As We See It

Certain anomalies in the current situation are attracting considerable attention at this time. They are familiar to most of us, but it is to be feared that their significance is less well discerned or understood. Interest rates and the cost of money generally are higher than they have been since the advent of the New Deal, yet capital outlays by business are very high and have been for a good while past. And this type of expenditure bids fair to become even greater than at present. Most types of goods are now more abundant than they have been for a good while past; orders are declining, and many enterprises are finding it the part of wisdom to reduce inventories. Yet prices continue to rise, and labor is able to obtain higher wages from which all appearances will be able to continue such a program for about as far into the future as one is able to see with any degree of clarity.

There are those, some of them with standing that demands respect, who look upon all this and related developments with equanimity if not with favor. Some of them predict that labor will continue to enjoy and to exercise its monopolistic power to increase wages and impose other restrictions which raise costs, and that accordingly we shall have a rising price level for a long time to come. This, according to some of these analysts, will strongly tend to support a high level of business, to act as a sort of built-in defense against depression, and to assure us a comfortable future. The fact that any such course of events would inevitably bring severe hardships to recipients of fixed income seems to be regarded as unimportant.

Are We Experiencing Inflation or Prosperity?

By J. Austin White

Prosperity, not inflation, is Mr. White's diagnosis of what we have had in the past few years, in pointing out that our current inflation stems from the prosperity phase of the business cycle rather than the type we fear caused by too many dollars manufactured by the government bidding for scarce goods. The Ohio Municipal bond specialist observes goods are not scarce, money has not been manufactured in recent years, and diminishing returns will check increased supply of dollars resulting from people's borrowing, and you will not go on indefinitely. Poses what he terms a challenging question; i.e., what makes people stop buying.

There is much loose talk about inflation today. To everyone it seems to mean one thing: rising prices, with a concomitant decline in the purchasing power of the dollar. The feeling appears to be widespread that this inflation is going on and on, and the various decisions on investments (both in securities and in plant and equipment) are apparently being made on the basis of this assumption.

It seems to me that a word of caution is in order. A popular conception of inflation is "too many dollars chasing too few goods." A part of this conception is the thought that (1) a Federal Government pumping dollars into the monetary system; (2) a scarcity of goods; or both. Such a condition does indeed result in rising prices and a decline in the purchasing power of the dollar, and most conservative people have a horror of such a condition. But, in a period of good old-fashioned prosperity, prices also rise and the purchasing power of the dollar also declines. No one I seem to find has been able to predict that even while apparently many people have the thought that

Relative Value of Earnings: Retained and Distributed

By O. K. Burrell

Business expert's study of the relative values of "growth stock" earnings retained and distributed indicates that investors place a higher valuation on distributed earnings than on retained earnings. The sample of growth stocks used in Prof. Burrell's study is taken from the portfolios of Growth Industry Shares and Massachusetts Investors Growth Stock Fund, numbering a total of eighty stocks after certain deletions. Statistical analyses show stock in "high payout group rather consistently sold higher in relation to earnings than did the low payout group," and author concludes that the "payout ratio is the cause and the price-earnings ratio is the effect."

The last decade has witnessed the beginning of attempts to measure with as much precision as possible some of the value making factors in common stocks. It is entirely evident that the basis of these studies cannot be truly scientific because value exists in the minds of men and precise measurement of all of the variables that might conceivably influence human attitudes and behavior is simply not possible. Nevertheless, significant advances have been made in more precise measurement of some of the forces that relate to common stock valuation.

The role of the payout ratio in common stock valuation has been the subject of a significant number of inquiries. How much more in market value is generated by a dollar earned and paid out in dividends than by a dollar earned but retained in the business? Until about a decade ago it was perhaps understood that earnings distributed made a greater impact on valuation than earnings retained but it seems doubtful if very many analysts really understood how much greater is the

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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 considered, as an offer to sell any of the securities discussed.)

GEORGE D. FREEMAN
Security Analyst, New York City

R. J. Reynolds Tobacco Company

"B" Stock

For the past several years the industry has invested considerable efforts to enhance the tobacco industry as successive waves of unfavorable publicity have held the average price of the cigarette manufacturer stocks to below 1946 levels, even though industrial stock prices in general have increased in the most three times their thirty-day high.

The immediate effect of this cancer scare on the industry has been a tremendous increase in sales of filter cigarettes, while the fortunes of individual companies and the way they have varied with their success in promoting filter brands. Reynolds in particular has realized the overwhelming success of "Winston" the one filter cigarette, and of course the obvious way to have reached the position of fourth or fifth in sales volume. Further, during 1958 Reynolds introduction of the "Salem" mentholated filter-tips is again met with success beyond reasonable expectations and must be remembered that Reynolds most important brand, "Columbia" is the nations largest selling cigarette.

At this juncture it is worthy to note that the filter-tip has become a more economical cigarette to produce and has increased in popularity, due to the substitution of the cheaper filter material for the tobacco, and the desirability of less expensive tobacco in this type of cigarette. The effect widely enjoyed by the recent action of American Tobacco Corporation industry leader is increasing the price of regular and Kansas cigarettes by approximately 4% while holding the steady price on the filter type. This increase should raise the earnings of the cigarette company, although increasing tobacco and promotional costs may not permit the full increase to be carried through to pre-tax earnings.

With its less dependence on non-filter cigarettes, Reynolds will not show as great an increase in price per share because of the tobacco, and due to the desirability of less expensive tobacco in this type of cigarette. The effect of this is widely enjoyed by the recent action of American Tobacco Corporation industry leader is increasing the price of regular and Kansas cigarettes by approximately 4% while holding the steady price on the filter type. This increase should raise the earnings of the cigarette company, although increasing tobacco and promotional costs may not permit the full increase to be carried through to pre-tax earnings.

A. RICHARD STERN
Security Analyst, San Diego, Calif.

Grinnell Company

Grinnell is over 100 years old. Age has not inhibited expansion which has financed prima-

ably repetitive earnings.

Grinnell's busi-

ness consists of two major departments: the one, a competitive busi-

ness in the capital goods and construction field; the other, a non-

competitive, diversified, business for its own advantage.

A leader in the manufacture of fire protection equipment, Grinnell also is an in-

vigorator of pipe fittings, valves, plumbing and heating ma-

terials and other products associated with building and plant con-

struction. Manufacturing plants are located in Cranston and Provi-

dence, R. I., Columbus and Wrightsville Pa.; Warren, Ohio; Atlanta, Ga.; and Salisbury, N. C. In addition, plants in Toronto and Oshawa, Ont. The Grinnell Canadian employment is about 10,000 people. Plant area approximately 500,000 sq. ft. of floor space.

The company also has been some atomic- and defense overtones to its business. In February, 1953, the company received a $230 million subcontract from the Atomic

Energy Commission for the construction of a new generation of gaseous diffusion units for the Atomic Energy Commission's plant near Portsmouth, Ohio. This was an extremely important achievement, as the company has been able to develop a new competitive advantage, through the combined business in the rapidly growing atomic field. Grinnell also developed for the National Atomic Testing Laboratories an adaptation of its sprinkler system that has been attached to a ship, at sea, to deactivate it self from an atomic spray or fire.

The financial position is strong. Working capital exceeded $8,000,000 on December 31, 1955. $4.0 million of notes payable are the sole long-term debt of the company. The company's stock capitalization of $500,000 shares has not changed since 1929. Since 1925 stockholders have received cash dividends every year except 1924.

Sales, depreciation, net income (including dividends received from subsidiaries) and dividends are shown in Table I. The company's earnings approximate the average of 15 to 20 years, and this low income rate is the result of the company's operations. In 1954, the company's earnings approximated $15,000,000. In 1956, the company's earnings approximated $17,000,000. In 1957, the company's earnings approximated $20,000,000.

