt, Alester G. Furman Co., Greenville, S. C.

Security Traders Association of Connecticut: A. Maurits Johnson, G. H. Walker & Co., Bridgeport

Securities Traders Association of Detroit and Michigan, Inc.: Roy F. Delaney, Hudson White & Company, Detroit

Security Traders Association of Los Angeles: Ted D. Carlsen, Harbison & Henderson, Los Angeles

Security Traders Association of New York, Inc.: John S. Barker, Lee Higginson Corporation, New York

Security Traders Association of Portland, Ore.: Robert Pitt, Blyth & Co., Inc., Portland, Ore.

Security Traders Club of St. Louis: Irvin E. Reimer, G. H. Walker & Co., St. Louis

Twin City Security Dealers Association: Oscar M. Bergman, Allison-Williams Company, Minneapolis

Utah Securities Dealers Association: Lincoln Ure, Jr., A. P. Kibbe & Co., Salt Lake City

Wichita Bond Traders Club: Don Clinger, Lathrop, Herrick & Clinger, Inc., Wichita, Kan.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold their Summer Outing on June 21, 1957 at the Whitemarsh Country Club, Whitemarsh, Pa.

BOND CLUB OF DENVER

The Annual Summer Frolic and Golf Tournament sponsored by The Bond Club of Denver and the Rocky Mountain Group of the I.B.A. will be held on Thursday and Friday, August 1 and 2, at the Columbine Country Club.

With Westheimer Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Irvin L. Schmidt has become connected with Westheimer Company, 322 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

Mitchum, Jones Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—William R. Phillips has become connected with Mitchum, Jones & Templeton, Russ Building.

Joins Arthur Hogan

(Special to The Financial Chronicle)

HOLLYWOOD, Cal.—J. Pierce Gannon, Jr. has become connected with Arthur B. Hogan, Inc., 6630 Sunset Boulevard, members of the Pacific Coast and Midwest Stock Exchanges. Mr. Gannon was formerly with Hemphill, Noyes & Co. and Harris, Upham & Co.

With Greene & Ladd

(Special to The Financial Chronicle)

DAYTON, Ohio — Gordon H. Hamilton, Jr., is now with Greene & Ladd, Third National Building, members of the New York Stock Exchange.

Joins McAndrew Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Francis X. Gordon, Jr. has become connected with McAndrew & Co., Incorporated, Russ Bldg.

With Eastman Dillon

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Gene K. Rouse has been added to the staff of Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Standard Brands, Incorporated— For Food, Drink and Dividends

By IRA U. COBLEIGH
Enterprise Economist

Outlining some of the salient factors in the sustained success, and recently expanded earning power of this diversified and distinguished processor, packager and distributor of potables and eatables.

The past six months in the equity markets have done much to erode both the glamor and the price of certain popular growth stocks causing many prudent and perceptive security buyers to seek out those more defensive issues, which offer higher yields at a less exalted price/earnings ratio. Among issues combining such defensive and yield characteristics is the common of Standard Brands, Incorporated, which we plan to discuss today.

Ira U. Cobleigh

Organized in 1929 as a merger of Chase & Sanborn, Royal Baking Powder and Fleischmann (yeast), this company has, through the years, moved ahead to a point where it now ranks among the major corporations of America, with 1956 net sales of $473 million. (Should cross the half billion mark this year.)

Sales volumes, in order of their relative importance to the Standard Brands, are derived from coffee, spirituous beverages, corn products, oleomargarine and yeast; and aggressive advertising has consistently been a powerful sales propellant. On radio and TV you have heard the virtues of Chas. and Sanborn coffees—standard, vacuum packed, and instant varieties — extolled, and today Chase and Sanborn is the leading seller of coffee to restaurants and hotels. For tea fanciers, there's Tenderleaf, the kind you can steep slowly, or produce instantly. The widely advertised, known everywhere, Royal line of canned and packaged products, starting out with baking powder, has been expanded to include gelatin desserts, chocolate puddings and pie fillings, custard and lemon pie fillings; pecans, walnuts and almonds. Standard's Blue Bonnet margarine is one of the leading sellers. Since 1954 Standard Brands has also been a chef to man's best friend, be it mutt, Pekinese or "nuttin' but a houn' dog." Hunt Club brand dog biscuits, and dog meal (enticingly called "burgerbits") provide elegant eating for pampered pooches.

For those who pride themselves on their Sahara-dry martinis, there's Standard's Fleischmann gin, famous before Prohibition, and attaining new and greater eminence since. In addition to this animated beverage, the Fleischmann line of peppy potables includes blended whiskey, White Tavern Vodka, Kentucky bourbons, plus importation and distribution of the leading brand of Scotch whisky — Black and White. (Distilled waters, including excise taxes, now account for roughly 20% of Standard Brand total sales.)

We have touched upon those Standard Brands widely known to the public by virtue of advertising. Far less known but probably as important to earning power as the grocery trade, is the business done with bakeries and institutions. These are large buyers of Standard Brands frozen eggs and fruits, yeasts and baking powders, corn products, shortenings, plus, of course, tea, coffee and margarine.

New dimensions to the Standard Brands picture were supplied in April 1956, by the acquisition for $58½ million in cash of Clinton Foods, Inc., a leading corn starch processor, which carried with it the American Partition division, maker of fiberboard containers for food and beer. According to Mr. Joel S. Mitchell, President of Standard Brands Incorporated, "The purchase was, I believe, the largest cash transaction in the history of the food business." This acquisition fits well into the Standard Brands organization, and supplies greater breadth and diversity to operations. In the year since this merger was completed, earnings from these new divisions have materialized quite as expected. Moreover, Mr. Mitchell has noted, "The depreciation charges on the fixed assets acquired from Clinton have been increased to nearly $3 million a year. While this . . . will reduce reported earnings, it will generate a greater cash flow."

Financial position of Standard Brands has been solid for years. The 1956 year-end balance sheet showed net current assets of $95½ million and revealed a book value of the common of $35.06 per share. If Standard sees another company for sale, that will fit its expansion program, Standard has both the inclination and resources to effectuate another merger.

Standard Brands is not only a big factor in the food business in the U. S. and Canada but through 21 separate subsidiaries it operates 27 plants in 34 foreign countries through its International Division. Combined net sales of this division, in 1956, totalled $23,718,646, and delivered to the parent company (before U. S. taxes) $651,052 in dividends and $1,691,330 in royalties and profit on export sales—a total of $2,342,382. This international market is expanding rapidly and profitably.

The important thing to note in any current appraisal of Standard Brands is that it has apparently entered a new phase of growth and expanded earning power. After earning $3 a share for 1954 and 1955, the 1956 report showed a jump in net to $3.48 which permitted increasing the dividend to $2.25. The trend continues with first quarter (1957) per share net of 87c.

Present capitalization consists of $55,550,000 in long-term debt, 220,000 shares of $3.50 preferred now selling at 82 to yield 4.26%, and 3,259,707 shares of common listed on N.Y.S.E. Never regarded as a volatile performer, this common has ranged over the past five years between 22 and 44 with the current price of 40 at 10½ times indicated earnings and providing a current yield of 5.62%. Since 1952 the dividend has been advanced from $1.70 to the present indicated rate of $2.25. Some further improvement in this cash distribution to shareholders might be expected by the end of this year.

Research is important at Standard Brands. In most modern and functional quarters at Stamford, Conn., are located The Fleischmann Laboratories, central research headquarters for the company. Here several new products, and product and process improvements, were developed last year: Brewloid, a dough improver for making bread; Instant Lemon Pie Filling; Burgerbits, a square meal for dogs and Clintan, non-crystallizing corn sugar for tanning leather.

From gleaming ultra modern headquarters in the new Standard Brands Building at 625 Madison Avenue, New York, an efficient and relatively young (average age 54) management echelon directs the activities of over 10,700 employees in this broadspread and efficient enterprise. Fifteen percent of employees have been with the organization for 25 years or longer.

The outlook at Standard Brands may best be summarized by the statement of its President: "The longer term prospects are . . . promising and we look to steady growth from several sources: acquisition of additional business; development of new products especially in the corn processing division . . .; the increasing population trend in combination with the high level of consumers' disposable income."

The common of Standard Brands (stock exchange symbol, SB) is definitely attractive to conservative investors by virtue of the quality and progressive viewpoint of management, the rising trend in sales and dividends, market stability, attractive current yield, and a remarkable durability of earning power which has permitted continuous dividend payments by Standard Brands (or predecessor) since 1899.

Bear, Stearns & Co. To Admit Partners

On May 2, S. Marcus Finkle, member of the New York Stock Exchange, Michael Goodson, Harold C. Mayer, Jr. and Theodore Rosenfeld will be admitted to partnership in Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange.

On May 1 Donald C. Lillis, general partner, will become a limited partner.

Fostering and Channeling Savings for Economic Growth

By GROVER W. ENSLEY*

Executive Director, Joint Economic Committee, United States Congress

Stressing economic growth's dependence upon investment, Dr. Ensley refers to the people's role as savers, within the not inconsequential over-all influences of public policies and private financial institutions, in determining the rate and kind of economic expansion desired. The top Congressional economist describes the postwar problem of "undersaving," and the imprecise effect of monetary and fiscal policies upon savings-investment behavior which vitiates the formulation of specific rules to be followed in order to maintain steady economic growth. Advocates policymakers encourage savings, change their policies promptly in response to market and ballot signals, and forego political direction of savings in favor of free market decisions.

We are all interested in economic growth—the impulses from which it stems, its effects on stability, and its implications for public as well as private policy. It is, therefore, important to discuss economic growth and especially the savings required for its attainment.

Grover W. Ensley

Economic growth is an objective behind which all of the diverse interests and groups in our nation are united, although of course, there are differences over the best and surest ways of achieving it. Particularly gratifying to me as a public servant concerned with the Employment Act of 1946 is evidence of a growing appreciation by groups such as yours of the relationship of the daily conduct of your private businesses to the stability and growth of the whole economy.

Importance of Economic Growth Today

Two major developments, I think, have contributed to this appreciation. Here at home, the rapid population growth of the postwar years and the prospects for its extension in the years ahead clearly indicate that tremendous increases in demands for consumer goods and services will continue to face both the private and public sectors of the economy. In turn, these rapidly growing demands indicate the need for constantly adding to our industrial capacity and our productive efficiency if our level of living is to continue to rise.

At the same time, developments abroad have imposed new challenges and provided new opportunities for the growth potential of the American economy. In the underdeveloped regions of the world, where for centuries the phenomenon of economic growth was scarcely to be detected, the newly awakened aspirations of the population for higher living standards have resulted in rapid and drastic changes in political, social, and economic institutions.

A common characteristic of these areas is their lack of capital resources and managerial skills. These awakening aspirations offer much promise. They also involve the danger that filling these rising demands will be seized upon by the communists as an opportunity for, or instrument of, political conquest. Unless we are to close our eyes to this peril, we must be prepared, through private and public channels, to provide at least some of the resources required. This, too, spurs our interest in economic expansion. Important also is the example of growth set by our free economy before the eyes of the uncommitted world.

Viewed in the context of these challenges, both at home and abroad, we can appreciate why economic growth has become a keystone in public policy. If, because of ignorance or indifference, we pursue policies which block the growth of the economy, we may well be condemning ourselves to falling or static levels of living or imperiling our independence as a free Nation.

Savings and Economic Growth

We cannot, of course, discuss economic growth without turning our attention to savings. Economic growth, I think, is best defined as the increase in capacity to produce valued goods and services. It is achieved through investment—the use of resources not for current consumption but for the acquisition of goods and services to be used in further production. The act of foregoing the present, that is of saving, is thus a requisite for investment — the mechanism of economic growth.

But while it is required for investment, the mere act of saving does not assure us that the corresponding investment will necessarily occur. As individual savers, we may decide not to consume some part of our current income. This in itself provides no assurance, however, that business investors will want to add the same amount to the Nation's productive capacity. By the same token, the decision by businesses to use some portion of total current output of the economy for increasing productive capacity does not guarantee that the economy as a whole will be willing to save an equal amount.

Savings do not just happen. Both the volume of savings and the investment outlets which they seek depend on a large number of factors which, in combination, determine the choices of the economy as a whole as between present or future consumption. Cultural traditions have a great deal to do with basic attitudes toward saving.

Saving's Motive Still Strong

This country has grown and prospered because our citizens have strong impulses to save. These impulses are better explained by the social psychologist than by the economist. There are some who maintain that thrift has become unpopular in recent years, that we have developed the habit of living beyond our means, and that government paternalism has made it unnecessary and unpopular for individuals to save. Fortunately, from the standpoint of our future growth, this fallacious idea has been exploded by recent studies such as those by the Survey Research Center of the University of Michigan. Dr. George Katona, Director of this Center, examined savings attitudes on the basis of his Center's interviews with thousands of representative families in all parts of the United States. His findings reported in the recent Federal Reserve Board's study of **Consumer Instalment Credit** are that the importance attached to saving by the American people has not declined during recent years, and that the desire for consumer durable goods and the availability of instalment credit, social security and private pension systems, and the threat of inflation have not altered the American families' traditional motivations to save.

Although surveys show there are two kinds of families, one that saves regularly irrespective of income, and another that does not save under any circumstances, nevertheless the amount and distribution of income and wealth undoubtedly exert an important influence on saving behaviour. Trends in the United States in this respect should result in wider distribution of savings. Expectations about future demands and future resources such as providing educational benefits for our children, replacing major consumer durables, providing for retirement, and improving housing accommodations, strongly affect the impetus for saving. The degree of confidence in the future buying power of dollars saved today is an additional factor in the savings decisions of a large number of individuals and businesses. The available channels for savings and the relative security which they offer against loss are also important conditioning elements in savings decisions.

This list, of course, is far from exhaustive. It does suggest, I believe, that the character and the strength of private financial institutions have a great deal to do with the total savings of the economy. The listing indicates also the importance of public policies, particularly as they serve to cushion economic fluctuations and protect the value of the dollar. There is, therefore, a great responsibility to be shouldered both by private groups, and by government, in assuring an adequate flow of savings to finance economic growth.

We can get some notion of the magnitude of this responsibility by referring to total investment undertaken since the end of World War II. From the beginning of 1946 through 1956, gross private domestic investment for replacement and additions to our capital stock, has amounted to the tremendous total of $513 billion. After allowing for capital used up in the productive process, about $265 billion of net capital additions, in current prices, have been made in the private sector of the economy during this 11-year postwar period.

Looking forward, the demand for savings to finance economic growth is equally — if not even more — impressive. Continuation of post-World War II growth trends in the American economy indicates that by 1965, gross national product, expressed in today's prices, should be between $550 and $600 billion. Comparing this projection to the $412.4 billion realized in 1956, we get some inkling of the increase in productive capacity that will be required, and therefore, of the volume of savings which will have to take place and be channeled into investment outlets.

Responsibilities of Public Policy

Within the framework of our political and economic institutions, there is no guarantee, of course, that the impetus for private investment will always be large enough to warrant as high a volume of savings, relative to income, as we've experienced in recent years. By the same token, we cannot be sure that the willingness to save will always be adequate to finance as high a level of private investment as business may wish to undertake. In other words, in our dynamic economy there can be no assurance that the process of economic growth will always proceed at a perfectly steady, fixed rate.

Under our free enterprise system, the people themselves are continually making decisions about the rate and kind of economic growth desired. Through their decisions to buy present goods and services or to save for the future—decisions transmitted through the market and the processes of representative government—people register a composite choice as to how much and what kind of growth is wanted. The decisions of producers—based in part on the availability and cost of investment funds, in part on expectations of future demands, and in part on the opportunities for reducing costs or increasing profits through implementing technological advances — determine the extent and rate of increase in productive capacity. The composite decision about how fast we want to grow is set by the interaction of these forces.

Government through its monetary and fiscal powers provides major conditioning factors which, in turn, influence these private decisions concerning consumption, savings, and investment. It is in fact virtually impossible to visualize a set of government economic policies which would be neutral in shaping choices between present and future consumption. Even if the scope of government activity were far more limited than it is today, the consequences of governmental action in the fiscal and monetary fields would inevitably impinge on the economic decision-making processes of individuals and businesses. When account is taken, however, of the sheer volume of present defense expenditures, of the enormous size of governmental debt and debt management operations and of the wide range of economic activities which the people have called upon government to undertake, we can better appreciate the magnitude of government influence in setting the framework for free-market determination of the rate of economic growth.

Public Policy's Importance

In some cases, these influences may tend to create a level of total demand which is inadequate, at the prevailing level of prices, to provide employment opportunities for all of the resources currently available in the economy. In other cases, public and private demand together may be so high relative to available resources as to result in pressures for cost and price increases in major sectors of the economy. There are, of course, some built-in correctives—the so-called "automatic stabilizers" — which tend to even out these fluctuations in economic activity. But to an increasing extent, we have come to recognize the impact of public policies and to realize that unwise government policy can contribute to inflation or to recession. We have, consequently, come more and more to appreciate the importance of gearing public policies to maintaining economic stability and growth.

On the whole, developments in the postwar period have kept the "undersaving" problem in the forefront. Consumer demand has risen rapidly. Partly in response to this expansion in consumption and partly in response to opportunities afforded by technological advances, private investment has also increased at a rapid rate. A considerable portion of this investment was financed by credit expansion rather than real savings, with attendant inflationary price movements.

This "undersaving" problem has been particularly trying during the past two years. On the basis of the current outlook, it will in all probability continue for some time to be a problem facing those

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*An address by Dr. Ensley before the Eastern Mortgage Conference, Mortgage Bankers Assn. of America, New York City, April 16, 1957. The views expressed by Dr. Ensley are his own and do not necessarily represent the views of the Joint Economic Committee or individual members of that Committee.

Educating the Newspapers To Educate the Public

By DONALD I. ROGERS*

Business & Financial Editor, New York "Herald Tribune"

Well known financial editor makes emphatic the importance of—and offers guidance on—improving private electric companies' public relations and of selling everyone on private enterprise. In iterating the newspaper profession's role and aim to defend, support and keep the economic system going, Mr. Rogers explains: (1) the way to reach the new enlarged middle-income group as a customer, investor and voter is through the vigorous, enlightened press; (2) workings of, and what concerns, a nemspaper's financial department; and (3) why executives must trust, and work together with, newspaper editors if they want to reach the public with the truth and facts to aid public decision-making.

The is no national spokesman for the electric industry. The president of Edison Electric Institute is always a topflight executive of some company but from my observation, he has never been allowed to speak with authority for the entire industry . . . or even for the members of EEI. Surely there should be one source for information regarding this great electric industry. Each electric company should consider every one of its customers when building a public relations program. Certainly the customer is Number One in any public relations program. But what about opinion leaders throughout the state or area who are not customers? Certainly there are problems that come before the Legislature and other area groups where people should be well informed about the company even downright friendly.

Donald I. Rogers

Of course, stockholders are a part of any successful public relations program. What are you telling them about your operating philosophy? Your stand on controversial subjects such as TVA, Hells Canyon, etc? Because I am in the financial news end of the business, it is natural I suppose, to be interested in what you are doing to cultivate the financial readers in New York, Boston, Philadelphia, Chicago and the far West. Are you submitting genuine news items to these publications? I'm not speaking about ordinary news, but news stories of interest to my readers and other publications, even magazines.

Do you have a well defined news program, writing news in its broadest sense? Have you reviewed your policies that may have been all right before the war? This all may seem academic to you executives but operating in a highly competitive newspaper field as I do, I am well aware that newspaper techniques and policies can change in a few years. Certainly while you have no threat of competition, you do have the threat of competition from the political do-gooder, the REAs, municipal, state and area groups. In the final analysis, you should be ever conscious of the fact you operate by public sufferance or public acceptance. I don't care how many franchises you have, you are going to last only as long as the majority of people want you to stay in business. You don't have to tell all the technical parts of your business to everyone for frankly, they are not interested in knowing about kilowatts or megawatts, etc.

They want to know how interested you are in them and their area . . . how friendly you are . . . how courteous you are. All of this is based on the fact you are giving your customers the best service consistent with low rates and sound business practices.

Now I'm coming to the $64,000 question—or is it $256,000?

Who Is in Charge of Public Relations?

Who is in charge of your public relations? What is his backgrounds? What is his experience? What status does he have in your organizational chart? Does he have the same status as your legal counsel? Your financial people . . . your engineers? Or is he just some fellow that does a little public relations in addition to many other duties? How much attention do you pay to him when it comes to choosing a plant site . . . or pole re-location, substation site? I realize you wouldn't knowingly put a substation next door to the Mayor's house but all public relations aspects are not that simple for the ordinary customer also has pride of ownership that must be catered to . . . It seems to me this great industry of yours has come through many phases, such as holding company control, SEC regulations, etc. In the main most of your emphasis this past year has been on engineering and financing. Now you are faced with two very important problems and the future of your industry depends on how you solve these problems, individually and collectively. Number One is manpower. Hiring the best people possible for the job which means accountants, meter readers, engineers, and yes, elevator operators, too.

Number Two, what emphasis you as executives place on public relations and here I have been speaking of public relations in its broadest sense for it is very important whether this executive merely obeys commands . . . or can make up your operating policies and procedures. My admonition to you is—Good or Bad—Your Public Relations is Showing . . . every day in every way.

Failure of the electric utility industry and its people to make themselves heard over misleading public power and anti-business propaganda can lose for your industry the support of public opinion.

You have a wonderful story to tell. The average electric customer today is getting twice as much electricity for his money as his father did 20 years ago. He's getting the best electric service in the world. In industry, he's enjoying the largest supply of electric power per worker in the world.

But the average American will have little or no knowledge of this great industry and its accomplishments unless you tell him about them. He will have little interest in you, in fact, beyond his awareness that electricity makes possible his morning coffee . . . or heats his bath water.

Not everyone is sold on private enterprise or private electric companies. Development of electric power by the government, for instance, was a major issue in the last session of Congress. It is of major importance to every electric utility employee and customer that factual information about this issue be made known at every opportunity. This information gap is one of the roles that you, as executives, can fill through your individual efforts.

Today, more Americans than ever before are concerned with the success or failure of private business. More than 8,000,000 persons in this country own stock in publicly-held companies. More than 500,000 persons annually are joining this shareowner family. Threats to private business then are not just the concern of a few.

Business needs the continued approval of the citizens—who are also its customers—and a utility is no exception.

Acquainting the Public

Facts alone won't solve the problem. At least they haven't done the complete job for the electric industry. You have to speak for the facts. As utility executives, you must work to see that your neighbors and your friends, and the friends and neighbors of all employees and stockholders, know what you and American business stand for.

If you do these things, if you take time to study the issues and tell your friends of your convictions, then the principle of private enterprise need never be at stake here.

Misdirected legislation can cut off your lifeblood. On the other hand, fair and just legislation can provide the atmosphere of freedom which is so essential to the everyday existence and success of your business . . . and the preservation of free enterprise.

An important phase of any effective public relations program, I believe, is good corporate press relations. As a financial editor I like to spend as much of my time as possible among the capitalists of the country and anyone can tell you there are no greater capitalists to be found than in your industry. Only recently one of our high government officials — the head of the anti-trust division of the Department of Justice, described you as monopolists. If this is true, then I am doubly glad to be here. Perhaps there are some things I can learn about making money and how it is done.

I am on the receiving end of press relations, and I know very little about their origin. It is a tradition, you know, that editors have an abiding mistrust of press agents and always disparage anything that originates anywhere outside of a legitimate news room. It has come to my attention, though, that this is a mutual thing . . . that press agents mistrust editors, too. I have learned, belatedly, of some of the great trials and tribulations attendant upon the birth of a piece of public relations copy in a corporation, copy, which, in all likelihood will be mutilated and abused as soon as it reaches the desk of an unimaginative and unperceptive editor.

Press Agent vs. Public Relations Man

I should clarify the difference between a press agent and a public relations counsellor. A press agent is a type who buys an editor a drink at the Copacabana. A public relations counsellor is the type who takes an editor to lunch at the University Club. The difference, as you can see, is not at all subtle.

A press agent is a representative hired by a Broadway character or someone who wants to hit the gossip columns. A public relations man is someone who is hired to explain how you calculate the worth of rights and warrants and where you get your money. Put another way, a public relations man is a fellow who can explain satisfactorily why some corporations, like AT&T, pay only $9 in dividends even though their earnings increase and the spread of stock ownership becomes fabulously wide.

A public relations man is also a type who knows when to keep stories out of the press. He knows when to advise his employer to make a judicious statement which summed up says: "No comment" . . . They call this approach the "fool the editor" technique.

Thus you approach the question of whether corporate press relations are good or bad by having to determine first which side of the street you are going to view it from . . . the corporation's side or the editor's side. Personally, I think that large corporations and most large newspapers work on the same side of the street and that their interests are synonymous and their objectives are the same. One of the reasons I was glad of this opportunity to discuss this is to further my missionary work in the field of mutual trust between representatives of big companies and editors of big newspapers.

Explains Financial News Department

I think that first I should tell you about my own set up on the "Herald Tribune." At the present time we publish the largest financial section of any daily newspaper of general circulation in the country, though I will admit it is a neck and neck race with the New York "Times" which covers the same field of coverage and all in all does a creditable job.

Both at the "Times" and the "Herald Tribune" we regard the financial departments as a newspaper within a newspaper, the financial editor being more or less like a little publisher. This does not imply that financial editors are also little martinets like some little publishers that I know. Rather financial editors are bighearted, open-minded, jovial fellows with a love of fellow man rarely found elsewhere. This information I give you merely to indicate my keen ability as a reporter and my objectivity and lack of slanted reporting.

In my financial department there are 21 reporters, six deskmen, six statisticians, some clerical workers and copy boys, and one reporter who works for me in our Washington Bureau, giving us a total of just about 50 employees for the financial department which, I might say, accounts for the premium rate charged for financial advertising in any newspaper.

Most of our financial reporters cover beats or specialties and are supposed to become quite expert

Continued on page 22

*An address by Mr. Rogers before the 24th Annual Conference, Southeastern Electric Exchange, Boca Raton, Florida, April 2, 1957.

THE MARKET . . . AND YOU

By WALLACE STREETE

Industrial shares continued to work through an area of heavy congestion this week with the bulk of the sterling work being done by a relative handful of issues. Where there was demand, the thin markets guaranteed some wide advances even apart from Superior Oil at the high-priced end with its moves of half a hundred points at a clip.

Superior Oil Nearing a Record

Superior raced well ahead of the $1,500 mark in an attempt to erase the $1,600 posted by Michigan Central back in 1928 as one of the higher price tags of all time in listed trading. The best recent tag was $1,332 posted by Coca-Cola in 1948.

* * *

A rather new group of special situations took over leadership, making the advance even more ultra-selective than it has been up to here. Of the pivotal issues, Chrysler was one of the better performers on anticipation of excellent first-quarter profits.

Lukens Still Racing

Lukens Steel, which raced from $42 to $182 last year before splitting 3-for-1, continued as a star performer and the new shares sold at $100 again to make it the best-acting of the standard issues so far this year. It more than doubled over its low for this year.

* * *

In addition to the sharply higher earnings the company reported for the first quarter of the year, there is a large short interest of 98,000 shares as of April 15 in Lukens which helped accelerate its sharp climb. The more optimistic of the Lukens champions were predicting a peak of as much as $120 based on a conservative eight-times-earnings figure and projecting the 1957 results on the basis of the first quarter to around $15 for the year. However, much depends on whether the shorts will be able to cover before any such figure is reached. The next short interest report isn't to be made known before May 20, which leaves a rather long period during which anything could happen.

* * *

Some specialties were able to break out of their 1957 trading ranges with some multi-point advances, including Mergenthaler Linotype and Outboard Marine and American Sugar, the latter two preparing to split their shares.

Earnings reports were scanned closely, the pattern of higher sales but slightly trimmed profits being fairly universal. Where results were disappointing, market reaction was swift, including Bohn Aluminum which lost more than 20% of its value in a brief span after the dividend was halved because of lower earnings.

Oils Still Alluring

Oils continued to stand out as one of the more popular groups even including Amerada which on a yield (1.6% recently) basis would seem to be fully valued in the market. The allure in Amerada, apart from its proven proficiency in finding oil with better skill than most other oil hunters, is that estimates of its reserves are necessary in the absence of official figures. By some of these self-devised yardsticks, the value behind the shares has been figured at anywhere up to a premium of $10 a share over the best prices seen this year, $124.

* * *

In addition, the company recently made a new Williston Basin discovery which introduces a new unknown in trying to figure the basic worth of the company since it is still too early to tell whether this is a significant find. Unlike some of the other oil companies that participated in the early fanfare over the Williston Basin, Amerada has not given up and turned elsewhere and is still the major factor in the Basin. Even without the support of such factors as high per-share earnings and good yield, the stock was able to increase seven-fold in price in half a dozen years after World War II. It has been mostly in a consolidating phase since.

All-Around Attractiveness of Philadelphia & Reading

A company that turned a corner with determination, and did it in a rush, is Philadelphia & Reading Corp., an old-time anthracite coal producer. In addition to the turn for the better that the entire industry experienced last year, Philadelphia & Reading even outbid the other producers in both its internal affairs and in diversifying elsewhere, including acquisition of Union Underwear Co. and Acme Boot Co. which are completely foreign to the coal business.

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According to the company's recently issued annual report, these acquisitions helped the company double its earnings which came to a fat $7 per share in 1956. At that level the stock was priced at only a bit over four-times-earnings. The intangible of great promise in Philadelphia & Reading is its large supply of so-called coal dust — something around 40,000,000 tons of silt that the company accumulated while other coal companies dumped theirs in rivers.

* * *

Philadelphia & Reading is both increasing its sales of these fine sizes in the steel industry and participating in studies on possible uses of these reserves as a source of chemicals or gases. The company is working with Hydrocarbon Research, Inc., on this project. The significance is that there are over 30 tons of the material for each share outstanding.

* * *

American Smelting is a quality issue that lately has been available at a 6% return that make it one of the higher-yielding issues of the blue chip section. The ups and downs of copper last year left American Smelting unscathed and, in fact, earnings were boosted a good 20% on a gross increase of less than 10%. The company apart from its copper properties has been expanding its aluminum operations and is working on an asbestos project in Canada.

Above-Average Yielding Electronics

Electronic issues haven't had any sustained following for a long time and in this group are some of the above-average yields, including a 4½% return on Sylvania Electric Products. Sylvania is an important factor in the electronic tube field, producing about a fourth of the radio tubes made in the country. In addition, it is heavily committed in defense work including some new and vital products for airplane use. It is also a leader in the new transistor field and a large producer of germanium and silicon for transistors.

* * *

Among the oil shares one of the better yields available is in Atlantic Refining where the return has been well past 4% at recent prices. The stock, after being neglected for the most so far this year, has finally stirred out of a narrow range of less than eight points on the upside.

Attractive Building Industry Issue

Fibreboard Paper Products which is sometimes linked with the building industry has been able to keep operations at a high level so far this year despite a decline in building activity. Some three-fourths of the company's sales are now in the carton and paperboard fields and the bulk of its expansion allotment will be assigned to increasing and improving its container operations so the results for this year are expected to improve. The issue lately has been available at a conservative eight-times-earnings reported last year. At recent levels, moreover, it has been available at some $4 below its book value.

[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.]

SOUTHERN PACIFIC, TOO

The statement in this column on April 11 that the "Great Northern has the rather enviable distinction of being the only transcontinental line that never went through bankruptcy . . ." was a generalization not in accordance with the facts. Actually, the same distinction and honor is also enjoyed by the Southern Pacific Company, of which it is justly proud. We sincerely regret the error that was made in limiting the distinction to the first-mentioned carrier, and wish to express our thanks to John B. Reid, Vice-President and Treasurer of the Southern Pacific Company, for calling the *faux pas* to our attention.—Editor.

Kostman Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Amos C. B. Murphy has become affiliated with Kostman, Inc., 215 West Seventh Street.

From Washington Ahead of the News

By CARLISLE BARGERON

I suppose that from the beginning of our country, or at least since the establishment of newspapers, we people have had something to worry about. The Middle West with its many "movements" has always been a source of trouble: the IWW's, the Knights of Labor, the Farmers' Union, Eugene Debs, the socialists, in your time and mine. Then came the Commies which became a national pain in the neck.

Carlisle Bargeron

But through all this revolution or evolution of a society, I have had my separate worries.

First, in the days of Roosevelt, came the economists. I had known a good many of these fellows as underpaid professors, usually radical, and nobody paying any attention to them. A few of them had come to the top through syndicated articles, ponderous in nature, and which relatively few people read. In 1929 as many were predicting a long and rosy future as were giving warning sounds.

But with the advent of Roosevelt they sprang out of their cellars like termites and seemingly littered the earth. They became policy makers and we are still cursed with many of them in places of influence.

Next, with World War II, came the military, inevitably. You hoped their reign would end with the stoppage of the wars. Now there are few homes in the country that, through a man or a woman, is not interested in the continuation of a large military establishment. There is the Air Force which has behind it the aircraft and gadget industry as the second or third largest employer in the country. We manufacture planes costing a million dollars apiece and after a few months cast them aside. I was at a B-47 base in Little Rock a few weeks ago. There were hundreds of the most formidable fortresses I had ever seen in my life, costing $1,000,000 each. But now they are outmoded. B-52's are the thing.

After my visit to Little Rock I told Air Force officials that they could not convince me that Russia had the industry to build such an instrument as these B-47's. That was quite true, they agreed. The Russians went in for more simplicity and were not concerned in giving their crews all the modern devices. The Russians figured, I was told, that crews are dispensable.

But now my worry is about the organization and the power which the so-called pure scientists have come to acquire. I can remember many of these fellows, shaggy haired and seemingly with never quite enough food, who were dedicated to lying around and dreaming. They were recognized in the circles of their fellow dreamers and some of them occasionally got national and international awards. But ordinarily they were not concerned with money or the material pleasures of this planet. They just wanted to serve humanity and they would get their reward in the next world.

Well, they came up with the atom bomb and they are now turning out to be quite as materialistic as the rest of us. They are, indeed, becoming cocky. They, with the propaganda they have come to have at their command, raised an awful stew when the Atomic Energy Commission decided not to continue giving Dr. Oppenheimer its secrets because he admittedly had intellectual Communist associations. The Doctor was a man different from the rest of us, we were told, he was a man of tensile structure and we should let him continue to do what he wanted to do because of his mind, which we were told was of inestimable value to this country.

Now, so help me goodness, this scientific lobby is building the heat under Secretary of Defense Wilson because he has ruled that the Defense Department should pay only for applied science, that is, something which promises definite results. The scientists have become so cocky that they insist the government should pay them and pay them well, just to sit around and dream. My feeling is that the scientists owe us an apology, instead of bragging they have our destiny in their hands and threatening to go on strike for a wage increase.

1957 Consumer Spending Outlook

By IRA T. ELLIS*

Economist, E. I. du Pont de Nemours and Company

Six per cent consumer spending rise is projected for 1957 by Mr. Ellis, who compares this with 5% decline in 1956 from 1955 and assumes 2% price level increase over 1956 which allows, therefore, for a 3% rise in volume of physical goods and services. The du Pont economist scrutinizes the strong pressure for greater consumer spending and comments on the upward tendency in purchasing power per family.

It is appropriate to consider the outlook for consumer spending because consumer expenditures account for about two-thirds of all the goods and services produced in the country. If consumer expenditures are high, business activity is very likely to be high, although the volume of consumer spending is *determined* more by the level of business activity than vice versa. The trend of consumer spending depends generally on the trend of disposable personal income, which in turn depends on the level of income and the level of personal income tax rates. Since there is little likelihood of a change in Federal personal income tax rates this year, any change in disposable personal income will parallel changes in total income.

Ira T. Ellis

Personal income is not so important an *initiating* factor in business activity as in private investment, together with the construction of roads, schools, water and sewer systems, etc., by state and local governments. . . . The outlook for residential construction is for some decline in expenditures from last year, at least 5%. Expenditures for public construction may rise 10%. The initiating segments of our economy seem to be strong.

Personal Income & Spending

Disposable personal income may rise to $300 billion during this year, a gain of 4.6% from the 1956 total. Although the principal increase will be in wages and salaries, based on higher employment and higher wage and salary rates, there will also be moderate increases in income of proprietors, dividends and interest, and in Government transfer payments. The purchasing power will be available to support a high level of consumer spending.

Consumer spending depends on the willingness to spend, as well as on the level of disposable income. Some spending may come from past savings. Some current income may be saved. For example, consumers increased their spending substantially in 1955 over 1954. Disposable income increased $16 billion, but spending rose $17.5 billion. The saving rate declined. While income increased another $16 billion in 1956, spending rose only $12 billion. Saving increased. . . .

Personal saving will probably show little change in amount from 1956 to 1957, although it will be about one-quarter larger than it was in 1955. The expected increase in disposable income in 1957, therefore, may be reflected in a rise of 5% in consumer spending. . . .