In order to diversify itself from the fluctuations normally associated with the construction industry, the company entered the central station electric generating field of utilities. This new interest was purchased in the Automatic Fire Alarm Company Plan of Delaware, which is a producer of automatic fire alarm and automatic sprinkler systems. The company is located in New York, Philadelphia and Boston. Later Grinnell acquired from the New York Telephone Company the stock of Holies Electric Protective Company, manufacturer of central station burglary and fire alarm systems.

Additional information is available from the company.

We wonder whether the ability of the major companies to maintain the action of the general market on both the capital and the industrial, or may not repeat itself in the next few years. Each year, and for some time now, there has been a shift in money from the financial market to the capital market, with a corresponding increase in sales of capital goods and an increase in capital goods orders.

Grinnell's dividend policy is a very attractive one, and the company's stock is a good buy at today's price level.
Effect of the Price Level Upon Economic and Business Outlook

BY ARTHUR R. UPGREN
Dean and Director of Research
Amos Tuck School of Business Administration
Dartmouth College, N. H.

Dean Upgren, in analyzing downward price level long run trend, and the encouraging business and interest rate outlook, reports our current inflationary pressures will abate soon; (2) continued higher interest rate prospects are good, and (3) falling price level cause serious depressions and (though not urging inflation to avoid recessions) mildly rising prices may promote better business.

To discuss inflation, one had best first say (1) what it is and how much of it there has been around in recent years; (2) how much we have had in the longer years of the last century; and (3) how much inflation we are likely to have in the future.

Most people think we are going into an inflation "high, wide and handsome" but we are not going to have inflation "not so fast." Thus, we were to answer the question, "Inflation High, Will It?—Or So Fast?" my answer would be: "Not So Fast."

Inflation is not a cause of "rising prices." That’s all there is to its definition. Just two words:

Rising Prices.

Clearly, as prices rise, the purchasing power of the dollar falls. That is because we are losing this purchasing power of the dollar by the prices of goods. It’s no more difficult than this.

As to inflation in recent years, let us look into the Trustee Business. It is thoroughly correct to say that prices in the last ten years on one occasion are greater than they have risen in the last inflationary period from March, 1836, up to date.

When we look at prices we usually consider what we call the cost of living but what is usually called "Consumer’s Prices" by the Life Insurance Company at Millinocket, Director of Research, White Salmon, Texas, April 1, 1957.

An address by Dean Upgren at the Annual Engineering Conference of the American Society of Civil Engineers, New York, May 15, 1957.

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Keysboards on the Big Board

BY IRA U. COBLEIGH

Enterprise Economist

Delineating some of the investment merits of a harmonically specialized enterprise—Hammond Organ Company, the first musical instrument company to have its shares listed on New York Stock Exchange.

Whenever somebody calls for an organ (outside of a hospital) the first impression usually seems to be that of a vast Gothic cathedral, and a great a stirring air, then swelling from hun¬

tress of pipes. The tones and are re-

lengths, the tones are produced in different ways. Thus the classic organ has the only standard type in existence till 1933 when a new musical instrument, the Hammond, was developed.

And with electronics came other innovations. For example, in 1916 the Hammond Organ Company was founded. In 1938, (M2) Hammond actually made and sold 35,000 units, but he was years ahead of the market for such devices.

To sell electric clocks, Mr. Hammond first had to sell power stations on uniform Electric Companies operating at 60 cycles, or else his clocks would not de-

v

electronics and on the 60 cycles became an industry standard, and sometime in the last few years, the sales of clocks have nearly 75% of the electric clock business in the U. S. and producing as many as 75,000 electric clocks a week. Then competition, and other manufacturers have invaded the industry and a new long range forecast has been the industry and proceed

s

Air conditioning transi-

tion from civilian production was swift, and Hammond developed a new application for his organ, in church buildings.

And with the addition of such electric instruments, the Hammond Organ Company was able to add to its list of members and the members of the family.

The Hammond Organ Company is now the leader in the field of electronic organs and is considered the world's largest manufacturer of electronic organs.

Leonard J. Smith With

Shearson, Hammond Co.

CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER

SAN FRANCISCO, Calif.—Leonard J. Smith has become associated with the Hammond Organ Co. Mr. Smith was formerly an executive of the company, as one of the most important acquisitions in the history of the company.

Mr. Smith is a well-known figure in the business world and has been a member of the Hammond Organ Company since 1933, when he became a director of the company.

Mr. Smith entered the Hammond Organ Company in 1933 and has since served as a director of the company.

He is currently serving as a director of the Hammond Organ Company and is also a member of the board of directors of the company.

Mr. Smith has been actively engaged in the Hammond Organ Company for the past 53 years, and his experience in the company has made him a valuable asset to the company.

The Hammond Organ Company is a leading manufacturer of electronic organs and is headquartered in New York City.
U.S.-Canada Economic Momentum And Automation's Prospects

By ROBERT C. SPRAGUE

Chairman, Federal Reserve Bank of Boston

Boston's central banker and manufacturer foresees for both Canada and the U.S. a continuing period of the broad economic trends of the postwar decade, and describes prospects for automation. Turning to the unprecedented American and Canadian economic performance of the past two decades, Mr. Sprague praises our fiscal and monetary policies as "virtually the same in both countries," and notes that during this period, national income rose 74% and consumer prices increased only 25%. In commenting on the even more impressive Canadian growth, he notes areas of faster increases, and describes reciprocal advantages between the two countries as a result of investments and trade. Points out automation on a mass scale will require enormous total investment and will be a slow, gradual process, handicapped by lack of trained man power.

Over the past 10 years, Canada and the United States have been reaping what is presumably a broad, longest, fastest and most exhilarating boom in history. We have even seen it before.

It is true that the benefits of this boom have not always been shared equally by all our people. It is also true that the boom is at an end, although the pace of economic activity during this decade, the Boom decade, has slackened sufficiently for the economies of our two countries, with their catch their breath and "broaden their positions."

As in both our booms of recent brief respite — which semantic-minded economists have labeled "collapses" — we have taken off again on our upward surge with renewed energy and enthusiasm. The over-all gains of the post-war decade have been paid for by an absence of the hard-earned progress of the period without precedent for most North Americans. And what's more, both Canada and the United States have swept up the climbing highway of this 10-year boom without seriously over-heating their respective economies again.

Today, in mid-1957, our free-wheeling economies appear to be rolling across the high-level platform. This gives us another breath — the third since 1947. It also gives us a convenient opportunity to check over the instruments, examine the landmarks of our present positions, and work out some bearings for the next leg of the journey.

Without being smug about past performance, both our peoples have been entitled to some pride and good cheer. But the question is: When do we go by? As is known, the varying fortunes of a single enterprise may not greatly affect an industry as a whole. Yet, for a significant movement to achieve the right type of growth, the industry must, in a broad national trend, be growing. In this respect, the Canadian economy has been growing — and growing hard. But how will the trend change in the years ahead?

Yet, the next decade will see an infinite number of minor variations, dips and gains, within the national economic victories of Canada and the United States. Indeed, the broad national trends of the last two decades have been new and different. Their over-all gains have not been as evenly distributed as in the past. One reason for this is that in Canada and the United States, the "boom" sector has been the energy and steel industries and the consumer durables industries. The gain of the industrial sector has not been distributed as evenly as in the past. Indeed, in some areas, the industrial sectors have been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors. This is because the industrial sector, which includes the energy and steel industries and the consumer durables industries, has been growing at a slower rate than the consumer sectors.
Long-Range Business Effects of The Suez Crisis: Here and Abroad

BY JOHN E. REYNOLDS

Specialty Study Section, Division of International Finance Board of Governors of the Federal Reserve System

International finance expert expounds on the need for governments to step up their efforts to promote the world's economic flexibility.

We have seen it pass another convoluting test. There are four major effects of interest: the first, the second, the third, and the fourth. The first is the immediate effect on oil prices. The second, the longer-term effects on the world economy. The third, the effect on the dollar exchange rate. And the fourth, the effect on the world's economic flexibility.

First, the immediate effect on oil prices. The price of oil went up significantly following the Suez crisis. This was due to a number of factors: the disruption of oil supplies from the Middle East, the embargo on oil exports by a number of countries, and the increase in demand for oil due to the cold snap in Europe. The result was a sharp rise in the price of oil, which had a significant impact on the world economy.

Second, the longer-term effects on the world economy. The Suez crisis had a number of long-term effects on the world economy. It disrupted the flow of oil to Europe, which led to a rise in oil prices and a corresponding rise in the price of other commodities. This increase in the price of commodities had a significant impact on the world economy, leading to a slowdown in economic growth.

Third, the effect on the dollar exchange rate. The Suez crisis had a significant impact on the dollar exchange rate. The dollar strengthened significantly following the Suez crisis, which had a number of effects on the world economy. It made it more expensive for other countries to buy American goods, which led to a slowdown in economic growth in many countries. It also made it more expensive for American companies to do business abroad, which led to a slowdown in economic growth in the United States.

Fourth, the effect on the world's economic flexibility. The Suez crisis had a significant impact on the world's economic flexibility. It disrupted the flow of oil to Europe, which led to a rise in oil prices and a corresponding rise in the price of other commodities. This increase in the price of commodities had a significant impact on the world economy, leading to a slowdown in economic growth. It also made it more expensive for other countries to buy American goods, which led to a slowdown in economic growth in many countries. It also made it more expensive for American companies to do business abroad, which led to a slowdown in economic growth in the United States.

I have more than a passing interest in the scientific processes of economics, of course, but my time is so taken up with day-by-day banking activities that I must honestly base my estimates of our national economic health on the performance of the banks. Every time I see a report that our real output has increased at all is certainly a tribute to the strength of our economy. Attributes present price inflation to climbing costs of services, and ever present inflation pressures while encouraging wage increases exceed productivity.

There is still another significant effect of this year being better or worse than 1956, and—although it is not likely to be so—it is probably not likely to be a happy one.

Purchasing agents are filling up their refrigerators and are consequently buying less than they were a year ago. In fact, our purchasing agents who have made a few good developments in the first quarter are the earlier sort, and the latter kind, the store-bought one that has accomplished the business boom during the past few years.

Yet, in spite of the soft spots, the year is expected to be better than 1954. Production of all goods and services produced in our economy—rose 12% in the first quarter. If this pace is maintained—no new record will be established.

Credit's Our Strength

Two points should be made in connection with the growth in any peak in our Gross National Product. The first is, of course, that the over 1956 does not yet signify a corresponding expansion in real output. Higher prices account for some of the boost. At even though their volume is still the second point—the when you consider the record level achievement of the economy. The negative factors we have examined, through the year in which our real output has increased at all is certainly a tribute to the strength of our economy. A decline in one area is balanced by a corresponding increase in another, the long-range trend of our business activity keeping moving to higher and higher levels.

Finally, the Federal Reserve's manufacturing index has been hovering around 145 and 146, and has been below the all-time figure of 147, which is now regarded as the peak of our boom. Employment has been running well over 64 million, wages higher, prices lower, but prices—although lessened in the wholesale area—becoming high again.

As they say, there is a mess of factors that you can juggle them in a lot of different ways.

I do not think we have to believe that the froth on the boom which developed nearly two years ago will necessarily be dissipated, and that the economy is going to float aimlessly down, in a high plateau. They also seem to agree that many of the basic pressures are still there, and even the consumer spending is still upward. They point out that this upward trend is due to the primary source of services, and that the consumer index lags in the same manner that commodities prices. The upward in commodity prices still, which was pronounced last year, slowed down during the first quarter. This
Money Tightens

While demand for long term funds continues large, demand for bank loans in recent months has shown some tendency to taper off. To illustrate, a year ago loans of weekly reporting banks of the Federal Reserve System in major cities were some 10% higher than at the same time in 1955, while currently they are but about 5% higher than this time in 1956. Despite this relative slackening in the rate of loan demand, it is to be noted that total bank loans still remain higher than a year ago. As a result, commercial banks, on balances, are now pressing for funds that they continually find necessary to borrow required reserves from the Federal Reserve Banks. Moreover, the second half of the calendar year is normally a period of bank loan expansion for the purposes of financing crops of corn and retailers fall inventory purchases. There is accordingly little foreseeable prospect for any significant increase in loanable bank funds, and consequently little likelihood of any near-term easing in bank lending rates.

I am certain that scarce money is not primarily the result of any activity on the part of our banking system, the Treasury Department, or the Federal Reserve Board.

Finds Savings Still Inadequate

It is, instead, the inevitable consequence of our recent national pattern of spending money faster than we save it. Put another way,

Continued on page 39

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### $15,465,000

City of Atlanta, Georgia

3¼% Bonds

Dated June 1, 1957

Due December 1, 1958-59, incl.

Principal and semi-annual interest (December 1 and June 1) payable at the office of the City Treasurer in Atlanta or, at the option of the holder, at the principal trust office of The Chase Manhattan Bank in New York City. Coupon bonds in denomination of $1,000, registerable as to principal only or as to principal and interest and reconvertible into coupon bonds.

**Interest Exempt from present Federal Income Taxes**

Legal Investment for Savings Banks and Trust Funds in New York State

These voted Bonds, to be issued for school, water, sewer and other municipal improvements, in the opinion of counsel will constitute, direct general obligations of the City of Atlanta, Georgia, payable as to both principal and interest from the levy of an **unlimited ad valorem tax** on all taxable property within the City of Atlanta.

### AMOUNTS, MATURITIES and YIELDS OR PRICES

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<tr>
<th>Amount</th>
<th>Maturity</th>
<th>Yield or Price</th>
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<tbody>
<tr>
<td>$295,000</td>
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<tr>
<td>$325,000</td>
<td>1959</td>
<td>2.25%</td>
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<td>$465,000</td>
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(Excess interest to be added)

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The above Bonds are offered when, as and if issued and receiv'd by us, and subject to prior sale and approval of legality by


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The Chase Manhattan Bank

The Northern Trust Company

Equivalent Securities Corporation

The Robinson-Humphrey Company, Inc.

Dick & Mele-Smith

Roosevelt & Cross Incorporated

City National Bank & Trust Co.

Hannahs, Bailin & Co.

New York, July 17, 1957.
American Industry — Brochure — First National City Bank of New York, 45 Wall Street, New York 5, N. Y.

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New York City Bank Stocks — Comparative figures at June 30, 1957—The First Boston Corporation, 18 Broad Street, New York 5, N. Y.

New York City Bank Stocks — Second quarterly analysis of 13 New York City Bank Stocks—Laird, Bless & 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 56 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.

Railroad Stocks — Analysis — Vilas & Hickey, 26 Broadway, New York 6, N. Y.

Selected Securities — Selected lists of securities for various purposes — E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Steel & Iron Ore Industries in Canada — Analysis — With particular reference to Algoma Steel Corporation Ltd., Dominion Steel & Coal Corporation Ltd., Dominion Foundries & Steel Limited, St. Eustache Iron Mines Ltd., Hallinger Consolidated Gold Mines Ltd., and Labrador Mining & Exploration Ltd.—Burns Bros. & Company Limited, 44 King Street, West, Toronto 1, Ont., Canada.

Stocks — Daily Facts & Principles — Plus three weeks of regular service including strength ratings of 500 stocks with recommentation service—63—Dept. CP 101, American Investors Service, Larchmont, N. Y.