Consumer spending for durable goods may *rise* 6% this year, compared with a *decline* of 5% in 1956 from 1955. Increased spending for new and used automobiles will account for one-half the expected rise. Spending for nondurable goods may rise 4%, compared with a rise of 5% last year. Spending for services may rise 6%, compared with last year's rise of 7%.

Consumer spending for durable goods is more important now in relation to total consumer spending than it was in 1929. . . . The relative importance of spending for nondurables is about unchanged. Spending for services has declined in relative importance. Analyzing consumer expenditures in detail, spending for automobiles and electrical appliances has shown a rising importance in consumer expenditures over the years. Spending for food and beverages has shown little change. Clothing expenditures and housing expenditures have declined relatively. Spending for such services as personal interest, medical care, household utilities, and automobile operation has been rising over the years.

Price Level Trend

Prices reflected in personal consumption expenditures rose 1.9% from 1955 to 1956 (they were up 63% from 1929). Prices of durable goods rose only 0.7%, prices of nondurable goods rose 1.4%, and prices of services rose 2.4%. In our estimates of consumer spending in 1957, we are assuming prices will average about 2% above the 1956 level. Our expectation of a rise of 5% in consumer spending this year, therefore, reflects a rise of only 3% in the *volume* of goods and services.

Personal consumption expenditures *per capita* and at fixed prices have shown a substantial rise since 1948. The average annual increase has been about 1.8% per year. We expect the rise from 1956 to 1957 to be 1.5%.

Increases in consumer credit, particularly instalment credit, may also support personal consumption expenditures. Outstanding instalment credit rose $2.5 billion last year, compared with the rise of $5.5 billion in 1955. The total outstanding may rise $3 billion in 1957, particularly if the automobile industry should sell more than six million cars at retail this year.

Although some instalment credit is extended for relatively long periods, the total outstanding turns over in less than a year. The amount outstanding at the beginning of 1956, for example, was $29 billion, but the amount repaid during the year was $37 billion. Although such credit is an important economic factor, changes in it are not likely to be so distorting as changes in outstanding residential mortgage credit, where terms have been as easy as "nothing down and 30 years to pay."

Pressure for greater consumer spending is strong. We are experiencing a labor shortage related to the low birthrate of the Thirties. Wage and salary rates, therefore, are rising somewhat faster than worker productivity, with some consequent stimulation of new investment, and upward pressure on prices.

Labor Shortage

There is apparently a great shortage of young technical personnel in the country. In fact, there is a relative shortage of workers of all kinds in the age group from 25-34 years of age. The number of people in this age group will be *lower* in 1965 than it was in 1955. Furthermore, total population between the ages of 25-64 years of age, inclusive, may rise only 6.4% between 1955 and 1965. Total population may rise 17%.

The labor shortage is also stimulating the entry or reentry of many wives into the labor force. The number of working wives has increased 68% since 1947, compared with a rise of only 6% in the number of working men.

As a result of rising wage and salary rates, and the increasing number of workers per family, average family income is rising. Even after adjustment for price increases, an upward tendency in purchasing power per family is evident. The number of nonfarm families with annual incomes of $5,000 or more, in 1955 prices, accounted for 45% of all nonfarm families in 1950. This group may account for 60% of the total this year. For an equivalent income of $7,500 or more, the proportion was 17% in 1950. It may be 26% this year. Upgrading of family income and family purchases may be a slow process, but it is occurring. The outlook is that it will continue.

For a variety of reasons, consumer income is high and rising, and consumers are confident about their immediate outlook. The outlook for 1957, therefore, is for rising consumer spending.

*A panel address by Mr. Ellis before the National Industrial Conference Board Meeting, San Francisco, March 28, 1957.

Eisenhower Market Over, But Bull Market Isn't

By ELIOT JANEWAY*

President, Janeway Publishing and Research Corporation

Calling Battle of the Budget a two-front fight against inflation, economist maintains with rise of spending and decline in tax collections, inflation is about to score a major break-through.

There are two places from which the American public can get a tax cut. One is from Congress—in the form of a cut in the actual tax rate. The other is from the economy—in the form of a decline in business. A cut in the tax rate would obviously be inflationary; and, therefore, Washington is against it. But a fall in t because of a decline in earnings is inflationary, too, whether Washington likes it or not. And tax collections are falling now, while Government spending is rising.

Eliot Janeway

The battle of the Budget flared up when the Treasury requested a $3 billion increase in appropriations for next year—based on a corresponding increase projected in tax collections. The projected increase in tax collections was a political speculation on business conditions. But business conditions have been deteriorating; and, therefore, tax collections have been falling short of projections. The increase in appropriations will be spent anyhow—no matter what happens to business conditions.

The resulting gap—between rising Federal spending and falling Federal tax collections—will be inflationary, exactly as if the tax rate were to be cut. Everybody knows that the present high level of Federal spending is an important source of inflation. But very few people are aware—as yet—that the falling level of tax collections is running it a close second.

At the present level of Federal spending, any drop in tax collections acts as a built-in cushion against recession — and as a powerful offset to sagging business confidence.

People are losing confidence in business at the same time as the Administration is losing popularity. Surprising though it may seem, few combinations could be more bullish for the stock market or for commodity and industrial prices than rising government spending, falling tax collections, and a loss of political strength by the Administration. As the Eisenhower market is ending, a new inflationary market is beginning.

It takes a strong Administration to risk a hard money policy. But the more trouble any Administration gets into, the easier it is forced to make its money policies. This Administration is now getting into trouble; and it is beginning to make its money policies easier. The arithmetic of inflation is now about to administer another surprise reversal to the psychology of deflation.

*A talk by Mr. Janeway at the Boston Investment Club, Boston, Mass., April 16, 1957.

W. C. Langley & Co. Opens Boston Office

BOSTON, Mass.—W. C. Langley & Co., members of the New York Stock Exchange, announce that Robert C. Mann and Donald L. Willis have become associated with them in their new office at 201 Devonshire Street.

Both were formerly with Tucker, Anthony & R. L. Day.

Chicago Analysts to Hear

CHICAGO, Ill. — H. Danforth Starr of Cerro de Pasco Corporation will address the luncheon meeting of the Investment Analysts Society of Chicago to be held April 25 in the Adams Room at the Midland Hotel.

Three With Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Montgomery R. Austin, Charles C. Box and William F. Ehrhardt are now with Richard A. Harrison, Inc., 2200 Sixteenth Street.

Kyle Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — John E. Brandt, Jr. has become connected with James Kyle Company, 1904 Rosecrans Street.

Finance Companies' Dual Role as Bank Customer and Competitor

By M. L. GOEGLEIN*
Vice-President, Pacific Finance Corporation
Los Angeles, Calif.

Praising the customer role of finance companies with banks and warning of "trouble in our competitive practices," Pacific Finance executive questions banking industry's paradoxes and deviations. Cites, for example, "wholesale financing of automobiles at a rate lower than the prime rate to users like us," and criticizes banks' retail rate structure. Aware of their major stewardship of consumer credit—banks held $11.6 billion and finance companies $12.2 billion, or 75% of total consumer credit, in 1956, Mr. Goeglein urges public be offered financing plans based on sound practices so as to eliminate working at cross purposes and to preserve sound national economy.

There is an integrated approach to finance company and banking relationship which is inherent in the very realities of the situation. It is the approach which defines finance companies neither as customers nor as competitors, but rather as free independent business enterprises, both with a very real stake in the sound and orderly growth of consumer credit.

M. L. Goeglein

Joint Responsibility

Together we are deeply entrenched in the field of consumer credit. For example, of the total of almost $42 billion which was outstanding in short and intermediate term consumer credit at the end of 1956, $31½ billion was, as you know, in instalment credit. Of this total, banks hold about $11.6 billion and finance companies hold $12.2 billion. In other words, together we hold more than 75% of the consumer credit outstanding in these fields.

It seems to me that this places upon us **jointly** the responsibility of directing and managing an economic institution which is integral to the well being of the country, and which motivates and supports a constantly-improving standard of living for a constantly-expanding segment of the national population.

By holding a joint stewardship of this amount of credit, we both stand to gain if sound policies are followed in financing consumer needs, either through instalment sales financing or through personal loans. Together we have the responsibility for formulating these policies and of administering them in a manner that will strengthen the consumer credit structure and benefit the economy of our country.

It goes without saying that just as sound practices reflect creditably on both banking business and ours, so do abuses of lending practices bring in their wake critical public attitudes and restrictive controls that impair both banking business and ours.

It might not be amiss for me to remind the banks that it was the sales finance companies which, some 40-odd years ago, pioneered the concept of consumer purchase of durables through instalment credit, and the consumer finance companies which pioneered and proved up the theory that lending money in small sums to the average citizen of this country was a sound business practice.

Companies such as ours did the development work for the business both of us are now enjoying. We learned through trial and error what practices are sound, how to employ money most advantageously in this business, and how to interpret our services to the public. Most of the theories about instalment credit which are considered almost axiomatic today were developed arduously — and expensively — in those formative years.

The experience of both sales finance and consumer finance companies during the depression years proved that we were a sound business and a well-managed one. In fact, the industry record was so good that banks sought us out as customers. And, as we continued to prove ourselves and to improve on our earnings record year after year, banks apparently reached the point where they asked themselves what they had been missing all these years—and finally entered the instalment credit field themselves.

Interdependence Upon Each Other

Although banks were not always as committed as they are today in terms of funds employed **directly** through their instalment credit departments, they were always linked to our business. In those earlier years that I referred to, banks were by far the most important source of our funds, and they still remain a very important source of funds for finance companies. I would estimate that about $6 billion of bank money is being employed currently by finance companies. If our practices are sound and if we have a good climate for conducting our business profitably, bank money is in good hands and **earns a profit for banks.** If we are threatened by insupportable competitive practices or by repressive controls, the profit potential from the money banks have entrusted to us is threatened. It's as simple as all that. What's good for us is good for banks . . . and vice versa.

Role as a Customer

Now, if I may, let me discuss **the role of customer.** I think the fact that at the moment banks have $11.6 billion invested in instalment credit should not diminish the fact that we are customers to the tune of a substantial sum of money—some $6 billion—and that we have been customers for a long stretch of time. From the point of view of the finance companies, this has been a good relationship. I don't think most of us could have grown as we have if it had not been for the lines of credit we received from banks. The folks in the banks have been helpful and understanding. They have worked with us in shaping our plans. They have also been strict taskmasters. They have shot at us what has seemed to be interminable lists of questions. The Robert Morris questionnaire, for example, has developed into quite a chore for us, probing, as it does, into every phase of our operations and scrutinizing every pertinent ratio — and some that we think come darn close to being impertinent.

Nevertheless, our relationship with banks is pleasant and at least profitable . . . until I think of today's prime rate. We like to think that this is not a one-sided love affair. And we suspect we are right. We know, on the basis of our own lending experience, that we have the attributes of a desirable customer. Banks know that they have very little risk involved in lending to us. There is little expense—in making the loans or in keeping the attendant records or in collecting the money we owe you. And we pay you a rate which assures you a good profit. In fact, we are one of the largest—if not the largest—and one of the best customers bankers have. We think, in short, that banks are probably interested in perpetuating us as customers for a long time to come—and I know that I speak for all my colleagues in the finance business when I say that we share this objective with banks.

Cites Competitive Practices

It is when I look at our roles as competitors that the picture gets a little murky. I don't think that either our business or banking is headed for trouble in our competitive practices, but I do feel that a hard and sober look—taken together, might be useful.

I should make it clear that it is certainly not my intention to tell bankers how to run their banks. I know full well that banks know how to lend money and make a profit out of it. A look at 1956 earnings establishes this as a fact. I am also well aware that if there is anything banks want to know specifically about the ups and downs of instalment credit, they have complete access to very detailed information about finance companies to help you get the answers.

But I think banks will agree with me that in the day-to-day competitive tug-of-war, many specific instances come to light which create something of a paradox. There is, of course, the basic paradox of those interested primarily in the instalment credit departments of banks, competing with the commercial departments of banks for available funds and then, in turn, competing directly at the retail level with your own bank's money which is being put to work through companies such as ours. Over and above that, there is the paradox of our not always observing the same ground rules, although we both have the same long-range objectives in the field of consumer credit.

Because of the scope of our respective operations, none of us knows to what extent we deviate from each other in our business practices — and I suspect that fundamentally we don't deviate very much—at least at the **policy level.** It's when we get out at the operating level that deviations occur.

Discriminatory Lending Rates

On the basis of some of the reports that come to us from the field, we find it very difficult to understand why some banks lend money for the wholesale financing of automobiles at a rate that is lower than the prime rate to users like us. Bear in mind that I am talking about the effective cost of money to us. With the prime rate at 4%, when you take into consideration compensating balances and resting periods, the total cost of money to us totals about 5⅓%. Now, on the basis of our own experience, we know that the element of risk in the wholesale financing of autos is sizable and the cost of servicing is high. In some cases, dealers who have new car franchises are able to get more credit with less net worth and at a lower rate than many of the old-time established business firms in the community.

When we see this, we wonder whether the banks have been blinded by the meteoric rise of certain dealers who hold the choice franchises of the day. We are reminded that a valuable franchise is not the sure road to success. Dealers, with excellent franchises, get in trouble in good times as well as bad unless management has the stretch to meet the rapidly changing merchandising conditions of the automotive industry.

One of our banker friends just recently told us of a loss his bank suffered because they permitted dealers to account for missing cars on floor checks simply by stating they were out on demonstration. After the various experiences bankers have had with this sort of thing around the country, we raise an eyebrow when we hear that some banks are still lax on making rigid floor checks to be sure that the floor plan inventory actually exists.

Finance companies generally insist on maintaining dealer reserves. Why? Because we have learned over the years that it is a very sound business practice to have some dealer reserves available for contingencies which we cannot foresee in this volatile instalment credit business. Can you blame us, then, for being puzzled when we see banks reducing—and occasionally even eliminating completely—the holding of dealer reserves?

In some parts of the country, dealers who have their own finance companies hypothecate their paper to banks at rates comparable to that enjoyed by companies such as ours. At first, this was done for only a few top dealers, but, as you know, the word gets around . . . pressures develop . . . other dealers force the issue . . . and the practice spreads from dealer to dealer and city to city.

In some cases we found these dealer finance companies acquiring paper from used car dealers and, in turn, hypothecating this paper with their own, as if it were their sale. From where we sit, this looks like a high risk venture which scarcely justifies a rate comparable to that which we pay.

Bank's Retail Rate Structure

Now, let's take a look at banks' retail rate structure. Our experience in the business tells us that operating costs involved in handling retail contracts takes a healthy bite out of the gross charge. When we see banks offering 3¼-4-4½% financing, we know that it is arithmetically impossible for them to net out a rate of return that is comparable to that which prime rate borrowers pay when compensating balances are considered. We wonder, therefore, to what extent banks apply real cost accounting practices to their instalment credit departments. Do they make a charge for the square footage allocated to the operation? Do they make a charge for administrative expense, advertising expense and the various staff services? Is a charge made to the department for funds employed?

We know that some banks have established, and others are establishing cost accounting procedures. We are beginning to see evidence of this more frequently. Recently a large bank told us a large appliance dealer, who had always been considered a top account, was dropped by them. As soon as a cost-accounting system went into effect, which disclosed that even though the volume was wonderful and the rate charged the public seemed high, the gross rate was still insufficient to carry the high operating costs attendant with this type of operation.

Observe Same Ground Rules

We know, of course, that bank's retail rates are based, as are ours, on the assumption that the owner has a sufficient investment in his collateral. We have found no substitute for a hardheaded and realistic approach to this problem. When we see dealers sliding contracts through their banks with phantom down payments and packed with heavy reserves, we wonder how long it will be before our banker friends take firm steps to squeeze the water out of some of these down payments just as we have been forced to do.

For instance, in our company we disregard the figures on the paper sent to us by the dealer and set to work to evaluate what we call the TCI, the true customer investment. With the thought in mind of anchoring the customer to an investment about which he will feel responsibility, we key our advance to the dealer's cost on new cars and the low book value on used cars. We squeeze the water out of that contract by eliminating discounts, if any, by the dealer and setting the true value of the trade-in at wholesale.

As a competitor, I call these things to banks' attention because, as a customer, I know the lending officers of the banks with whom we deal are tough taskmasters with us whenever we make mistakes. Of course, banks get a break because few really have to worry about these same taskmasters since there are only a handful of banks in the entire country whose instalment credit departments are looked at by the same lending officers who supervise finance company credit lines. Maybe this explains in part the paradox of your not observing the same ground rules they lay down for us.

Fundamentally, we know that the instances I have cited are not characteristic of all bank operations, but the fact that they exist at all should concern both of us. The important issue is not to measure our differences, but to agree that for our own mutual economic welfare and for the present future soundness of the national economy, we must present to the public financing plans based on sound practices.

In this period of tight money, we have taken an even harder look and found that many of the yardsticks we considered sacred in the operation of our business have had to be revised—and we assume that banks are doing likewise.

We are convinced, in short, that all lenders should follow practices that are flexible and adaptable in order best to serve the customer, the lender, and our complex, interlaced economy — and that banks and finance companies, as the major stewards of consumer credit should jointly provide leadership in shaping and adhering to these practices.

The problem which companies such as ours have in relationship to companies such as banks — if indeed we have a problem—is not that we are competing with each other or that we are crowding each other . . . but that we run the risk of working at cross purposes. If we're to make the most out of being in business, we have to work toward common goals—a fair and free economic environment for all of us. We have a **common interest** in the expansion of the funds which we are jointly employing in consumer credit. We have a **common interest** in advancing public attitudes toward consumer credit as a constructive institution. Over and above these, we have a **common interest** in strengthening the economy which supports us all.

Viewed in this scope, what we have to gain through increased **communication and cooperation** is limitless.

*An address by Mr. Goeglein before the American Bankers Association's National Instalment Credit Conference, Chicago, March 20, 1957.

Walston Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Cecil J. Downs is with Walston & Co., Inc., 550 South Spring Street.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

William J. Fimbel and Sherwood L. Monahan have been appointed Assistant Trust Officers of the **Chemical Corn Exchange Bank, New York,** it was announced on April 22 by Harold H. Helm, Chairman. Messrs. Fimbel and Monahan are members of the bank's Personal Trust Department at 30 Broad Street office.

* * *

Joseph Adams, retired Vice-President of the **Chemical Bank and Trust Co., New York,** died on April 18 at the age of 83.

* * *

Trustees of **The Dime Savings Bank of Brooklyn, N. Y.** have announced that they expect to increase the dividend rate paid to the Bank's depositors in the second quarter of this year by ¼ of 1% or to an annual rate of 3¼%, providing, of course, the Bank's favorable earnings continue. First payment at the higher rate is expected to be made July 1 for the quarter beginning April 1, 1957.

In announcing the anticipated increase in dividend rate, George C. Johnson, President of the Bank, declared:

"The present trend toward higher interest rates should be regarded as a return to the historical policy of adequate rewards to savers."

"During the many years of managed economy and artificially low money rates, little or no consideration was given to the man who owned the money—the individual saver.

"Money is a commodity. However, unlike all other commodities, its price—the rate of return—has not advanced in relation to the over-all economy.

* * *

Martin F. Coffey, Jr., a member of the bank's staff for the past 17 years, has been named Assistant Comptroller of **The Dime Savings Bank of Brooklyn, N. Y.,** it was announced on April 24 by George C. Johnson, President.

Mr. Coffey, who lives in New Hyde Park, L. I., entered the auditing department of "The Dime" on Sept. 1, 1939. In 1954, he was named supervisor of statistics in the bank's accounting department.

* * *

Kirby J. Schall, Assistant Treasurer of **The County Trust Company, White Plains, N. Y.,** completed 25 years of service on April 27.

Prior to his present assignment as officer in charge of the Bank's drive-in office on Aqueduct Road, White Plains, Mr. Schall had worked in the main office and the branches in Tarrytown and Hartsdale. He was made an officer of the Bank two years ago.

* * *

David Glieberman was elected Chairman of the Board of the **Perth Amboy National Bank, Perth Amboy, N. J.**

* * *

On April 18 the shareholders of the **Second National Bank, Philadelphia, Pa.,** voted approval for the issuance of 12,500 additional shares of capital stock at $28 per share. Upon subscription for these additional shares, $125,000 of the proceeds will be added to the bank's capital account and $125,000 to the surplus account, bringing them to $1,375,000 each. Thus, with undivided profits and reserves of approximately $1,200,000, total capital funds of Second National will be increased to approximately $4,000,000.

* * *

Rodney L. Jack, an Assistant Vice-President of the **First Pennsylvania Banking and Trust Company, Philadelphia, Pa.,** died on April 22 at the age of 63.

* * *

Chicago National Bank, Chicago, Ill., increased its common capital stock from $1,855,000 to $2,226,000 by a stock dividend and from $2,226,000 to $2,500,000 by a stock dividend effective April 15 (125,000 shares, par value $20).

* * *

At the annual meeting of the Board of Trustees of the **Farmers & Mechanics Savings Bank of Minneapolis, Minn.,** held Jan. 22, Mr. John deLaittre was elected President of the bank, and Mr. Henry S. Kingman, President, was advanced to the position of Chairman of the Board.

* * *

Henry E. Gronemann has been appointed Assistant Cashier of the **First National Bank in St. Louis, Mo.,** according to an announcement on April 15 by William A. McDonnell, Chairman of the Board.

Mr. Gronemann started his banking career with the **St. Louis Union Bank** in 1917.

With the consolidation of the St. Louis Union Bank, **Third National Bank of St. Louis** and the **Mechanics - American National Bank** in 1919, Mr. Gronemann became a member of the First National staff. He has worked in various departments of the bank and has been a member of the Home Loan Department since 1950.

* * *

Richard J. Dodge has been elected a Trust Officer of **St. Louis Union Trust Company, St. Louis, Mo.,** effective April 22, it was announced on April 19 by David R. Calhoun, Jr., President.

He will be associated with the Probate Division as an administration officer.

* * *

The common capital stock of **The Fulton National Bank of Atlanta, Ga.,** was increased from $2,500,000 to $2,800,000 by a stock dividend effective April 11 (280,000 shares, par value $10).

* * *

By the sale of new stock effective April 11 **The First National Bank of Anniston, Ala.,** increased its common capital stock from $600,000 to $750,000 (30,000 shares, par value $25).

* * *

Lafourche National Bank of Thibodaux, La., increased its common capital stock from $50,000 to $150,000 by a stock dividend and from $150,000 to $200,000 by sale of new stock, effective April 8 (8,000 shares, par value $25).

* * *

The Comptroller of the Currency on April 11 issued a charter to the **First National Bank of Alice, Alice, Tex.** The bank has a capital of $200,000 and a surplus of $300,000. The President is J. L. Carlisle and the Cashier Raymond Garr.

* * *

The Southside National Bank of Missoula, Missoula, Mont., was issued a charter by the Comptroller of the Currency effective April 5. The bank has a capital of $100,000 and a surplus of $100,000. The President is Paul S. Gillespie and the Cashier James A. Hart.

Why British Employers Decline to Resist Wage Increase Demands

By PAUL EINZIG

Factors contributing to impaired employer-resistance to wage increases, involving the British Government's predicament and employers' wounded feelings, are discussed by economist-writer Einzig. The author calls attention, also, to labor's new goal of avoiding overtime pay and recapturing such lost earnings by increasing the basic wage rates, and to the price inflationary consequences of all this.

Paul Einzig

LONDON, Eng. — Although at the time of writing the outcome of several major wages disputes is still uncertain, it is widely believed that the 5% increase granted to railway employees by the British Transport Commission will serve as the model for an all-round increase of wages of that magnitude. In existing circumstances this is likely to mean a 5% inflation. There was no increase in productivity in 1956 that would provide economic justification for the higher wages. The output was, if anything, lower than in 1955. It is true, it is widely expected that in 1957 the expansion of the output will be resumed. But it is by no means certain whether the increase will be as much as 5%. For a number of trade unions have adopted the line that the working of overtime must be avoided as far as possible, and the resulting loss of earnings must be made good through an increase in basic wage rates.

Even on the optimistic assumption that the 5% increase in wages will be accompanied by a 5% increase in the output, the higher purchasing power of consumers is likely to result in an inflationary pressure on prices. Additional wages will be paid out from now on every Friday, but it will take some time before the additional goods will become available to consumers. In any case, a large proportion of the additional wages will be spent on food and other goods the supplies of which are not expected to increase, at any rate not until much later, and the prices of which are very sensitive and respond almost immediately to the higher demand.

On the other hand, the increase in the output of most manufactures will be in response to a previous increase in consumer demand. For this reason the producers will be in a position to pass on to the consumer the full increase in their costs resulting from the higher wages. Nor are industrial firms likely to hesitate in the future to raise their selling prices, whenever they consent to higher wages. In response to the Government's appeal in 1956 for their co-operation in an effort to prevent a further rise in the price level, a large number of industrial firms financed out of profits the wage increases granted last year. But they received no thanks for this self-denial, either from the employees or even from the Government. Regardless of official exhortations, the trade unions were pressing forward with their wage demands.

Government's Position

As for the Government, its attitude caused bitter disappointment in industrial circles. During the second half of 1956 and the first quarter of 1957, many industrial firms, having suffered drastic declines of profits in their effort to avoid raising their selling prices in face of higher costs, decided to make a firm stand. The Government, instead of assisting them in this effort, maintained for a long time an attitude of strict neutrality in face of unwarranted wages demands. Official spokesmen took the utmost care to avoid conveying the impression that they take sides between employers and employees, or even that their sympathies are with the efforts of employers to stem the flood of wage inflation. This was bad enough, considering that the employers were fighting the Government's battle against inflation. But there was worse to come.

When in March the engineering and shipbuilding workers began a strike, the Minister of Labor, Mr. Macleod, brought the utmost pressure to bear on employers to induce them to meet the wages demands to a considerable extent.

The Government's attitude is easily explained by political necessity. In order to regain some of the popularity lost in the rank and file of the Conservative Party since the general election, the Government was rightly anxious to make tax concessions to the higher income groups in the Budget in April. But it would have been difficult to announce such concessions in the middle of a major strike. It was considered important, therefore, that the trade unions concerned should be persuaded to call off the strikes, pending the deliberations of the courts of inquiry set up for dealing with their wages demands. This could only be achieved if employers were prepared to meet the unions at something like halfway. Under Government pressure they reluctantly consented to do so.

Having announced their determination not to give way and to face a showdown, industrial firms were over-persuaded to give way. They are not likely to forget this experience. Next time the Government will appeal to them to cooperate in the effort to stem inflation, the appeal may meet with much less response. Until 1956 employers usually took the line of least resistance by conceding unwarranted wages demands and adding the extra cost to the price of their goods. After the experience of March 1957, they are likely to resume this attitude. They are in a position to do so, because the wages inflation ensures an adequate demand for their goods at the higher prices.

Impaired Employer Resistance

The only way in which the Government could repair the damage done would be by stepping up considerably its disinflationary measures. There are no indications, however, that this is under consideration. In such circumstances industrial firms are not inclined to do the Government's work by taking on themselves the burden and unpopularity of resisting the wages demands. Now that the wages increases appear to have become an annual event, a more or less continuous expansion of the domestic markets for their goods appears to be assured. In the circumstances, many firms will feel inclined to leave it to the Government to worry about any fall in exports which may occur if, as a result of higher wages, British goods should lose their overseas markets.

It is, of course, arguable that, conditions being what they were, the Government was fated to take the line it took in March. The reduction of taxation could not be deferred any longer. Nor could it have been undertaken unless the engineering strike had been called off. But the net result is that the employers' will to resist wages demands has been gravely impaired.

Benj. D. Bartlett to Admit New Partners

CINCINNATI, Ohio — On May 2nd, Jean E. Bennett, Bruce R. Davies, Charles H. Snyder will be admitted to general partnership, and Jean K. Block and Jane K. Friedlander to limited partnership of Benj. D. Bartlett & Co., 313 Vine Street, members of the New York and Cincinnati Stock Exchanges.

Mr. Bennett and Mr. Snyder were formerly officers of J. E. Bennett & Co., Inc. On May 2nd John R. Lewis, general partner in Benj. D. Bartlett & Co., will become a limited partner.

LETTER TO THE EDITOR:

Gold Price Increase Advocated

Reader Gutmann takes exception to some of Mr. Sproul's views contained in his article "Gold and Monetary Discipline" ("Chronicle," April 4); contends an increase in the price of gold to $69.30 would "compensate the loss in purchasing power," and that the resulting Treasury paper-profit would be useful; and believes it is not fair to discriminate against the gold miner.

Editor, Commercial and Financial Chronicle:

The article "Gold and Monetary Discipline" by Allan Sproul (hereafter called the author) forms an eminent point of departure for any Monetary Commission to be created. While agreeing to some of the points presented by the author, I beg to take exception to others.

(1) "Our system of managed money" with its array of deadweight, passive and active debt has not achieved "to protect, promote and safeguard the purchasing power of our money" as the author, in three different parts of his article states—as its goal. It has transformed a 100 cents monetary unit into a 50½ cents one and a Consumer Price Index of 100 into one of 198—over a period of 22 years.

The consequences are all-important for the basic correlation between Gold and Monetary Discipline. With a dilution of 49½% present, any price of gold up to $69.30 is not an increase, but just **even**, in other words, it would only compensate the loss in purchasing power.

Presented in any other way a **fictional** yardstick is applied instead of a **factual** one. This is the part of the future which happened already in the past, and which is not mentioned in the author's article. All the inflation you could want to see, exactly 1.98 times is already an established fact.

(2) The author declares that any "arbitary increase in the price of gold provides the basis for a manifold expansion of credit and is therefore highly inflationary." This argument is often used, but is it so?

The consequences of the multiple expansion of credit already in existence are visible and measurable. The result is of such a kind, that an adjustment is called for.

Any inflow of gold which could be caused by an increase in the price, is not inflationary in itself, only if it is willed so. We could absorb 6½ billions in gold alone to restore our former coverage. More inflowing gold and the accretion should be immobilized, that is kept in a special Treasury account in kind (free gold) as was done before. In that way existing monetary reserves would not be written up. They would stay as is and be improved. The increment could also be used to reduce the short-term debt and to give the Treasury a substantial cash surplus and appropriate means for debt management.

(3) I concur with the author that the orthodox Gold Coin Standard cannot work in practice under present circumstances. Under the accepted International Gold Bullion Standard, even if it does not "jingle," gold is still very much "minted matter" in contrast to "printed matter."

(4) I agree with the author that the possibility of a "Gold-Run" is remote, but I would not base the argument on the banking principle of proportional reserves. I hold that under the Stipulations of the International Monetary Fund, the situation has completely changed in this respect, the accent is on concerted action.

(5) As long as the U. S. stands ready to deliver Gold at $35 an ounce there is no chance, even in free markets abroad, that the price will change much. Markets with higher prices develop only locally under political or economic tension. We lost over 2½ billion in Gold in the period 1949-1955 and gained $558 million from 1955 to April, 1957, so the support means little.

Gold is not yielding any interest, but the combination of a Gold-Guarantee and Investment is. Other nations might decide to go their own ways. We witness the forerunner in the European Common Market and Free Trade Plans, steps like these might change our International monetary set-up.

An Anachronism

To insist sternly on maintaining domestically as well as internationally both the 1934 price of Gold and the 1957 price level indefinitely is an economic anachronism. It inflates us as well as other nations where the dollar is important.

Monetary processes are relentlessly logical.

(6) Selling of Russian Gold has no malevolent effect on the U. S. A.; on the contrary any amount sold by Russia will not be withdrawn here. Furthermore a substantial part of the total of $600 million in gold, which we have acquired in the last two years stems from Russian sales.

(7) The author declares "that as long as the gold miners have the protection of an assured market at a fixed price, they should not ask for a privateers license." The Guarantee to the gold miners is 35, 1934 dollars; what they actually receive is the equivalent of 17.65, 1934 dollars. It cannot be considered as sporty, to single out the lone industry which is not able to express increased costs in the price of their product.

In the form of a letter I can only touch on some points of this complex subject, without supporting argument and without the necessary documentation.

I should like to bring this discussion of gold and monetary discipline to a close by referring to Walker's worldly-wise "Money Is as Money Does."

Dr. EARNEST R. GUTMANN
60 Broad Street, Room 1603-4
New York 4, N. Y.
April 9, 1957

McDonald, Holman & Co. Sponsors Quotat'n Telecast

Stock market quotations are being telecast regularly in a new program sponsored by McDonald, Holman & Co. Inc., 70 Pine Street, New York City, and presented over the CBS Television Pacific Network.

"Reporting financial market developments with the speed and clarity of television," says Hugh McDonald, President of McDonald, Holman, "will acquaint and familiarize the viewing public with the operations of the stock market, the focal point of American business. We hope this project broadens the public's interest in the stock market."

Louis B. Henry

Louis B. Henry, partner of Henry, Seay and Black, Dallas, Texas, passed away April 17 at the age of 64 following a brief illness. He had been active in the investment business in Dallas for 25 years.

RUSSIA RENOUNCES PUBLIC FINANCE

(Bondholders' Savings Frozen)

By PAUL HEFFERNAN
Financial Writer and Poet, The New York "Times"

Until the day of Marx and Keynes
You Russians could lose nought but chains.

But then you saved by tens and twelves
And now owe rubles to yourselves.

There, now, old comrades, don't you cry,
You'll get the money — bye and bye.

Didn't you hear what the Englishman said:
In the long run, chappie, we're all quite dead.

Nobody wants you when you're old and gray:
It's just the euthanasia of the rentier.

Connecticut Brevities

Fafnir Bearing Company has announced plans to build a new plant on a parcel of land which was recently purchased from the City of New Britain for a price of $85,000. The new building will contain 33,000 square feet of floor space and its estimated cost is about $200,000. Upon completion the press division will be moved there from its present location in the John Street Building.

* * *

Platt Bros. & Company has recently opened a new plant between Waterbury and Naugatuck to replace its Platts Mills Road plant which was destroyed by the 1955 flood. The new plant includes 28,000 square feet of floor space and was constructed at a cost of about $350,000.

* * *

E. J. Korvette, Inc., a discount chain organization with headquarters in New York City, has entered into a 21-year lease of the [illegible] floor Wise Smith building in the downtown shopping area of Hartford. The building is being altered and improved at a cost of about $3,000,000 and is expected to be in operation by September and to employ a working force of about 1,000 persons. The building has been vacant since 1954.

* * *

The **American Hardware Corporation** has filed with the Securities and Exchange Commission a registration statement covering 118,000 shares of its common stock which it proposes to offer in exchange for common stock and Class B common stock of Kwikset Locks, Inc., a company which is located at Anaheim, California, and which is one of the largest manufacturers of residential and commercial lock-sets, as well as producing a variety of other builders hardware items, including safes, front door trim and handles. One share of American Hardware will be offered for each two shares of Kwikset common and 55,500 shares of American Hardware common for the 150,000 shares of Kwikset class B common, all of which are owned by Adolf Schoepe, President of Kwikset.

As a condition of the offer, Mr. Schoepe must agree to terminate his present employment contract and resign as President and a director of Kwikset. The offer is also conditioned upon acceptance by at least 85% of the combined stock of Kwikset, although American Hardware may accept 80%. Initially, at least, Kwikset, if acquired, will be operated as a subsidiary of American Hardware. The Annual Report of American Hardware for 1956 shows that sales increased from $29.2 million the previous year to $30.5 million and that net income per share increased from $2.02 to $2.53.

* * *

Bigelow-Sanford Carpet Company plans to spend about $4.8 million in 1957 and $3.8 million in 1958 on plant expansion, compared to $4.5 million in 1957. The company has recently disposed of its fiber glass products and reinforced plastics businesses, together with two buildings located in Amsterdam, New York.

* * *

The Connecticut Bank and Trust Company has recently opened a branch bank in Norwichtown, its second new branch this year, following the opening of a branch in Bloomfield in January. The bank now operates 25 offices in 17 Connecticut towns.

* * *

Stockholders of **Dunham-Bush, Inc.,** and of Brunner Manufacturing Company have approved a plan which provides for acquisition of Brunner by Dunham-Bush under an exchange of $6 of non-convertible 6% 20-year Subordinated Debentures of Dunham-Bush for each share of Brunner common. With each $100 par value of the new debentures there will be a warrant to purchase one share of common stock of Dunham-Bush at $12 a share any time within five years after April 1, 1957. Brunner will become the Brunner Division of Dunham-Bush and will continue to manufacture primarily air compressors and condensing units for air conditioning equipment and commercial refrigeration.

* * *

The United Illuminating Company has mailed rights to its stockholders to purchase one additional share of common stock for each eight shares owned of record April 10. The subscription price is $22 a share and the rights expire on May 2. The net proceeds of about $6.7 million will be used to partially finance the company's 1957-1958 construction program which will amount to about $19.5 million.

M. N. Israel Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Marshall N. Israel is now engaging in a securities business from offices at 2300 Irving Street.

Lee Inv. Co. Formed

DALLAS, Tex. — Frank A. Lee has formed the Lee Investment Co. with offices at 4111 Clover Lane to engage in a securities business.