Stock Science — Commodities for profits—sample copy on request—Stock Science, Dept. 14, 181 Broadway, Jersey City, N. J.

Underground Wealth — Discussion of crude oil and natural gas reserves — In current issue of "Gleanings" — Francis L. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available are reports on Grand Rapid Vatfish Co., Lansing Stamping Co. and Tecumseh Products Corp.


Index — Folder — Stock Market, 90 Broad Street, New York 5, N. Y. Also available is a selected list of stocks at both ends of the market spectrum.

Air Reduction — Data — Eache & Co., 26 Wall Street, New York 5, N. Y. Also available are data on ACF Industries, Grolier Society, Bethlehem Steel and Sterling Drug.

Allen Electric & Equipment Co. — Memorandum — Wm. C. Roney & Co., Bulb Building, Detroit 36, Mich. Also available are memorandum on Grand Rapid Vatfish Co., Lansing Stamping Co. and Tecumseh Products Corp.


Electronic Displays — Data — Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also in the same bulletin are data on Curtis Ware & Co., Ltd.


Avco Manufacturing — Data — du Pont, Hearney & Company, 31 Milk Street, Boston 9, Mass. Also available is an analysis of du Pont staff and Review.

California Water & Telephone Co. — Analysis — J. A. Hogle & Co., 507 West Sixth Street, Los Angeles 14, Calif.

Clevite Corporation — Analysis — Purcell & Co., 20 Broadway, New York 5, N. Y.

L. A. Darling Company — Analysis — Arnex Securities Corporation, 111 Broadway, New York 6, N. Y.

Johann Service Company — Report — The Milwaukee Company, 209 West Michigan Street, Milwaukee 2, Wis. Also available are reports on Ed. Schweder & Co., Inc. and American Express Company, and analysis of the dem. for Western Gas and Water and for Western National Amalone Corporation and Hagan Chemicals & Drug Co., Ltd.

KLM Royal Dutch Airlines — Data — Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also available are data on Continental Corporation.

J. E. Kerstetter Corporation — Data — Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Manning, Maxwell & Moore, Inc. — Data — Joseph Parroll & Co., 38 Broadway, New York 6, N. Y.

Mckee Oil & Gas Corp. — Bulletin — De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Merk & Co. Inc. — Analysis — McDonnell & Co., 120 Broadway, New York 5, N. Y.


Northwest Production — Report — Western Securities Corp., 1 Exchange Place, Jersey City 6, N. J. Also available are reports on Three States Natural Gas, Delhi Taylor Oil, and York & O. Oil.

Powdrell & Alexander Inc. — Memorandum — Carterwright & Parmelee, 70 Pine Street, New York 5, N. Y.

Safety Industries — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y.

Scheering Corporation — Study — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.


Servo Corporation of America — Analysis — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Swift & Co. — Memorandum — The Illinois Company, 231 South LaSalle, Chicago 4, Ill.


Union Pacific Railroad Company — Circular — Peter P. McDermit & Co., 42 Broadway, New York 4, N. Y.

Western Natural Gas — Memorandum — Oppenheim & Co., 25 Broad Street, New York 4, N. Y.
Subcommittee Restates Conclusions Reached By Its Committee on the Economic Outlook

Rep. Mills Restates Conclusions Reached By His Committee on the Economic Outlook

An anonymous Congressional Subcommittee's unanimous economic outlook statement, cast in non-partisan terms, was announced by Chairman of the Subcommittee on Economic Policy, Rep. Milton H. Mills, D. Me. (Ariz.), who said, "I want to restate that emphasis in unmistakable clear terms now. "The Subcommittee's basic finding, clearly stated in its report and surely by now appreciated by every member of this Congress, is that there is only one way in which taxes can be reduced and monetary restraints eased without resulting in further inflation so long as the economy continues to operate at high and rising levels. That one way is by stopping the increases in Federal Government spending."

"The report states that barring an economic downturn, which seems unlikely at this time, tax reductions or easing monetary restraints of the fiscal policy type should be based on substantial reductions in Federal spending if inflation is to be avoided. The report states that such reductions have not yet been provided. The report states that merely continuing present spending programs will not curb rising Federal spending over the next few years. The report states that substantial reduction in Federal spending will require cuts in present spending programs as well as the foregoing new expenditures. The report states that to reduce present spending programs, the Congress and Administration will have to go beyond merely eliminating waste and inefficiency and will have to make basic revisions in these programs."

"The report states that if we can find the way to check the rise in Federal spending, the growth in our economy will permit substantial tax reductions over the coming years. The report states that the basic problem underlying present inflationary trends is an inadequate level of real savings out of current income. The report states that until higher levels of voluntary real savings are achieved, we must rely on general fiscal and monetary restraints to curb inflation. The report recognizes that burdens of high taxes and tight money do not fall evenly throughout the economy. The report states what all of us know, that the burden of inflation is far more unfairly distributed. The report states that the alternative to these general fiscal and monetary restraints is direct government control over wages and prices, which would be even worse than inflation. The report states that both the Congress and the Administration must be constantly attentive in tax system to keep it in line with the needs of our dynamic economy, but that the timing of such changes must give due consideration to the government's revenue requirements."

"The report states that restraining inflation never has been and will never be an easy job. The report states that public policies cannot duck the problem of inflation and honestly serve the interests of the American people. The report states that problems must be faced squarely and will be solved by appraising the findings of objective and dispassionate inquiries."

"I cannot see a single partisan issue in this report. Inflation and the means of preventing it hear no party labels."

"Sincerely yours,"

"/s/ WILBUR D. MILLS."

Stratford Securities

Stratford Securities Co. Inc., is now conducting its investment business from offices at 135 Broadway, New York City.

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This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities. The offering is made only by the Prospectus.

$100,000,000

C.I.T. Financial Corporation

Series Debentures

It is the Corporation's intention (i) to offer the Series Debentures by way of a continuing offering over a period of time, (ii) to make available maturities suited to the requirements of various types of prospective purchasers and (iii) from time to time to vary the Series being offered and the offering prices of the several Series being offered in the light of market conditions and requirements for funds.

The Corporation reserves the right at any time or from time to time to reject any offers for any of the Series Debentures and, by appropriate amendment of the Prospectus, to vary the price at which any such Series Debentures are offered. The Corporation also reserves the right to withdraw or modify any or all Series and to add or substitute Series Debentures of other Series which may hereafter be created.

Interest will be payable on all Series Debentures on January 1 and July 1 in each year.

The Corporation has initially created seven Series of Debentures. The Debentures of such Series will not be redeemable prior to maturity.

<table>
<thead>
<tr>
<th>Series</th>
<th>Offering Price*</th>
<th>Maturity Date</th>
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<tbody>
<tr>
<td>1960</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>1961</td>
<td>4%</td>
<td>99%</td>
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<td>1962</td>
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<td>1964</td>
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<tr>
<td>1965</td>
<td>4%</td>
<td>99%</td>
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<td>*Plus accrued interest to date of delivery.</td>
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The Series Debentures are being offered directly by the Corporation and also through one or more Agents and in certain States exclusively by the Agents as principals. The Corporation has initially entered into a contract with Salomon Bros. & Hutzler, Inc., of New York, to designate additional Agents. Each such Agent will be an "underwriter" as that term is defined in the Securities Act of 1933, as amended.

Copies of the Prospectus may be obtained from the Underwriters in any State in which these securities may lawfully be offered.
Applying Anti-Trust Laws to the Labor Market

By JOHN A. BARE

Chairman and President, Montgomery Ward & Co., Inc.