G. A. Meyerheim Opens

Gerald A. Meyerheim is engaging in a securities business from offices at 264 West Seventy-seventh Street.

11 Grandchildren for Wellington Hunter

Wellington "Duke" Hunter of Wellington Hunter Associates, Jersey City, N. J., became a grandpa for the tenth time with the birth of a daughter, Christine Anne Hunter, to Captain and Mrs. Maurice Hunter. Captain Hunter, who is serving in the U. S. Marine Corps, is stationed at Norfolk, Va.

Wellington Hunter

No. 11 arrived April 18 with the birth of a son, Scott W., to Mr. and Mrs. Glenn Hunter of Saugerties, N. Y.

White, Weld & Co. In New Quarters

White, Weld & Co., members of the New York Stock Exchange and other principal exchanges, have completed the moving of their main offices to four complete floors in the modern, air-conditioned structure at 20 Board Street, adjacent to the Stock Exchange.

The move to the new quarters, consolidates the entire operation of the far-flung White, Weld organization on the 18th, 19th, 20th and 21st floors, comprising 51,200 square feet of space at 20 Broad Street. Previously the firm, with its 450 employees at the New York headquarters, had occupied three and one-half floors of space at 40 Wall Street, and one-half floor in the adjoining building, 44 Wall Street. It had been located at the 40 Wall Street address since that structure was completed in 1930.

White, Weld & Co., in addition to serving as commission brokers in the buying and selling of securities, also maintains extensive facilities for the underwriting and distribution of domestic and foreign securities. The firm has long been recognized as specialists in the field of natural gas pipeline financing.

Branch offices are located in 14 cities in this country, and in such foreign financial centers as London, England; Zurich, Switzerland; Caracas, Venezuela, and Hong Kong.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates yesterday (April 24) offered $2,700,000 of Minneapolis & St. Louis Ry. Co., 4½% series A equipment trust certificates, maturing annually May 10, 1958 to May 10, 1972, inclusive.

The certificates are priced to yield from 4% to 4.50%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

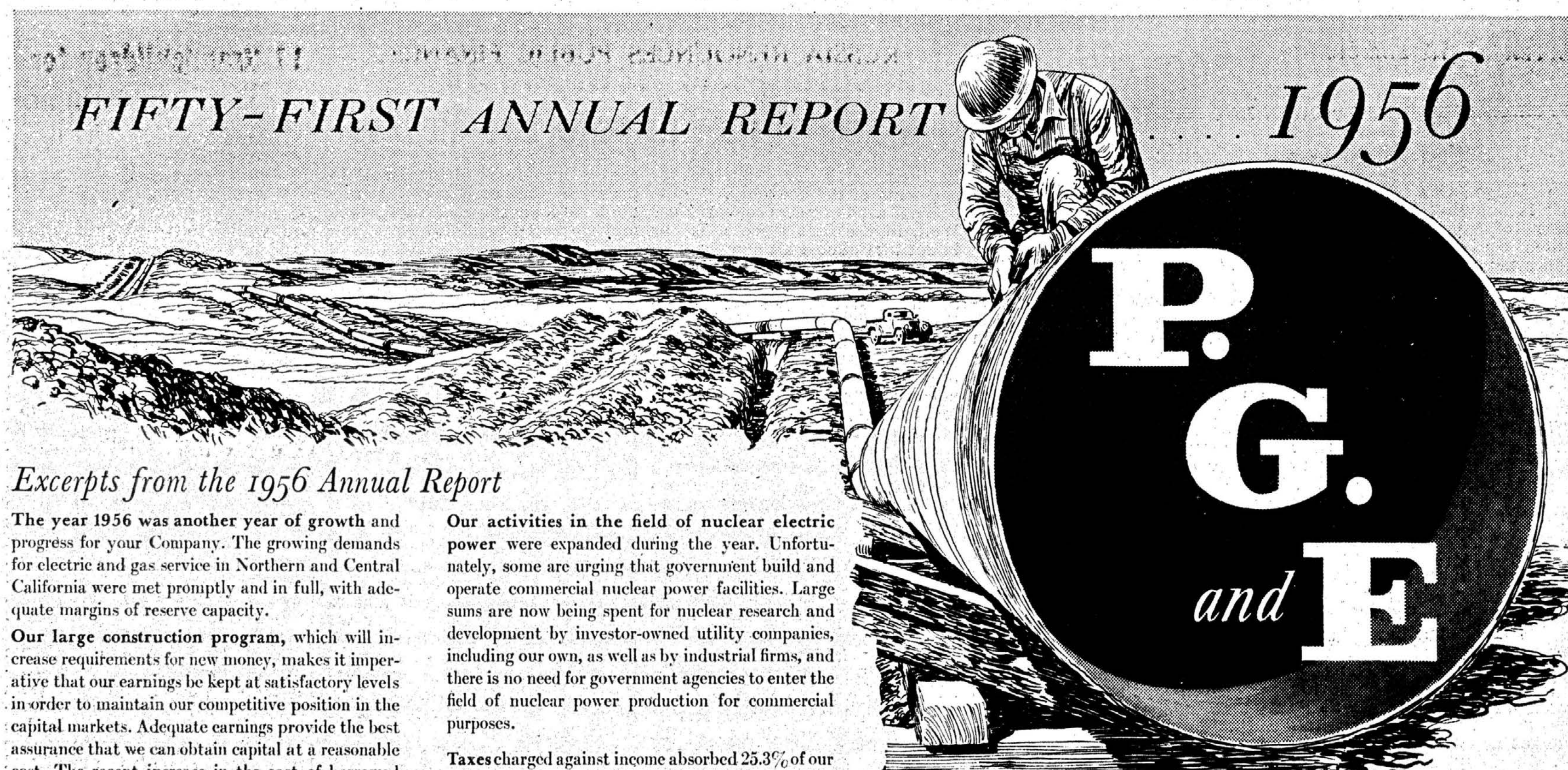
The issue is to be secured by 30 insulated "compartmentizer" box cars; 100 covered hopper cars and 250 open hopper cars, estimated to cost approximately $3,375,000.

Associates in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Freeman & Company; McMaster Hutchinson & Co.; and Shearson, Hammill & Co.

Ulmer-Joseph Co. Formed

CINCINNATI, Ohio — Ann Ulmer and Leon F. Joseph have formed the Ulmer-Joseph Co. with offices at 4047 Beechwood Avenue to engage in a securities business.

FIFTY-FIRST ANNUAL REPORT . . . 1956



Excerpts from the 1956 Annual Report

The year 1956 was another year of growth and progress for your Company. The growing demands for electric and gas service in Northern and Central California were met promptly and in full, with adequate margins of reserve capacity.

Our large construction program, which will increase requirements for new money, makes it imperative that our earnings be kept at satisfactory levels in order to maintain our competitive position in the capital markets. Adequate earnings provide the best assurance that we can obtain capital at a reasonable cost. The recent increase in the cost of borrowed funds is of great significance to utility companies. If this situation continues, the regulatory bodies must face the situation with realism and adjust upward the rates of return that customarily have been allowed utility companies in recent years, which rates of return were based largely upon money conditions which prevailed during and for a considerable period after World War II.

Long-range planning of the highest competency is essential to the successful conduct of a utility business. Commitments for facilities and equipment must be made years in advance of the time they can be brought into actual operation. Our confidence in the continued growth of this area was reaffirmed recently when we ordered two 325,000 kilowatt steam units for installation at our Pittsburg Power Plant in 1960 and 1961. These units are about twice the size of the largest steam units we now have in operation. The new Pittsburg units will bring capacity now under construction or scheduled for completion during the next five years to 1,495,500 kilowatts, of which 625,500 kilowatts will be in hydro plants and 870,000 kilowatts in steam plants.

Our activities in the field of nuclear electric power were expanded during the year. Unfortunately, some are urging that government build and operate commercial nuclear power facilities. Large sums are now being spent for nuclear research and development by investor-owned utility companies, including our own, as well as by industrial firms, and there is no need for government agencies to enter the field of nuclear power production for commercial purposes.

Taxes charged against income absorbed 25.3% of our gross operating revenues. This is one measure of the subsidy now given government-owned utilities which pay little or no taxes in the conduct of their operations. Rate comparisons between investor-owned and government-owned utilities have little meaning unless this subsidy and others are taken into account.

Stock Ownership: The Company enjoys the distinction of being one of the most widely-owned corporations in the United States, ranking seventh according to the most recent information available.

The gain in stockholders during 1956, the seventeenth consecutive year in which we have experienced a gain in the number of those participating in our ownership, is indicative of a nationwide trend toward a wider ownership of American business. According to the most recent Census of Shareowners conducted by the New York Stock Exchange, it is estimated that one out of every twelve adults in the United States is now a stockholder in publicly-held corporations. This is an entirely voluntary participation and is a reflection of their faith in our free institutions and economic system, which have provided us with the world's highest standard of living.

Chairman of the Board

N. R. Sutherland
President and General Manager

Summary Showing Sources and Disposition of Income

	1956	1955
Sources of Income:		
Electric Department revenues	$305,855,000	$289,710,000
Gas Department revenues	162,560,000	151,508,000
Revenues from other operating departments	2,329,000	2,282,000
Miscellaneous income	1,187,000	804,000
Totals	$471,931,000	$444,304,000
Disposition of Income:		
Wages and salaries of operating employees	$ 57,146,000	$ 53,612,000
Power purchased from wholesale producers	6,190,000	2,917,000
Natural gas purchased	98,808,000	94,947,000
Oil and other fuel purchased	15,309,000	12,222,000
Material and supplies, services from others, etc.	22,165,000	19,143,000
Provision for pensions, insurance, etc.	7,516,000	9,114,000
Provision for depreciation and amortization	44,964,000	43,372,000
Taxes, including provision for federal taxes on income	110,526,000	108,264,000
Special charges in lieu of and for deferred federal and state taxes on income	8,746,000	6,284,000
Bond interest and other income deductions	24,787,000	23,394,000
Dividends declared on preferred stock	18,192,000	17,102,000
Dividends declared on common stock	39,989,000	35,763,000
Balance retained in the business	17,593,000	18,170,000
Totals	$471,931,000	$444,304,000
Average Number of Shares of Common Stock Outstanding	16,662,129	16,255,733
Earnings Per Share on Average Number of Shares Outstanding	$3.46	$3.32
Dividends Declared Per Share of Common Stock	$2.40	$2.20
Retained in the Business, Per Share of Common Stock	$1.06	$1.12

HIGHLIGHTS

of the Year's Operations

Gross operating revenues reached an all-time high of $470,744,000, exceeding those of the previous year by $27,244,000, or 6.1%. Climatic conditions adversely affected the growth in revenues for several major classes of service.

Sales of electricity to customers totaled 17.2 billion kilowatt-hours, a 4.8% increase over the previous year. In addition, we accepted for delivery 1.2 billion kilowatt-hours for the account of others.

Sales of gas to customers totaled 304 billion cubic feet, a gain of 5.8% over the previous year. Warmer-than-normal weather which prevailed during most of the year retarded sales in this department.

Construction expenditures totaled $148 million, an increase of about $15 million over the prior year. The cost of our construction program is increasing, and we expect that expenditures for this purpose will range from $175 to $190 million annually over the next two years.

At the year-end we were supplying utility service to 3,247,929 customers in all branches of our operations. The gain was 123,181, which is below the record established in the previous year, but above the average gain over the past decade.

Proceeds from securities sold to finance our construction program totaled $62 million, the smallest amount sold for this purpose since 1946. Rights were issued to our common stockholders entitling them to subscribe for additional common stock for the first time since 1953.

The Company greatly expanded its activities in the field of nuclear electric power. Through an arrangement with the General Electric Company, the nation's first privately financed nuclear power will be flowing into our system before the close of 1957.

The number of stockholders participating in ownership reached 221,328 at the year-end, a gratifying gain of 3,507. Of the total, 85,874 were preferred stockholders and 135,454 were common stockholders.

Net earnings for the common stock were $3.46 a share based on the average number of shares outstanding, and $3.37 a share based on end-of-period shares. This compares with earnings of $3.32 a share based on the lesser number of shares outstanding in 1955.

Pacific Gas and Electric Company

245 MARKET STREET
SAN FRANCISCO 6, CALIFORNIA

For additional information on this vital western company write our Treasurer, K. C. Christensen, 245 Market Street, San Francisco 6, for a copy of P. G. & E.'s Annual Report.

P·G·and E· SERVES 47 OF CALIFORNIA'S 58 COUNTIES

Public Utility Securities

By OWEN ELY

San Diego Gas & Electric Co.

San Diego Gas & Electric, which is enjoying its 75th anniversary of community service, supplies electricity and natural gas to a population of some 730,000 in San Diego, California and environs. Electricity accounts for about two-thirds of revenues and natural gas one-third (with a negligible amount of steam service.) Residential sales last year provided about 42% of revenues—a relatively high proportion — and agriculture about 5%. Domestic and commercial sales account for most of the gas revenues, interruptible industrial revenues amounting to only about 6%.

The service area includes the permanent U. S. Naval base and other defense installations. Industries include aviation manufacturing, shipbuilding, canning, etc. Tourist business, the third largest industry, reached a new high of about $125 million in 1956. Four major aircraft plants are now located in San Diego, producing commercial and military aircraft or component parts, and account for about 9% of industrial revenues. Recently arrived on the scene are Convair's big astronautics plant (working on intercontinental ballistic missiles) which will be completed this year, and General Atomics' $10 million nuclear research laboratory; both are divisions of General Dynamics Corp.

Numerous firms in related industries are located on San Diego's extensive Kearny Mesa and Sorrento industrial tracts. These areas and a planned south bay industrial site will accommodate the many other such industries which will follow in the wake of the larger organizations. The same is true of other industrial sites under development throughout the county. The area is well on the way to becoming one of the outstanding centers of aeronautics, electronics, and astronautics.

San Diego has enjoyed very rapid growth and now ranks ninth among the country's cities in volume of building construction. Home building, which has maintained a much healthier pace than in most other parts of the country, is expected to continue at a high level, and there will also be substantial industrial, commercial, governmental, and recreational building activity—including a $45 million construction program of the U. S. Navy.

The company expects to spend about $74 million for construction over the next three years, of which internal cash will provide about $29 million, leaving $45 million to be raised approximately as follows: $9 million bank loans, $12 million bonds, $15 million preferred stock and $9 million common stock. The company expects to be "into the banks" by $13 million at the end of this year, and will not do any common stock financing until 1958 (some preferred may also be offered).

Natural gas is purchased from Southern Counties Gas under contracts calling for delivery of up to 95,000 MCF daily. The company generates most of its electric requirements in two steam plants having an aggregate capability of 566,000 kw. Work is progressing on a 106,000 kw. unit which will go on the line during 1958. Operations in 1957 are not expected to show much increase in operating efficiency but in 1958, when the third generating unit at Encina will go in, efficiency should improve.

Meanwhile the company has been affected by rapidly rising fuel costs. Oil advanced about 35% in price in 1956 and if last year's fuel consumption were adjusted to the March 31, 1957 price of oil, 1956 share earnings would have been 13% lower. Recently there was some talk of another 15c advance in oil prices at the Encina Power Plant. California utilities would prefer to use gas than oil (though the cost of gas is also rising somewhat) but it is difficult to keep the state supplied with its gas needs. San Diego G. & E. will probably have its gas supply reduced about one billion to this year, which means they will have to buy about 167,000 more barrels of oil at an increased cost. Unfortunately, the company does not have any fuel adjustment clauses in its rate schedules—they used to have them in industrial schedules but in 1955 the Commission took them away.

The company does not use accelerated amortization, but has adopted accelerated depreciation. Tax deferrals resulting from the latter amounted to $659,000 or about 16c a share last year, but were "normalized" by an offsetting entry in the income account. The Commission's attitude on deferred taxes is expected to be announced in the near future. Extensive hearings have been held, and it is reported that the Commission's staff favors bringing down deferred taxes to net income—in other words, "giving the consumer the benefit." At present this would mean adding .55% to the earned rate of return on the rate base — for example, raising 5.5% to over 6.05%. The company is expected to continue to use deferred taxes regardless of any state ruling, on the theory that stockholders expect them to take advantage of the cash savings thus made available. Tax deferrals will probably amount to $.9 million in 1957 and are expected to increase to $1.1 million next year and $1.4 million in 1959.

President Sherwin estimates San Diego's share earnings at $1.35 or better this year vs. $1.51 last year and $1.23 in 1955; another increase in the price of oil would lower the estimate. Paying 96c, at the recent price around 20½, the stock yields 4.7% and sells at about 15.2 times this year's estimated earnings.

Alexander Mackenzie

Alexander Mackenzie passed away April 20 at the age of 73. Prior to his retirement he conducted his own investment business in New York and was associated for many years with E. H. Rollins & Company.

Continued from page 15

Educating the Newspapers To Educate the Public

in their particular industries or segments of the economy.

What kind of news concerns us? Well, in the first place it is our belief that almost all news is economic news, or of economic origin. I guess you can say that for all news with the possible exception of sports news . . . and when you regard how anxious Mrs. Don Larsen was to attach her hero husband's World Series pay, I guess sports is partly economic too, or at least financial.

From a financial editor's view the nation's over-all economy is the dog and the stock market is the tail of the dog. We are primarily interested in the dog and secondarily interested in the tail. However, we realize that it is a very barometric tail which indicates the health or lack of health in the dog. It rises when the dog is healthy and drags when he is not.

Financial News Sought

We are interested in the reports on earnings, both quarterly or annual. And because we feel that our primary obligation is to the public, and keeping it informed, we are also interested in comparisons of earnings against previous years or comparable quarters. You would be surprised how many public relations representatives, feeling they are serving the best interests of their companies, supply us with comparative figures only when they can show happy comparisons and large gains, but omit the comparisons when they cannot. Of course we retain files on all companies, so we merely have to go through the work of looking up our own comparisons. All that has been accomplished is to win the public relations man a black mark in the little score book kept by all reporters who find life made easier or harder by the conduct of the man representing the corporation.

We are interested in all news about a corporation . . . about expansion plans, about sales surveys and other studies. Personnel changes can be important, and they are difficult for an editor to analyze. We need help from a public relations man in determining the value of announcements concerning changes in personnel.

We are intrigued with the science of management, a brand new science that has come upon us. We want to know all we can about the new ideas and new methods that are developed, particularly by the large utilities. We want to keep abreast of this new science and we want to keep our readers updated on developments.

On a higher plane, and perhaps more important, we are interested in your corporate or industry-wide thinking. Most of the privately owned, privately managed newspapers have concerned themselves with the electric utilities' fight over public power. In the financial sections we have helped the electric utilities discuss the values of hydro electric versus steam, or the conventional ways of producing power versus atomic energy.

Similarly, on our newspaper, at least, we have not permitted the anti-trust division of the Justice Department to get too rough in its dealings with large corporations. When AT&T and RCA and International Business Machines were forced to sign consent decrees last Spring, we were quick to respond with a whole series of articles on the anti-trust division which has helped, in later months, to keep the pressure lower in that particular boiler. I might say here that we were also quick to sense that the Justice Department was engaging in a form of blackmail to pressure the corporation presidents to sign the consent decrees and we will break that story one day, I hope. I also believe that if corporate executives had the proper trust of newspapers and the integrity of the newspaper profession, that the story might have been broken at the time with some happy results for you who work in government-controlled industries.

Any and all of these things affect the price of your stock as a private corporation or as a member of an industry.

"On Your Side"

The newspaper profession is on your side and you should avail yourselves of its services. Our aim is not only to defend the economic system, but to support it and to keep it going. On our paper we believe that we Americans have come much closer than most people realize to losing our capitalistic system, and through its loss, losing as well as our system of democracy.

We have watched the events in France and in England where the people voted away their private industries and then proceeded to vote away their freedoms. It is a remarkable thing that in modern times all dictators have been voted into power. All dictatorships have been created by popular ballot. We do not want that to happen here, and it is our constant vigilance in the newspaper profession which will, we believe, prevent it from happening here.

We strive constantly to reach the public mind which is an elusive will o' the wisp at best. We are aware that you cannot force people to think, nor can you force them to embrace and love capitalism. All you can do in a newspaper is to try to lead them, to unobstrusively persuade them, to give them the truth and the facts and then pray that the public decision will be for the best. Sometimes it is discouraging, and often times it seems that the public doesn't give a damn. There are many days when I feel that should the hydrogen bomb be dropped on New York, you would find the same group struggling homeward through the debris toward Brooklyn and Long Island, clutching their tabloids and one of them would be sure to nudge his fellow plodder and say: "Hey, did dey havta postpone de Dodgers game because of da bomb?"

Reaching the New American

But we are trying. We constantly analyze and re-analyze the nature of our readership and the nature of the readership of other papers. We are keenly aware of the change that has taken place in America's whole economic structure . . . that 20 years ago our economy was like a pyramid with a few rich people at the top and a great many poor people at the bottom, while today it is like a diamond with a few rich at the top, a few poor people at the bottom and a broad band of middle income wage earners in the middle.

It is a desirable thing this diamond of ours, but we realize a truck driver who in 1936 earned $35 a week and now gets $175 a week hasn't necessarily become a lover of opera, a connoisseur of rare china and politically and economically a man of unusually sound judgment.

He is a customer of yours, however, just as he is a customer of ours. We have to understand him, and so must you. We have to lead him into the paths of proper thinking, and so must you.

Your method of reaching this new American is only through the vigorous and enlightened press, and that is why it is so important for your corporate public relations programs to be on sound footing.

Before I leave this someone may want to know why it is that all rate cases wind up on page one while such things as good dividend notices appear in the financial section. Well, that is a fundamental of journalism . . . there are a great many more persons who would be affected by a rate increase than there are who would be affected by a dividend improvement. Moreover, as financial editor, let me tell you I'd much rather see a rate case story in my section, where it could be handled with tender understanding, than to see it buried on page one. But if a rate rise is necessary and justified, it has to be proved before the public utilities commission, and the facts can, in time, be spread before the public. They will be if your corporate public relations program is sound, and if your relationship with the press is in good shape.

This new American that we have discussed is rapidly becoming an investor, too, and that is an extremely wholesome and encouraging sign. But it places a double obligation on you, for you are no longer dealing with the rank and file merely as customers — they are now also your bosses.

But let's face another fundamental truth. These new Americans, be they investors or merely customers, do not know of the importance of your company to the national economic health. They do not know of the grave necessity for keeping your industry privately owned, nor how perilously close it comes, at times, to losing that status.

Telling the Truth Together

Wall Street is on your side, for Wall Street knows the truths. The rank and file may not be on your side, for they do not know the truths. That is where we must work together, you utility executives and we newspaper editors. You must tell us . . . and we must in turn tell the public. The most surprising people in the world have become investors, and greater surprises are in store.

We in the newspaper profession are changing our ways to reach them and you in the utility industry must do so too.

You are responsible no more only to the business man. You must be responsible to the whole community, and to the whole people. You are no longer regulated by government alone. Government has come to mean a lot more to the rank and file with the result that you are now regulated by the people . . . and it is to the people, to the public, that you must tell your story. I say sell, and I mean sell. We must sell the capitalistic system over and over again with each generation. Without revealing my political beliefs I could say that if our fathers had sold the system better we might not have had Roosevelt for four terms.

In short, I have explained that we can work together. Now I tell you that we must work together. I pledge you all the help at my command to sell the story of America's business-managed, taxpaying, electric industry. And that, if you will, is because I have been exposed to some mighty fine corporate public relations from your industry.

I say this because you must remember one more thing. All editors, like all voters, are born dumb. We must be educated first before we try to educate the public.

Let us see the light, and we'll do what we can to spread the word.

Roy Sundell Joins Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Roy B. Sundell has become associated with Rey-

Roy B. Sundell

nolds & Co., 39 South La Salle Street. Mr. Sundell was formerly in the trading department of Julien Collins & Co.

$30,500,000 Issue of New York City Bonds Offered to Investors

The First National City Bank of New York and associates on April 23 were awarded an issue of $30,500,000 City of New York, various purpose bonds, due April 15, 1958 to 1972, inclusive. The group bid 100.33999 for a 3½% coupon, representing a net interest cost of 3.4485% to the city.

The bonds are being reoffered at prices scaled to yield from 2.30% to 3½%, according to maturity.

Associates in the offering include: Bankers Trust Company; Guaranty Trust Company of New York; The First Boston Corporation; Harriman Ripley & Co. Incorporated; Smith, Barney & Co.; Halsey, Stuart & Co. Inc.; The First National Bank of Chicago; C. J. Devine & Co.; Salomon Bros. & Hutzler; Kuhn, Loeb & Co.; Continental Illinois National Bank and Trust Company of Chicago; Kidder, Peabody & Co.; Phelps, Fenn & Co.; White, Weld & Co.; Shields & Company; Mercantile Trust Company; Stone & Webster Securities Corporation; W. H. Morton & Co. Incorporated; Dean Witter & Co.

First Boston Group Offers Lone Star Gas Co. 4⅝% Debentures

An underwriting group headed by The First Boston Corp. offered publicly yesterday (April 24) a new issue of $30,000,000 Lone Star Gas Co. 4⅝% sinking fund debentures, due 1982, at 101% and accrued interest, to yield slightly more than 4.55% to maturity.

The net proceeds of this offering will be used by the company and its wholly-owned exploration and development subsidiary, Lone Star Producing Co., in connection with the expected cost of $30,800,000 for their 1957 construction programs. Along with internally-generated funds, the proceeds will provide: $12,300,000 for extensions and improvements to distribution facilities; $8,500,000 for drilling natural gas and oil wells; $7,500,000 for transmission, gathering and compression facilities; and, $2,500,000 for the purchase of new oil and gas leases.

A sinking fund, which will retire $1,125,000 principal amount of debentures on April 15 in the years 1962-81, will have redemption prices ranging from 100.97% to the principal amount. Regular redemption prices will range from 107% for debentures redeemed in the 12 months beginning April 15, 1957, to the principal amount for those redeemed after April 14, 1981, provided that, however, prior to April 15, 1967, the debentures may not be redeemed through a refunding operation at an interest cost to the company of less than 4.55%.

Lone Star Gas owns and operates interconnected natural gas transmission lines, gathering lines, compressor stations, gasoline plants, distribution systems and related properties through and by which it transports and distributes natural gas to more than 764,000 natural gas consumers in portions of Texas and Oklahoma.

For 1956, total operating revenues of the company and its subsidiary amounted to $95,361,770 and net income to $14,111,151, compared with total operating revenues of $87,615,439 and net income of $12,682,675 in 1955.

With Eastman Dillon

SAN DIEGO, Calif. — Bruce V. Reagan, Jr. has become affiliated with Eastman Dillon, Union Securities & Co., 415 Laurel Street. He was previously with Merrill Lynch, Pierce, Fenner & Beane.

Evaluating Business Conditions

By HUGH W. LONG*

President, Fundamental Investors, Inc., Elizabeth, New Jersey

Mr. Long's brief analysis of weak and strong economic areas leads him to conclude that "general business conditions are good." Long run view anticipates significant increases in the important indicators and data, exemplifying the observation that "expansion is built into our economy."

At any one time, or over any given period, three kinds of influences are at work in our economy. There are always some good factors, there are always some adverse elements, and —of extreme importance to the investor—some are in the process of changing from bad to good or the reverse. This process of change requires investment managers to be open-minded and ready to revise their appraisals of the future. They cannot afford to overrate favorable factors nor underrate unfavorable ones. Management's job is recognition and evaluation of the longer-term implications of both.

Hugh W. Long

Keeping this in mind, I will review and appraise today's business picture.

Favorable Factors

On the plus side, automobile production was higher during the first quarter of 1957 than in the corresponding period in 1956. Dealer inventories are not burdensome. However, the results of the spring selling season will, of course, tell the real story of the automobile industry's progress in 1957.

Domestic demand for oil increased about 3% in the first quarter of 1957. This coincided with abnormally large oil shipments to Western Europe and oil production increased substantially. In 1955, crude petroleum output averaged about 6.8 million barrels a day. This rose to some 7.1 million barrels in 1956. During the first quarter of 1957 the rate increased to 7.6 million barrels daily.

Retail stores are selling a large volume of goods. Sales in February were $16.5 billion, up $1.2 billion from a year ago. Manufacturers sales are up. The total for February, 1957 was $29.2 billion, compared with $27.2 billion in February, 1956. These figures are adjusted for seasonal variation.

Government spending at all levels—Federal, state and local—was at an annual rate of $82 billion in the fourth quarter of 1956, and approximately $85 billion in the first quarter of 1957. Such spending is creating business.

I could cite other increases, including those in non-residential construction, and in producers durable goods.

Unfavorable Factors

Yet there are some weak spots. For example steel output began to drop early in March. The weekly operating rate is now about 92% of capacity compared with an average of over 97% during January and February. However, actual tonnage is still high because capacity is now 4% above last year.

Fewer new houses are being built. Housing starts in February were at an annual rate of some 910,000 compared to 1,127,000 a year ago. Production of household durable goods is running 10% below last year. For example, many television and appliance plants have cut their production. The demand for such dissimilar goods as textiles and non-ferrous metals has slowed up.

Business Held Good

With due respect for these and other "soft" spots, I believe that, on balance, general business conditions are good. Over-all, the level of our economy is well ahead of the early months of 1956, and indications are that it will continue at a healthy pace. The weak areas show up most in the data on physical production. Because of higher prices for each unit produced, these same unit figures translated into dollar values present less contrast. For example, the composite price of finished steel was $113.40 per ton last month, compared with $103.58 a year earlier. Moreover, an increasingly large part of our economy is based on services which are not reflected in indices of industrial production.

One cannot project possible future business conditions without taking into account another major influence in the economy — the wide distribution of purchasing power among our citizens.

Most economists believe that people will have as much money to spend in 1957 as they did in 1956. Nearly all projections of disposable income equal or better last year's figure. Moreover, markets are expanding because of population increases. Each new baby is a consumer as soon as he is born. One can predict with assurance an increase of some 30 million Americans in the next 15 years, which means a growth of 20% in our population and in the total number of consumers.

However, the number of workers between ages 20 and 65 is not increasing proportionately. Members of the "bumper baby crops" of the 1940's and 1950's are not yet old enough to join the working forces. Persons over 65 are living longer. Compared to the composition of our population in previous decades, we now have a disproportionately small percentage in the working group, and there is a shortage of labor. Wages are higher than they have ever been. To maintain profit margins, industry is spending vast sums for research, for education, and for improved plant and equipment. Our nation will benefit economically from these expenditures for years to come.

No Danger in Credit Policy

The current high rate of production and expansion for the future not only has strained our available resources of materials and manpower, but has also greatly increased demands for money. The Federal Reserve Board, in a desire to moderate the inflationary trends, has maintained a tight money policy during the past year. This has resulted in higher interest rates and lower bond prices. It has been a factor in stretching out some business spending programs and in discouraging new housing starts in recent months. We do not believe, however, that this policy is retarding business or consumer spending to a point which endangers a continuation of the basic strong growth trends.

More people are now engaged in scientific research than at any time in world history—and more money is being spent on research than at any time in the past. According to the National Industrial Conference Board, we are now spending at the rate of $7.5 billion a year for research and development compared to less than $1 billion in 1940. More and more commercial applications are being developed for electronics, atomic and even solar energy. No one today can measure their future value to the business world.

Five-Year Outlook

We have observed that management's job is the recognition and evaluation of longer-term influences in our economy. Based on continuous studies of these important forces, here is what Fundamental Investors foresees five years hence:

A population of 180 million people in 1961 compared with 168 million in 1956.

A Gross National Product of $505 billion, compared with $412 billion last year.

Disposable personal income of $360 billion, compared with $287 billion last year.

The Federal Reserve Board Index of Industrial Production at a figure of 170 compared with 143 last year.

The Wholesale Price Index at a level of 122 compared with 114.3 last year.

Corporate earnings after taxes of $27 billion, compared with $21.5 billion last year.

Corporate dividends of $14 billion, compared with $12 billion last year.

This longer-range point of view indicates, for all the reasons we have stated, that expansion is built into our economy.

*A talk by Mr. Long before the Annual Meeting of Fundamental Investors, Inc., April 18, 1957.

Hartfield Stores, Inc. Stock at $9 a Share

Van Alstyne, Noel & Co. and Johnston, Lemon & Co. and associates yesterday (April 24) offered 200,000 shares of Hartfield Stores, Inc. common stock at a price of $9 per share.

None of the proceeds from the financing will accrue to the company as the shares offered are issued and outstanding and are being sold for the account of certain stockholders.

Hartfield Stores, Inc. operates a chain of stores selling various types of women's and misses' apparel. Starting with three stores operated by the company's predecessor in 1928, the business has grown until the company now operates 39 stores in California, Oregon, Arizona, Washington, New York and Hawaii. The company is now planning to open eight additional stores in high-grade shopping centers and business districts in New Jersey, Michigan, and California.

For the year ended Jan. 31, 1957, the company and its subsidiaries had consolidated sales and other income of $21,030,222 and consolidated net income of $685,-153, equal to $1.14 per common share.

As of March 15, 1957, outstanding capitalization of the company consisted of $1,000,000 of short-term debt and 600,000 shares of common stock, par value $1 per share.

N. E. Shafer Opens

SOUTH GATE, Calif.—N. Eugene Shafer is engaging in a securities business from offices at 5242 Almira Road.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Sharon L. Harrod is now connected with Paine, Webber, Jackson & Curtis, 626 South Spring Street.

Railroad Securities

By GERALD D. McKEEVER

Chicago, Rock Island & Pacific RR.

The 1956 report to the Rock Island stockholders describes last year as one of the most eventful in the road's 104-year history. This observation was not intended to overlook the decline in the road's net income to $5.38 per share as against $5.54 in the previous year, the latter representing the adjusted figure reflecting the 2-for-1 split of the stock in 1956. The decline in the net, however, was no more than symptomatic of the generally higher cost ratios that the rails had to contend with last year. This situation was reflected in the average decline in the pre-tax margin of net operating income of all Class I roads to 13.9% of gross last year as against 15.3% for 1955. In the case of Rock Island the decline was about the same—viz., 12% last year as against 13.5% in 1955.

On the "plus" side, however, the road scored a $10.7 million increase in revenues, or a gain of 5.6% over 1955 as against the smaller corresponding gain of only 4.4% for all Class I roads. This is mirrored in a superior gain, for the first time in recent years, in the revenue trend index of the Rock Island as compared either to that of the Class I average or to the average for the Central Western Region. This is shown by the following comparison of revenue indices based on the 1947-49 average as 100:

	Rock Island	Central West. Region	Class I Average
1956	107	121	118
1955	101	119	113
1954	100	113	104
1953	111	126	119
1952	114	125	118

The 1956 revenue gains of the Rock Island may be ascribed in no small part to innovations in both freight and passenger service which have captured the fancy of shippers and the general public, but a very important factor was the large gain during the year in the location of industry along the lines of the road. It is reported that 348 permanent industries were established on the road's lines last year and, in addition, there were 83 temporary establishments and the expansion of 132 existing plants. Altogether, the private investment in this construction is placed at over $488 million.

The innovations in freight and passenger facilities to which the road gives credit for much of last year's revenue gain were the inauguration in February of last year of the Talgo-type "Jet Rocket" passenger train and the initiation last summer of "Convert-a-Frate," the latter being the answer of the Rock Island to "piggy-back." While the "Jet Rocket" today is still a pilot operation confined to runs between Chicago and Peoria, it is reported to be earning its way while furnishing at the same time a practical test of a radical change in passenger equipment which may be at least part of the answer to lower cost of passenger service. The latter is a particular problem of the Rock Island since passenger train miles represented 44% of total train miles in 1956 while passenger revenues were only 8½% of the total.

"Convert-a-Frate" is the road's own development of a system for providing door-to-door delivery in better time, it is claimed, than can be provided by highway trucks. It consists basically of a four-wheel flat car upon which any one of several special types of cargo-carrying units, platforms, boxes, refrigerators, etc., may be loaded by fork-lift or crane in a matter of minutes. It is claimed that this operation has proven successful from the start.

Another lift to the 1956 traffic and revenues of the Rock Island was given by a pick-up in wheat movement due both to a better crop and to a policy move on the part of the Commodity Credit Corporation in releasing a greater volume of the grain for shipment to Gulf ports. As a result, wheat tonnage movement was up almost 15% as compared to the 6.4% gain in freight revenues for the year. One of the problems of the Rock Island is its heavy dependence on agricultural conditions and grain movement, and consequently, its sensitiveness to drought or other factors affecting crop volume, on one hand, or to price conditions affecting movement on the other. Moisture conditions in the road's territory are said to have improved considerably, and a substantial boost was given by the recent unusually heavy snowfall which covered the Central West and Southwest, admittedly much to the temporary disadvantage of the Rock Island and other roads serving this territory.

Favorable potentialities for the Rock Island from the opening of the St. Lawrence Seaway do not seem to be comprehended at all in the thoroughly deflated price of the road's stock which, at a fraction over 35, represents a 30% decline from the adjusted high of 50⅞ in 1955, giving effect to the 2-for-1 split in that year, and it is not far from the low of the current year or from the low for several years, as a matter of fact. The favorable situation of the Rock Island in respect to the St. Lawrence Seaway is that, for the present at least, it dominates the Calumet Harbor area of Chicago which would be one of the principal western ports for the new sea-borne traffic. This point may be overlooked entirely by many, but is may also be somewhat discounted by others because of the possibility that the Rock Island might not be permitted to retain its present complete monopoly of the area. Applications for permission to gain access to this area have been filed with the ICC by the Pennsylvania RR. and by the Chicago Junction Railway Co. on behalf of the New York Central which operates it under lease to the Chicago River & Indiana RR. which is a wholly-owned subsidiary of the New York Central.

Significant growth aspects have thus developed in the Rock Island situation which heretofore has been favored by most factors including a rebuilt and thoroughly modern physical plant, a sound capitalization, and an aggressive and youthful management. The preference of investors for stocks of roads that have evidenced a more notable growth trend in the past is undoubtedly the main reason for the relative neglect of Rock Island stock which, on the basis of its quite amply protected $2.70 annual dividend, yields about 7.6% at the current market level.

Another reason for the relative discount at which this stock is priced, which is at only 6.6 times reported per share earnings for 1956, is the rather larger proportion of reported net income that is represented by the tax deferment factor due to accelerated amortization. This amounted to $1.14 per share in 1956 or to 21% of the reported net earnings figure, but this factor is estimated at only 39 cents per share for the current year and should all but disappear in 1958.

Meanwhile, earnings thus far in the current year are not suffering from this heavy run-off. Net income for the first two months of 1957 amounted to 54 cents per share as against 55 cents for the corresponding 1956 period, despite the increase in the Federal tax accrual to $100,000 as against $75,000 for the corresponding 1956 period. Also, February net amounted to 22 cents per share as against 21 cents for February 1956, although the Federal tax accrual was $28,000 for this year's month whereas there was a $173,000 credit for February 1956. It should be recognized, however, that the tax shift was cushioned by some easing of the maintenance rate in both months this year, and also that the road was favored by a 6% increase in revenues in February and by a 5.2% increase for the two-month period.

McDonnell Offering Swartwout Com. Stk.

McDonnell & Co. on April 22 offered 30,000 shares of $1 par value common stock of the Swartwout Co. at $21 per share.

The sale of the common stock is the first step in a program to reduce the amount and cost of short-term borrowing by the company and to carry out a proposed plant expansion. Net proceeds from the sale of these shares will be added to general funds of the company and applied first, in an estimated amount of $350,000, to reduce the company's payable trade accounts and place them substantially on a 30-day net basis. The balance will be available for working capital and will enable the company to reduce the volume of advances from a factor which averaged $418,000 during March 1957.

In addition, the company plans to spend an estimated $180,000 in 1957 for plant expansion adding about 18,000 square feet of manufacturing space needed for its expanding Autronic Division. For this purpose and for additional working capital the company expects to borrow approximately $300,000 to be secured by a first mortgage on the company's property and to obtain from time to time such short-term financing as may be necessary or desirable.

The Swartwout Co. is engaged in the design, manufacture and sale of electronic process control equipment and industrial and commercial ventilation equipment. During the past five years the company has had three principal manufacturing divisions — Autronic, Ventilator and Steam. The company has recently sold all of the assets of its steam division and discontinued nearly all of such business. A new division, Atomic instrumentation, was created in 1956.

Edward D. Jones Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Marco D. Vainiko is now affiliated with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges. Mr. Vainiko was previously with Dempsey-Tegeler & Company.

Three With McCormick

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Dewey L. Moody, Ray L. Winters and Herbert J. Waugh have become connected with McCormick & Company, 3761 Wilshire Boulevard.

With A. C. Allyn

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — John M. Dunlap, Jr. is with A. C. Allyn and Company, Incorporated, 415 Congress Street.

National Analysts to Hold Annual Convention

CLEVELAND, Ohio — The 10th annual convention of the National Federation of Financial Analysts Societies will be held May 20-23 at the Hotel Statler. It is estimated that attendance will approximate 800-1,000 analysts from all over the United States, as well as from Canada.

General Chairman for the convention is Gilbert H. Palmer, National City Bank of Cleveland; John S. Watterson, Jr., Paine, Webber, Jackson & Curtis is Vice-Chairman.

Program Committee: David G. Watterson, Boyd, Watterson & Co., Chairman; Edward W. McNelly, Union Bank of Commerce; and Harvey R. Stroud, H. C. Wainwright & Co.

Social Chairman: Burton A. Miller, National City Bank of Cleveland.

Arrangements Committee: Stanley M. Eilers, Hornblower & Weeks, Chairman; Robert W. Richards, Union Bank of Commerce, Treasurer; Frank J. Butler, Fulton, Reid & Co., publicity.

Printing: Raymond M. Druhot, Cleveland Trust Company.

Registration: James R. Halls, Hayden, Miller & Co.

Transportation: W. P. Woodbridge, Central National Bank.

Speakers at the opening meeting of the convention will include James M. Dawson, National City Bank of Cleveland, whose address will be entitled "A Crystal Ball Look at Business"; Ralph M. Besse, Cleveland Electric Illuminating Company, on "Economic Benefits of the St. Lawrence Seaway."

Tuesday and Wednesday will be devoted to management conferences and forums.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

SANTA MONICA, Calif. — Dorothy Feddema has joined the staff of Paine, Webber, Jackson & Curtis, 1220 Fifth Street.

Allen Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—James A. Reed has been added to the staff of Allen Investment Company, Mile High Center.

With Daniel Weston Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John W. Tolly has become connected with Daniel D. Weston & Co., Inc., 618 South Pring Street. He was formerly with First California Company.

Joins Keith McCormac

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif. — Frank H. Martin has become affiliated with Keith McCormac Co., Haberfelde Building.

With Homer I. Hess

(Special to THE FINANCIAL CHRONICLE)

WOOSTER, Ohio—Adolphus B. Conrad is now with Homer I. Hess, Inc., 215 Kurtz Street.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

An example of what the fire insurance companies are having to contend with in their underwriting operations is to be found in the annual releases of Alfred M. Best Company, a leading insurance statistical service, covering the loss ratios of a group of more important companies for 1956. It will be recalled that in the past seven or eight years, possibly the last decade, a particular *bete noir* of the industry has been the line of writings known as extended coverage. This is the line under which windstorm losses are covered (hurricanes, tornados, etc.). For the last five calendar years alone, and these years by no means tell the whole story, the combined loss and expense ratio in the line ran as follows:

1952	92.8%	1955	114.5%
1953	115.9	1956	106.8
1954	143.2	Average	115.3

In other words, of the five years, only 1952 showed the companies a fairly good underwriting profit margin of 7.2%. The other four years (and more of them back before 1952) carried the line into the red to an extent not often encountered by a major line.

Of course, the reason for this distress was the numerous tornados and hurricanes, coupled, of course, with the steadily rising costs of replacement. Even 1956, when there was no East Coast visitation of hurricanes, showed a loss ratio margin of about 6.8%. As the preceding year had had a combined ratio of about 114.5% there could well have been some sighs of relief arise from the industry when the individual company improvements appeared.

But it appears that we are in a really bad phase of the industry's cycle, for the marked improvement in extended coverage, even though the line was still in the red in 1956, was something that was merely hoped for. And it was offset and to spare, by other lines. Straight fire, for one, jumped its combined ratio from 94.2% in 1955 to 100.7% in 1956. Auto physical damage, which for several years had been running a highly profitable showing, turned up very sharply in 1956: to 97.5% from a lucrative 87.3% in 1955, and 84.3% in 1954.

An important factor in the upturn in the combined loss and expense ratio of auto physical damage was lower rates that were put into effect because of the quite profitable experience the line had rung up in the preceding few years.

This all goes to demonstrate that when a number of the larger lines of writings go bad, either because of increased losses or because of lowered rates, the results are really bad. The president of one of our larger and more profitable fleets stated privately recently that he was unable to see where any favorable underwriting results would come from for 1957 for his company. This company has an excellent long-term record of profit margin figures.

So the incidence of a poor underwriting showing in a number of lines all at one time probably bodes ill for the 1957 industry showing.

The following table gives the 1956 loss ratios for a group of leading companies in three important lines, to show how the improvement in extended coverage was largely nullified by the results in the other two lines, fire and auto physical:

	Loss Ratios					
	Extended Coverage		Auto Physical		Straight Fire	
	1955	1956	1955	1956	1955	1956
Aetna Fire	67.0%	59.0%	47.9%	52.5%	47.2%	51.5%
American Fore	53.2	50.2	44.0	54.0	46.1	51.2
American Insur.	70.0	50.9	56.0	63.2	44.8	54.7
Boston Insurance	78.2	48.8	NA	NA	50.7	56.1
Crum & Forster	63.8	55.9	46.6	57.5	45.1	48.9
Fire Association	82.9	52.4	NA	NA	50.4	52.0
Fireman's Fund	60.1	62.4	47.4	58.4	46.6	57.1
Glens Falls	57.3	46.5	46.1	55.6	44.6	50.4
Great American	71.2	53.6	46.4	55.5	46.3	52.2
Hartford Fire	58.2	57.0	47.7	53.9	44.9	44.8
Home	64.5	50.6	49.2	59.7	47.8	55.5
Ins. Co. No. Amer.	66.0	50.4	42.0	46.6	43.5	52.8
Phoenix Insurance	55.6	51.4	53.7	61.6	47.0	54.0
St. Paul	58.5	51.3	45.8	56.8	48.4	50.4
Springfield	71.1	53.7	46.2	55.5	47.4	53.0
U. S. Fid. & Guar.	63.8	49.7	44.8	50.8	51.4	52.1
Royal Globe	71.7	49.8	44.3	51.8	48.0	52.3

NA: Not available.

A number of big declines in the extended coverage loss ratios were to no avail in the face of increased loss ratios in auto physical, straight fire, auto property damage, auto bodily injury, and other lines.

Continued from first page

Progress on the Public Debt

or through life insurance and savings accounts. When rates rise, the benefits, as well as the costs, increase.

In candor, we would admit, however, that, from a broad economic point of view, the faults of our present huge debt more than offset its virtues.

In the long run, the best solution lies in gradually reducing the debt. That is the American way. We have done it before; we are doing it right now, and I believe we will continue to do it. Until we live in a more peaceful world, progress will be slow, though we have started moving in the right direction.

Also, our ability to carry the debt without damage depends on economic growth. If we nourish a dynamic economy of free men, so that our strength grows steadily and surely, the debt will be less of a burden. The debt today is only 79% as large as our national income, whereas in 1946 it was 136%. Part of that change, unfortunately, represents the effect of inflation. Nevertheless, a good share represents our increased ability as a Nation to carry the debt through economic growth.

The way in which the debt is managed is an influence toward inflation or deflation and affects our economic well-being.

President Eisenhower recognized the problem of the debt in his first State of the Union Message, which he delivered within two weeks of his inauguration in 1953. In addition to stressing the need for balancing the budget, reducing expenditures and taxes, and reducing the over-all size of the debt, the President indicated further:

"It is clear that too great a part of the national debt comes due in too short a time. The Department of the Treasury will undertake at suitable times a program of extending part of the debt over longer periods and gradually placing greater amounts in the hands of longer-term investors.

"Past differences in policy between the Treasury and the Federal Reserve Board have helped to encourage inflation. Henceforth, I expect that their single purpose shall be to serve the whole Nation by policies designed to stabilize the economy and encourage the free play of our people's genius for individual initiative."

Debt Operations Since 1952

In accordance with these principles, our problems of debt management during the last four years have not been just those of finding out what securities the market would take and at what rate, but also the problem of making an appraisal of the economic situation—on a day-to-day basis—to make sure that our operations would be neither inflationary nor deflationary. This meant, in fact, deciding our policies in cooperation with the Federal Reserve System, whose duty it is, under the law, to influence the money supply with these same objectives.

Looking back over the past four years, I believe we may fairly claim achievements in debt management:

(1) **Upward trend of the debt reversed.** By cutting expenses, and through the higher tax yields of prosperity, an inherited Federal deficit of $9½ billion in fiscal year 1953 was gradually turned into a surplus in 1956 and, we believe, in 1957 and 1958. These surpluses are being applied to reduction of the debt. In addition, taxes were cut $7½ billion in 1954. The existence of debt reduction, modest though it is, provides a favorable atmosphere for debt management. Even with these surpluses debt management is not easy. Without them, it would be much more difficult in these times of prosperity and huge demands for money.

We are now operating under a temporary debt ceiling of $278 billion. This is the third year in which a temporary increase in the debt limit has been necessary to permit the Treasury to meet seasonal borrowing needs during the year. Under the present law, the limit will return to its permanent level of $275 billion on June 30, 1957. We are sanguine that it will not be necessary for the Treasury again to ask for an increase in the $275 billion limit. To keep under the limit will call for restraint in spending and postponement of further tax cuts until a much larger surplus is in sight.

(2) **Reduction in bank-held debt.** One of the objectives of Treasury debt management has been to keep the amount of debt held by the commercial banks at a minimum. This is the place where debt holdings can be most inflationary. At the end of December, 1956, commercial banks held $59½ billion of the debt—$4 billion less than in December, 1952; though the total debt was $9 billion larger. The reduction in commercial bank holdings reflects a measure of success in achieving a better distribution of the debt among other investors.

Since 1952, there has been an increase of $8 billion in ownership of Government securities by government investment accounts—largely representing savings by or for individuals in the form of social security, veterans' life insurance, retirement reserves, etc. In addition, individuals have added $2 billion to their holdings of Government securities during the past four years as against a decrease in the preceding four years. Pension funds have also been good customers, increasing their government holdings by $2 billion in four years.

On the other hand, insurance companies and savings banks have continued to liquidate Government securities during the last four years in response to the tremendous demands on them for funds, especially mortgage loans.

Short-term investors which have added substantially to their holdings include state and local general funds and foreign banks and governments.

(3) **Long-term market opened up.** During the past four years the Treasury has sold over $4 billion of long-term securities. The first of these, the 3¼'s, of which we sold $1.6 billion in the Spring of 1953, represented the first long-term market issue since the end of World War II financing. Again in 1955, we sold $2.7 billion of 3% bonds of 1995, the longest Treasury bond issued since the Panama Canal bonds in 1911. Four billion dollars may not seem to be a large figure in comparison to the $275 billion debt, but even that amount has been tremendously helpful. Not only did these offerings make is possible for the Treasury to lengthen out its ever-shortening public debt, but it also gave some breadth and depth to a free long-term government securities market, which until 1953 barely existed.

One of our well-known columnists has publicized widely his Alice-in-Wonderland reflections on the difficulties of marketing a long-term bond. He reasoned that the Treasury would be hesitant to sell a long-term bond when money is tight because it would tend to throw additional demands on an already stringent market condition. The Treasury would also be hesitant to sell a long-term bond when interest rates were going down because it wouldn't want to impede the flow of funds into much needed capital expansion. So his "Alice" came to the conclusion that "When it comes to floating a long-term government bond issue, no time is the best time which is all the time." This paints a real picture of the difficulties we must and will surmount. I hope it won't be long before market conditions will permit us to offer a further long-term bond issue,—perhaps in exchange for maturing F and G savings bonds.

(4) **Short-term debt reduced.** Our modest success in selling over $4 billion of long-term bonds, plus the sale of over $45 billion of intermediate term notes and bonds beyond the one-year area during the past four years, are the primary reasons why the Treasury has been able to reduce a little the amount of debt which the Treasury has to handle in each year. In terms of publicly-held debt outside of the Federal Reserve System and government investment accounts, the Treasury was faced on Dec. 31, 1956 with the prospect of handling $51½ billion of marketable securities in the coming year. That is $3½ billion higher than it was two years ago, but it is still almost $13 billion below the under one-year debt that the Treasury faced on Dec. 31, 1952. We have been able, therefore, to lighten the load somewhat, thus reducing the impact of Treasury operations in relation to corporate and municipal flotations and in relation to the necessary freedom that the Federal Reserve must have to conduct its monetary operations effectively.

We have a financial system which has become used to a large volume of short-term government securities to cover liquidity needs. Some of this is entirely appropriate and a significant amount of short-term debt will always be needed. We feel, however, that the present total can still be reduced to advantage. It will make for better debt management, for more efficient capital markets, for more effective Federal Reserve policy, and it will also leave the Treasury with a reservoir for short-term borrowing in any unforeseen emergency.

The debt structure has also been improved through the reduction of **demand debt** in the hands of large investors. The elimination of the sale of savings notes in the fall of 1953, and the recent dropping of the investment-series J and K bonds as of April 30, 1957, represent major steps in the reduction of the more vulnerable Treasury demand debt in the hands of sophisticated investors. I am glad to be able to announce that these two types of demand debt have been reduced from $28½ billion on Dec. 31, 1952 to $14½ billion on Mar. 31, 1957. They are the type of debt which comes home to roost at the most inconvenient times.

(5) **More securities sold to individuals.** I have already mentioned that individuals' holdings of government securities have been growing and now stand near an all-time high. The major factor in this growth has been the series E and H savings bonds program. The vigorous promotion of this program, aided by an improvement in terms in May, 1952, has brought an increase of over $6 billion in E and H bond holdings during the past four years. Prosperity and greater confidence in the stability of the value of the dollar formed a favorable climate.

The core of the program has been the payroll savings plan, under which, today, about eight million workers are buying savings bonds regularly. We estimate that approximately 40 million Americans now own $41½ billion of the E and H bonds.

But for about nine months, our savings bonds sales have been slowing down under the impact of higher interest returns available in alternative forms of savings. As a result, the Treasury has asked and received from the Congress authority to raise from 3 to 3¼% the over-all yield on E and H bonds if held to maturity. We are also improving the interim yield.

Savings bonds are not sold primarily for their yield but for their security, their redeemability, and their convenience. But the buyer must feel he is getting a fair rate. This he will now have.

The savings bonds program is one of the best existing means of encouraging the over-all volume of savings, which the country so much needs to keep pace with the tremendous demands of the people for all forms of goods and services.

To the extent that the Treasury can sell more savings bonds, we will do less borrowing in the market from investors who are providing the funds for mortgages and corporate and municipal securities.

To put this matter in perspective, let us contrast our program with the manner in which the Russian Government meets its savings bonds obligations. Russia also sells special bonds designed for the people's savings—in fact, the workers there have been forced to buy these bonds year after year. But now that a great many of these bonds are reaching maturity and there is a problem of meeting the redemptions, the Russian leaders decided 10 days ago to solve the problem simply by freezing the bonds for at least another 20 years — and perhaps forever.

Probably the only understatement that has come out of Russia in a long time is that Western capitalists probably will never understand this.

Here in America we honor our obligations. When our people put their money voluntarily and freely into United States savings bonds, they are setting aside reserves which they can cash when needed for such things as college educations for their children, for a down payment on a new home, for a new car, to supplement their retirement income, and for countless other "American-way-of-life" purposes. They know that the obligations of the government will be met.

By contrast, the Russian method is forced saving—and the breaking of promises.

Here, in capsule, is the difference between the American and Russian principles of government. It is economic freedom versus economic serfdom; it is integrity versus deceit.

Our savings bond program is one of the best illustrations of the voluntary cooperation of a free people with their government.

Summary

In these past four years, we have made progress in dealing with our public debt. We have begun to reduce the debt and seek to reduce it further.

We have grown up to the debt a little, so that, relatively, its burden is lighter.

The speed with which the National debt can be further redistributed will depend on the rate of the flow of savings; the pressure of demand for funds from other sources; and the state of the money market. You can't force free markets, and the Treasury has no intention of trying to do so. It took a long time, a huge war, and a huge defense program to place us where we are. It will take time to readjust.

In this process, we shall always have as our objective, sound money and economic stability, avoiding either inflation or deflation, and encouraging and not impairing the steady, forward growth of the country's activity.

It is our belief that a sound debt policy will, itself, make for greater confidence, stimulate enterprise, and contribute to the well-being of all the people.

On this Hamilton bicentenary year, we can do no better at this time than to recall the words of George Washington in his Farewell Address, which Hamilton helped prepare:

"As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear."

With Bennett & Co.

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — Arthur J. Wellinger has become associated with Bennett & Co., 6253 Hollywood Boulevard.

With Luce, Thompson

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — William W. Brill has joined the staff of Luce, Thompson & Crowe, Inc., 105 West 11th Street. He was formerly with George K. Baum & Co.

Phila. Secs. Assn. To Hold Luncheon

PHILADELPHIA, Pa. — John D. Foster, President of the Philadelphia Securities Association, announced that one of the most interesting and informative luncheon meetings in the history of the association will be held on Tuesday, April 30, 1957.

On that day the Association members will be guests of Ernest Henderson, President of the Sheraton Corporation of America, at a series of events in the corporation's new hotel here.

The schedule will begin with luncheon, at which Mr. Henderson will discuss Sheraton's progress in the hotel industry. The talk will be followed by conducted tours of the hotel and end with an informal meeting with Mr. Henderson in the luxurious Presidential suite on the top floor.

William A. Webb, of DeHaven & Townsend, Crouter & Bodine, and chairman of the arrangements committee, stated that in view of the extensive arrangements being made by the hotel management for the series of events on April 30, it has been necessary to set a deadline of Thursday, April 25, for invitation acceptances.

With Kentucky Co.

LEXINGTON, Ky. — Harkness Edwards Jr. is with The Kentucky Company, 151 North Upper Street.

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Commercial Banks' Rebirth And the Importance of Debt

in the 1946-56 period. This combined with the gradual freeing of money rates so they could again reflect more fully supply and demand considerations, reestablished the historic role of the commercial bank of meeting the banking needs of the country.

The table, which shows the composition of the earning assets of commercial banks, reveals how precarious was the position of the commercial banks by the end of the war in terms of their normal role of financing the commerce and industry of the country. The percentage of bank deposits finding its way into government bonds is vividly revealed. By 1944, when the peak percentage was reached, cash and government securities equalled over 84% of deposits. By 1945, loans, other securities and mortgages stood at only 21.8% of deposits, a 50% decline from only a few years previous.

Getting Back in the Banking Business

However, our main interest in these figures lies in the fact that starting in 1945 these trends were reversed. Developments were rapid over the next 12 years. Cash and U. S. Government securities as a percent of deposits have decreased every year since, and are now only 54% of deposits as compared with 84% in 1944. Simultaneously, the percentage of deposits finding their way into loans and mortgages increased steadily. Loans, other securities and mortgages now stand at 56% of deposits compared with only 21.7% on Dec. 31, 1944, notwithstanding a $42 billion increase in deposits.

I think you will agree that we are back in the banking business. If we continue to do an intelligent and aggressively realistic job, I feel that commercial banks do not have too much to fear from those who seem bent on operating on the goose that lays the golden economic eggs for this great country. The crisis was passed in 1944-45.

Table II shows that there has been a steady rise in interest rates since 1945-46 which coincided with the reversal in the position of commercial banks from predominantly investing institutions to loaning institutions. The inference of the table is that, if left alone to reflect supply and demand considerations, interest rates should continue to work higher if we are to have an expanding economy with a substantially greater volume of loans and mortgages. Perhaps the evidence that we cannot turn the clock back and go back to the nominal level of interest rates of the 1939-45 period comes as disappointing to those still dreaming of "the good old low interest rate days." As Al Smith might say "them days are gone."

TABLE II

The Trend of Interest Rates

Year:	Yield U.S. Treas. Bonds	Yield Aaa Corp. Bonds	Loan Rate Charged by Banks
1939	2.41%	3.01%	2.10%
1945	2.37	2.62	2.20
1946	2.19	2.53	2.10
1947	2.25	2.61	2.10
1952	2.68	2.96	3.49
1953	2.92	3.20	3.69
1954	2.54	2.90	3.61
1955	2.80	3.06	3.70
1956	3.06	3.36	4.20

Monetization of the Federal Debt, Engine of Inflation

It is more than passing interest that commercial bank deposits were up only $42 billion or 28% in the 11-year period starting in 1946 as compared with a jump of $93 billion or 161% in the preceding six years (1939-1945). The sharp expansion in bank deposits and in bank liquidity during this six-year period (even allowing for the overborrowing by the Treasury in 1945) has special significance to the postwar period, for it was the monetization of the government debt during World War II through sale to the commercial banking system which was to virtually guarantee inflation. Together with the liquidity created, it was to stoke the postwar boom and permit the fantastic postwar credit expansion with no significant strain on the banking system or the credit machinery, and until 1952-1953 with only moderate effect on interest rates.

Beginning in about 1953, through a combination of rising prices and business activity, the abundant money supply was largely used up and we began to see that the demand for capital and credit required to sustain the expanding economy at a rising level of prices was outrunning the supply with a resultant major impact on interest rates. Actually this supply of credit and money created by the financing methods used during the war covered up the fact that the savings of the country were not keeping pace with the demands for credit and capital. The situation in the money market might be likened to the fellow with a $10,000 salary and fat balance in his checking account who, after getting married, lived at the annual rate of $25,000; that is, until the fat bank balance was used up.

You are all too familiar with the events of the last year or two in the money market to need any comment on their significance or as to their relationship to the facts touched on herein. It may be significant in terms of the future that we have used up this liquidity and the plentiful money supply created in the 1939-45 period.

Debt Creation Holds the Key

I have been intrigued by the correlation between debt creation and our prosperity in recent decades. So much so that some years ago I was forced to the conclusion that debt creation was one of the keys to our prosperity. Table III is worth studying in this respect.

This table shows that there have been two distinct areas of debt creation: One by government from 1939 to 1945, and the other by private (non-government) sources from 1945 to date.

In its six-year period, government debt increased about $208 billion. The private sector took over in 1946 and I think you will agree that it has done a fair job with a net gain of $285 billion or $26 billion per year over their 11-year stretch, not far behind the $35 billion annual rate of the government debt creation during the war period.

It might be worth noting that in years like 1945, 1949, and 1954, when the rate of debt creation slowed down, so did business activity and gross national product (the total spent for goods and services), or did the "chicken come first"?

I submit that debt creation seems to be one of the keys to our prosperity and I further suggest that anything that interferes with debt creation is a threat to the level of industrial activity; at least that is what the history of the last several decades suggests. This is why the restrictive credit policies of the last year or two have made me quite thoughtful and it is one of the factors that led me to the conclusion that business activity was likely to erode in 1957.

I was quite interested to read the remarks of Dr. Paul W. McCracken, a member of President Eisenhower's Council of Economic Advisors, made on this subject last week and I quote. "If economic growth is not to be placed in financial jeopardy . . . we must have either unbalanced Federal budgets or unbalanced private budgets in the decade ahead, with private debts rising substantially more rapidly than income and sales." He went on to say that to achieve a gross national product of $565 billion by 1965 (present level $427 billion) would require $430 billion of additional debt (roughly $48 billion a year). The record of the last several decades suggests that Dr. McCracken may be right. [*Ed.'s note:* Dr. McCracken's comments were published in the *Chronicle*, April 18, 1957, p. 4.]

Bank Deposits, Capital and Earning Assets

It will be observed from the data in Table IV that, except for the temporary interruption after the bulge in 1945 created largely by the Federal Government's overborrowing, deposits have experienced virtually an uninterrupted rise since 1939. Even in years like 1945, 1946, 1949 and 1954 when business activity turned down, deposits continued to rise.

If, as seems likely, we are faced with a combination of deficit financing, some increment of inflation and further sizable debt creation in the years ahead, the prospects for a substantially higher level of commercial bank deposits seem relatively promising and perhaps quite certain.

Table IV also reveals the uninterrupted rise in bank earning assets (exclusive of U. S. securities) since 1943. With full employment the law of the land, and with ample evidence that debt creation is essential to rising prosperity, it seems unlikely that anything that interferes with maximum employment will be politically palatable for very long. Perhaps it should be noted that over the years debt (the proceeds) has become as much a part of the money supply as "cash in the till." It is equally apparent that mass production of automobiles, refrigerators, etc., is only possible through demand augmented by debt creation, and it follows that if higher levels of production are to be seen, they will go hand in hand with increased debt. Our mass production hinges on debt creation.

As previously pointed out, since 1939 we have had two distinct areas of debt creation with the likelihood that a third area is in prospect, perhaps dominated by debt created by the financing of the public works. We are in need of a "bigger suit of clothes" in terms of $300-$400 billion of schools, highways, sewers, etc. Perhaps in this manner we can help accommodate Dr. McCracken's observations as to need of additional debt of $430 billion over the next nine or ten years.

Bank Liquidity

There is one sobering aspect to all this as revealed in Table IV. I refer to the virtually uninterrupted decline in the liquidity of commercial banks as measured by the relationship of capital funds to earning assets excluding U. S. securities. It is obvious that the decline in the ratio of capital funds to earning assets from 28.2% in 1943 to the present level of 14.8% cannot be repeated again in the next decade without first reversing the process. Perhaps the conclusion from this is that the economy and commercial bank earnings will not again get the benefit of this reduction in liquidity in the year immediately ahead, except in the case of commercial banks where any change in interest rates will apply to a larger earning asset base. If bank liquidity was at the 1939 level, earning assets exclusive of U. S. securities would be many billions below the $101 billion shown at the end of 1955. It is obvious that this change in liquidity played a major role in the prolonged business boom of the last decade.

Even with capital funds at 14.8% of earnings assets exclusive of cash and U. S. securities, and my belief is that it will work lower in the years ahead, bank liquidity is comparable to that customary in the good old days and the need for liquidity is substantially less due to such factors as the F.D.I.C. and the more thoughtful approach to loans and mortgage not to mention the many other changes in the economic, financial and social structure and thinking of the country, which together certainly reduce the cyclical characteristics of the economy.

Perhaps the loss of this liquidity, as measured by the capital-earning asset relationship combined with the efforts by bank managements to preserve the present reduced ratio, may have a considerable impact on the future level of business activity. It certainly goes a long way to explain the tightness of bank money and the sharp rise in bank interest rates.

TABLE I

Composition of Earnings Assets of All Commercial Banks

Earning Asset Relationships

Dec. 31:	Cash & U. S. Govt. (millions)	Percent of Total Deposits	Loans, Other Secur. & Mtge. (millions)	Percent of Total Deposits	*Total Deposits (millions)
1939	$38,790	67.3%	$24,352	42.2%	$57,718
1940	44,881	68.7	26,172	40.1	65,337
1941	48,359	67.8	28,939	40.6	71,283
1942	69,418	77.9	26,014	29.2	89,135
1943	87,519	82.6	25,253	23.8	105,923
1944	107,763	84.1	27,973	21.8	128,072
1945	125,412	83.5	33,414	22.2	150,227
1946	109,003	78.4	39,213	28.2	139,033
1947	106,723	74.1	47,063	32.7	144,103
1948	101,218	70.9	51,677	36.2	142,843
1949	102,655	70.7	53,192	36.6	145,174
1950	102,316	65.9	64,648	41.6	155,265
1951	106,169	64.4	71,085	43.1	164,840
1952	107,934	62.4	78,306	45.3	172,931
1953	108,254	61.3	78,256	44.3	176,702
1954	113,540	61.4	89,037	48.2	184,757
1955	108,430	56.4	103,410	53.8	192,254
1956	102,770	53.5	107,390	55.9	192,060

*SOURCE: Federal Reserve Board—all commercial banks

TABLE III

Public and Private Debt

(in billions)

Year:	Net Govt. Debt (a)	Change	Net Private Debt (b)	Change	Change Public & Private	Gross National Product	Change in G.N.P.	Production Index
1939	$58.9	$ --	$124.3	$ --	$ --	$91.1	$ --	58
1940	61.3	+ 2.4	128.6	+ 4.3	+ 6.7	100.6	+ 9.5	67
1941	72.6	+11.3	139.0	+10.4	+21.7	125.8	+25.2	87
1942	117.5	+44.9	141.5	+ 2.5	+47.4	159.1	+33.3	106
1943	169.3	+51.8	144.3	+ 2.8	+54.6	192.5	+33.4	127
1944	226.0	+56.7	144.8	+ 0.5	+57.2	211.4	+18.9	125
1945	266.4	+40.4	139.9	— 4.9	+35.5	213.6	+ 2.2	107
1946	243.3	—23.1	154.1	+14.2	— 8.9	209.2	— 4.4	90
1947	237.7	— 5.6	180.2	+26.1	+20.5	232.2	+23.0	100
1948	232.7	— 5.0	201.3	+21.1	+16.1	257.3	+25.1	104
1949	236.7	+ 4.0	211.4	+10.1	+14.1	257.3	-0-	97
1950	239.4	+ 2.7	251.3	+39.9	+42.6	285.1	+27.8	112
1951	241.8	+ 2.4	282.8	+31.5	+33.9	328.2	+43.1	120
1952	248.7	+ 6.9	306.8	+24.0	+30.9	345.2	+17.0	124
1953	256.7	+ 8.0	330.9	+24.1	+32.1	364.5	+19.3	134
1954	263.6	+ 6.9	345.1	+14.2	+21.1	360.5	— 4.0	125
1955	269.9	+ 6.3	390.3	+45.2	+51.5	401.9	+41.1	139
1956	268.0	— 1.9	425.0	+34.7	+32.8	412.3	+10.4	143

(a) Federal, State & Municipal. (b) Debt exclusive of Federal, State & Municipal.

TABLE IV

Commercial Bank Deposits, Capital and Earning Assets

Dec. 31:	Deposits (millions)	Earn. Assets Excl. Cash & U.S. Sec. (millions)	*Total Cap. Accounts (millions)	Cap.as % of Deps.	As % of Earn.Assets Excl. Cash & U.S. Sec.
1939	$56,076	$25,704	$6,524	11.6	25.4
1940	63,470	27,365	6,673	10.5	24.4
1941	69,421	29,987	6,842	9.9	22.8
1942	87,820	27,154	7,056	8.0	26.0
1943	104,116	26,462	7,454	7.2	28.2
1944	125,752	28,971	7,990	6.4	27.6
1945	147,811	34,346	8,672	5.9	25.2
1946	137,030	40,086	9,288	6.8	23.2
1947	141,889	47,877	9,735	6.9	20.3
1948	140,683	52,659	10,160	7.2	19.3
1949	143,194	54,250	10,649	7.4	19.6
1950	153,498	65,881	11,281	7.3	17.1
1951	163,172	72,608	11,923	7.3	16.4
1952	171,351	79,974	12,585	7.3	15.7
1953	175,083	84,111	13,265	7.6	15.8
1954	183,309	89,232	14,279	7.8	16.0
1955	190,989	101,703	15,009	7.9	14.8
1956	Not available				

SOURCE—FDIC (insured banks).
*Includes: Capital stock, notes, etc., surplus, undivided profits and reserves.

Joins Courts Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — David A. Shaver is with Courts & Co., 11 Marietta Street, Northwest, members of the New York Stock Exchange.

Savard & Hart Branch

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Savard & Hart have opened a branch office at 340 Main Street. Associated with the new branch is Edward W. Paine, formerly with Barrington Investments.

T. R. Peirsol Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—William J. Reigel has become connected with T. R. Peirsol & Co., 9645 Santa Monica Boulevard. He was formerly with Shearson, Hammill & Co.

Continued from first page

As We See It

find that the farmers are but little if any more satisfied than they have been for a long while past, and that the basic situation in agriculture is just what it has been all along.

Dispassionate observers who have given the matter a moment's serious thought are well aware that the root of our difficulty lies in the fact that we are persistently producing more farm products that can be marketed either here or anywhere else in the world at a profit. The President himself has more than once appeared to realize this fact, and, further, to understand that price supports and the like merely tended to encourage a continuance of this overproduction. It is plain as a pikestaff that what is in effect payment to produce must inevitably lead to expanded, or at the least uncontracted production. The key problem, accordingly, has been all along that of getting production more in keeping with effective demand and of getting labor no longer required on the farms into other occupations where the output of their efforts would be absorbed at a profit.

No Progress in Evidence

Whatever may be said on the political rostrum or whatever claims may be made for this, that or the other program to accomplish such ends as these, the figures themselves show that virtually no progress has been made. According to the Department of Commerce, the total farm output, when allowance has been made for changes in prices, stood at $38 billion (1947-49 dollars). It had been less than $36 billion such dollars in 1953. But in the production of this volume of goods farmers consume a large amount of farm products. Deducting such consumption to give a net output of the farms of the country (still in 1947-49 dollars) we arrive at a figure of $25 billion. In 1953 the figure was less than $23 billion. Despite the relative scarcity of labor in many other parts of the economy there has of late been but little decline in the number of individuals at work on the farms.