Head of one of the nation's largest retail chains calls for a Sherman Act for Big Labor. Decrying the bargaining power of labor leaders which they dictate instead of bargainers, Mr. Berr contends that unions are working like any business and are governed by competition. The lack of control over any union leadership on the other side. Denying opposition to unionization or to collective bargaining, and fully in accord with the establishment of a balance of power, the author advocates passage of an anti-trust law so framed as to assure non-one-sided power balance between an employer and the other—of the union leadership or the bargaining process, and the outlawing of the union shop which does not tolerate minority opinion.

There is one controversial subject which is receiving a great deal of attention—our economy, and which, directly or indirectly, affects the whole of our business. To us in this country during the past few years, which have arisen from this development.

Some of these problems are being brought to the fore by the recent number of labor wars which have been held by the McClean Committee in Washington, and by the recent debate in the Senate which prepared the foundation for the state to adopt a right to work law earlier this year.

Despite the recent report of businessmen since the earliest days of this country, American, journalists, and businessmen in New York went strike as early as 1766, and the unions were established in at least six crafts before the closure of the 19th century. The first successful federation of American free-trade unions, the National Labor Union, was organized in 1866. Most businessmen have been concerned during the past few years to experience the truth of Chief Justice John Marshall's Solomon of over 90 years ago: "Whether you work by the piece or work by the day, dependence always increases the pay." "

Inexperienced Businessmen

Despite this long history of trade union development in both American business, union relations are relatively new in many of our major industries. As a result, businessmen generally are relatively inexperienced in the management of labor relations. There is a very real need for new or more open discussion on trade union-issues we have had.

One of the more important issues is the importance of a labor monopoly which threatens the free-enterprise economy and the preservation of our liberty. I would like to give a few reasons why this is an issue, not with the idea of telling anyone anything, but rather in the interest of stimulating a bit of additional thinking on a subject which is important to all of us, and to the nation.

The relative freedom of unions in today's economy requires some understanding of the role the government has played in the development of the union movement.

During the first 100 years of its existence, the Federal Government issued a series of laws designed to promote the free-enterprise system and the vitality of our democracy. Among these laws were the Sherman Act, 1890; the Clayton Act, 1914; and the Fair Labor Standards Act, 1938. The Sherman Act, the Clayton Act, and the Fair Labor Standards Act were intended to protect the consumer from monopolistic combinations of labor, and to interfere with and restrain inter¬state and foreign trade, and to promote competition, both in trade and commerce, and in the several states; and to reduce the tendency of the several states to engage in competition with one another. The Sherman Act, the Clayton Act, and the Fair Labor Standards Act were intended to promote the free-enterprise system and the vitality of our democracy.

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From Washington

Ahead of the News

BY CARLISLE BARGERON

A matter of considerable interest has been the fate of the Soil Bank program, another venture into doing something for the farmer. Hitler and another have cut it out of the agricultural appropriation bill. But the assumption generally, or it must be from what the press has carried, is that the Soil Bank is safe and sound.

The fact is that regardless of what the Senate does, the Soil Bank, as a means of curtailing production is practically dead. There is money in the bill, about $500,000,000 of it, for the Agricultural Department to just pretty much throw around without accomplishing anything.

But there is an item in the bill generally overlooked that limits the payment to any one farmer under the acreage reserve plan to $3,000 under the House bill, $5,000 under the Senate. It is this difference that must still be acted upon by the Senate. Either figure or one in between would destroy the effectiveness of the acreage reserve. This is the phase of the Soil Bank for which farmers sign up from year to year. An appreciation of $500,000,000 is provided. The so-called conservation plan for which farmers sign up for much longer periods has much more limited in its scope. For purposes the acreage was paid out under it last year as compared with $600,000 under the year-to-year acreage reserve plan.

The appeal of the limitation of payments resulted from the fact that some farmers received $50,000, even $100,000,000 more. Concurring with was the little fellow, let the big fellows take care of themselves. Quite understandable in politics but not in economics.

It is the big fellows that are needed to cut their acreage if a "..."-"..." is wanted. All the little fellows put together can't bring about an effective reduction. Furthermore, their participation in the plan without the participation of the big fellows accentuates the trend which the politicians say is pushing the little fellows off the farm.

The Agricultural Department has been trying to disguise its feeling that the Soil Bank is washed up. Perhaps this wouldn't be too bad if the $300,000,000 was not going to be spent in some way. To have it spent with little or no return in effectiveness in curtailing production is pretty sad.

The fact is that the Soil Bank was forced on Secretary Benson by the politicians. He didn't like it and said so. He resisted it until last year, an election year when the politicians were down on him. He is having a hard time adjusting his principles to the winds of politics. The result is that the Agriculture Department is spending more money than ever before, and it is difficult to find anybody anywhere that is satisfied.

In Inv. Business

(Special to The Financial Chronicle)

RIVERSIDE, Calif. — Southern Commercial Corporation is engaging in a securities business from offices at 3722 Tenth St. Officers are Eugene L. Covy, President; E. R. Payne, Secretary-Treasurer; and Leonard H. Brown, Assistant Secretary-Treasurer.

$50,000,000

inland Steel Company

First Mortgage 4 1/2% Bonds, Series K

Dated July 1, 1957

Due July 1, 1987

OFFERING PRICE 100% AND ACCRUED INTEREST

Copies of the Prospectus may be obtained in any State only from such of the undersigned and others as may lawfully offer these securities in such State.

Kuhn, Loeb & Co.

The First Boston Corporation

A. G. Becker & Co. Inc.

Eastman Dillon, Union Securities & Co.

Glore, Forgan & Co.

Harriman Ripley & Co.

Kidder, Peabody & Co.

Lehman Brothers

Merrill Lynch, Pierce, Fenner & Beane

H. & W. Securities Corporation

Smith, Barney & Co.

Drexel & Co.

Ladenham, Thalmann & Co.

Salomon Bros. & Hutzler

White, Weld & Co.

Lee Higginson Corporation

Dean Witter & Co.

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NEW ISSUE

July 17, 1957

(279) 11
Present Problems and Possible Plight of Local Finance

By C. Canby Balderston*

Vice-Chairman, Board of Governors of the Federal Reserve System

Federal Reserve Bank of St. Louis

Digitalized for FRASER

Reserve Bank points out that current mass prosperity has created severe problems of financing State and local governments. Offers statistical demonstration of result of lesser harm to borrowers from higher money than from the alternative of raising prices from inflation. Maintains nation's financial health requires that its spending be held below what it earns through production; that it: private investment be restricted to the available savings, with public investment geared to tax payments, and that both Government and private spenders exercise prudence in their spending choices.

The longer the present situation lasts with its high employment, high prosperity, and high rising prices, the more worries become to problems of financing State and local governments. Mass prosperity has created for municipal finance officers an immediate but most troublessome problem. It has also brought into being a serious trend to the functioning of local governments.

The current financial problems are alleged to stem from so-called "tight money." Money is "tight" in the sense that the aggregate demand for money and credit is greater than the supply. Though the money supply increased last year in this country by 1% and its activity (i.e., demand deposit turnover) by 8%, the demand for money and credit mounted still further and pressed up the interest rate, which is the price of money. What was true of credit has been true of other commodities, particularly those in short supply, such as metals and metal products, not only in this country but in Europe.

To have pumped short-term bank credit into the credit supply would not have made human and material resources more plentiful, but it would certainly have boosted prices still further. This gap between our desire to spend and what we can actually produce, and between our desire for capital improvements and what we manage to save to finance these improvements creates a problem.

Problem General

This problem is not unique to State and local governments. It confronts businessmen, consumers, and Federal Government. Of the increase of $2 billion in total expenditures for gross national product last year, more than half represented price rises. In the scramble for resources to build new plants, houses, schools, and roads, demands have outrun supplies, and the prices of all of our resources have been bid up. Similarly, demands for funds for finance expenditures have outrun the available supplies of savings, and the price of long-term funds has increased for all borrowers.