This increase in output and this failure of farmers to seek other employment have occurred in the face of falling prices, which if natural forces had been permitted to have their normal and usual effect would have reduced output and sent producers to other fields of endeavor. Between 1953, the first year of the first Eisenhower Administration and the end of 1956, prices of farm products moved down from 97% of the 1947-49 average to less than 89%. During those years the prices of commodities other than farm products and foods rose from 114% of the 1947-49 average to only a little less than 125%. Of course, shift of population from agriculture to some other pursuit is naturally and normally slow in taking effect, but so low a rate of shift can hardly be attributed to anything other than the farm policies of this Administration and of those that went before it.

What Will They Do?

Now these are the essential facts. What is the Eisenhower Administration prepared to do about them? What is the Republican party prepared to do about them? What, for that matter, is the Democratic party prepared to do about them? What must occur if our agriculture is once more to stand on its own feet, and if the people of this country are to have their food and other products coming from the farms at prices that are reasonable is clear enough. A great many now making their living on the farms will have to find other occupations where the product of their labor is needed and will be paid for gladly by the consumer. The shift of labor necessary for the purpose will have to be very substantial since what with greater concentration of effort upon better lands, improvement in techniques, and the wide use of labor saving devices, not nearly so many men are required as formerly to produce a given amount of farm products.

Is it the function of government to promote this shift from one sector of industry to another, someone may ask. Well, it may be safely said that any government would find it difficult to justify action on its part that definitely and quite needlessly stands in the way of a shift that natural forces would effect. Nor would there be the slightest need for government to induce such a shift if natural forces were permitted to operate. Working largely through the price mechanism labor and capital would be attracted to those sectors of economic activity where real need exists from those where unwanted surpluses weighed heavily upon producers. The matter is as simple as that.

A Political Problem

The real problem is a political one. The farmers have organized themselves into an effective political force, and there are many of them. In a number of states they hold the balance of political power. They have long made use of their political strength, which incidentally was greatly enlarged by the programs of the early New Deal. And since 1948 when President Truman was believed to have gone back to the White House by means of a successful appeal to the farm vote, there has been an almost morbid fear of the farmer. President Eisenhower has at times appeared to be less in awe of the farmer than many of the other politicians, but if he has less of that fear he has made very little constructive use of it.

Yet even this rich nation can not afford to continue indefinitely to carry the burdens which the farm policies of the past two or three decades have imposed upon it. The population is growing, of course, and will need more and more of the products of the farm, but the rate of growth in demand is not sufficient to bring a balance between supply and demand for a long time to come, so long as supply is arbitrarily and artificially stimulated.

Rauscher, Pierce Opens Three New Branches

DALLAS, Texas — Rauscher, Pierce & Co., Inc., members of the New York Stock Exchange have opened three new branch offices, in Fort Worth in the Trans American Life Building, with Joe A. Tilley, Jr., as representative; in Midland, Texas in the Western Building, Thomas G. Laros, representative; and in Odessa, Texas in the Phillips Building, with Otis McKelvey as representative.

Joins Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Benjamin C. Chapman has rejoined Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Chapman was formerly with Sutro & Co. and in the past conducted his own investment business.

Kidde Convertible Debentures Offered

An underwriting group headed by Shields & Co., on April 22 offered publicly a new issue of $3,000,000 Walter Kidde & Co., Inc., 5% convertible subordinated debentures, due April 15, 1972. The debentures are priced at 100% and accrued interest.

The debentures will be convertible into the company's common stock until April 15, 1962 at $22 per share, and, unless previously called, at $24 per share thereafter and until April 15, 1967, and at $27 per share thereafter and until maturity.

In the years 1962-71, a sinking fund will operate to retire annually $200,000 of debentures.

Walter Kidde and subsidiary companies are engaged mainly in the manufacture of broad lines of aircraft accessories, firefighting equipment, textile machinery, and other lines of special tools, jigs, fixtures and machines. The company, with about 2,900 employees, operates six manufacturing plants in New Jersey, with headquarters at Belleville, and one plant in California.

About $2,500,000 of the net proceeds of the issue will be used initially to reduce short-term bank loans; the balance will be added to general funds.

In the 10-year period 1947-56, Kidde sales have increased from $12,835,000 to $37,466,000. In 1947 net income after preferred dividends was $374,000. In the latest year, net income amounted to $1,154,000, equal to $2.38 per common share.

Except for 1935, the company has paid dividends on its common stock in each year since 1929; dividends are now at the quarterly rate of 25 cents per share.

Richard Hickey Joins First Secs. of Chicago

CHICAGO, Ill.—Leston B. Nay, President, First Securities Company of Chicago, 134 South La Salle Street, members of the Midwest Stock Exchange, has announced that Richard J. Hickey has joined their company as a registered representative.

He was formerly associated with Kneeland & Co. in the trading department.

Joins Waldron Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—David F. Woodcock is now with Waldron & Co., Inc., Russ Bldg.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government bond market is still showing a defensive tone, because money is tight and this means that the interest in long-term Treasury bonds is very much on the limited side. Also, since corporate and tax-exempt bonds have been coming into the new issue market in sizable amounts, and because of a somewhat lessened demand for these offerings, this has brought about a rather uncomfortable case of indigestion. In addition, it would be a good thing for the money market if the Treasury were to make known the kind of an issue it will offer to owners of the F and G savings bonds since it would remove one element of uncertainty. The refunding of the 1⅝s of May 15, with a one year or shorter obligation is what the financial district is expecting.

The caution and uncertainty in the money market is keeping the demand for short-term governments on the heavy side and the up and down movement in the rate of these securities is not unwelcome to those who want the most liquid Treasury securities.

Series "E" Bond Rate Increased to 3¼%

The increase in the rate on government savings bonds (Series E) from 3% to 3¼% has finally been approved. The discretionary power which the Treasury requested to raise the rate to 4¼% if necessary was turned down by the Congress. The ceiling is now set at 3¼% for savings bonds. The upping of this rate to 3¼% does give savers a better return on government bonds, but it does not, however, meet the existing competition for the savers' dollar, because the yields which are available in corporate and tax-exempt bonds is still much more attractive than that obtainable in comparable Treasury obligations. It will take time to get the result of this better yield for government savings bonds, especially with reference to sales and cash-ins. A change in the money market, with a policy of some ease replacing that of passive neutrality, would be the best development for the future of government savings bonds, including those with the newly set rate.

New Issue Corporate and Municipal Bond Glutted

The bond picture as a whole is on the uncertain seat, with the supply of corporates, tax exempts, as well as governments on the plentiful side because of the tight money condition which continues to prevail. Along with this, is the large amount of non-government bonds which are being offered in the new issue market, quite a few of which have not been too well received, to say the least. It is the opinion of quite a few money market specialists that it would not be an adverse development as far as the corporate and tax-free new issue market is concerned if there were to be a period in which the amount of these new flotations were to be slowed down a bit.

There appears to be very little doubt but what the new issue market for non-government bonds is in the throes of a rather severe case of indigestion, and the best way to cure it is to let the patient to get back to normal again. To be sure, in this case also, a change in the monetary policy of the powers that be, from a still restrictive one to one of less restriction, would be another way in which the indigestion could be relieved rather rapidly.

Depressing Factors in Government Market

The very large negative reserves of the deposit banks is proof positive of the very tight money picture and this is not a factor that breeds confidence in the bond market. Then there is the over-hang on the longer-term government bond market as to what kind of a bond will be offered (in exchange) to the holders of the maturing F and G savings bonds. The time when this will take place also is a detracting force in the bond market. Another factor which must also be given consideration is the impending refunding of the May 15 1⅝s. For the present it looks as though a one-year 3⅝s% obligation or a shorter 3½% would be the best the Treasury could do in taking care of this maturity.

Conflicting Views on Business Outlook

The business picture continues to command a great deal of attention as far as the money market is concerned, because there appears to be considerable in the way of diversity of opinion as to the future outlook of economic conditions. One group has the belief that the business pattern will continue to slow down, with less favorable conditions to be experienced as the year goes along. As against this, there are those who go along with the idea that business will not deteriorate very much more, and, as we go further into the year, a turn for the better is to be looked for. These latter obviously feel that business will stay very much in the "pretty good" classification. With the economic pattern apparently rather well in balance for the time being, it is not at all surprising that the monetary authorities are inclined to let money matters alone in order to wait and see what develops.

Hilsman Co. Members Of Phila-Balt. Exch.

ATLANTA, Ga.—J. H. Hilsman & Co., Inc., Citizens & Southern Building, has been admitted to membership in the Philadelphia-Baltimore Stock Exchange. The membership is in the name of J. Fleming Settle, President, who has had the longest continuous experience in the security business of any person so engaged in Atlanta. Mr. J. Raymond Leek, President of the Philadelphia-Baltimore Stock Exchange commented on the fact that while the Exchange now has five member firms in Florida, this is the first firm to represent the Exchange in Atlanta, Ga.

Three New Branches For Perkins & Co.

DALLAS, Texas — Perkins & Company, Inc. have opened three new branch offices in Texas; in the Texarkana National Bank Building, Texarkana, under the management of William R. V. Williams; in Kilgore, in the Kelly-Dickson Building, under the management of Bernard Henry; and in Big Springs at 211 Runnels, under the management of Joe Pond.

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Government Expansion In a Dynamic Society

an administrator of our national domain and a developer of our resources. We have always relied on the government to provide roads and to improve navigation. With 52 million cars in the country and 10 million trucks and buses, the demand for roads is greater than ever. When the government provides airports, it is not doing anything fundamentally new—its ancient function of providing transportation facilities is simply taking a new form. As the population grows in density, the way in which our natural heritage is used becomes of increasing general concern. Flood control, smoke control, protection of streams from pollution and of forests from fire, protection of wild life, preservation of areas for recreation, all grow in importance as population increases and the country fills up.

Seven Expanding Areas

Particularly interesting and significant is the expansion of the government into new fields, that has been going on for a little more than a century and particularly during the last 20 or 30 years. Seven new areas of government activity are particularly significant. The first of these is education. The government now offers tuition-free education, or almost tuition-free education, not only at the elementary school level, but at the high school, college, and technical school level. Until a little more than a century ago, education was regarded as necessary for only a few professional and business people and was in the hands of private charitable or religious organizations. The idea that the government should make some education freely available to everyone (and even compel attendance) aroused a great battle. It was regarded as unfair to tax some people to pay the cost of educating other people's children. Today no one questions the principle of free education, but skepticism crops up now and then concerning how much it is wise to invest in the education of our children. No expenditure yields a better return, though the quality of the schools leaves much to be desired.

A second relatively new major activity of the government is financing the acquisition of knowledge—the support of research. For several generations the government has supported research, at least on a small scale. Research in the state universities and in the agricultural experiment stations furnishes examples. Under the influence of the Second World War and the cold war. Government outlays on research expanded from about $360 million in 1941 to over $2.7 billion in 1955 — an eight-fold increase.[1] Few expenditures, public or private, do as much to raise the future productivity of the economy as do these outlays on research.

A third new major activity of the government has been the providing of information and technical help to business in general and to enterprises in many special lines of business. The invaluable statistical services of the government are an example of aid to business in general, but additional amounts spent on improving and enlarging these statistical services would pay for themselves many times over. The Department of Commerce and the Department of Agriculture provide many specific services to business, but by far the most important aid is that given by the agricultural extension system which has had an immense influence on farming practices. The efficiency of American agriculture is one of the marvels of the age. With only about one-tenth of the labor force employed in farming, American agriculture produces more than enough for the highest standard of consumption in the world — so much, in fact, that the politicians feel compelled to produce a glut by taxing the country heavily to keep the prices of farm products artificially high. The extension service has been important among the many influences contributing to the efficiency of American agriculture.

A fourth important recent development in the activities of the government has been the lending of money and the insurance and guaranteeing of loans. The Great Depression of the thirties was a major influence in pushing the government into the lending business. The government has recently withdrawn in considerable measure from some of its lending operations, but it continues to grow in importance as an insurer or guarantor of mortgages in the housing field. The reasons behind this expansion appear to be a mixture of political and economic. The influence of pressure groups has been important, but experience seems to indicate that the government can take risks and make a profit at rates that private underwriters find unattractive.

A fifth important new activity of the government is the support of markets—a development which is almost completely bad. The ridiculous support of the silver market goes back some years. Now, under pressure from western metal mines, the government is being pushed into buying various metals in excess of the needs of the strategic stockpile. But by far the largest support operation of all is that represented by the government's support of the prices of farm products. It is difficult to imagine a more unjustifiable use of the taxpayers' money. The price-support program made some sense during the war when there was need to stimulate farm production. Today the price-market program is worse than useless—it is highly wasteful because it encourages an excessive number of people to remain in agriculture and it induces farmers to produce the wrong things. Americans do not want more cotton, rice, wheat, or peanuts—they want more meat, especially steaks. Although America is the richest nation in the world, it is still on a hamburger standard of living. Americans would gladly double their consumption of steaks if they were available at moderate price. But that would require doubling the cattle population of the country. A program that aims to keep up the price of feed grains and also encourages the use of acreage for cotton raising instead of stock raising keeps up the price of meat and limits the number of cattle which farmers can profitably raise. Hence, the price-support program promotes the wasteful use of agricultural resources. A well-designed agricultural program would help the southeastern states become a prosperous cattle-raising region.

A sixth major new activity of the government is the provision of economic security. The government has always operated poorhouses or poor farms and given at least meager aid to the destitute, but during the last several generations a revolution has occurred in thinking about the problems of the needy. The idea has become generally accepted that a certain minimum protection

[1] *Economic Report of the President,* 1954, pp. 160 and 163, and *Statistical Abstract of the United States,* 1956, p. 499.

against important economic hazards should be the right of every one, regardless of his circumstances, and that it is the government's duty to provide this minimum of security. This protection takes the form of pensions for the old, unemployment compensation for the unemployed, and various special benefits for the blind, dependent children, widows, and the disabled. Administrative difficulties have thus far prevented the government from assuring everyone a certain minimum of medical care. Perhaps government insurance in this field will never be adopted in this country, but the government has been moving in the direction of encouraging private insurance schemes.

The notion that virtually all members of the community are entitled to a minimum of economic security was a great step forward in social philosophy. Among other things, it meant that the thrifty and the foresighted were not to be penalized for their thrift and foresight. It also meant that economic security was not to be a special privilege accruing only to the employees of a few progressive enterprises that provided pensions and other insurance schemes for their workers. Most important, it meant a great strengthening of the ancient principal that misfortunes that are beyond the control of the individual should be the concern of the community.

Stability and Growth

A seventh major new activity of government is the assumption of considerable responsibility for economic growth and stability. Behind the assumption of this important new responsibility was another great forward step in thinking. People began to ask whether it was really necessary that the economy be subjected every now and then to severe contractions or whether the rate of growth had to be left to chance. Thus, within the last 25 years the people of the country have taken the momentous step of deciding that they were not just going to let economic events happen—that they were going to have an economy that was stable and that had a satisfactory rate of growth.

The broad demand for stability and for a satisfactory rate of growth has influenced both business and government. The response of business was most conspicuously manifested by the creation of the Committee for Economic Development, but concern for stability and growth has also found expression in the planning of innumerable individual managements. And with the whole country insistently demanding stability and growth and ready to throw out of office any party that tolerated an appreciable amount of unemployment, the government could not escape making the promotion of stability and growth a major objective of public policy.

Much of the great contribution that the government is making to stability and growth, it must be confessed, has been the result of accident. For example, much of the government's important contribution to stability comes from the fact that its spending is for larger relative to private spending than before the Second World War. Since government expenditures are little affected by the cyclical movements of business, they tend to dampen the cyclical movements, and the larger the relative importance of government outlays, the greater is their dampening effect. Likewise, the contribution of the tax system to stability is largely (though not exclusively) a matter of accident. Most of the government's revenues come from income taxes—corporate and personal. These taxes have a stabilizing effect because tax liability increases and decreases faster than incomes before taxes. Thus, the tax system reduces the fluctuations in incomes **after** taxes, and the stiffer the taxes, the greater as a rule is their stabilizing effect. But this is not the reason why we selected income taxes as the principal source of revenue or why we have made the tax rates pretty stiff.

Likewise, some of the government's most important contributions to economic growth are accidental in the sense that their purpose has not been to encourage economic growth. Perhaps the greatest contribution of the government toward economic growth comes from its enormous expenditures on research, and its immense purchase of electronic equipment and airplanes, and other war materials. All of this has accelerated technological progress and has stimulated the development of many important civilian products, and has accelerated the growth of productivity in civilian industries. These welcome contributions to technological advance and economic growth must be regarded as small offsets to the tragedy of the Second World War and the cold war. Neither we nor any other people possess enough economic sophistication voluntarily to use government expenditures as a way of fostering technological progress as we have been forced to do by the Second World War and as we are being compelled to do by the cold war. When one takes account of the effect of the defense program in accelerating technological progress, one concludes that the net cost of the defense program is quite small.

But not all of the important contributions of government to stability and growth have been the result of accident. The imperative demand for stability and growth led to the establishment of the Federal Reserve System and to the strengthening of the banking system. Later the demand for stability and growth led to the creation of the Council of Economic Advisers and in Congress to the Joint Committee on the Economic Report with the responsibility of reviewing and proposing policies intended to promote stability and growth. Several years ago there was taken the encouraging step of establishing an Advisory Board on Economic Growth and Stability under the chairmanship of the Chairman of the Council of Economic Advisers and containing as members high ranking officials from various government departments and agencies. The contribution of the government to stability and growth will undoubtedly continue to increase — partly because the country will demand that more be done to promote stability and growth and partly because there are some instruments for promoting stability and growth that only the government can use. Hence, we shall be increasingly inclined to think of the government as a stabilizing and stimulating agency and to have greater confidence in the economy because we feel able to count on the government to help combat both contraction and excessive booms and to give powerful support to long-term growth.

III

The Reasons for Expecting Continued Growth in Govt. Activities

Nearly all of the activities of government will continue to expand, and the government will continue to play a steadily increasing role in American civilization. This is inevitable in a progressive country in which the education of the people is improving, science and technology are advancing, production is growing, per capita income is rising, and population is increasing. The principal government activity that may be abandoned or severely curtailed is the ill-conceived and wasteful support of markets for farm products. The city people have been extraordinarily gullible, but it is inconceivable that they will indefinitely submit to paying large taxes for the purpose of keeping up the price of their food and of encouraging farmers to produce the wrong things. Possibly some day cuts in another big area of government activity—the support of the huge military establishment—can occur. But before the military activities can be cut, a great transformation must occur in the Communist world, and no such transformation is in sight.

All of the other activities of the government will continue to expand. The policing and regulating activities will grow partly because there are more and more kinds of activities and organizations that require policing and regulating, and partly because the growth of science and other technology is showing the need for more rules and providing the tests required in formulating and administering rules. As industry and population grow and per capita incomes rise, the task of administering our domain will become bigger. We can't add 2,000,000 or more cars and 300,000 to 500,000 more trucks and buses a year to the number already on our roads without steadily improving and extending our roads and providing much larger parking areas. And if Americans are going to continue to take to the air in rapidly increasing numbers, the government must provide more and better airfields, more extensive and better traffic controls, and better provision for safety in flying.

The work week will gradually become shorter, and the habit of taking vacations is bound to grow as per capita incomes rise. Today vacations average only about one week per worker per year. And yet the recreation areas of the country, both those in or near cities and those in the mountains or forests or along the seashore, are severely overtaxed and are rapidly becoming less and less adequate. The growth of water traffic and the increase in the size of barges is making many locks on inland waterways inadequate. For example, a comprehensive development scheme for the Ohio River is badly needed. As per capita incomes rise, the demand for schooling, especially schooling beyond the elementary and high school level, will grow. At present only about 35% of persons 18 and 19 years of age and less than 13% of persons 20 to 24 years of age are enrolled in school, so that changing customs and rising incomes may be expected to produce an enormous increase in the demand for high school and college training. Government-supported schools must be expected to meet a large part of this need.

The enormous productivity of technological research means that government research programs are bound to grow. One should bear in mind that many of the most useful expenditures on research can only be made by the government or by some non-profit seeking organization. The reason is that if the investigation is successful, the benefits of the discovery accrue to everyone, not

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merely to the sponsors of the research. Businessmen are steadily learning the use of information and statistics collected by the government, and the uses of these services are increasing. The acceptance of the principle that the government shall provide a minimum amount of economic security assures that, as per capita incomes rise, benefits and coverage will increase. Finally, the government's new responsibility of promoting stability and growth will gain in importance. People have abandoned forever the fatalistic notions that they must accept whatever ups and downs of business and whatever rate of growth the fates decree. No one pretends that these matters are completely within control, but spreading realization of the fact that much can be done about them will subject the policy-makers both in business and in government to stronger and stronger demands that they find ways of keeping the economy stable and of keeping the rate of growth adequate.

IV

The Possibility of Improving the Quality of the Government Services

Since the activities of the government are expanding, and year after year will touch our lives and the operations of business at more and more points, and since they may well absorb a larger and larger share of our incomes, the quality of the work of the government becomes a matter of increasing concern. How can the legislative process, the administrative processes, the judicial processes be improved — made better informed, more equitable, more expeditious, more likely to produce the intended results?

These important matters I am not competent to discuss because I am an economist, not a political scientist. Holding public office appears, in the vast majority of cases, to have a good effect on men. It makes them vividly aware of the many diverse interests in the community and often it impresses them with the importance of those interests that all parts of the community have in common. Given the help of efficient staffs and of able presentation of various viewpoints by representatives of special interests, the government legislators and administrators do at least a fairly good job of making and carrying out public policies. One of the most frequent failures of democratic government is the refusal to face up to tough and controversial issues, so that a public policy is lacking. People who understand these matters better than I do seem to believe that both the staff work within the government and the presentation of special viewpoints by outside interests is improving. If that is correct, the quality of policymaking and of administration should continue to improve.

V

The Effect of the Expanding Activities of Government Upon Our Liberties

How about the effect of the expanding activities of the government on our liberties and on the economy? Let us consider first the effect upon our liberties. Will the growing activities of the government make people more and more inclined to take orders from the government and to allow the management of their affairs to gravitate more and more into the hands of legislatures or administrative or judicial agencies?

The fact that more and more important decisions will be made by people in government service will not undermine our liberties because the decisions of government bodies or officials will reflect the preferences of the public. Perhaps I should say that they will be decisions which are compromises between various conflicting interests in the community. The reason that I make this remark so dogmatically is that the people in Washington and in the various state capitals are not our leaders. With few exceptions they are not makers of public opinion. Only rarely does one of them pioneer in championing a new cause of doubtful popularity. On the contrary, the holders of public office are nearly all expert and alert **followers** of public opinion. Leadership in proposing public policies and in developing support for these proposals comes from outside the government—from leaders of various special interest groups, from writers, thinkers, editors, lawyers, economists, and other technicians. The role of government officials is to convert the ideas which appear to command considerable popular support into politically acceptable public policies.

A government which operates in this way may have various faults. It may be slow to act; it may pursue more or less inconsistent and, therefore, self-defeating policies; it may be unduly influenced (as it often is) by well-organized and highly articulate groups. There is one fault, however, that such a government does **not** have—it is not a threat to the liberties of the people. Though it will extend its activities in response to popular pressure, it will not wantonly substitute government decision-making for private decision-making. As I pointed out, a frequent failure of government is its refusal to face up to problems.

VI

The Effect of the Expanding Activities of Government Upon the Economy

Will the ever-growing demands that the community is making on the government wreck the country? Shall we ruin ourselves by attempting to do too much too soon? Can we afford simultaneously to support a huge armament program, to provide a fairly high minimum of economic security to almost everyone, and, in addition, to provide substantial free services in the form of tuition-free education, many free services to veterans, to support the markets for many farm products, and to spend substantial amounts on building super-highways and on developing our natural resources?

Britain, after making a gallant effort simultaneously to maintain a large military establishment and generous welfare services, has just decided that it cannot do both. The expenditures that are to be drastically cut are defense outlays; those that are to be kept are welfare expenditures. It is of interest that the decision to put welfare above defense was made, not by a Labor Government, but by a Conservative Government. Per capita output in the United States is roughly half again as large as in Britain. Nevertheless, many Americans think that the rate of government spending is overburdening our economy. Secretary Humphrey recently said: "We are just taking too much money out of the economy that you need to make jobs that you have to have as time goes on."[2]

2 *National City Bank Letter*, February, 1957, p. 19.

Mr. Humphrey added that if we don't reduce expenditures, "I will predict that you will have a depression that will curl your hair."

The facts do not support Mr. Humphrey's view that the government is preventing industry from building plant fast enough to provide the growing labor force with jobs. Today plant and equipment expenditures are at record-breaking highs—in terms of constant purchasing power, one-third higher than in 1947, and 22% higher than in 1950—and jobs are being made fast enough to keep unemployment low and to produce a chronic shortage of labor in many occupations, especially in skilled and professional occupations.

But let us not be content with analyzing the particular reasoning used by Secretary Humphrey and let us concentrate on the crucial question which is: "Are we perhaps attempting to do too much and, if we are, what signs would tell us that we are attempting too much?" The ailment of attempting to do too much might express itself with very different symptoms — symptoms which would not (in some cases could not) appear simultaneously. There are three such symptoms:

(1) Chronic unemployment as a result of such high tax rates that the spirit of enterprise is weakened and the volume of investment held down.

(2) A very slow increase in productivity as a result of the fact that only a very small amount of the national product is available for capital formation.

(3) A tendency for prices to outrun costs as a result of the necessity of financing an undue part of investment or of government spending through bank credit.

None of these three symptoms is present in the United States. Tax rates are very high, but even these high tax rates have not produced unemployment. In fact, employment is about as high relative to the labor force as one can expect it to be. There are several reasons for this high rate of employment. One is the fact that much of the money collected by the government is spent in ways that create investment opportunities. Another reason is the strong desire of business executives to make a good profits record. Let profits become a little harder to make and business executives try still harder to make a good profits record. In the language of technical economics, the demand for a good profits record in terms of time and effort is inelastic.

Capital Formation in 1929 and Today

The second symptom, a very slow increase in productivity resulting from a low rate of capital formation, is not present. It is true that in 1956 the economy made a poor record in raising productivity, but this was not due to a low rate of investment. Indeed, the rate of investment in 1956 was very high, and the poor productivity record may have been partly due to the disrupting effect of new installations and to the fact that the "bugs" had not been eliminated from some new plants. In some measure I suspect that the poor productivity record was simply due to the fact that management in many plants failed to do a good job in training and supervising labor. It should be noted, however, that the proportion of the gross national product devoted to capital formation in recent years has been about the same as in prosperous prewar years. In 1929, the peak of prewar prosperity, 15.5% of the gross national product was devoted to capital formation; in the four years 1953 to 1956 inclusive the percentage was 14.7.

Finally, the third symptom of attempting too much, excessive reliance on credit to finance either investment or government spending, is not present. In 1956, the cash receipts of all governments in the United States exceeded their cash expenditures by $4.0 billion. The total expansion of bank credit (loans and investments) was only 2.7%—just about enough to permit prices to rise as fast as costs. There is no evidence that prices are rising ahead of costs and are pulling up costs. The evidence is all the other way—that prices are being sluggishly adjusted to slowly rising costs.

One final observation about the effect of expanding government expenditures on the economy. I have pointed out that in spite of the enormous increase in the nation's output going into defense, the proportion going into capital formation is just about the same today as it was in 1929. This means that the increased share going to defense has been achieved at the expense of consumers—the share of the gross national product going into consumption in 1956 was 64.6% in comparison with 75.7% in 1929. One might expect this drop in the consumers' share to produce great unrest, but it has not. Why has it not? There are, I think, three principal reasons. One (the most important) is that employment has been high and steady. The second is that there has been an enormous increase in payments to the neediest part of the population—various kinds of welfare payments such as pensions, unemployment insurance, old age assistance, and the like. These payments increased from 1.8% of personal incomes after taxes in 1929 to 6.5% in 1957. A third reason is that a larger proportion of the income after taxes generated by private business is going to labor than in 1929. In 1955, this proportion was 71.0%; in 1929 it was 57.1%. The share of profits dropped from 11.1% in 1929 to 7.0% in 1955, and there was also a drop in other forms of income going to property.

VII

Can the Economy Meet the Growing Demand of the Community for More and More Services From the Government?

Let me grant that the economy today is doing a good job of meeting the enormous demands made on it by defense, by the welfare programs, by business, by consumers, by the demands of special interests for subsidies. What about the future? I have indicated that the growth of population and industry, the advance in science, and the rise in per capita incomes will considerably increase the demands for government services. Will the economy be able to meet these growing demands without bad results?

The answer depends on large measure upon what kind of increases in expenditures the people choose to have the government make and upon how effectively the government spends its money. Government outlays may be divided into four main categories. Only for the Federal Government, however, can the approximate size of these expenditures be estimated. The four categories and the approximate size of Federal spending under each are:

(1) Gifts, grants, and subsidies for which no service is rendered. These include pensions, unemployment compensation, old age assistance and various other welfare payments, plus various veterans' benefits, payments to support prices of farm products, and the prices of various metals, and subsidies given to advertisers in newspapers and magazines and to users of the third class mail as a result of the post office's carrying second and third class mail for far less than cost. The total of gifts, grants, and subsidies is very large—in excess of $26 billion a year.

(2) Expenditures that provide the country with conveniences and luxuries—such as the cost of maintaining parks, recreation areas, and some museums, and the extra cost of constructing public buildings in a monumental rather than a utilitarian manner. Tunnels for senators probably fall under this heading. These expenditures are quite small—probably between $1 billion and $2 billion a year.

(3) Expenditures for public services that contribute rather directly to the efficiency and security of people and industry — the cost of running the administrative, legislative and judicial agencies, of maintaining law and order, protecting health and safety, provision of weather reports, crop reports, and various statistical services, the cost of maintaining lighthouses and aids to shipping and flying, the cost of national defense, including the purchase of durable equipment and buildings needed for national defense, and interest on the public debt. The total of these expenditures, including some foreign military aid, is very high—around $52 billion to $53 billion a year.

(4) Expenditures that are in the nature of investments because they raise the future productivity of the economy — and thus raise our incomes and our ability to pay taxes and thereby tend to reduce the tax burden. Included in these truly investment expenditures are outlays on the St. Lawrence Waterway, the Upper Colorado Basin project, flood control projects, the interstate highway system, and, perhaps most important of all, expenditures on education and research. The total of these four category expenditures is fairly small — roughly only about $10 billion a year, or less than half of the Federal outlays for grants and subsidies.[3]

Analyzes Expenditures

Now obviously the effects of these four types of expenditures on the economy are very different. Outlays of the first type—the grants and subsidies for which no service is rendered and which do not directly raise the efficiency of people or of industry—can be very burdensome. This statement, however, must be qualified in important respects. The provision of a minimum amount of economic security helps to stabilize the economy in periods of contraction and indirectly contributes to efficiency by helping maintain people during periods of disability and illness. Furthermore, some grants, such as those on behalf of dependent children, are in large measure investments. On the other hand, half or more of the grants and subsidies are pure burden. Extravagant subsidies to shipping are defended for military reasons, but they go far beyond military needs, particularly in an atomic age. The large subsidies to advertisers in the magazines and newspapers are completely indefensible; also indefensible are payments to veterans in connection with non-service connected disabilities. Worst of all, as I have explained, are the payments to support the prices of farm products. If the govern-

3 The classification of expenditures that I have made is rather crude but it is superior to the three-way classification (1. grants, subsidies and other transfer payments; 2. operating expenses; 3. investment and developing outlays) made by the Federal Reserve Bank of Chicago. See *Business Conditions*, March, 1957, p. 8. One mistake made by the Chicago Federal Reserve Bank was to count all expenditures on plant and equipment as investments. But most of the plant and equipment purchased by the Federal Government is not an investment in the sense that it increases the ability of the country to support the government. Most of the plant and equipment purchased by the government is for the military and improves the ability of the military to defend the country. Hence, it is properly classified as a current expense.

ment supports the market for wheat or cotton, why should it not support the market for movies that has been injured by television or the market for soap that that has been injured by detergents?

The operating expenses that go to buy conveniences and luxuries, such as the costs of parks and recreation areas, are not large and, though they do not contribute to the productivity of industry, they do make life more pleasant and are undoubtedly worth keeping and enlarging.

This brings us to the two last classes of government spending—the large category of outlays that contribute to the efficiency and security of industry and expenditures that are in the nature of investments. Although operating expenses can be limited or cut here and there by the use of better methods or equipment, in the main these expenditures should be expanded, since more and better services would pay for themselves. A few people believe that even national security is a luxury and that we should reduce our security by unilaterally reducing our defense expenditures. That seems to me to be a reckless and short-sighted philosophy. Most advantageous of all would be a considerable expansion of the truly investment expenditures of the government—outlays on flood control, locks, dams, harbors, roads, air fields, education, and research — that raise our productivity. Increases in the investment outlays of the government would, as I have pointed out, help in the long run to reduce the burden of taxation.

Big Return for Tax Dollar

As we take stock and look to the future, the situation of the country seems to be roughly as follows: We pay high taxes and taxes that contain many inequities, but in spite of these taxes we have a high level of employment and a high rate of investment mainly because for most of our tax dollars we get a big return. We can easily afford to spend large additional amounts on the government provided the dollars are used to expand and improve useful government services that help make people and enterprises more efficient and more secure. And in particular, it would be to our advantage to make large increases in those types of government spending that raise the future productivity of the economy. We need, however, to take a fresh look at the government's annual bill of $26 billion for gifts, grants, and subsidies, and to decide which of these grants we are willing to continue. In particular, we need to examine with care all proposals for additional subsidies and grants. Some of these proposals are, I think, sound—particularly proposals for larger pensions and larger unemployment compensation benefits—but the proposals for still larger handouts to veterans and farmers are quite lacking in merit.

The conception of government that I have presented is radically different from the conception that underlies much of the current discussion about cutting the budget. It is wrong to regard the government merely or even primarily as an expense. It is a service-rendering organization. Its services are badly needed and are worth many times their cost. When it is proposed to spend either less or more on the government, the crucial question always is: "How much less or more in service do we get?" It is just as desirable to increase government outlays where increases will produce adequate additional services as it is to cut spending where cuts can be made without curtailing useful services.

Some one has recently been quoted as saying "You can't spend yourself rich." That is obviously nonsense. Certainly one doesn't get rich by sitting tight and hoarding one's savings. And one doesn't get rich by stealing—at least, that method rarely works for very long. The typical way that individuals and enterprises get rich is by spending—spending in ways that yield good returns. Often they do this by spending borrowed money. So it is literally true that we **do** spend ourselves rich.

What applies to individuals and enterprises applies to the government as well. There are many opportunities for the government to add to the present and future productivity of industry by enlarging and improving its services. These opportunities should be seized. Our aim should be not simply to cut wastes in government but to make more effective use of the government as a service-rendering body. A sound economic slogan for us to adopt is:

"Let us cut unjustifiable subsidies and spend more on useful government services today in order to be able to reduce tax rates tomorrow."

New Color Movie Shown by Stock Exchange

Trading floor converted into a theater for viewing "Your Share in Tomorrow," with simultaneous coast-to-coast previews. Movie educates public regarding brokerage business and transaction routines.

The huge trading floor of the New York Stock Exchange was converted temporarily into a theater Tuesday night (April 23) for a press preview of the Exchange's new film, "Your Share in Tomorrow."

Simultaneous previews were held in more than 50 cities from coast to coast.

G. Keith Funston

Edward C. Werle

The film, in color, is a 27-minute, live-action documentary. It pictures with dramatic sweep the growth of American business—from the early days of Nieuw Amsterdam to hints of some of the astonishing developments which industry is planning for the world of tomorrow. Each step in the nation's economic progress is linked to the contributions of a growing family of investors—people willing to risk their savings in order to participate in the country's growth.

Keith Funston, President of the Exchange, and Edward C. Werle, Vice-Chairman of the Board of Governors, welcomed approximately 600 members of the Exchange and their wives, and representatives of the press and their wives, at a reception accompanying the preview.

Huge Screen Across Trading Floor

A huge motion picture screen spread across one wall of the trading floor and brilliant lighting gave the traditionally business-like floor of the Exchange a holiday atmosphere.

"There is much in this film," Mr. Funston declared, "that we think you will enjoy strictly as entertainment—such early Americana as wood-burning trains . . . the nation today with its great factories and comfortable living . . . and the incredible future holding forth such promises as earth-girdling satellites and rocket ships.

"The film's purpose goes beyond that, however," Mr. Funston emphasized. "As you will see, it was developed not so much for the sophisticated investor as for the public at large. It was, in fact, produced by the Exchange to help take the mystery out of investments and to cast light in corners of doubt, confusion and misunderstanding that still exist about investing."

The story of modern investing is told through a series of sequences picturing actual investors who use the services of a member firm of the New York Stock Exchange in Easton, Pennsylvania. The "cast" includes a supervisor of nurses, a utility company linesman, a farmer, a widow and a registered representative who were photographed in their home community.

Inside Views and Education

"Your Share in Tomorrow" shows the interior of an actual broker's office and describes in detail how an order to buy or sell a share of stock is executed from the time it originates hundreds of miles from the Exchange to the time the transaction is completed. All this, as the film shows, takes place within a matter of minutes.

The film shows the Stock Exchange at the heart of the process of converting money into jobs, machines, new products and services. The public, the picture explains, needs a convenient and efficient marketplace before they are willing to invest in stocks and bonds.

Mr. Funston said he could not yet estimate the potential audience for "Your Share in Tomorrow." But, he pointed out, the total audience for the Exchange's two preceding films is already upwards of 60 million people. One, "What Makes Us Tick," was released in April, 1952; the second, "Working Dollars," was first shown in February, 1956.

"Your Share in Tomorrow" was produced by International Film Foundation and Knickerbocker Productions. Prints of the picture will be available, at no charge, for showing by schools, clubs, civic groups, business organizations, fraternal orders and others. The picture may be obtained from Modern Talking Picture Service, Inc., which has offices in leading cities throughout the country; direct from the Exchange; or from Member Firms of the Exchange.

William M. Meredith

William Morris Meredith passed away April 21 at the age of 67 following a long illness. Prior to his retirement he had been with the United States Trust Company for more than 20 years.

Chicago Street Club Elects Officers

CHICAGO, Ill.—At the recently held Annual Dinner meeting of The Street Club, the following officers were elected for the 1957-58 year:

President — James Cruttenden, Cruttenden, Podesta & Co.

Secretary — George E. Noyes, Blunt Ellis & Simmons.

Treasurer—Stacy H. Hill, The Northern Trust Co.

The Street Club is an association representing the younger executives in Chicago's financial district. It was organized right after the War in 1946 and presently consists of over 150 members from Chicago banks and financial houses.

Joins Kidder, Peabody

PHILADELPHIA, Pa.—Kidder, Peabody & Co., members of the New York and other leading stock exchanges, announces that C. Rodney O'Connor has become associated with them as a registered representative in their Philadelphia office, Fidelity-Philadelphia Trust Building.

A graduate of Wesleyan University, Middletown, Conn., Mr. O'Connor later attended the Graduate School of the Wharton School of Finance, University of Pennsylvania, graduating with an MBA in finance.

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Fostering and Channeling Savings for Economic Growth

responsible for monetary and fiscal policies.

In all good conscience, I must state that our knowledge about the impact of government policies on savings and investment behaviour is not sufficiently precise to provide a set of specific rules to be followed in order to maintain steady economic growth. In recent months, there has been a considerable discussion about the effectiveness of monetary policy in curbing inflationary movements by way of increased savings.

Effect of Monetary Policy

In testimony before the Joint Economic Committee recently, a panel of experts agreed that statistical evidence suggests little immediate response of individuals' savings to changes in interest rates. Last month "Business Week" reported the views of leading economists and financial experts on the responsiveness of savings to interest rate changes. Half of the experts felt that such response was slight, at best. Others either offered qualified acceptance of interest rates as a determinant of savings or felt that the evidence was too inconclusive to judge. The recently issued study of consumer credit undertaken by the Federal Reserve Board, suggests that at least in times of high prosperity, consumption—and therefore personal savings—is not highly sensitive to changes in general credit policy. That such differences of opinion exist, of course, is no reason for us to rule out monetary policy as an important conditioner of the rate of savings. It indicates merely that further careful study is required to improve our understanding of monetary policy.

The impact of monetary policy on investment decisions has, similarly, been subject to renewed debate in recent months. One of the respondents in the "Business Week" survey pointed out, for example, that "inflation may be fought as effectively by holding investment spending down to the level of available savings as by raising savings." The statistical evidence on the impact of monetary policy on the volume of capital outlays is admittedly inconclusive. There is, however, somewhat more widespread support for the view that limiting the availability of credit and increasing its cost does have noticeable effects on the amount of some types of investment.

Impact of Fiscal Policy

There is likewise a lack of precision in our knowledge about the impact of fiscal policies on savings and investment behavior. It is clear that many government spending programs compete with private investment and savings. On the other hand, some government programs—for example, the Federal Government's housing program — directly or indirectly encourage ownership of nonbusiness assets and as such provide a major stimulus to personal savings. Similarly, government programs for developing natural resources may stimulate investment by providing the basis for new industries or the accelerated growth of established businesses. In addition, we need only consider the present demand by industry for technically and scientifically trained personnel to realize the importance of government spending for educational facilities and services.

Perhaps the most elaborate study in modern times of the relationship between tax policies and economic growth was conducted in 1955 by the Joint Economic Committee's Subcommittee on Tax Policy. I think it is fair to conclude that while there was considerable disagreement among the 81 experts who participated as to the precise effects of particular elements in the Federal revenue system on savings, consumption, and investment, and on equity as against debt financing, there was a broad consensus as to the over-all impact of changes in tax rates on the levels and composition of total private demand and, therefore, on the rate of economic growth.

Policies Are Not Inconsequential

An admission that the effects of specific fiscal and monetary policies on savings and investment cannot be stated with an algebraic nicety should not be taken as indicating that government policies are inconsequential in this respect. There are few people who would contend that pursuing an easy money policy in the last 18 months would not have widened the gap between savings and investment plans and therefore resulted in an even greater degree of inflation than in fact was experienced. Similarly, few would argue that the application of the budget surplus last year to general tax reduction would not have added fuel to the fires of inflation. The appropriate conclusion to be drawn, rather, is that public policies must be kept flexible. Those responsible for these policies should be prepared to change them promptly in response to changing requirements for maintaining steady economic growth at rates indicated in the market place and at the ballot box.

In addition to public responsibility for fostering savings in the amount required for economic growth, there is a public responsibility for channeling savings into alternative growth uses. We have heard a great deal in recent years about the importance of this or that kind of economic activity to continuing economic development, often in connection with proposals for legislation. If public policy were fully responsive to each of these arguments, the pattern of our economic growth would soon come to be determined by our political, rather than our free market machinery. All of us agree, I am sure, that such a development would be most unwelcome.

Rather than concerning itself with the relative merits of the savings or investment plans of particular groups, public policy should be concerned with maintaining the greatest possible degree of freedom in the market, where the evaluation of alternative uses of savings can most objectively occur. To discharge its responsibilities for effectively channeling savings for economic growth, therefore, the government should pursue policies designed to assure fair competition in all markets. The success of this element of public policy, it is generally recognized, will have much to do with the efficiency with which resources are used for economic advances throughout the economy.

Responsibilities of Private Financial Institutions

The day-to-day job of promoting and channeling savings for economic growth, of course, rests with private financial institutions. Public policies in a free society contribute significantly to setting the climate in which savings and investment decisions are made. Within this setting private financial organizations must assume a great deal of responsibility in shaping savings and investment patterns.

There are many problems facing these financial institutions in an economy so dynamic and so diversified as ours. The record of these institutions since the end of World War II, however, gives us great confidence in their ability to carry their responsibilities in the years ahead. Since the end of the war, they have actively contributed to the management of the $489 billion of gross private savings. During this period individuals have increased their holdings of currency and demand deposits by $6.2 billion, their savings deposits and shares have increased nearly $54 billion, ownership of government obligations has increased by $16 billion, and mortgage holdings have been expanded by $12.5 billion. Life insurance per family has increased from an average of $3,600 in 1946 to $7,500 in 1956 and the number of policy-holders from 73 to 106 million. Home ownership, a major personal savings outlet, has increased by close to 40% since 1947. Ownership of consumer durables, another major form of personal saving, has also increased by staggering proportions in the postwar years. Behind each of these gains in the wealth and living standards of the American people are private American financial institutions.

As I've suggested before, we can look forward to economic growth during the years to come to match or outstrip that of the recent postwar years. Our financial institutions can expect to face continuing problems resulting from the demands of a growing, dynamic economy. On the basis of their record, I think we can be confident of their success in meeting these challenges of the future.

Financing Completed by Reynolds Metals

Completion of a Reynolds Metals Co. $150,000,000 financing program for the construction of a new primary aluminum plant in New York State near the St. Lawrence Seaway Project and expansion of alumina, sheet and plate fabricating facilities elsewhere was announced on April 24 by R. S. Reynolds, Jr., President of the company.

Estimated cost of the new St. Lawrence plant is $88,000,000, Mr. Reynolds said, and its annual rated capacity will be 100,000 tons of primary aluminum. The new plant is scheduled to begin operation in 1959 and to reach full-scale capacity during 1960. Power will be supplied by the St. Lawrence Project of the Power Authority of the State of New York.

The $150,000,000 financing program involved the recent sale of 914,078 shares of Reynolds Metals Co. common stock and completion of arrangements for the sale of $100,000,000 first mortgage bonds to institutional investors and borrowings of $15,000,000 from banks. Sale of the bonds and borrowings from banks are scheduled to be made during the first half of 1958, according to Mr. Reynolds.

Purchase rights of the new Reynolds and U. S. Foil stock issues have been exercised for approximately 99.3% of the Reynolds offering and approximately 99.5% of the U. S. Foil issue.

A group headed by Dillon, Read & Co., Inc. and Reynolds & Co. were underwriters for the issues.

With Jensen & Stromer

(Special to THE FINANCIAL CHRONICLE)

MARYSVILLE, Calif. — Paul Kanstoroom is now with Jensen & Stromer, 426 East 5th Street.

Franklin M. Gentry

Franklin M. Gentry 2nd passed away April 18 at the age of 56. Until his retirement in 1954 he had been associated with Lord, Abbett & Co.

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The State of Trade and Industry

in the preceding week. The like week a year ago netted 153,163 assemblies.

The statistical publication said that while some factories scheduled a half day's operations on Friday last, the week's loss could not be definitely pinned down since the majority of plants were posting Good Friday notices on their bulletin boards and could gage operations only by the number of workers on the job.

Meanwhile, General Motors last week built its 1,000,000th passenger car since Jan. 1, with Chevrolet taking an increasing share of the corporation's output.

"Ward's" said Chevrolet has been increased to 52% of General Motors car production this month from 49.1% in March and 47.3% in February. It added that the rise in Chevrolet sales noted in March has continued into April.

A half-day's assembly was scheduled last Friday at Chrysler Division in the Detroit area, with Plymouth operating its first shift only half-time and its second turn a full eight hours. Idled all day Friday was the Lincoln plant in Wayne, Mich. and Ford passenger car building at San Jose, Calif.

On the truck front, according to "Ward's" Willys on Friday last, ended a two-week inventory shutdown and International Harvester continued its production buildup following a recent model changeover.

Industry car building this month will probably run below the planned 554,000 completions according to "Ward's" due principally to the month-long strike at Chrysler Corp.'s Los Angeles plant.

The government's cost of living index inched up another 0.2% in March to set a new record for the seventh straight month, and a Federal expert predicted April's level would be still higher.

The rise brought the Bureau of Labor Statistics consumer price index to 118.9% of the 1947-49 average, 3.7% above March of last year.

The increase also meant a pay raise for some 1,400,000 workers under contracts that call for automatic wage boosts when the index climbs.

The total cost of the raises is placed at close to $75,000,000 a year. The average factory worker, however, was able to buy less with his pay than a year ago in March—the first time in more than 2½ years that "real" spendable earnings of such workers showed no gain from the year-earlier level, according to the Bureau.

New business incorporations displayed a seasonal increase in March, but dropped below the corresponding 1956 level for the second month in succession, Dun & Bradstreet, Inc., reports. New concerns chartered last month totaled 11,815, a gain of 9.5% over the revised February count of 10,791. The latest figure compared with 12,822 in March a year ago, or a decrease of 7.9%.

During the first three months of 1957, there were 35,993 new incorporations, a decline of 7.0% from the record total of 38,688 for the first quarter of 1956.

Steel Operations Expected to Yield 90.3% of Ingot Capacity This Week

Steel production last week was at the lowest rate since the steelworkers' strike last summer, "Steel" magazine reported on Monday of this week. Operations averaged 90% of capacity, equal to a yield of 2,303,500 net tons of raw steel.

One factor in the decline was Good Friday, according to the metalworking weekly, and for the first time, it was a paid holiday in many steel mills.

Steel companies are being spurred to go farther afield for business because of easier demand. In doing this, they are absorbing part of the delivery charges to meet competition. Business is still good, with many metalworking industries putting millions of dollars into expansion projects. By 1965, United States machine tool producers' capacity may be 2.5 times what it was in 1950. A third of more than 100 companies responding to a "Steel" survey plan to spend about $16,000,000 during 1957 and 1958 for 854,350 square feet of new floor space.

The pump and compressor industry expects to spend $25,000,000 on new plants and equipment to meet an upsurge in orders, caused mainly by increased demand from the oil and chemical industries.

An expansion which may affect American exports is that of the British steel industry. The United Kingdom plans to spend $1,440,000,000 in a five-year expansion program which includes new facilities. British mills hope to supply the nation's entire steel needs in five years, declares this trade weekly.

In its price coverage, "Steel" said that the uptrend in steel prices since last December has halted. Headed downward in price is scrap. "Steel's" price composite on steelmaking scrap in the week ended April 17 was $42.67 a gross ton, a $1.33 drop from that of the preceding week. The composite hasn't been this low since July, 1955.

This scrap price decline is influenced by expectations of lowered operations in the steel industry, arrival of good weather, which makes scrap collection and shipment easier, and a strong reliance on blast furnaces for the metallic charges for open-hearth steelmaking furnaces, concludes "Steel" magazine.

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 90.3% of capacity for the week beginning April 22, 1957, equivalent to 2,310,000 tons of ingot and steel for castings, as compared with 90.4% of capacity, and 2,313,000 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 92.4% and production 2,364,000 tons. A year ago the actual weekly production was placed at 2,473,000 tons or 100.5%.

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 Turned Downward In Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 20, 1957, was estimated at 11,485,000,000 kwh., according to the Edison Electric Institute. This represented a mild decline below the preceding week.

The past week's output dropped 210,000,000 kwh. under that of the previous week; it increased 591,000,000 kwh. or 5.4% above the comparable 1956 week and 1,788,000,000 kwh. over the week ended April 23, 1955.

Car Loadings Rose 4.6% Above Week Before But Declined 9.2% Under Like 1956 Period

Loadings of revenue freight for the week ended April 13, 1957, advanced by 29,872 cars or 4.6% above the preceding week, the Association of American Railroads reports.

Loadings for the week ended April 13, 1957, totaled 673,964 cars, a decline of 68,089 cars, or 9.2% below the corresponding 1956 week, but an increase of 3,660 cars, or 0.5% above the corresponding week in 1955.

U. S. Automotive Output Affected By Good Friday Observance Declined 2.7% Below Prior Week

Automotive output for the latest week ended April 19, 1957, according to "Ward's Automotive Reports" decreased 2.7% below preceding week, due to observance of Good Friday at the auto plants.

Last week the industry assembled an estimated 121,465 cars, compared with 126,194 in the previous week. The past week's production total of cars and trucks amounted to 144,999 units, or a decrease of 3,956 units below that of the preceding week's output, states "Ward's."

Last week the agency reported there were 23,534 trucks made in the United States. This compared with 22,761 in the previous week and 23,337 a year ago.

Last week's car output dipped below that of the previous week by 4,729 cars, while truck output increased by 773 vehicles during the week. In the corresponding week last year 129,826 cars and 23,337 trucks were assembled.

Canadian output last week was placed at 7,815 cars and 1,527 trucks. In the previous week Dominion plants built 9,478 cars and 1,937 trucks, and for the comparable 1956 week, 11,458 cars and 2,909 trucks.

Business Failures Dip Slightly the Past Week

Commercial and industrial failures dipped to 302 in the week ended April 18 from 308 in the preceding week, Dun & Bradstreet, Inc., reports. Although the toll was well above the 252 occurring a year ago or the 204 in 1955, it remained slightly below the prewar level of 316 in the similar week of 1939.

Failures involving liabilities of $5,000 or more numbered 264 as against 265 last week, but they exceeded considerably the 214 of this size a year ago. A modest decline occurred among small casualties with liabilities under $5,000 in the previous week but they remained even with their 1956 level.

Wholesaling, construction, and commercial service accounted for the decrease during the week. Casualties in construction fell to 37 from 49, in services to 24 from 33 and in wholesale trade to 29 from 31. On the other hand, the retailing toll continued up to 155 from 141 and manufacturing edged to 57 from 54. Failures exceeded last year's level in manufacturing and trades, while fewer concerns failed in construction than a year ago and commercial service held even with 1956.

All of the week's decline was concentrated in the Pacific States, where casualties fell to 63 from 106 and in the West North Central States, down to 10 from 19. The other seven geographic regions reported increases, with the Middle Atlantic toll up to 104 from 94, East North Central to 52 from 31 and the South Atlantic to 29 from 24. More businesses failed than last year in six of the nine regions. Marked rises appeared in the East North Central States, South Atlantic and East South Central States. The only declines from 1956 occurred in the West North Central, Mountain and Pacific States.

Wholesale Food Price Index Holds to Steady Trend the Past Week

There was a steadying movement in wholesale food markets last week and the Dun & Bradstreet wholesale food price index for April 16 remained unchanged at the previous level of $6.19. This represented a rise of 3.0% above the year-ago level of $6.01.

Commodities advancing in wholesale price the past week were corn, oats, barley, cocoa, eggs, steers and lambs. Declines included flour, wheat, hams, lard, sugar, cottonseed oil, potatoes and prunes.

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 Registered Mild Decline In Latest Week

There were moderate fluctuations in the Dun & Bradstreet daily wholesale commodity price index during the week and it fell to 286.64 on April 15, another new low for the year. This compared with 287.33 a week earlier and with 292.88 on the comparable 1956 date.

Price increases on some grains, livestock, lard and tin were offset by declines in steel scrap, sugar and flour.

Most grain prices strengthened during the week. Despite reports that the April crop of Winter wheat would exceed expectations, the market was active and wheat prices rose moderately. There was a slight increase in corn prices, reflecting a tight cash market.

Unfavorable crop developments stimulated interest in oats, resulting in a noticeable price rise.

Exports of wheat and flour so far this season amount to 397,000,000 bushels, compared with 215,250,000 bushels last year. Prices on soybeans fell noticeably, as supplies expanded. Stocks of soybeans on farms for the week totaled 116,000,000 bushels, as against 60,000,000 bushels a year ago. On the Chicago Board of Trade soybean sales were estimated at 64,658,000 bushels, while purchases last year amounted to 149,068,000 bushels. The daily average purchases of all grain and soybean futures in Chicago were approximately 40,000,000 bushels, down from the 42,000,000 bushels in the preceding week and the 62,000,000 bushels in the corresponding 1956 period.

The buying of hard wheat bakery flours was sluggish in the week and prices slipped slightly. Export inquiries were limited. Flour receipts of 41,191 sacks at New York railroad terminals included 17,191 for export and 24,000 for domestic use. Cocoa futures prices strengthened and warehouse stocks declined to 299,364 bags from 301,927 in the prior week. They were below the year ago holdings of 343,238 bags.

Sugar prices declined somewhat at the end of the week in the domestic futures market with trading under that of the preceding week.

In the coffee market prices on Milds rallied, but Brazil Santos 4s prices were steady.

Although supplies of cattle in Chicago expanded noticeably during the week, increased buying somewhat boosted prices. Slaughter steers sold at the highest price since early December of last year. Hog receipts were limited and prices rose slightly. The demand for lambs was slow and supplies noticeably exceeded those of a year ago. Advancing hog prices and strength in vegetable oils helped boost lard futures prices somewhat over those of the preceding week.

Prices of cotton futures on the New York Cotton Exchange registered slight increases at the end of the week. Trading was stimulated by rains in the cotton belt, soil bank considerations and bullish interpretation of heavy export sales. Exports of cotton for the week were estimated at 122,000 bales. This compared with 153,000 bales in the preceding week and 78,000 in the comparable 1956 week. Total exports of cotton for the current season through April 9 were estimated at 5,791 bales, comparing with 1,256,000 bales a year ago.

While transactions in cotton print cloths advanced appreciably in the week, volume in broadcloths, sheetings and sateens was sluggish. The call for cotton work fabrics and man-made fibers climbed moderately. Bookings in woolens and worsteds expanded noticeably, but interest in carpet wool slackened.

Trade Volume Lifted In Latest Week By Easter Purchases

Despite unfavorable weather in many regions, Easter shoppers boosted total retail volume noticeably over that of both the prior week and the similar 1956 period. Following a month of sluggish activity, sales of children's clothing advanced most noticeably. Purchases of women's fashion accessories, millinery and dresses mounted again the past week. The usual pre-Easter lull prevailed in the buying of home furnishings. Considerable year-to-year declines were recorded in sales of major appliances, television sets and Summer outdoor furniture.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 5 to 9% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1956 levels by the following percentages: New England +6 to +10; Middle Atlantic and West North Central +7 to +11; East North Central +5 to+9; South Atlantic +3 to +7; East South Central and Mountain States +1 to +5 and West South Central and Pacific Coast States +2 to +6.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended April 13, 1957, advanced 7% from the like period last year. In the preceding week, April 6, 1957, an increase of 8% (revised) was reported. For the four weeks ended April 13, 1957, an increase of 2% was recorded. For the period Jan. 1, 1957 to April 13, 1957, an increase of 1% was registered above that of 1956.

Retail trade volume in New York City last week scored an 18% increase over the like period a year ago, due to the fact that Easter was three weeks later this year, trade observers reported.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 13, 1957 rose 10% above that of the like period of last year. In the preceding week, April 6, 1957, an increase of 8% was reported. For the four weeks ending April 13, 1957 a gain of 6% was registered. For the period of Jan. 1, 1957 to April 13, 1957 the index recorded a rise of 4% above that of the corresponding period in 1956.

Blyth Group Offers Northern Natural Gas Co. 4½% Debentures

Public offering of $30,000,000 Northern Natural Gas Co. 4½% sinking fund debentures due 1976 is being made today (April 25) by an underwriting group headed by Blyth & Co., Inc. The debentures are priced at 99.50% and accrued interest, to yield approximately 4.54% to maturity.

Mandatory sinking fund payments of $1,500,000 in the years 1959-74, inclusive, and of $3,000,000 in 1975 are calculated to retire 90% of the issue prior to maturity.

The proceeds from the sale of the debentures will be used by the company to repay $18,750,000 of notes issued to banks for construction during 1956, to complete construction projects started in 1956 estimated at an additional $3,400,000, to replenish working capital and for other corporate purposes.

The company, directly and through subsidiaries, owns and operates a pipeline system of approximately 10,768 miles of main, lateral, distribution and gathering lines through which it transmits natural gas to points in Kansas, Nebraska, Iowa, Minnesota and South Dakota. The company has applied to the Federal Power Commission for authority to construct facilities to serve additional requirements of communities presently served and to provide for the first time natural gas service to 213 additional communities in Nebraska, Iowa, Minnesota, South Dakota, and Wisconsin.

In the ten year period 1947-56 operating revenues of the company increased from $23,572,388 to $111,671,655 and gross income before interest and other deductions from $7,107,876 to $20,573,004.

$80,000,000 Bonds of State of California Offered to Investors

Bank of America N. T. & S. A., and Bankers Trust Co. and associates, on April 24 were awarded $80,000,000 State of California Veterans' and State School Building Aid Bonds. For $50,000,000 Veterans' Bonds, due Aug. 1, 1958 to 1977, inclusive, the group bid a premium of $15,079 or 100.03, for a combination of 5s, 3¼s and 3½s, representing a net interest cost of 3.4258% to the state. On the balance of $30,000,000 State School Building Aid Bonds, due Sept. 1, 1959 to 1983 inclusive, a bid of par was submitted, also for a combination of 5s, 3¼s and 3½s, or a net interest cost of 3.4592%.

The $50,000,000 of Veterans Bonds are being reoffered at prices scaled to yield from 2.40% to 3.40%, while the $30,000,000 of State School Building Aid Bonds are priced to yield from 2.60% to 3.45%, according to maturity.

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

It is believed that the bonds will meet the requirements as legal investment for savings banks and trust funds in New York, California and certain other states and for savings banks in Massachusetts and Connecticut and will be eligible as security for deposits of public moneys in California.

Other members of the underwriting syndicate include — The First National City Bank of New York; The Chase Manhattan Bank; The First National Bank of Chicago; Halsey, Stuart & Co Inc.; Blyth & Co., Inc. The First Boston Corporation; Harriman Ripley & Co. Inc.; Harris Trust and Savings Bank; Smith, Barney & Co.; Lehman Brothers.

American Trust Co., San Francisco; Security-First National Bank of Los Angeles; Drexel & Co.; California Bank, Los Angeles; Glore, Forgan & Co.; Chemical Corn Exchange Bank; C. J. Devine & Co.; The Northern Trust Company; Continental Illinois National Bank and Trust Co. of Chicago; R. H. Moulton & Co.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Bear, Stearns & Co.; Merrill Lynch, Pierce, Fenner & Beane; Blair & Co. Incorporated.

Weeden & Co.; The First National Bank of Boston; The First National Bank of Portland, Oregon; The Philadelphia National Bank; Seattle-First National Bank; Equitable Securities Corp.; Stone & Webster Securities Corp.; Dean Witter & Co.; Phelphs, Fenn & Co.; White, Weld & Co.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.; Paine, Webber, Jackson & Curtis; Mercantile Trust Company; Shields & Company; Reynolds & Co.; Ladenburg, Thalmann & Co.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert C. Ryan has become associated with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins Alm, Kane Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Illinois — Leslie O. Bruckschen is now with Alm, Kane, Rogers & Co., 39 South La Salle Street. He was previously with Taylor, Rogers & Tracy.

Lofft & Co. Opens

LA JOLLA, Calif.—Lofft & Co. has been formed with offices at 8236 La Jolla Shores to engage in a securities business.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Academy Life Insurance Co.
April 18 filed 750,000 shares of common stock (par 50 cents) to be offered for subscription by military, National Guard, active, retired or reserves, personnel and not to the public at large. **Price**—$1 per share. **Proceeds**—For operating capital. **Office** — Colorado Springs, Colo. **Underwriter**—None.

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.

Adams-Phillips, Inc.
Feb. 20 (letter of notification) 5,000 shares of common stock (par $20) to be offered to stockholders, officers, directors and employees for a period of 10 days, the unsold portion to be offered publicly. **Price**—$21 per share. **Proceeds** — For purchase of additional autos and for working capital. **Office** — 10 S. Craig Ave., Pasadena, Calif. **Underwriter**—Pasadena Corp., Pasadena, Calif.

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.

★ Allied Finance Co., Dallas, Texas (5/13-17)
April 22 filed $1,200,000 6% sinking fund capital debentures due 1972. **Price** — At 100% of principal amount. **Proceeds**—For reduction of bank loans and working capital. **Underwriter**—The First Trust Co. of Lincoln, Neb.

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.

Amcrete Corp.
March 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion and equipment. **Business** — Prefabricated concrete wall sections and buttresses. **Office**—Fox Island Road, Port Chester, N. Y. **Underwriter**—None.

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 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.

★ Automatic Merchandising, Inc., Tampa, Fla.
April 17 (letter of notification) 85,714 shares of common stock (par 50 cents) to be offered for subscription by common stockholders at the rate of one new share for each 2.398838 shares held. **Price**—$3.50 per share. **Proceeds**—For expansion. **Office**—107-109 South Willow, Tampa, Fla. **Underwriters**—Stevens, White & McClure, Inc.; French & Crawford, Inc.; First Florida Investors, Inc.; Pierce, Carrison, Wulbern, Inc.; and J. Herbert Evans & Co.; all of Tampa, Fla.

Beautilite Co.
Dec. 28 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For partial payment for plant site; partial payment of obligation to Memorial Inc. and for working capital. **Office**—4718 W. 18th St., Houston, Tex. **Underwriter**—Benjamin & Co., Houston, Tex.

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.

★ Bohemian Brewery Corp. of Colorado
April 11 (letter of notification) 1,500,000 shares of capital stock. **Price**—At par (20 cents per share). **Proceeds**—For inventories, to repay loan and for working capital, etc. **Office**—240 North Convent St., Trinidad, Colo. **Underwriter**—None.

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 8 (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.

★ Browne Window Manufacturing Co.
April 10 (letter of notification) 82,500 shares of common stock (par one cent). **Proceeds**—To selling stockholders. **Office**—10888 Hines Blvd., Dallas, Tex. **Underwriter**—Wm. B. Robinson & Co., Corsicana, Tex.

★ Buensod-Stacey, Inc.
April 22 (letter of notification) 2,000 shares of common stock to be offered to officers and employees. **Price**—At par ($20 per share). **Proceeds**—For general corporate purposes. **Office**—45 West 18th St., New York 11, N. Y. **Underwriter**—None.

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.

Cargo Cool Corp.
Jan. 31 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To open and acquire additional truck terminal branches; for increased inventories; and for working capital. **Business** — Transport refrigeration equipment. **Office**—947 Communipaw Ave., Jersey City, N. J. **Underwriter**—Fred Kaufman Co., 120 Elm St., Orange, N. J.

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. (4/30)
March 29 filed 226,820 shares of common stock (par $1) to be offered for subscription by common stockholders of record about April 30 on the basis of one share for each 2½ shares held; rights to expire on May 13. **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 Hudson Gas & Electric Corp. (5/15)
April 22 filed 280,000 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans. **Underwriters** — To be named later. Kidder, Peabody & Co. and Estabrook & Co., both of New York, handled previous equity financing.

● Central Maine Power Co. (5/13)
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. **Bids**—Expected to be received on May 13.

● Central & South American Acceptance Corp. (4/30)
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.

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.

★ Collins Radio Co., Cedar Rapids, Iowa (5/7)
April 17 filed $7,917,000 convertible subordinated debentures due June 1, 1977, to be offered for subscription by class A and class B common stockholders of record May 7, 1957 on the basis of $100 of debentures for each 19 shares of common stock held; rights to expire on May 21. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans of company and subsidiaries and for working capital. **Underwriters**—Kidder, Peabody & Co., and White, Weld & Co., both of New York.

Colt Golf, Inc.
Feb. 25 (letter of notification) 50,000 shares of common stock (par five cents). **Price**—$3 per share. **Proceeds**—For promotion and advertising; working capital; and for development of new products. **Business**—Manufacture and sale of golf balls. **Office** — 161 East 37th St., New York, N. Y. **Underwriter**—Landau Co., New York.

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.

● 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. **Offering**—Postponed.

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.
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. **Office** — Laurel, Miss. **Underwriter**—None.

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.

Drug Fair-Community Drug Co., Inc. (5/6-7)
April 15 filed 217,550 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.

★ Du Mont Broadcasting Corp., New York (5/13)
April 18 filed 596,701 shares of capital stock (par $1), of which 314,812 shares are to be offered for subscription by stockholders at the rate of one new share for each three shares held on or about May 13; rights to expire on May 27. (Paramount Pictures Corp. has agreed to purchase 83,800 Du Mont shares to which it is entitled to subscribe). Of the remaining 281,889 shares, 270,147 shares, together with $2,932,087.25 cash, will be used to purchase all the common stock of WNEW Broadcasting, Inc., and 11,742 shares will be issued to discharge certain of WNEW's liabilities. **Price**—To be supplied by amend-

ment. **Proceeds**—To pay a portion of the cash requirements under the agreement to purchase WNEW. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

● El Paso Electric Co. (5/8)
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.

Esk Manufacturing, Inc.
Feb. 8 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For manufacture and sale of molded plastic items. **Office**—100 West 10th St., Wilmington 99, Del. **Underwriter**—Ackerson Hackett Investment Co., Metairie, La. and Salt Lake City, Utah.

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 Corp. (5/15)
April 19 filed 255,813 shares of common stock (par $7.50) to be offered for subscription by common stockholders of record May 14, 1957 on the basis of one share for each 10 shares held; rights to expire on June 3. **Price**—To be announced on May 13. **Proceeds**—For construction program. **Underwriters**—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

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 up to 11:30 a.m. (EDT) 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.

● General Aniline & Film Corp., New York
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** — Had been scheduled 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., but bidding has been postponed.

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.

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.

★ Heliogen Products, Inc., New York
April 19 filed voting trust certificates for 236,301 shares of common stock. **Voting Trustee**—Volda Kitter (President) and four others.

Continued on page 38

NEW ISSUE CALENDAR

April 25 (Thursday)

Illinois Central RR.____________**Equip. Trust Ctfs.**
(Bids noon CST) $9,600,000

April 26 (Friday)

New England Electric System__________Common
(Exchange offer to Lynn Gas & Electric Co. stockholders—Paine, Webber, Jackson & Curtis and F. S. Moseley & Co. will act as dealer-managers) 619,000 shares

April 29 (Monday)

Lake Lauzon Mines, Ltd.______________Common
(Steven Randall & Co., Inc.) $300,000

Lang Co., Inc.______________________Common
(Lee Higginson Corp. and J. A. Hogle & Co.) 73,199 shares

Midwestern Instruments, Inc.____________Common
(C. E. Unterberg, Towbin Co.) 200,000 shares

Roberts Co. ________________________Common
(Straus, Blosser & McDowell) $1,140,000

April 30 (Tuesday)

Cascade Natural Gas Corp.______________Common
(Offering to stockholders—underwritten by White, Weld & Co.) 226,820 shares

Central & South American Acceptance Corp. Common
(Charles Plohn & Co.) 425,000 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 11 a.m. EDT) $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)

Associated Truck Lines, Inc.______**Class A common**
(Cruttenden, Podesta & Co.) 125,000 shares

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

Collins Radio Co._____________________**Debentures**
(Offering to stockholders—underwritten by Kidder, Peabody & Co. and White, Weld & Co.) $7,917,000

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)

El Paso Electric Co.___________________Common
(Offering to stockholders—Stone & Webster Securities Corp. will be dealer-manager) 119,522 shares

Mexico Refractories Co._________________Common
(Reinholdt & Gardner) 80,000 shares

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 noon EDT) $3,585,000

Herold Radio & Electronics Corp.________Preferred
(Amos Treat & Co., Inc.) $800,000

Topp Industries, Inc.________________**Debentures**
(Dempsey-Tegeler & Co.) $2,750,000

May 13 (Monday)

Allied Finance Co.____________________**Debentures**
(The First Trust Co. of Lincoln, Neb.) $1,200,000

Central Maine Power Co._________________**Bonds**
(Bids to be invited) $18,000,000

Du Mont Broadcasting Corp.______________Common
(Offering to stockholders—underwritten by Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co.) 314,821 shares

Sundstrand Machine Tool Co._____________Common
(Offering to common stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane; Bacon, Whipple & Co.; and Dean Witter & Co.) 175,118 shares

May 14 (Tuesday)

Chicago, Rock Island & Pacific Ry. **Equip. Trust Ctfs.**
(Bids to be invited) $3,000,000

New York State Electric & Gas Corp.________**Bonds**
(Bids noon EDT) $25,000,000

May 15 (Wednesday)

Central Hudson Gas & Electric Corp.____Common
(May be Kidder, Peabody & Co. and Estabrook & Co.) 280,000 shares

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 Corp.____________________Common
(Offering to stockholders—to be underwritten by Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co.) 255,813 shares

Florida Power & Light Co._________________**Bonds**
(Bids 11:30 a.m. EDT) $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

Qunita Corp. ___________________________Common
(Frederick H. Hatch & Co., Inc.; Clark, Landstreet & Kirkpatrick, Inc.; and Minor, Mee & Co.) $350,000

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

Interstate Power Co._____________________Common
(Kidder, Peabody & Co.) 680,000 shares

May 23 (Thursday)

Reading Co. ________________**Equip. Trust Ctfs.**
(Bids to be invited) $2,550,000

May 27 (Monday)

Tennessee Gas Transmission Co.____________**Bonds**
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $50,000,000

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)

Metropolitan Edison Co.____________________**Bonds**
(Bids 11 a.m. EDT) $19,000,000

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)

Public Service Electric & Gas Co._______Preferred
(May be Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co.) $25,000,000

Southern Bell Telephone & Telegraph Co.____**Debs.**
(Bids to be invited) $70,000,000

June 25 (Tuesday)

Delaware Power & Light Co._________________**Bonds**
(Bids to be invited) $15,000,000

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

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● Herold Radio & Electronics Corp. (5/9-10)
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.

International Bank of Washington, D. C.
Sept. 28 filed $1,000,000 of time certificates, series B, C and D. **Price**—At 100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

International Capital Corp., Des Moines, Iowa
Nov. 29 filed 370,000 shares of common stock (par 10 cents), of which 185,000 shares are to be offered by The Equity Corp. on a share-for-share basis in exchange for Equity Corp. common stock, and the remaining 135,000 shares by Financial General Corp. on a basis of 1⅔ shares of International common stock in exchange for one share of Financial common stock. Equity and Financial are to receive the 185,000 shares each of International common stock in exchange for all the outstanding shares of common stock of Investors Financial Corp. and Group Equities, Inc. International has been informed that 142,000 shares of Equity common owned by Fremont Corp. will be tendered in acceptance of the Equity exchange offer. **Underwriter**—None.

International Duplex Corp., San Francisco, Calif.
Dec. 21 filed 500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To equip and establish five super launderettes and for working capital. **Underwriters**—Names to be supplied by amendment.