The Rise in Interest Rates

As you know, interest rates on State and local securities have risen sharply. This is shown in the graph in Figure 1. The higher costs of borrowing may have received a disproportionate public attention in view of the relatively small part that interest plays in total municipal and State expenditures. Figure 2 indicates that interesting accounted for only 2% of these total expenditures in the calendar year 1953, the latest year for which data are available. This percentage was less than in 1945, in the years just prior to World War II. Interest has increased less in the past decade than there have been other types of expenditure. Nevertheless, most of the publicized efforts to solve the problem of inadequate resources for local government have centered on this 2% rather than on the high and rising costs of the other 98%. The alternative of increasing cost of borrowing, but out of growing demands of current operations and of enlarged capital expenditures.

Perhaps only a few would argue that the problem would be solved by making credit available to meet all borrowing demands. Yet, a subtle, insidious version of this argument is gaining some measure of acceptance. This version rejects the easy availability of credit that would invite massive inflation, but suggests that we can tolerate enough credit expansion to permit a "moderate" price rise of, say, 2 or 3% a year. Aside from what such a natural policy would do to savings in the form of pensions, insurance policies, savings and, and bank deposits, what would such a policy mean to the cost of carrying municipal debt? Suppose, for example, that an annual price rise of 2½% would be accepted?

Alternative of Creeping Inflation

Under alternative (a), that of "creeping inflation," the $6 billion excess of outlays would cost about $4 billion more in total debt service than if prices were to be prevented from rising. Under alternative (b), that of stable prices, total debt service would be $2.5 billion less but under assumption (a), the higher interest rate would have been supplied at a substantially lower cost. Under these assumptions, sound municipal bonds would actually save almost one-seventh of the capital budgets assumed for 1963. This comparison is shown in Figure III.

No one likes to pay higher prices, of course, whether for money or for anything else. For many years, State and local governments were "preferred" borrowers, paying interest rates substantially less than others because their interest payments carried the boon of tax-exemption. And so in the early post-war years, high grade municipal bonds yielded from 1 to 1½ percentage points less than corporate issues of comparable quality. This is illustrated by Figure IV. Despite today's high tax rates, this premium is a less effective inducement than it was earlier. The scale of State and local borrowing appears to have grown in the market that is willing to trade a substantially lower yield for the tax-exemption privilege. When this borrowing demand reaches $5 to $6 billion a year, and other competitive demands are strong, municipalities may find it difficult to sell at their customary market, but also attract new investors. However, the largest pool of institutional savings available for long-term investment—life insurance—is not likely to be much affected by tax-exemption features. State and local governments, consequently, have had increasingly to compete...
Postenments and Re-Flotations

Although postponements because of market conditions may at times have attracted much attention, little note has been taken of the successful flotation of many of the same issues when they were brought to market again. A survey made by the Investment Bankers Association indicated that about 130 issues, aggregating a total of $153 million, were sold on originally announced flotation dates during the third quarter of 1956. The reason for this was obvious. With the economy of the entire country progressing, the posts offered by investors in the market for new issues was very large, and many more were marketed later on. In some cases, the issues were completed at rates below those rejected earlier. In addition, the fluctuation of terms to meet investor requirements, and by timing security flotations to the needs of the market, a large volume of municipal needs was met in that quarter.

To secure detailed information concerning the national figures for such financing, the 12 Federal Reserve Banks have recently surveyed their districts. In some regional differences occur in the way the data have been obtained, but the results were unanimous in the effect that borrowers were, free of arbitrary limitations of interest rates, they were able to borrow only the amounts that they needed. The survey confirms the findings of earlier studies that small governmental units of reporting areas did not practice credit rating, and in general, subject to discrimination in the market. Allowing for local problems not associated with monetary policy, school financing was as successful as borrowing for any other purpose. A growing awareness of the need to restrict expenditures to essentials has stripped "frills" from many projects.

Now I turn to the possible plight of the governmental units if necessary taxes are not increased. The threat to their effectiveness is deep-seated and inevitable. It is definitely and much more than significant. Aside from the present problem of financing new projects because it has to do with 98% of your total budgets. I refer to the tendency during recent years for expenditures to outpace income.

Current expenditures of all governmental units have increased, and local governments have increased greatly and have required more taxes. Returns from many kinds of taxes have increased automatically with the growth of the economy, and it has proved difficult to keep the "tax base current. Both growth of wealth and population movement have aggravated the problems of some governmental units. Those with abnormal gains have found the most severe problems, but even those areas that have suffered relatively lower population of resources. In booms times, everything seems to work for governments and private citizens desire cannot be secured right away. The effort to do so merely invites inflation, the destruction of savings, and higher prices. The threat is real and it is serious. In common with other American municipalities, financial officers are in the midst of a battle—the battle against inflation. The Federal Reserve is, of course, at the center of that battle. Despite restrictive monetary policy, the consumer price index has just moved up again without resistance. The battle seems unlikely to be won; the public is aware of this problem and has a definite opinion. The Federal Reserve has taken action to combat the rise in prices, but the public is inclined to think that price declines are more important. In this unequal race, the public can scarcely win.

With Crowell, Weedon

LOS ANGELES, Calif.—Raymond A. H. Brunt is now with Crowell, Weedon & Co., 650 South Spring Street, members of the Pacific Coast Stock Exchanges. He was formerly with William R. Stants & Co., Inc.

Minneapolis, St. Paul & Sault Ste. Marie Railroad Equipment Trust, Series D

To mature $1,740,000 semi-annually February 1, 1938 to August 1, 1972, inclusive.

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by Minneapolis, St. Paul & Sault Ste. Marie Railroad Trust Company.

Maturities and Yields

February 1958 4.00% February 1959 4.75%
August 1958 4.50 August 1959 4.85

$5,460,000 (First installment of a total issue of $16,350,000)

Seaboard Air Line Railroad Equipment Trust, Series R

To mature $504,000 annually August 1, 1958 to 1972, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Seaboard Air Line Railroad Company.

Maturities and Yields

1958 4.15% 1959 4.25% 1960-72 4.35%

$1,740,000

Robt. Allen Joins
Alexander, Brown & Sons

The investment banking firm of Alex. Brown & Sons has announced that Robert D. Allen is now associated with their New York office, 2 Wall Street. He was formerly Vice-President of Aubrey G. Lanston & Co., Inc.

With Harris, Upham

Chicago, Ill. — Casimir W. Wojcik has become associated with Link, Gorman, Peck & Co. 308 South La Salle Street. He was formerly with Barclay Investment Company.

$1,740,000

Halsey, Stuart & Co. Inc.

DICK & MERLE-SMITH
R. W. PRESSPRICH & CO.

To mature $504,000 annually August 1, 1958 to 1972, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by endorsement by Seaboard Air Line Railroad Company.

Maturities and Yields

1958 4.15% 1959 4.25% 1960-72 4.35%

$5,460,000 (First installment of a total issue of $16,350,000)
Tapping a Growth Potential
To Assure Business Progress

By ALLEN W. RUCKER


A leading management consultant advises manufacturers to establish broad growth targets to measure output performance, personal progress and income growth, and to improve efficiency of labor utilization. Percieving a manufacturing long-term growth of four times faster than the population, and recognizing that the workman is an important variable in the growth picture, Mr. Rucker finds this industry must obtain three-fourths of its total output by improving man-hour productivity with the remaining one-fourth of added output to come from additional labor and capital expansion in order to make the most of added capital investment, the author recommends extending incentive programs to cover all labor and to include conservative and new management practices. Believing that the aid offered to help ease labor-capital shortages, aid employee morale, and permit the average firm to double its dollar value of production in 11-12 years.