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.

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.

★ Interstate Power Co. (5/22)
April 19 filed 680,000 shares of common stock (par $3.50). **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

★ Interstate Power Co. (5/22)
April 19 filed $20,000,000 of first mortgage bonds due May 1, 1987. **Proceeds**—For purchase of certain properties of Kansas City Power & Light Co.; to redeem $1,585,000 first mortgage bonds of Northwestern Illinois Gas & Electric Co.; to repay bank loans; and for additions and improvements to properties. **Underwriter**—To be determined by competitive bidding. Probable bidders: 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. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 22.

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.

★ Janaf, Inc., Washington, D. C.
April 23 filed $10,000,000 of 5½%-8% variable interest sinking fund debentures and 400,000 shares of common stock (par 20 cents) to be offered in units consisting of $1,000 of debentures and 40 shares of stock. **Price**—$1,008 per unit. **Proceeds** — To be loaned to subsidiaries and used by them as working capital. Of total, $5,000,000 will be advanced to Janaf Shopping Center, Inc. for its shopping center near Norfolk, Va., and $500,000 to pay second deed of trust on the shopping center land and leases; $600,000 to Janaf Motor Hotels, Inc., for its Admiralty motor hotel adjacent to the shopping center; $200,000 to Janaf Homes, Inc.; $2,050,000 for acquisition of land and/or new development (new ventures); $750,000 to retire present preferred shares; and $100,000 for expenses. **Underwriter**—Name to be supplied by amendment.

Juneau & Douglas Telephone Co.
Jan. 24 (letter of notification) $295,000 of 6% 15-year debentures due 1972. **Price** — At face amount (in denominations of $1,000 each). **Proceeds** — For additions and improvements. **Office**—139 W. Second Street, Juneau, Alaska. **Underwriter**—Grande & Co., Inc., Seattle, Wash.

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.

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**—To be received up to 11 a.m. (EDT) on May 1 at Bankers Trust Co., 16 Wall St., New York 15, N. Y.

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. (4/29-30)
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 Equipment 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 subscriptioin 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.

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.

★ Mexico Refractories Co., Mexico, Mo. (5/8)
April 17 filed 90,000 shares of common stock (par $5), of which 80,000 shares are to be publicly offered and 10,000 shares offered for subscription by certain employees. **Price**—To be supplied by amendment. **Proceeds** — For expansion program and working capital. **Underwriter**—Reinholdt & Gardner, St. Louis, Mo.

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. (4/29-30)
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.

Mississippi Valley Portland Cement Co.
Dec. 26 filed 1,600,000 shares of capital stock (no par), of which 708,511 shares are subject to an offer of rescission. **Price**—$3 per share. **Proceeds**—For completion of plant, provide for general creditors and for working capital. **Office**—Jackson, Miss. **Underwriter**—None, offering to be made through company's own agents.

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 ores 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. **Offering**—Indefinite.

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 (4/26)
Dec. 3 filed 819,000 shares of common stock (par $1) to be offered in exchange for capital stock of Lynn Gas & Electric Co. on the basis of two NEES shares for each Lynn share. **Dealer-Managers**—Paine, Webber, Jackson & Curtis and F. S. Moseley & Co., both of Boston, Mass.

New 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.

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 Oil & Mining Corp.
April 15 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Six cents per share. **Proceeds**—For mining expenses. **Office**—121 East Grinnel St., Sheridan, Wyo. **Underwriter**—None.

Nyvatex Oil Corp.
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.

Paul Hesse 3-D Arts, Inc. (5/15)
March 23 (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.

★ Pepsi-Cola Mokan Bottlers, Inc.
April 11 (letter of notification) 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For general funds of the company. **Office**—207 West 8th St., Coffeyville, Kan. **Underwriter** — G. F. Church & Co., St. Louis, Mo.

★ Pittston Co., New York
April 19 filed 2,000 participations in company's Savings-Investment Plan for Salaried Employees, together with 20,000 shares of common stock (par $1) which may be acquired under the plan.

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**—To be received up to noon (EDT) on May 8 at office of West Penn Electric Co., 50 Broad St., New York, N. Y.

★ Public Service Co. of Colorado (5/20)
April 19 filed $30,000,000 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.; 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.

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.

★ Quinta Corp., Santa Fe, N. Mex. (5/20)
April 22 filed 700,000 shares of capital stock (par five cents). **Price**—50 cents per share. **Proceeds**—For building program, for future development of mineral deposits and working capital. **Underwriters**—Frederick H. Hatch & Co., Inc., New York; Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.; and Minor, Mee & Co., Albuquerque, N. M.

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. (4/29-30)
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**—$6 per share. **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.

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.

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.

★ Stanhill Holdings Ltd.
April 18 filed American depositary receipts for 15,000,000 American shares to be issued against deposit of ordinary shares, par five shillings. **Depositary**—Irving Trust Co., New York.

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).

★ Sun Oil Co., Philadelphia, Pa.
April 18 filed 15,000 memberships in the Stock Purchase Plan for employees of company and its subsidiaries and a maximum of 161,000 shares of common stock (no par) which it is anticipated may be purchased under the plan during the year ending June 30, 1958.

★ Sun Oil Co., Philadelphia, Pa.
April 18 filed a maximum of 228,904 shares of common stock (no par) to be offered for possible public sale during the year ended June 30, 1958. **Proceeds**—To selling stockholders. **Underwriter**—None. Such shares will be sold through brokerage houses on the New York Stock Exchange and the Philadelphia-Baltimore Stock Exchange.

★ Sundstrand Machine Tool Co., Rockford, Ill. (5/13)
April 22 filed 175,118 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each eight shares held on or about May 10; rights to expire on May 27. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans and for working capital. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York; Bacon, Whipple & Co., Chicago, Ill.; and Dean Witter & Co., San Francisco, Calif.

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.

★ Tejanos Mining Corp.
April 10 (letter of notification) 150,000 shares of common sock (par $1). **Price**—$2 per share. **Proceeds**—For mining and oil operations. **Office**—900 Market St., Wilmington, Del. **Underwriter**—None.

Tex-Tube, Inc., Houston, Texas
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.

★ Topp Industries, Inc., Beverly Hills, Calif. (5/9)
April 19 filed $2,750,000 of 6% convertible subordinated debentures due May 1, 1977. **Price** — To be supplied by amendment. **Proceeds**—To reduce short-term borrowings by $1,250,000; $650,000 to purchase additional capital equipment; and the balance for working capital. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Trans Empire Oils Ltd., Calgary, Alberta, Canada
April 9 filed 436,291 shares of common stock (par $1.25) to be offered for subscirption 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.

Tripac Engineering Corp.
Feb. 27 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital; machine tools; equipment and proprietary development. **Office** — 4932 St. Elmo Ave., Bethesda 14, Md. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

United Illuminating Co., New Haven, Conn.
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.
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. **Offering**—Expected this week.

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.

★ Uvalde Rock Asphalt Co., San Antonio, Texas
April 5 (letter of notification) 2,700 shares of capital stock to be offered to shareholders of record March 23, 1957; rights to expire on May 1, 1957. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Underwriter**—None.

● Valley Telephone Co., Silverton, Ore.
March 12 (letter of notification) 12,811 shares of common stock being offered to stockholders on the basis of one new share for each two shares held as of April 10; rights to expire on May 10. **Price** — At par ($10 per share). **Proceeds** — For expenses for operating a public utility (telephone and telegraph). **Underwriter** — Daugherty, Butchart & Cole, Inc., Portland, Ore.

★ Welding & Industrial Products, Ltd.
April 16 (letter of notification) 10,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For equipment and manufacture of gases and working capital. **Office**—1370 Makeloa St., Honolulu, Territory of Hawaii. **Underwriter**—None.

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 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.

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Wilson & Co., Inc.
Aug. 28 filed $20,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds** — To redeem presently outstanding first mortgage bonds, to repay bank loans and for expansion program. **Business**—Meat packing firm. **Underwriters**—Smith, Barney & Co.; Glore Forgan & Co. and Hallgarten & Co., all of New York City. **Offering**—Indefinitely postponed.

Prospective Offerings

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.
Mar. 12 it was announced stockholders were to vote Apr. 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. (5/6-10)**
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 will be received by the company up to noon (EDT) on 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.

Berks County Trust Co., Reading, Pa.
April 15 Bank offered to its stockholders of record April 8, 1957 the right to subscribe on or before May 15, 1957 for 23,611 additional shares of capital stock (par $5) on the basis of one new share for each 20 shares held. **Price**—$24.50 per share. **Proceeds**—To increase capital and surplus.

★ **Birdsboro Steel Foundry & Machine Co.**
April 19 it was announced company may have to obtain additional financing, probably this year, to continue building for the future and earning and paying dividends.

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 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.

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 of $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.

★ **Delaware Power & Light Co. (6/25)**
April 18 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Wood, Struthers & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); Francis I. duPont & Co. and Reynolds & Co. (jointly); Lehman Brothers. **Bids** — Tentatively scheduled to be received on June 25. **Registration**—Expected on May 9.

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.

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).

★ **Eastern Utilities Associates**
April 15 it was announced company proposes to issue and sell $3,750,000 of 25-year collateral trust bonds. **Proceeds** — For advances to Blackstone Valley Gas & Electric Co., a subsidiary. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co.; Stone & Webster Securities Corp. and Estabrook & 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.

★ **Erie Resistor Corp., Erie, Pa.**
April 23, G. Richard Fryling, President, announced that a new issue of 200,000 shares of preference stock (par $12.50) has been authorized and that the 62,475 shares of outstanding convertible preferred stock (par $20) are expected to be called for redemption at an early date. **Underwriter** — Fulton, Reid & Co., Inc., Cleveland, Ohio.

● **General Telephone Corp.**
April 17 it was announced company plans to issue and sell, first to common stockholders, up to $55,000,000 of convertible debentures. **Price**—At face amount. **Underwriters**—Paine, Webber, Jackson and Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton of Los Angeles, Calif.

General Tire & Rubber Co.
Dec. 4, M. G. O'Neil, Executive Assistant to the President, said the management was working on a plan to revamp the capital structure and that the company

would like to come up with one issue of preferred stock. He added that close to $18,000,000 will be put into capital investments during the fiscal year to end Nov. 30, 1957.

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.

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 Power & Light Co.
April 10 stockholders approved a new issue of 50,000 shares of cumulative preferred stock (par $100). **Proceeds** — To finance expansion. **Underwriter** — Smith, Barney & Co., New York.

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.
Nov. 28, E. E. Trefethen, Jr., Executive Vice-President, stated that it is anticipated that a portion of the funds necessary to meet the $25,000,000 installment due April 1, 1957 on its 4¾% term loan may have to be provided by the creation of debt by, or the sale of equity securities, of this corporation or Henry J. Kaiser Co., or through the public or private sale of a portion of the securities of the companies owned by the Henry J. Kaiser Co., or of certain other assets. **Underwriter**—The First Boston Corp., New York.

Kaiser Industries Corp.
March 13 it was reported registration is expected in near future of 750,000 shares of common stock (par $4). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters** — The First Boston Corp., New York; Dean Witter & Co., San Francisco, Calif.; and Carl M. Loeb, Rhoades & Co., New York.

Kentucky Jockey Corp.
April 15 it was reported corporation plans to issue and sell within the next six months $2,500,000 to $3,000,000 of new securities (probably debentures and common stock to be offered in units). This offer is expected to be underwritten.

● Long Island Lighting Co.
April 16 it was announced company plans to sell later this year $40,000,000 of rist 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. (6/10)
Jan. 29 it was reported that company is now considering the sale of $19,000,000 first mortgage bonds due 1987. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 10.

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).

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.

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 England Electric System
Jan. 3, 1956, it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, to be known as Marrimack-Essex Electric Co. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Company; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Offering**—Expected in first half of 1957.

New Jersey Power & Light Co.
Sept. 12 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

New York 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.

★ Pacific Power & Light Co.
April 17, Paul B. McKee, President, announced that company expects to raise about $30,000,000 between now and the end of the year. Stockholders on April 16 approved an increase in the authorized serial preferred stock by 250,000 shares and the common stock by 1,200,000 shares. The type of financing has not been determined, but it is anticipated that about one-third of the funds required will be raised around mid-year and the balance in September or October. **Underwriter**—(1) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co. (2) For stock, probably to stockholders, no underwriting expected.

Pacific Telephone & Telegraph Co.
Jan. 14, James S. Cantlen, Vice-President, announced that company plans to spend $159,000,000 in 1957 and $157,000,000 in 1958 for expansion and improvement to be financed in part, by debt borrowings and stock issues. About 90% of Pacific's stock is owned by American Telephone & Telegraph Co. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

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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 Electric Co.
Sept. 12 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.

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.

Philadelphia Electric Co.
Feb. 14 it was also announced company plans to issue and sell in the second half of 1957 additional first mortgage bonds. **Proceeds**—For expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; The First Boston Corp.; Morgan Stanley & Co. and Drexel & Co. (jointly).

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 Indiana, Inc.
Feb. 11 it was announced that it is expected that a new series of first mortgage bonds (about $30,000,000 initially scheduled for 1956) will be issued and sold by the company, during 1957. **Proceeds** — To repay bank loans (amounting to $25,000,000 at Dec. 31, 1956) and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Glore, Forgan & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly).

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.

★ **Public Service Electric & Gas Co. (6/18)**
April 15 it was announced company plans to issue and sell 250,000 shares of cumulative preferred stock. **Proceeds** — About $25,000,000 for expansion program. **Underwriters**—May be Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly).

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 & Bates Offshore Drilling Co.**
April 18 it was announced company plans to do about $2,000,000 additional financing, which will include an issue of debentures not to exceed $1,700,00 and 500,000 shares of common stock. **Proceeds**—To acquire a third offshore unit. **Office** — Tulsa, Okla. **Underwriters**—Hulme, Applegate & Humphrey, Inc.; The Milwaukee Co.; The Ohio Company; and Stroud & Co., Inc.

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 certficates. 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.

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.

★ **Tennessee Gas Transmission Co. (5/27-29)**
April 12 it was reported company plans to issue and sell $50,000,000 of first mortgage pipeline bonds due 1977. **Proceeds**—For expansion program. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc. (jointly).

Texas Electric Service Co.
Jan. 2 it was announced company expects to sell new securities during 1957 to obtain capital for its continuing plant expansion. **Underwriter** — For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); The First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Lehman Brothers (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly).

Thorp Finance Corp.
Jan. 30 it was reported company plans to issue and sell locally 10,000 additional shares of 5% preferred stock and to sell generally some additional common stock during 1957. **Price**—Of preferred, $102 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—Emch & Co. and The Marshall Co., both of Milwaukee, Wis.

★ **Timken Roller Bearing Co.**
April 16 company announced that it plans to raise additional funds for capital improvements and expansion. Stockholders on May 28 will vote on increasing the authorized common stock from 2,500,000 to 6,000,000 shares, one new share to be issued for each outstanding share.

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.

★ **Valley Gas Co.**
April 15 it was announced company, a subsidiary of Blackstone Valley Gas & Electric Co., plans to issue, within one year, $4,000,000 of bonds, $1,100,000 of notes and $900,000 of preferred stock to its parent in exchange for $6,000,000 of notes to be issued in exchange for certain assets of Blackstone. The latter, in turn, proposes to dispose by negotiated sale the first three new securities mentioned in this paragraph.

April 15 it was also announced Blackstone plans to offer to its common stockholders (other than Eastern Utilities Associates its parent) and to common stockholders of the latter the $2,500,000 of common stock of Valley Gas Co., it is to receive as part payment of certain Blackstone properties. **Dealer-Manager**—May be Kidder, Peabody & Co., New York.

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 to be received 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 (sale of up to $30,000,000 bonds is planned). **Proceeds**—To carry out 1957 expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & 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.

Securities Salesman's Corner

By JOHN DUTTON

Some Things You Should Know About Your Customers

The more you know about your customer's personal likes and dislikes the better job you will do for him. Here are a few reminders of some of the differing objectives, viewpoints, and idiosyncrasies you will run into in dealing with investors and speculators:

Objectives

Short-Term Capital Gains: These people should not be sold slow moving securities that take a long time to develop earning power and increases in market value. If a customer is a trader give him what he wants if you can do so. Some traders will accept a long-term profit objective running into the years, but be certain you emphasize that the situation is "long-term" and he accepts the idea.

More Income Now: Obviously these people should be sold income producing investments. Many of them want both income and capital gains. This is difficult to produce. Have an understanding — lay the cards on the table. If investors desire generous income then they must accept less opportunity for appreciation. Don't neglect to state the truth and the facts. If your customer owns income stocks and several years from now he complains he hasn't made any money, then he is going to feel unhappy unless he knows the "Facts" and accepts them.

More Income Later: Capital gains can be obtained through sound selection of common stocks and discount bonds, preferreds, convertibles, etc. But your customer must understand the risk, the patience required, and be willing to accept both.

Some people will combine objectives. Then spread out their investments and designate them accordingly. If you sell a man who is a trader a long-term speculation, you are in trouble. If you sell someone who needs "income now" a low income producing investment you are going to also hear from him. Have an understanding with your customers.

Viewpoints

There are people who only wish to buy bonds. Some only want listed securities. Others like unlisted special situations. Some people don't care where the market is located when it comes to selecting an investment.

Some people need marketability — others collateral value — others stability of dollar value. Some people think inflation is the larger danger to their saved capital, others deflation.

These factors loom large in correctly servicing an account. If you obtain the answers to the foregoing viewpoints (providing their's is a decided bias) then make a note of it, as well as the objectives of the client on the back of your customer's record card which you are keeping in your files. Don't try to shove something down the throat of an unwilling account because, if you do, you will defeat the main purpose of your relationship — to make money and create income for the customer and commissions for yourself.

Idiosyncrasies

Some people don't wish to be telephoned at certain hours — others don't want their spouse to know of their affairs — others would rather call to see you than have you visit them—some don't want mail sent to their business or home. Others want to be called frequently and kept posted on markets and developments concerning their investments. Others would like a review at stated periods. Some want all literature sent to them and like to make up their own minds. Others want to be sold and told why they should make a certain investment.

Write such idiosyncrasies down so you will have a record on the back of your customer cards. This takes a little time but these facts will help you to serve your clientele better and do a better job with less wear and tear on your voice and available energy.

These little things are big things to the customer. Customer analysis such as this is the reason some salesmen are able to hold clients for many years and constantly increase good-will and radiation.

* * *

P. S. — **Memo:** A new investor that has never bought common stocks before can receive the first $50 in dividends entirely tax free. This applies also to Mutual Funds. People with savings plans paying 3 to 3½% must pay a minimum of 20% tax on this return. If they invest $1,000 in a good stock that pays 5% it is entirely free of tax to them. (Might help to open an account with a first time stock or Mutual Fund prospect if used at the close of a presentation where the prospect may be hesitating to make the decision to take the first step.)

United Artists Corp. Securities Offered

A nationwide group of 99 underwriters, headed by F. Eberstadt & Co., is offering to the public today (April 25) $17,000,000 of debentures and common stock of United Artists Corp., last of the privately owned major motion picture companies. This public offering, the first for the company in its long history, consists of $10,000,000 of 6% convertible subordinated debentures, due May 1, 1969, priced at 100%, and 350,000 shares of common stock priced at $20 per share.

Of the common shares, 250,000 are being sold for the company's account and the remaining 100,000 shares for the account of the management group, headed by Robert S. Benjamin, Chairman of the Board, and Arthur B. Krim, President. The present eight-man management team will continue to own majority control of United Artists' stock after the current sale.

United Artists was organized in 1919 principally by Mary Pickford, Charles Chaplin, Douglas Fairbanks and D. W. Griffith to create a worldwide sales organization for the marketing of films produced by them. Before Messrs. Krim and Benjamin assumed control of United Artists in 1951, the company had sustained substantial losses in 1948, 1949 and 1950. Since then, gross income has increased from $20,136,829 for 1951 to $64,771,784 for 1956 with net earnings for the same period rising from $313,398 to $3,106,497. Earnings for 1956 equalled $3.84 per share on outstanding common stock.

The proceeds received by the company from this public sale will be applied to the payment of a part of the company's debt obligations. The remainder will provide additional working capital primarily for production financing to independent producers for pictures scheduled for United Artists' distribution. Of the proceeds of the sale received by the management group, a substantial portion will be applied by them toward the payment of indebtedness incurred in connection with the acquisition of beneficial interests in the company's stock.

The debentures are initially convertible into common stock of the company up to and including May 1, 1961 at $21. They are redeemable at prices ranging from 107% if redeemed prior to May 1, 1961 and thereafter at prices decreasing to the principal amount. They are also redeemable through the sinking fund.

Kirtley to Head Chicago Municipal Bond Club

CHICAGO, Ill.—The Annual Meeting of the Municipal Bond Club of Chicago will be held at the Saddle & Cycle Club, 900 W. Foster Avenue on Friday, April 26, 1957, at which time the Officers and Directors for the ensuing year will be elected and other business acted upon.

Arthur Kirtley

Robt. E. Simond, Jr.

Clayton F. Brown

The Committee-on-Nominations has proposed the following slate for the fiscal year 1957-1958:

President—Arthur E. Kirtley, The First Boston Corporation.
Secretary—Robert E. Simond, Jr., Halsey, Stuart & Co., Inc.
Treasurer—Clayton F. Brown, The Northern Trust Company.
Directors—George L. Barrowclough, First of Michigan Corporation; Walter J. Fitzgerald, Jr., Blunt Ellis & Simmons; Gene A. Frantz, Frantz, Hutchinson & Co.; Frederick F. Johnson, Barcus, Kindred & Co.; Thomas L. Kevin, Glore, Forgan & Co.

Members of the Nominating Committee were: Milton S. Emrich, Julien Collins & Co., Chairman; Allan Blair, Allan Blair & Co.; William H. Chamberlin, Halsey, Stuart & Co.; L. M. Rieckhoff, Northern Trust Company and Floyd W. Sanders, White, Weld & Co.

Continued from page 2

The Security I Like Best

market with a population of above 500,000 people.

Theatres alone throw off an annual depreciation of $6,500,000. The Theatres are making money, although not as much as in the days before Television, and are currently expected to be operating on a basis comparing very favorably with last year. In 1954, Television was still in the red, but in 1955-1956, this business turned substantially into the black. By the last quarter of this year, I would estimate that company earnings might be running at an annual rate of $3.50 to $4 a share.

Because the program structure was not broadened sufficiently and sales basically set in the preceding Spring and Summer period of 1956 (when advertisers commit their budgets)—the fourth quarter 1956 earnings were lower. Furthermore, the first quarter of 1957 earnings probably will show some reduction from the same quarter of 1956, when they earned 60c a share. In the June - September 1956 quarters, earnings were 37c and 34c respectively. I do not look for any substantial increases for these similar periods in 1957.

Since most of the programming is done in advance on a contract basis — new sponsors and talent now are being contracted for the 1957 Fall season. Furthermore, since the broadcasting season runs from Fall to Fall, one can begin to evaluate the true earning power of the company, not only for the last quarter of 1957, but for the most of 1958. Management expect bookings to continue in an upward trend.

ABC sponsors represent a blue ribbon panel—a top cross-section of American industry. Some of the most important companies are American Telephone, Chrysler (Dodge and Plymouth Divisions), Chesebrough Manufacturing, General Motors (Chevrolet and Buick), Eastman Kodak, Ford Motor Company, General Electric, General Foods, General Mills, Liggett & Myers, Swift & Co. and many others.

The current dividend pattern is one of 25c quarterly, and an extra at the end of the year, if same is warranted. In 1955, the extra was 20s, and in 1956, the extra was 30c. It is my well considered opinion that if things go along as indicated, the extra for 1957 certainly will not be less than 30¢, and in all probability either more, or the establishing of the quarterly dividend on a higher annual basis.

One of the mysteries surrounding the weakness in the shares of this company about two months ago, apparently has been cleared up. It was announced at that time that a large issue of stock had been placed in registration, covering stock to be optioned to top executives as well as 346,200 shares belonging to the Edward J. Noble Foundation. This announcement immediately aggravated what might later turn out to have been misguided liquidation. Obviously, there were fears and expectations that this large block of stock would be thrown on the market.

I tried to investigate this point to its conclusion. So far as I can determine, the registration of the Noble Foundation stock simply was a matter of expediency, which by attaching itself to the registration of a smaller amount of 30,000 shares for company executives, would save both time and expense. Also, so far as we have been able to determine, there is no present intention of the Noble Foundation selling its shares at these levels, or at this time.

The company's finances have been more than adequately taken care of for the foreseeable future. Late last year, the company arranged financing in the amount of $60 million insurance loan, which is being taken down over a period of time up to October 1958. Of the proceeds, more than $37 million is being used to pay off existing debt and the remainder, added to working capital.

There are 348,999 shares of 5% cumulative preferred, which pays $1 and there are 4,145,809 common shares.

As stated at the beginning of this article, the fundamentals over a period of time, appear to be shaping up for a much larger and more successful business. Television broadcasting is in its infancy. With color Television gradually attaining perfection, and the production of Television sets being accomplished in a more compact and cheaper manner, the outlook calls for the United States expanding population to reach a level where practically no home will be without television. Of course the greater the audience appeal, the higher the advertising revenue and the greater the profits.

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Observations . . .

that I do not personally know of any instances where abuse has occurred.

I realize, of course, that frequently a stockholder faced with the decision of availing himself of rights may be harmed because of his inability to take up his share of the new securities. On the other hand, it seems to me the choice in financing must lie between offering rights to stockholders or giving the Directors, after usually perfunctory authorization, the right to issue new stock which could be offered to the general public. In the case of rights, the stockholder has the right to take up his new stock if he is able and willing to do so, or to sell his rights if they have value. On the other hand, when stock is sold to the public, the stockholder has no way of maintaining his proportionate interest in the company save by buying additional shares in the open market—sometimes at a considerable premium.

I am sure there are cases where preemptive rights involve difficulties for the stockholder. On the whole, however, I believe they protect the interests of the stockholder. In saying what I have, I want you to know that I fully realize that there may be instances, possibly many in number, in which the company and stockholders profit by waiving preemptive rights. On balance, however, I believe that the interests of the stockholder is best conserved by recognition of the right of stockholders to purchase any additional shares that may be issued.

Sometime I would be very glad indeed to pursue this discussion further in a personal talk with you.

HERBERT H. LEHMAN

New York, April 20.

* * *

News Items of the Week

(Submitted to our readers without prejudice or other comment.)

SEC Chairman J. Sinclair (now "call me Sunk") Armstrong, appointed Assistant Secretary of the Navy.

Former SEC Chairman Edmond Hanrahan appointed a member of the New York State Racing Commission.

Joins A. L. Albee Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Herbert T. Wadsworth is now with A. L. Albee & Co., Inc., 4 Liberty Square.

Nelson S. Burbank Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Mrs. Theora B. Fischer has joined the staff of Nelson S. Burbank Company, 80 Federal Street.

With John G. Kinnard

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Benjamin W. Coult has become connected with John G. Kinnard & Company, 133 South Seventh St.

Form Incentive Co.

Incentive Company of America has been formed with offices at 15 West 57th Street, New York City, to engage in a securities business.

Mutual Funds

By ROBERT R. RICH

Atomic Power Imperilled By Costs

A three-pronged "attack" embracing more extensive research and development, a reappraisal of the reactor development program and a formulation of government policies for domestic and international development of atomic energy must be undertaken in order to reap the rich harvest of peacetime atomic energy, according to the current edition of the "Atomic Activities Bulletin," published by National Securities & Research Corp. The corporation sponsors and manages the National Securities series of mutual funds.

"The cold, sobering fact that solutions to the problems of economics, technology, and definitive government policies must first be found before the promise of atomic energy's tremendous potential can be realized, is now accepted by industry and government experts," Robert Colton, Manager of the Atomics & Electronics Division of the corporation, stated. He added that these experts agree it thus may be many years before an "economic incentive" to build nuclear power plants in the U. S. is attained.

Superimposed on original estimates of high nuclear energy costs are recent rising construction costs of plants now underway which add up to overall per kilowatt hour costs averaging well over twice those of power generated by burning coal, oil or gas, Mr. Colton said.

"The most startling example," he pointed out, "is the cost increases of the Shippingport pressurized water reactor plant from $37.5 million to $55 million, resulting in power costs which may be as high as 75 mills per kilowatt hour, or well over ten times conventional power costs."

Even the Consolidated Edison Company's plant at Indian Point N. Y., whose output will be increased about 17%, will cost nearly 30% more than originally estimated—resulting in power costs of about twice those of conventional fuels, Mr. Colton declared.

To bring to fruition atomic energy's high hopes, it is especially important, as part of the first phase of the three-pronged attack—research and development—to develop new materials of reactor construction and better fuel systems, he said.

"Better materials," he explained, "would make possible reactor cores capable of operation at much higher temperatures, which power plant economics demand."

The Atomic Energy Commission has already added and probably will continue to add more reactor types to the original program because even with higher temperature cores, most of the reactor types planned or under construction are still economically unsound, Mr. Colton said. However, he added, it is probable that the AEC will place more emphasis on natural uranium-heavy water moderated and cooled reactors, converters and breeders, as well as gas cooled, higher temperature cores in both closed and open turbine cycles for more economic power.

"Foreign needs which are quite different from domestic requirements, must also be considered," he said, pointing out that even though enriched fuel would be available from the U. S., foreign countries would prefer to develop an atomic industry utilizing their own natural uranium, thus avoiding dependence on the U. S.

The "formidable" problem in the last phase of the program—formulation of Federal policies—is already being tackled by the Joint Committee on Atomic Energy, Mr. Colton noted.

"The Committee is primarily interested in making certain that legislation is passed so that progress in atomic energy continues as rapidly as possible and that our world leadership in this vital field is maintained."

Mr. Colton cited England's recent nuclear power plant expantion program and Euratom's plans for nuclear generating capacity as ample evidence of nuclear business opportunities abroad. He said that "not only are the economics more in favor of nuclear energy abroad because of high conventional fuel costs, but the recent Suez Canal crisis points up the danger of dependence on imported conventional fuels."

Food For Growing Population May Be Long-Term Problem

Agriculture in the years ahead may be faced with the problem of providing adequate food for the growing population of the United States in contrast with the current problem of surplus output, according to the April issue of "Perspective," publication of Calvin Bullock, Ltd., managers of mutual funds with assets in excess of $400,000,000.

"Over the long term," the publication states, "the very factors which have caused the existing surplus production may well prove blessings in disguise in making possible the feeding and clothing of a greatly increased population."

"Perspective" notes that a gain of 20% in population by 1975 would require an increase of at least 20% in food supplies. To meet increased food demands, not only will some additional arable acreage have to be added, but agriculture must continue to depend very heavily on increasing productivity through further mechanization and a continued rise in the use of such "hired hands" as chemical fertilizers, pesticides, fungicides, defoliants, etc.

On the negative side, the publication notes that the long-term adequacy of existing cropland is being diminished as soil erosion and deterioration change the "capability" of land. Estimates indicate that some 35 million acres have been lost through erosion and deterioration and that this continues at the rate of half a million acres a year.

In addition, some 50 to 100 million acres, not originally suitable, but formerly cultivated, have been abandoned. Further, between 1942 and 1956, about 17 million acres of land suitable for cultivation have been converted into various other uses. Continuation of this rate of withdrawal over the next 15 years will mean about 100 million acres suitable for cultivation will have been permanently converted to non-agricultural uses, "Perspective" notes.

Periodic Plans Have Crossed Half Million Mark

Investment companies continued to grow steadily during the first quarter of 1957, reaching new highs by almost every measure, the National Association of Investment Companies reported on April 24.

The number of accumulation plans in force passed the half-million mark with investors opening 54,946 new plans during the quarter, the Association announced. For the previous quarter 47,556 were opened. Accumulation plans are used by investors for the continuing purchase of open-end investment company (mutual fund) shares on a monthly or quarterly basis.

Total net assets of the 162 investment company members of the Association rose in the three-month period by $129,694,000 to $10,440,620,000, the highest ever, the Association noted.

The number of investing company shareholder accounts also rose to a new high of 2,970,420, a gain of almost 200,000 in three months.

In the same time, payment of investment income dividends to shareholders of both open-end and closed-end company shares totaled $72,035,000 for the quarter, compared with $71,473,000 for the first quarter of 1956.

In addition, distributions to shareholders from realized capital gains during the quarter amounted to $93,690,000 compared with $61,207,000 for the same quarter of last year.

Total net assets of the 136 open-end (mutual fund) member companes of N. A. I. C. rose to $9,105,048,000 at the end of March, up from $9,046,431,000 at year-end 1956 when there were 135 members.

Purchases of mutual fund shares by investors during the quarter totaled $367,393,000 with January showing the high figure of $149,911,000, March $111,709,000 and February $105,773,000. This was the fifth consecutive quarter that sales were over $300 million. The figure for the previous quarter was $342,606,000.

Repurchases of shares (redemptions) by open-end companies amounted to $102,247,000 for the quarter. This compares with $90,661,000 for the previous three months and $116,972,000 for the first quarter of 1956.

Purchase of portfolio securities for the quarter by open-end companies amounted to $568,362,000 and sales were $353,257,000, as against purchases of $473,559,000 and sales of $315,724,000 for the previous three months.

Payment of investment income dividends to shareholders totaled $65,032,000 for the quarter and distributions from realized capital gains were $84,944,000. This compares with dividend payments of $65,661,000 and capital gains distribution of $56,351,000 for the quarter ending March 31, 1956.

Holdings of cash, U. S. Government bonds and short term corporate obligations by the open-end companies at the end of the first quarter amounted to $521,146,000 compared with $491,938,000 at year-end.

Total net assets of the 26 closed-end member companies of the N. A. I. C. rose to $1,335,572,000 at the end of the first quarter of 1957 compared with $1,264,495,000 at the end of the previous quarter.

Holders of common stock of closed-end investment companies received dividends from investment income totaling $6,255,000 and payments from security profits amounting to $8,746,000 for the quarter. This compares with investment income payments amounting to $5,012,000 and capital gains distribution totaling $4,-

852,000 for the first quarter of 1956.

The number of closed-end member companies of the National Association of Investment Companies has increased from 25 to 26 since the end of 1956.

Mass. Investors Trust Holders Up 22 Percent

Massachusetts Investors Trust, the nation's oldest open-end investment company, reports for the three months ended March 31, 1957 total net assets of $1,060,300,931 representing 96,486,264 shares outstanding owned by 167,816 shareholders.

The net asset value per share was $10.99 and including the capital gain payment of 14 cents on Feb. 18 was equivalent to $11.13. The per share asset value a year ago was $11.87, adjusted for the three-for-one stock split in June, 1956.

The number of shareholders is at the highest peak in the Trust's history for the end of any quarterly period and represents gains of over 22% in the past 12 months and over 33% since the first quarter of 1955.

Eaton-Howard Funds Report

The 100th Quarterly Report of Eaton & Howard Balanced Fund, released to 26,400 shareholders shows assets of $174,280,678, equal to $21.66 a share for each of the 8,045,949 shares outstanding. This compares with assets of $174,527,840 equal to $21.77 a share on 8,016,699 shares at Dec. 31, 1956.

The report shows that on March 31 common stocks totaled 68% of the fund; 11% was invested in preferred stocks, 14% in corporate bonds, and 7% in U. S. Government bonds, short-term notes and cash. Largest common stock holdings by industries were oil (18%), power and light (10%), insurance (5%), banking (4%) and natural gas (4%).

The 102nd Quarterly Report of Eaton & Howard Stock Fund, released to 16,500 shareholders, shows assets of $77,714,954, equal to $20.46 a share for each of the 3,798,031 shares outstanding. This compares with assets of $74,725,188 equal to $20.79 a share on 3,594,464 shares on Dec. 31, 1956.

The report shows that on March 31, 88% of the fund was invested in 126 common stocks representing 30 different industries; the balance of the fund was in U. S. Government bonds, short-term notes and cash. Largest common stock holdings by industries were: oil (16%), insurance (9%), power and light (8%), natural gas (6%) and chemical (6%).

Atomic Stock Split

In the report for the quarter ending March 31, 1957, just released, Atomic Development Mutual Fund, Inc. states the intention of the management to pay a 200% stock dividend early in August 1957. This will result in present stockholders owning three shares for each now held. According to Merle Thorpe, Jr., Chairman, and Newton I. Steers, Jr., President, 'the stock dividend will have the advantage of lowering the price per share, thereby tending to broaden the ownership of the fund's stock." Offering price of Atomic Fund shares on April 12, 1957 reached an all time high of $17.85. The fund's quarterly report also reveals that net realized capital gains totalled 77c per share on March 31, 1957. Approximately this amount will be distributed together with the stock dividend in August. (Amount per share will be about 25c giving effect to the stock dividend of 200%.)

Selected Reports Net Assets of About $63 Million

Total net assets of Selected American Shares at Mar. 31, 1957, as reported by Edward P. Rubin, President, were $62,718,346, equal to $8.49 a share; in addition a 93-cent capital gain distribution was paid in January 1957. These figures compare with $58,087,451 or $9.95 a share on March 31, 1956. A dividend from investment income of 7 cents was paid in the first quarter, the same amount per share paid in the first three quarters of 1956. Outstanding shares at March 31 of 7,384,930 compare with 5,839,360 a year ago.

At March 31 common stocks represented 82.1% of assets, corporate bonds 1.1%, U. S. Governments and cash 16.8%. The company had investments in 92 companies, the six largest holdings of common stocks, by industry, being oil 18.3%, steel 10.3%, electric utility 8.7%, railroad 6.2%, machinery 5.7%, electrical and electronics 5%.

Changes (of over 1%) in industry holdings of common stocks in the first quarter were: Increases—oil 2.6%, electric utility 2%. Decreases: aviation, 5.8%, paper 1.8%.

Rubin says: "Broadly comprehensive figures for the American economy in the first 1957 quarter were good. Industrial production held near the all-time high and above 1956's first quarter. Employment reached a new March high, unemployment was down from a year ago. Personal income was at a new high annual rate. . . . In the year and a half, since the President's heart attack, the Dow-Jones Industrial Average has traded in a relatively narrow range 7% above and 7% below the Sept. 23, 1955 figure. . . . the stock market gives gratifying evidence of overall stability in the face of 'rolling readjustments' in many individual stocks.

"This management continues to be convinced that well-chosen common stocks represent excellent long term investments. Thus the main body of security holdings of this company continues to be diversified common stocks which are believed to be attractively priced in relation to current and prospective earnings and dividends."

During the first quarter the company added stocks of these companies to its portfolio: 5,000 shares of Bethlehem Steel, 10,000 Combustion Engineering, 4,000 Dresser Industries, 10,000 National Dairy, 6,200 Remington Arms. Increases in prior stock holdings included 1,000 Aluminium Ltd., 1,000 Amerada, 1,850 American Natural Gas, 3,700 Columbia Broadcasting, 4,200 Commercial Credit, 13,000 Ford Motor, 3,000 General American Transportation, 9,900 Gulf Oil, 12,900 International Telephone & Telegraph, 5,000 Kroger, 7,000 Merck, 2,960 National Lead, 5,000 Northern Indiana Public Service, 9,000 Public Service of Indiana, 1,600 Skelly Oil, 12,500 Socony-Mobil, 5,000 Standard Oil of New Jersey, 3,000 Sunbeam Corp., 5,000 Tennessee Gas Transmission, 2,000 Thompson Products, 7,000 West Penn Electric.

Eliminated from the portfolio were American Airlines, Atlantic Coast Line, Bendix Aviation, Boeing Airplane, Borg-Warner, Douglas Aircraft, Eastern Airlines, Firestone, General Motors, Kansas City Southern Railroad, National Gypsum, Sinclair Oil, United Air Lines, and U. S. Rubber. Reductions in prior holdings included sales of 3,000 Aluminum Co. of America, 2,700 Crown Zellerbach, 5,000 Grand Union, 6,713 International Paper, 6,850 Mead Corp., 5,200 Monsanto, 9,800 Phillips Petroleum, 6,000 Radio Corp. of America, 5,000 Standard Oil of Indiana, 4,600 United Aircraft, 7,000 U. S. Gypsum.

National Investors Corporation, the growth stock fund which is now in its 21st year, had net assets of $65,698,025 at March 31, according to the quarterly report made to shareholders by Francis F. Randolph, Chairman of the Board and President.

This was equivalent to $9.69 a share, off moderately from $9.86 on Dec. 31, reflecting, the Chairman stated, lower stock prices in general.

In the 12 months ended March 31, he reported, the number of Accumulation Plan holders increased from 2,781 to 4,362 for a gain of about 57%.

The Chairman reported that "there was no change in your corporation's over-all investment position during the past three months, and common stock holdings continued to make up 98.7% of net assets."

New investment positions were established through purchase of 10,000 shares of General Dynamics, and 6,300 shares of U. S. Vitamin. Holdings increased were Norwich Pharmacal and Sunbeam Corp., by 5,000 shares each; Delaware Power & Light, by 4,000 shares, and Skelly Oil, by 2,600 shares. There were reductions of 10,500 shares of Eastern Air Lines, 8,000 shares of American Airlines, 6,000 shares of General Electric, 3,000 shares of Florida Power & Light, and 2,400 shares of Shell Oil.

Whitehall Fund net assets stood at $11.55 a share at March 31, it was reported by Francis F. Randolph, Chairman and President of the balanced mutual fund. This compared with $11.58 at the beginning of the year, and "thus," the Chairman commented, "reflecting the influence of your fund's conservative, balanced investment portfolio, asset value held relatively steady during a period when stock prices in general were moderately lower."

Net assets of the 10-year-old fund totaled $8,178,288 at the end of the quarter.

"Your fund's balanced investment policy," the Chairman advised, "appears to be well-suited to the current economy and the uncertainties present in it, and seemingly, in securities markets. There was no change during the first quarter in the distribution of investment holdings, roughly 50% in cash and fixed-income securities and 50% in common stocks. In the senior category, bonds were favored during the period. Common stock purchases were concentrated in public utility equities."

New investment positions were established during the quarter in Phillips Petroleum convertible subordinated debentures, 4¼%, 1987, and Pioneer Natural Gas debentures, 5½%, 1977, and in common stocks of American & Foreign Power, Delaware Power & Light and Montana Power. Holdings increased were San Diego Gas & Electric and Sunbeam Corp. Investment positions were eliminated through sale of Southern Natural Gas bonds, Cluett Peabody and New York & Richmond Gas preferred stocks, and General Electric common stock. The holding in Pacific Gas & Electric was reduced.

With Dempsey-Tegeler

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Frederick Vadasz has become affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Vadasz was formerly with First California Company.

With Deno & Co.

(Special to The Financial Chronicle)

SACRAMENTO, Calif. — Salvatore J. Gangitano is now with Deno & Co., 5675 Freeport Blvd.

Tri-Con Assets Reach New High

Investments assets of Tri-Continental Corporation, the nation's largest diversified closed-end investment company, reached a new high of $316,670,247 at March 31, it was reported by Francis F. Randolph, Chairman of the Board and President.

This figure compared with $310,999,768 at the beginning of the year and $300,016,756 at March 31, 1956. During the quarter, Mr. Randolph said, $7,114,745 was received for 400,605 shares of common stock issued upon exercise of 315,437 warrants, raising the total number of common shares outstanding to 5,977,239 and reducing warrants to 1,851,456.

Assets per common share outstanding were $43.17 at March 31, compared with $45.26 at Dec. 31. The chairman attributed the decline primarily to the issuance of a large number of new shares of common stock at the warrant exercise price of $17.76 a share. He brought out that asset value per common share outstanding assuming exercise of all warrants—"which gives a better reflection of your corporation's investment performance"—was at $36 on March 31 and only nominally less than the $36.17 at the start of the year. "The value of investment assets," Mr. Randolph said, "was well-maintained in relation to securities prices in general in the first quarter of 1957."

Net investment income for the quarter was $2,348,297, about 12% larger than the $2,095,838 of the corresponding period in 1956. The chairman ascribed the increase to earnings of new funds received for common stock issued upon exercise of warrants and improved income on portfolio investments. The first quarter dividend of 30 cents was the same as in the corresponding quarter of 1956 but was paid on 1,179,592 more shares.

Mr. Randolph also disclosed in the report to stockholders that, during the quarter, Tri-Continental was paid a $6,000,000 capital gain dividend by its subsidiary, Tri-Continental Financial Corporation, which will be taken into account in determining amounts to be paid out to stockholders based on 1957 results. After 1957, however, the corporation expects to retain all long-term capital gains no matter from what source received.

The chairman stated that in the future, by qualifying as a regulated investment company, Tri-Continental Financial Corporation will be relieved of all Federal income taxes by paying up to its parent, Tri-Continental Corporation, all of its net current income, as well as all gains from the sale of securities, both short-term and long-term.

Under the new amendment of the tax law, he added, Tri-Continental will then be in a position to retain and designate to its stockholders long-term gains paid to it by Tri-Continental Financial, and stockholders will be able to receive credit for the 25% tax withheld and paid for their account by the corporation on all long-term gain, whether taken by Tri-Continental or its subsidiary. They also will be able to write up the tax cost of their shares by the 75% of the gain taken which is retained by the corporation after payment of the tax.

"In view of these important changes in the tax status of Tri-Continental Financial and in the tax law," Mr. Randolph stated, "it seems to your directors appropriate to conform in the future to Tri-Continental Corporation's historical dividend policy by retaining and designating to the stockholders all long-term gains from the sale of securities, whether realized by the corporation or paid up to it by its subsidiary as a capital gain dividend.

"It seems equally appropriate," the chairman declared, "that stockholders be given ample notice of a change from paying an extra dividend based on the earnings of the corporation's subsidiary, such as has been done for the past two years. The year 1957, however, is a period of transition in the operations of the subsidiary and your directors therefore consider that in determining amounts to be paid out to stockholders with respect to the year, they may, under ordinary circumstances, take into account dividends from long-term gain received from Tri-Continental financial to the extent that they reflect the results of the latter's liquidation of the securities assets of the old Union Securities business held over into 1957, adjusted for any net unrealized depreciation in or realization reserve against any such securities not disposed of during the year. Such a dividend in the amount of $6,000,000 was paid to Tri-Continental by its subsidiary near the end of the first quarter."

Common stock holdings made up 71% of investment assets at March 31 as compared with 75.5% three months earlier. There were no major shifts of emphasis within the common stock category.

New common holdings added in the quarter were 86,900 shares of American & Foreign Power Co., Inc., and 31,700 shares of Carolina Power & Light Co. Holdings increased were San Diego Gas & Electric Co., by 30,000 shares; Shamrock Oil and Gas Corp., by 10,000 shares; Northern Indiana Public Service Co., by 6,000 shares; Montana Power Co. and Oklahoma Gas and Electric Co., each by 3,800 shares, and Kroger Co., by 3,400 shares.

Investment positions were eliminated through the sale of shares of Allied Stores Corp., Illinois Central Railroad Co., Missouri-Portland Cement Co., and Wisconsin Electric Power Co. Principal decreases in holdings were 30,000 shares of General Electric Co., 13,600 shares of Pacific Gas and Electric Co., 4,200 shares of American Airlines, Inc., 3,200 shares of International Paper Co., and 1,700 shares of Aluminum Company of America.

Gleason Elected by Wellington Fund

PHILADELPHIA, Pa. — Walter L. Morgan, President of Wellington Fund, announced the election of Joseph J. Gleason as Assistant Treasurer and Assistant Secretary.


Joseph J. Gleason

Mr. Gleason joined Wellington Fund in 1950 and was elected Assistant Treasurer in 1955. Prior to joining Wellington, he was associated with the Reconstruction Finance Corporation.

Joins Walston Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—Louis H. Gielow has joined the staff of Walston & Co., Inc., 231 South La Salle St.

F. F. Kemmerer Opens

(Special to The Financial Chronicle)

FONTANA, Wis.—Freeman F. Kemmerer is engaging in a securities business under the firm name of Freeman F. Kemmerer and Company. He was formerly with Hornblower & Weeks and Robert W. Baird & Co.

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. 28	§90.3	*90.4	92.4	100.5
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 28	§2,310,000	*2,313,600	2,364,000	2,473,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 12	7,441,950	*7,614,200	7,798,600	7,155,900
Crude runs to stills—daily average (bbls.)	Apr. 12	¶7,899,000	7,856,000	8,098,000	7,551,000
Gasoline output (bbls.)	Apr. 12	26,322,000	25,683,000	26,034,000	25,417,000
Kerosene output (bbls.)	Apr. 12	2,134,000	1,880,000	2,401,000	2,067,000
Distillate fuel oil output (bbls.)	Apr. 12	12,451,000	12,634,000	13,646,000	12,170,000
Residual fuel oil output (bbls.)	Apr. 12	7,828,000	8,248,000	8,527,000	8,178,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 12	202,904,000	203,310,000	205,589,000	195,059,000
Kerosene (bbls.) at	Apr. 12	19,823,000	19,72?,000	19,701,000	17,607,000
Distillate fuel oil (bbls.) at	Apr. 12	74,156,000	75,295,000	79,599,000	60,832,000
Residual fuel oil (bbls.) at	Apr. 12	36,758,000	37,594,000	36,283,000	32,788,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 13	673,964	644,092	689,226	742,053
Revenue freight received from connections (no. of cars)	Apr. 13	612,180	624,122	646,059	657,791
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 18	$394,532,000	$344,476,000	$375,871,000	$536,373,000
Private construction	Apr. 18	227,801,000	117,714,000	148,097,000	386,544,000
Public construction	Apr. 18	166,731,000	226,762,000	227,774,000	149,829,000
State and municipal	Apr. 18	140,284,000	141,886,000	129,030,000	119,912,000
Federal	Apr. 18	26,447,000	84,876,000	98,744,000	29,917,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 13	9,900,000	*8,320,000	10,225,000	9,935,000
Pennsylvania anthracite (tons)	Apr. 13	498,000	387,000	445,000	545,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 13	122	113	107	114
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 20	11,485,000	11,695,000	11,723,000	10,894,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 18	302	308	318	252
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 16	5.670c	5.670c	5.670c	5.179c
Pig iron (per gross ton)	Apr. 16	$64.56	$64.56	$64.56	$60.29
Scrap steel (per gross ton)	Apr. 16	$42.17	$42.67	$48.17	$55.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 17	31.525c	31.575c	31.550c	45.900c
Export refinery at	Apr. 17	29.725c	30.100c	29.625c	47.200c
Lead (New York) at	Apr. 17	16.000c	16.000c	16.000c	16.000c
Lead (St. Louis) at	Apr. 17	15.800c	15.800c	15.800c	15.800c
‡Zinc (delivered) at	Apr. 17	14.000c	14.000c	14.000c	14.000c
Zinc (East St. Louis) at	Apr. 17	13.500c	13.500c	13.500c	13.500c
Aluminum (primary pig. 99%) at	Apr. 17	25.000c	25.000c	25.000c	24.000c
Straits tin (New York) at	Apr. 17	100.000c	98.875c	100.125c	99.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 23	89.50	90.19	91.38	92.81
Average corporate	Apr. 23	96.54	96.69	96.69	105.00
Aaa	Apr. 23	100.98	101.47	101.47	107.80
Aa	Apr. 23	99.36	99.52	99.36	106.92
A	Apr. 23	96.69	96.69	96.69	104.83
Baa	Apr. 23	89.51	89.64	90.06	100.49
Railroad Group	Apr. 23	95.16	95.16	95.62	103.97
Public Utilities Group	Apr. 23	96.85	97.00	96.85	105.17
Industrials Group	Apr. 23	97.47	97.94	97.62	105.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 23	3.38	3.32	3.22	3.07
Average corporate	Apr. 23	3.97	3.96	3.96	3.45
Aaa	Apr. 23	3.69	3.66	3.66	3.29
Aa	Apr. 23	3.79	3.78	3.79	3.34
A	Apr. 23	3.96	3.96	3.96	3.46
Baa	Apr. 23	4.45	4.44	4.41	3.72
Railroad Group	Apr. 23	4.06	4.06	4.03	3.51
Public Utilities Group	Apr. 23	3.95	3.94	3.95	3.44
Industrials Group	Apr. 23	3.91	3.88	3.90	3.40
MOODY'S COMMODITY INDEX	Apr. 23	407.3	406.4	409.6	423.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 13	259,607	360,476	255,749	247,625
Production (tons)	Apr. 13	284,442	283,101	288,531	285,493
Percentage of activity	Apr. 13	94	93	95	100
Unfilled orders (tons) at end of period	Apr. 13	463,194	490,041	443,293	602,710
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100	Apr. 19	110.97	110.85	110.72	108.62
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 30	1,119,610	972,220	1,138,740	1,396,590
Short sales	Mar. 30	169,520	186,220	212,910	272,160
Other sales	Mar. 30	928,930	833,680	986,820	1,191,400
Total sales	Mar. 30	1,098,300	1,019,900	1,199,730	1,463,560
Other transactions initiated on the floor—					
Total purchases	Mar. 30	199,310	186,800	237,000	327,790
Short sales	Mar. 30	14,400	27,500	29,900	25,000
Other sales	Mar. 30	223,350	232,570	301,400	316,200
Total sales	Mar. 30	237,750	260,070	331,300	341,200
Other transactions initiated off the floor—					
Total purchases	Mar. 30	383,380	345,088	496,296	580,972
Short sales	Mar. 30	128,840	87,240	104,330	94,870
Other sales	Mar. 30	501,480	474,160	492,390	671,751
Total sales	Mar. 30	630,320	561,400	596,720	766,621
Total round-lot transactions for account of members—					
Total purchases	Mar. 30	1,702,300	1,504,108	1,872,036	2,305,352
Short sales	Mar. 30	312,560	300,960	347,140	392,030
Other sales	Mar. 30	1,653,810	1,540,410	1,780,610	2,179,351
Total sales	Mar. 30	1,966,370	1,841,370	2,127,750	2,571,381
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. 30	964,343	969,320	1,177,300	1,239,287
Dollar value	Mar. 30	$44,658,718	$43,334,294	$55,432,432	$65,796,336
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 30	855,302	802,018	857,273	1,103,530
Customers' short sales	Mar. 30	9,809	6,428	8,728	11,068
Customers' other sales	Mar. 30	845,493	795,590	848,545	1,092,462
Dollar value	Mar. 30	$38,786,084	$36,407,533	$40,190,410	$55,588,549
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 30	226,880	207,030	197,500	293,700
Short sales	Mar. 30	------	------	------	------
Other sales	Mar. 30	226,880	207,030	197,500	293,700
Round-lot purchases by dealers—					
Number of shares	Mar. 30	343,330	363,550	501,530	422,380
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. 30	453,720	409,810	481,960	474,190
Other sales	Mar. 30	8,408,770	8,125,180	9,486,490	11,524,160
Total sales	Mar. 30	8,862,490	8,534,990	9,968,450	11,998,350
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 16	117.2	117.2	116.9	113.5
Farm products	Apr. 16	90.7	90.2	88.9	88.0
Processed foods	Apr. 16	104.5	109.7	103.9	100.7
Meats	Apr. 16	86.6	86.6	83.9	76.6
All commodities other than farm and foods	Apr. 16	125.3	125.3	125.3	121.3

*Revised figure. ¶Includes 883,000 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
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of March 30:			
Imports	$304,933,000	$307,130,000	$262,604,000
Exports	424,652,000	388,872,000	236,448,000
Domestic shipments	15,616,000	12,132,000	10,768,000
Domestic warehouse credits	100,271,000	114,640,000	38,225,000
Dollar exchange	2,000,000	2,249,000	17,576,000
Based on goods stored and shipped between foreign countries	171,039,000	167,150,000	94,404,000
Total	$1,018,511,000	$992,173,000	$660,025,000
COMMERCIAL PAPER OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—			
As of March 31 (000's omitted)	$489,000	$555,000	$560,000
CONSUMER PRICE INDEX — 1947-49 = 100—			
Month of February:			
All items	118.7	118.2	114.6
Food	113.6	112.8	108.8
Food at home	112.0	111.1	107.1
Cereals and bakery products	129.1	128.0	124.3
Meats, poultry and fish	101.4	99.0	93.6
Dairy products	111.1	111.2	107.3
Fruits and vegetables	116.5	116.9	113.3
Other foods at home	113.0	112.7	109.6
Housing	124.5	123.8	120.7
Rent	134.2	134.2	131.5
Gas and electricity	112.4	112.3	111.7
Solid fuels and fuel oil	139.3	138.9	130.0
Housefurnishings	105.0	104.0	102.5
Household operation	125.6	125.4	121.4
Apparel	106.1	106.4	104.6
Men's and boys'	108.6	108.4	106.5
Women's and girls'	98.2	98.9	98.3
Footwear	127.2	126.7	121.3
Other apparel	91.7	91.9	91.0
Transportation	134.4	133.6	126.9
Public	175.8	174.9	170.5
Private	124.5	123.8	117.0
Medical care	135.5	135.3	130.9
Personal care	122.6	122.1	118.9
Reading and recreation	110.0	109.9	107.5
Other goods and services	124.0	123.8	120.9
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMERCE—Month of February:			
Cotton Seed—			
Received at mills (tons)	43,354	114,299	72,307
Crushed (tons)	491,576	612,886	617,695
Stocks (tons) Feb. 28	1,176,052	1,624,274	1,352,811
Crude Oil—			
Stocks (pounds) Feb. 28	168,091,000	170,536,000	1,352,811,000
Produced (pounds)	170,419,100	207,691,000	72,307,000
Shipped (pounds)	141,750,000	175,185,000	617,695,000
Refined Oil—			
Stocks (pounds) Feb. 28	288,422,000	266,693,000	50,149,000
Produced (pounds)	132,848,000	163,853,000	3,550,000
Consumption (pounds)	113,600,000	131,666,000	34,825,000
Cake and Meal—			
Stocks (tons) Feb. 28	228,210	194,737	220,215
Produced (tons)	238,857	293,321	287,668
Shipped (tons)	205,384	286,403	258,914
Hulls—			
Stocks (tons) Feb. 28	64,569	57,371	138,965
Produced (tons)	109,175	131,233	140,654
Shipped (tons)	101,977	130,931	138,013
Linters (running bales)—			
Stocks Feb. 28	224,957	221,461	200,419
Produced	152,075	187,312	186,617
Shipped	148,579	187,762	176,811
Hull Fiber (1,000-lb. bales)—			
Stocks Feb. 28	821	577	586
Produced	700	869	890
Shipped	456	805	705
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Feb. 28	3,133	3,122	5,222
Produced	1,310	1,635	1,544
Shipped	1,299	1,345	1,475
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of March:			
Seasonally adjusted	146	146	141
Unadjusted	148	147	143
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of March	£17,205,000	£28,059,000	£58,297,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—			
Month of January:			
Net railway operating income	$58,266,230	$85,721,472	$62,876,130
Other income	23,906,864	47,573,307	22,515,551
Total income	82,173,094	133,294,779	85,391,681
Miscellaneous deductions from income	4,213,768	5,659,907	4,855,511
Income available for fixed charges	77,959,326	127,634,872	80,536,170
Income after fixed charges	47,506,712	100,181,075	50,712,774
Other deductions	4,383,197	4,805,410	4,415,972
Net income	43,123,515	95,375,665	46,296,802
Depreciation (way & structure & equipment)	47,324,211	46,400,384	45,104,708
Federal income taxes	23,849,675	16,585,346	25,057,419
Dividend appropriations:			
On common stock	29,673,781	22,335,099	33,025,654
On preferred stock	7,800,594	2,152,457	4,123,224
Ratio of income to fixed charges	2.56	4.65	2.70
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of March:			
Net sales	------	------	------
Net purchases	$13,403,450	$72,616,300	$10,690,500
U. S. GOVT. STATUTORY DEBT LIMITATION —As of March 29 (000's omitted):			
Total face amount that may be outstanding at any time	$278,000,000	$278,000,000	$281,000,000
Outstanding—			
Total gross public debt	274,998,660	276,269,169	276,344,537
Guaranteed obligations not owned by the Treasury	109,348	108,794	59,205
Total gross public debt and guaranteed obligations	$275,108,008	$276,377,955	$276,403,742
Deduct—other outstanding public debt obligations not subject to debt limitation	450,765	451,958	468,947
Grand total outstanding	$274,657,243	$275,925,997	$275,934,795
Balance face amount of obligations, issuable under above authority	3,342,756	2,074,002	5,065,204
WINTER RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of April 1	84%	------	82%
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of April 1 (bushels)	669,080,000	------	734,995,000

Business Man's Bookshelf

Atomic Energy Applications With Reference to Underdeveloped Countries—B. C. Netschert and S. H. Schurr—The Johns Hopkins Press, Homewood, Baltimore 18, Md.—(Paper)—$2.

Automobile Repair Manual, 28th Edition—Chilton Book Division, 56th and Chestnut Streets, Philadelphia 39, Pa.

Economic and Social Security: Public and Private Measures Against Economic Insecurity — John G. Turnbull, C. Arthur Williams, Jr., and Earl F. Cheit—The Ronald Press Company, 15 East 26th Street, New York 10, N. Y.—$6.

Engineering Enrollment in the United States—Norman N. Barish — New York University Press, Washington Square, New York 3, N. Y.—$7.50.

Fibre Box Industry Statistics for 1956 — 16th annual yearbook — Fibre Box Association, 295 Madison Avenue, New York 17, N.Y. —Paper.

Freeman — Monthly Journal of ideas on liberty — Foundation for Economic Education, Inc., Irvington - on - Hudson, N. Y.—50c per copy.

Hiring Manuals for Job Tests (Clerical, Mechanical, Key Personnel)—Industrial Psychology, Inc., Tucson 6, Ariz.—Sample on request on company letterhead.

Institute of Humanistic Studies for Executives: An experiment in Adult Education—Wilfred D. Gillen — The Fund for Adult Education, White Plains, N. Y. —(Paper)—On request.

Italian Affairs — January issue containing articles on Convention Between U. S. and Italy Relation to Taxes on Income; Italy and Alto Adige; Grain Growing and Grain Harvests in Italy; and Printing and Publishing — Italian Affairs, 56 Via Veneto, Rome, Italy — 15c per copy.

Manual of Excellent Managements: 1957 — American Institute of Management, 125 East 38th Street, New York 16, N. Y. —(Cloth)—$20.

Meetings and Speeches That Achieve Their Purpose—Pennsylvania Bankers Association, Box 152, Harrisburg, Pa. — $1.50.

Our Second Chance in Europe: What Are We Waiting For?—Reprints of an address by James P. Warburg before the 7th annual forum on world affairs of the Foreign Policy Association of Pittsburgh, Pa. — James P. Warburg, 70 East 45th Street, New York 17, N. Y.

Plastic Tooling Bibliography (with abstracts from listed sources) — Orvill D. Laxcoe — American Society of Tool Engineers, 10700 Puritan, Detroit 38, Mich.—$1.50.

Production Trends in the United States Through 1957 — Bonnar Brown and M. Janet Hansen—Stanford Research Institute, Menlo Park, Calif.—Paper—$2.

Radiological Health Handbook — S. Kinsman and others — OTS, U. S. Department of Commerce, Washington 25, D. C.—$3.75.

Regional Income—Studies in Income and Wealth, Volume 21—Conference on Research in Income and Wealth — Princeton University Press, Princeton, N.J. Cloth—$2.

Satisfying Salaried Employees—A manual for building better relations with all categories of white-collar employees — National Association of Manufacturers, 2 East 48th Street, New York 17, N. Y.—Paper—50c.

Schedule of Par Value — 23rd Issue — International Monetary Fund, Washington, D. C.—paper.

SRI Journal—Quarterly publication presenting scientific and economic subjects in comparatively non-technical language—Stanford Research Institute, Menlo Park, Calif.—$1 per copy, $4 per year.

Stock Exchange Official Year-Book 1957 (London Stock Exchange) — Thomas Skinner & Co., 111 Broadway, New York 6, N. Y.—Cloth—$33 (two volumes complete).

Tax Integration of Pension and Profit Sharing Plans with Social Security—Meyer M. Goldstein—Pension Planning Company, 625 Madison Avenue, New York 22, N. Y.—Paper.

Tax Planning Under the New Regulations: 14 analyses showing how to minimize taxes today —The Journal of Taxation, 147 East 50th Street, New York 22, N. Y.—(Cloth)—$4.95.

DIVIDEND NOTICES

MEETING NOTICE

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Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Laws are wonderful things, especially those kind which avoid telling bureaucracies what they cannot do with public money. This has been revealed inferentially by the Housing and Home Finance Agency, that vast establishment which is promoting direct and indirect subsidies of numerous kinds for housing.

For instance, HHFA has decided to advance $700,000 out of the $775,000 cost of an international bridge as a "community facility."

During the last couple of wars the United States Treasury took on a couple of hefty expenses. One of these was for providing school construction and school operation costs in "Federally-impacted" areas, or where a defense facility brought in an expanded population allegedly beyond the capacity of the state or municipality to provide local schools. "Defense impacted area" school costs go on and on and on.

A second was "community facilities." Where a new town grew up or greatly expanded around a new defense factory or war production installation, the government began to finance "community facilities." It was always thought that this consisted of sewage works, water lines, and occasionally gas and electric lines in small areas. That, too, has gone on and on and on, and there is a "Community Facilities Administration" within HHFA to finance these things.

However, recently HHFA announced that it was lending $700,000 to the Village of Baudette, Minn., to pay all but $75,000 of the cost of a bridge across the Rainy River, connecting Baudette, Minn., with Rainy River, Ont.

"Not Prohibited"

This correspondent negligently accepted the official line that "community facilities" financible by the Federal Government were those inherent in creating or expanding, a municipality, such as sewage treatment plants and sewer lines, water works, streets, and the like. Consequently, when HHFA announced it was financing an international bridge, the agency was asked how this could happen.

For answer the agency sent a copy of the law pertaining to "community facilities." It simply allows HHFA "to finance specific public projects under State or municipal law." A public project is not defined, except that loans cannot be made to pay for current municipal operating expenses.

Other than this, the law requires HHFA in approving applications for "public projects" only to "give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification or distribution of water; sewage treatment and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, 'smaller municipality' means an incorporated or unincorporated town, or other political subdivision of a state, which had a population of less than 10,000 inhabitants at the time of the last Federal census."

In other words, the financing of an international bridge is not prohibited.

Has Possibilities

Since the HHFA only must give priority to such specific kinds of works, it obviously has all the latitude in the world in determining what is a "public project," and a "public project" and a "community facility" obviously are not the same thing.

Hence, Congress will not have to create a new successor to the Ickes Public Works Administration, come the time when all get the jitters over a possible depression. It is already there in the HHFA. All it will need is the infusion of money.

Beaudette, Minn., gets a 30-year, 4¼% loan to finance the bridge provided $75,000 additionally can be "provided by local investors." The bridge is to be repaid by tolls. At present cars cross the Rainy River border by ferry when the water is open or by driving over the ice in winter. Some times those ice crossings are dangerous, HHFA explained, and anyway the bridge will "facilitate the marketing of farm products."

Gas Bill Dead

Despite the introduction of a new bill by Rep. Oren Harris (D., Ark.), the Chairman of the House Interstate Commerce committee, repealing the Supreme Court legislation re-writing the original natural gas act, this bill is given little chance of passage by Congress this year.

Purpose of the new bill, while regulating the price of natural gas produced by independent producers, is to substitute a type other than public utility regulation. It was reported in the press, incidentally, that the bill is endorsed by the Administration.

On the other hand, while the local production of virtually no other basic commodity is price-regulated, the "liberals" have branded the bill as "a measure to free natural gas from regulation by the Federal Power Commission and to raise the price of your gas."

Even though President Eisenhower only criticized the lobbying for the bill in vetoing its previous passage, his veto has helped support inferentially the thesis of the "liberals." Hence, the Democratic leader will not bust a tendon trying to get this bill through without strong, affirmative backing from the White House. This backing will have to be analogous to that exerted by the President for an appropriation for a foreign give-away program. It will not be enough for the President to merely OK the legislation through the Budget Bureau or speak a kind word for it as he has done, in a press conference.

Rental Housing

Now comes the "National Housing Center" of the National Association of Home Builders with sudden alarm about the disappearance as it terms it of construction of moderate priced housing for rental, and with a firm determination to spark somebody into doing something about it.

Beginning today, "more than 100 leading builders, economists, private housing consultants, lenders, architects, and government officials" will participate in a conference at the "National Housing Center." The purpose will be to inquire into "a reluctance of equity capital to move into moderate-priced rental housing investment over the past five years (which) has all but eliminated this type of construction."

There are other people outside the subsidizing agencies who could tell the Home Builders what has happened to moderate-priced rental housing.

(1) In the days before the blessings of subsidized credit, investment in a house to rent was one of the favored ways of saving, up to a generation ago. Now the government has diverted so much institutional credit into small-down payment, 25- and 30-year loans, that a person building a house in a free market cannot charge enough rent to amortize his investment and get a true return on his money in competition with those the government encourages to buy without substantive equity as "buyers."

(2) Rent control always is around the corner in case of another national emergency. The widow, the bulk of whose life savings were invested in a house, was during War II rent control, pushed down in return on her yield under rent control just as surely was some institution which owned an apartment house for rent.

"Economy" Note

The Federal Flood and Indemnity Administration has announced that it is ready to go into business writing flood insurance within a reasonable period after Congress appropriates money for the agency.

This new program was finally enacted in the latter part of the 1956 session of Congress. The President first announced it off the cuff in August, 1955, upon visiting the New England flood area following the floods of that year.

Last year although there has been virtually no preliminary staff work on such a program, Congress wrote a bill authorizing it, without specifying but the barest outlines of how it should be handled. The Federal Flood Indemnity Administration of the Housing and Home Finance Agency began from scratch in October, 1956, to try to figure out how such a program could be worked. It is now ready with the answer.

If flood insurance is "purchased" in any quantity, the government can underwrite a liability initially up to $3 billion, which the President by a stroke of the pen can increase to $5 billion. The government pays ALL the administrative costs PLUS 40% of the estimated cost of coverage. Theoretically, by June, 1959, states will have to pay half or 20% of this subsidized rate cost. There is about as much chance Congress would compel the states to share the rate cost 50-50 come June 30, 1959, as there is that an angel will turn the White House into a structure of gold.

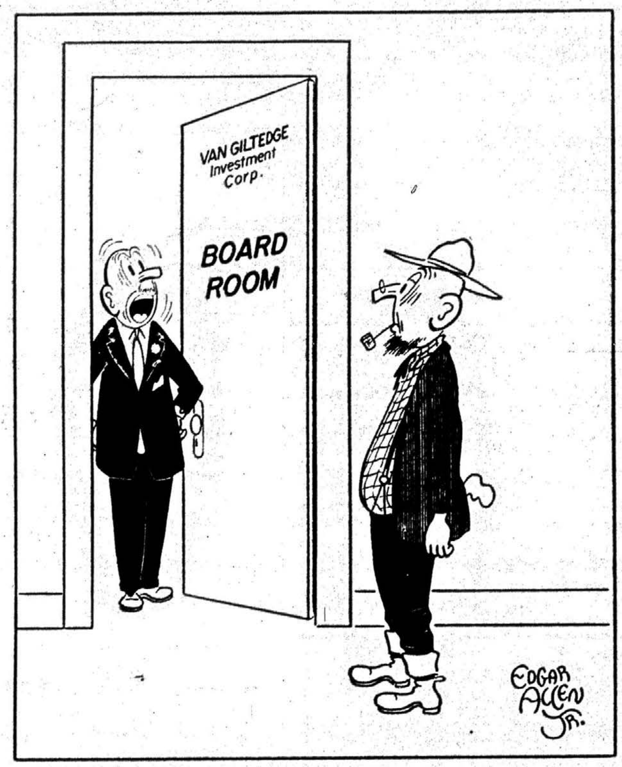
There is some chance that the government will avoid a huge liability for, even with administrative costs paid by the U. S. Treasury plus 40% of the estimated rate cost, rates will still run from $1 to $12 per $100 (note, NOT per $1,000) of flood insurance.

Flood Loans

Another part of this noble Federal enterprise is that the Federal Flood Indemnity Administration will negotiate in advance of a flood to provide loans for those who take out these contracts. Add to the $5 billion of permissible Federal liability for flood insurance, $2 billion for loan contracts plus $500 million each additional fiscal year, if so authorized by the President.

[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



"I don't care WHAT it says on the door!—If you want boards go to a lumber yard!"

Ault Vice-President of Boni, Watkins, Jason & Co., Managem't-Economic Firm

Promotion of Bertram Ault, specialist in transportation and petroleum economics, to Vice-President of Boni, Watkins, Jason & Co., Inc., Wall Street firm of management and economic consultants, is announced by Alfred C. Boni, President.

Mr. Ault has been a senior consultant with the firm, which he joined in 1948.

In the decade after he was graduated from the City College of New York in 1938, Mr Ault did graduate study at American University and held a number of positions in various fields of transportation.

While with the Civil Aeronautics Board he was engaged in many phases of the economic planning that preceded establishment of the international route system of American flag carriers. He also has been traffic analyst for an interstate motor carrier, industrial analyst for the Curtiss-Wright Corp. and senior economist with a firm of aviation consultants.

At Boni, Watkins, Jason & Co. Mr. Ault was in charge of a number of exhaustive studies in the air and rail transport and petroleum fields.

He is a director of the Diversification Institute, organized by Boni, Watkins, Jason & Co., to do research and counseling in the the field of business diversification.

First California Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Kenneth M. Crabb has become connected with First California Company, 300 Montgomery Street.

With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Lester B. Bell is now affiliated with H. L. Jamieson Co., Inc. Russ Building.