Everyone is doubtless fully con-
scious of the important movement to our
in our population growth during the past decade. Much has been written

said of its ef-
fec-

for future growth of
ning in the near fu-
ture, everyone is
fully aware of the
possibi-
s of

-By ALLEN W. RUCKER

Allen W. Rucker

Electrical and electronics manufacturers are aware of the new growth in industries and the size of the firms.

Chief, forecast. But if you, however, translated all this info figures that will give you a concrete target and an objec-
tive for your company, for you and your own advancement! Where is the work going to be, in five, 10 and 20 years from now?

Without some quite specific figures and definite goals, I be-
lieve that the full significance of productively and income growth in our business future cannot fully be ap-
preciated. Let me pin this down more specifically.

If your firm grows and expands at a 4% long-term rate for all manufacturing industry, it should double its size and output in 18 to 20 years. This is be-
cause the increase in the total number of employees is 4% per year. Over the past 40 years, the growth in the number of manufacturing establishments has averaged only about one-eighth of the growth rate in the total volume of output. Seemingly, at the moment, this long-term figure of industry will be shared seven-eighths among firms already in existence or those one-eighth with new firms. This tendency toward the growth of existing firms and the start-up of new finns has enormously favorable influence upon your personal advancement and future income.

Target Growth Objectives

We want a specific, concrete growth prospect in terms of dollar sales, new personnel, and rate of physical growth for the long-term rate of price advances. When that is done and a target is set, we should double its dollar value of production with the addition of new personnel and new physical capacity. Between 11 to 12 years from now; five years from now you should be about 4% of this. With due allowance for certain inherent difficulties in achieving indi-

individual-industry growth rates, these figures will give you at least a broad target.

An account of the demand upon the men and women of gov-

ment, both for military as well as for off-set, is of material concern, and of the service industries. We have to take into account the ex-
-

pectation that the labor force will be steadily declining percentage of the labor force at the legal age, 16. Instead, they are going to school longer, and there is a new generation of technical school. This is not socially so much the older generation of people, but it is im-

perative. But in the mean-
time we have already ex-

tended "labor-shortage" for 10 and perhaps 15 to 20 years in the fu-
ture.

Must Meet This Challenge

As we see it, we shall more and more face this challenge of understanding, the cooperation and the teamwork of the employ-
es with the management of the firm.

By the way, the most interesting figures included therein are: the per capita income of $2,459 of the national average of $1,847; the population of the state was increased by 302,000; and Connecticut has led the nation for much of our time in providing an ex-

tractive buying income per family.

The state average is a main ingredient. What is that amount left for state spending after all federal and state income, that is the amount left for spending after all federal and state income, that is the amount left for savings after all federal and state income. Much has been revised upwards for 10 and perhaps 12 years in the future, but it is hoped that the plan will be completed and in operation in 1959.

Kaman Aircraft Corporation has won an Air Force competition for delivery of a sudden attack, a gun-armed, rescue helicopter from 7 other companies. The contract, which is expected to deliver the new air craft in the spring, is of major significance to the manufacturer.

Connecticut Brevities

San Francisco, Calif.

Bruce A. Bales has been appointed regional director of the Danforth Field Co., 315 Montgomery Street, Western District. Mr. Bales is an experienced sales manager formerly associated with the Spokane office of J. A. Hoyle & Co. and the Portland office of Zilla, Smither & Co., Inc.

Field sales will be responsible for the general distribution, trade development for the Western Washington, Idaho, Montana, and Oregon field.

Joins Reynolds Staff

SACRAMENTO, Calif.-C. D. Germain has joined the staff of Reynolds & Co., 919 9th St. Mr. Parish was formerly with Fivel & Co.

With H. L. Jamieson

DEPPE-TEGALER ADDS

LONG BEACH, Calif.—John E. Usher has been added to the staff of Deppe-Tegeler 6 Co., Trans-

ners & Merchants Bank Superinten-

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CHAS. W. SCROTTAN & CO.

New York—Reuter 233717

At the Commercial and Financial Chronicle... Thursday, July 18, 1857
Coal Faces a Challenge

By L. NEWTON THOMAS
President, National Coal Association

Volume 136
Number 556
The Commercial and Financial Chronicle

Prior to World War II, the coal industry began to be looked upon as a sick or dying industry. After meeting the immense problem of powering the nation, we were led to believe that the effort when other fuels were in very short supply, this view became even more widespread.

This view was largely a psychological one, not en¬
couraged by the public generally. Even some members of the industry and officials of some of the coal-carrying railroads and industrial concerns gave it added impetus in the succeeding years. This brought us to the theme of the challenge to continue with emphasis. If such a challenge has been in progress to overcome the obstacles of economic and psychological, that still exist.

Coal’s importance to the national defense has never been more apparent. There has been a tremendous increase in the demand for coal to sustain the nation in meeting the challenge.

The industry has the responsibility of supplying coal at fair and reasonable price to the nation. It recognizes that it has been the Cinderella in the family of fuel suppliers and that by the end of this decade we shall be expected to contribute to the nation’s energy at a standstill in times of stress.

We want Equitable Depletion Policies

The competitive sisters are favored by a more realistic depletion policy. Coal’s position is not alone in this advantageous position. Practically every export market has benefitted from a fair, equitable treatment in this regard. The same is true for coal in the fuels economy of the nation.

Coal must receive proper recognition. It has been the Cinderella in the family of fuels for nearly 30 years. Its contribution to our defense is known. 

Coal must receive more equitable treatment. Its status is very far from the ideal. Some shoots are even in the sun while others are left to wither. Coal must be given the recognition and the status it so desperately needs.

Prospect Ahead for Coal

The result is today the industry in its greatest confidence since many years. There is a better understanding of coal’s utilities and importance. Textbooks, en¬
tries and conferences of the industry, and the public and press are better informed and more knowledgeably in this long uphill fight.

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No longer is it necessary to apologize for the coal industry; its position is not alone in this advantageous position. Practically every export market has benefitted from a fair, equitable treatment in this regard. The same is true for coal in the fuels economy of the nation.

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Prominent Brooklyn Banker Urges Prompt Action On Lowered Down-Payments on Homes

Contending lowered down-payments for homes are not inflationary, George C. Johnson and telegrams top Presidential advisors and Federal officials urging recently passed and signed Congressional Executives' Views such a step as essential to the well-being of the economy and the public interest.

George C. Johnson, President of Brooklyn State Bank, N.Y., urged that the housing bill passed recently by Congress to secure insured mortgages would affect "promptly" the Federal Housing Administration immediately effect liberalized down-payments permitted in the bill signed by President Eisenhowen on June 22.

The banker asserted that lowered interest payments on mortgages insured by FHA are not necessary so that thousands of prospective buyers have not been dissuaded and other safeguards of high initial payments required. Spotting unemployment has appeared in recent weeks for new building materials and equipment, and there is growing unemployment in the construction trades.

"Low-down-payments would remove the disincentive to a considerable degree. Greater numbers of housing units are now being sold when the required initial equity is less. This means more homes are being sold faster, and it is a basic economic fact that production is on the increase. It will be a useful weapon which can be used against inflation."

CORRECTION

Some of the copies of the "Commercial and Financial Chronicle" inadvertently contained the wrong picture in connection with the testi-

Dr. Walter H. Keller

many given on page 10 of Dr. Walter H. Keller, Professor of Economics, University of Minnesota, before the Subcommittee on Housing and Home Finance, Joint Economic Committee, Washington, D.C. The error was corrected before the sub-committee had completed. Here are Dr. Keller's picture, also that of President of President Walter H. Keller & Co., Chicago, which latter had appeared in part of the edition.

Glenn E. Hinton

Glenn E. Hinton opens

SEATTLE, Wash. — Glenn E. Hinton is engaged in a securities business from offices at 7338 Forty-Seventh, N.E. He was formerly with Foster Hanly.

Form Lamula Investors

Glenn E. Hinton, Inc. has been formed with offices at 120 William Street, New York City, to engage in a securities business. Officers are John T. Lamula, President; Benjamin G. Hanchy, Vice-President; and Antoinette Braune, Secretary-Treasurer.

THE MARKET . . . . AND YOU

By WALLACE STREET

Although the industrial average worked to within about a quarter point of its record high of 1956, getting through the congestions proved to be a tough chore with plenty of stock available as it approached the historic peak.

Persistent easiness in the market as a result of anything for cheering enthusiasm and stamina for the advance. Even at times when some of the plane shares were trying to rally, others in the group continued to slide into new low ground for the year and helped snuff out the rallying attempts by the more buoyant items.

Motors Reach New Highs

Motors worked higher for a change, Chrysler and General Motors both pushing to new peaks for the year. But this was labored going for them, too. The perennial skycr ocket, Superior Oil of California, raced to the $2,000 level on a few but continued calm in price appreciation of more than $300 in several days of trading. It is the first $2,000 tag seen in some 20 years.

Oils generally were the stalwarts for the first half of the year. But some price unsteadiness that dropped up in fuel oils seemed to call for a new appraisal and the group settled into backing and filling that left some room for a new group leader to emerge for the second half of the year.

The commotion in Revlon and Schringer, started when Revlon took on a stable balance of the $583,000 and the dollars there or in the stock's run, took out of the gray and left a new group leader to emerge for the second half of the year.

A Standout

General Tire was a standout in its group but not because of any great industry expectations in the tire line. It was more of interest to some spirited group owning subsidiary. Arocent General, in the count-market. The latter, available for a week or so late at around $300, reached $400 this week.

Even the somewhat excessively attuned, $300,000, energy fuel field was calmed down a bit by general market irregularity and Olm Mathe¬sis, $2.25, and General American Potash went in for mundane market life.

Du Pont, after a rather protracted correction, worked back over the $200 line, posting some new highs for this year but still a bit short of its 1955 peak of nearly $250. Also in the lagged category, against the performances in previous years, is Coca-Cola which sold higher in every single year in the last decade than it has this year including its 1946 bull market peak of $200 which is almost double the level at which it has been hovering recently.

No Reason for Gloss

Continental Can, whose chairman had forecast a decline in profit for the first half of the year, issued its report late in June to only nine cents a share with the prospects that this would be made up if the second half lived up to expectations. Despite the slight dip in earnings, the $1.06 reported for the first half was a rise over the second toward covering the $1.80 annual dividend which offers a yield of around 4% at recent prices.

Strong Potential

A new outfit that has yet to show its full mettle is Harris-Intertype Corp., put together late last month out of the merged Harris and Intertype Corp. On a pro-forma basis the merged company is about the most diversified maker of printing equipment and supplies with a $60 million sales potential for this year and the possibility of breaking even or better than $4 a share. This would cover twice over the $2 indicated dividend which offers a yield of around 7%. The stock has been hovering around its $34-35 book value and has moved narrowly, coming out of the range of the mere half dozen points so far.

Rail's didn't have the psychological barrier of a record peak to contend with and were able to shrug off the indus¬trial seasawing and even, at times, show modest gains. The 12,500 going of the Virginia
type is the highest since 1946 and it is not likely that it will climb far unless and until the strike period of last year, earnings should show up well for this year and in the latter part of the year, stock payments could be readjusted to a higher cash basis. The cash payment represents 21/2% yield to current.

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

Form Mutual Inv. Serv.

FOREST HILLS, N.Y.—Daniel J. Schatz is engaged in a securities business from offices at 64-85 Wethered Street under the firm name of Mutual Investment Service.

In a statement issued in amplified style of his telegram to the Federal officials, the Brooklyn banker explained:

"As passed by Congress, the housing bill sharply lowered down-payments on FHA-insured mortgages. This provision is mere¬ly permanent, however. It is not mandatory. Before these liberalized terms can be made effective, the FHA Commissioner must find that such action is in the public interest and warranted by economic conditions.

For the Nation's Interest

"There is no question that lowered down-payments are in the public interest and would strengthen the nation's economy. The housing industry, which suffered a severe economic shock during recent months because there were few home buyers, has seen average incomes have been squeezed as a result of increases of high initial payments required. Spotting unemployment has appeared in recent weeks, most of which supply building materials and equipment, and there is growing unemployment in the construction trades.

"Low-down-payments would remove the disincentive to a considerable degree. Greater numbers of housing units are now being sold when the required initial equity is less. This means more homes are being sold faster, and it is a basic economic fact that production is on the increase. It will be a useful weapon which can be used against inflation."

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Factors to Consider in Buying Canadian Bargains

By ROGER W. BARSON

Ordinary investors are advised by Mr. Babson on what factors to consider before purchasing inexpensive Canadian oil and mining stocks. The noted financial analyst suggests, in particular, not to buy at random and to place price per ton of raw material above $1.50 as the minimum acceptable. The market for all this money and the metal reserves are limited and that future demand will drive cattle selected and supervised Canadian oils and metals far above their purchase price.

I am getting so many inquiries regarding cheap property on the Toronto or Buffalo Exchange that I have come up with some make-inquiry vertically great interest in the stocks. So much money is being sent to Canada by investors that the Canadian government is setting a premium of 5% over the average.

Different Kinds of Canadian Investments

The safest is probably an investment in properties which are more or less controlled by the larger American companies. These are the most liquid basis and should have even more appeal in this atmosphere. They can be bought for income rather than capital gains, but there is a lot of growth in Western Canada; most well will be spent where Canadian investors are going. Some of these are the biggest. To build pipe lines take out a lot of money. Then the wells will not be allowed to produce much until these pipe lines have been constructed. These lines are also large fields of natural gas, but these also are awaiting pipe lines.

The most popular investments are in metal-mining companies, including gold, silver, copper, uranium, and the rare metals. Most of these stocks do not own their own properties, but merely own the properties; some of the producers have been secondary. There are probably many that are selling for less than a dollar a share which will some day sell for many times this. But only experts can pick them at this time. For the ordinary investor to buy them at random is a good deal like betting on a horse race. Some horses will be very good, but which one is another matter.

Relation Between Price and Reserve

Even if a mining stock is selling cheap, that is, below a dollar per share, it is not necessarily a bargain. The price is only a fair valuation, but how many shares are outstanding. The brokers here tell me that most of the brokers look only at the prices and do not consider the reserves. For example, the price of a stock may be $1.00 per share but the reserve is $2.00, and the price is reasonably good. Of course, the number of shares should be multiplied by the price, but comparisons among stocks of different size and quality are the most important. These comparisons tell which one is probably the best buy.

The most important thing for the investor to consider is the amount of real ore reserves, not the amount of metal, gold, uranium, ratchett, or whatever the metal may be. These ore reserves can be determined pretty well by diamond drilling. An honest broker will tell you approximately the amount of the reserves. In addition to knowing the amount of the reserves, one should know the percentage of ore to a ton of ore. This information may be obtained. The investor can divide the price at which the mine is selling by the reserves and secure a rough estimate of the price that he is paying per ton of ore.

Other Factors to Consider

There are other factors to consider: distance as far as railroad, a navigable river, or even highways. Before a metal mine is marketed, it is brought to the surface and refined and the metal transported to market. Each step is expensive, but particularly important. Then, of course, the Canadian government is not the most reliable. If you are too near the border, the government will give the figures on this. The main thing to keep in mind is that the Canadian government is not the most reliable. If you are too near the border, the government will give the figures on this.

Join Staff of

Jos. G. Peterson Co.

ST. LOUIS, Mo.,--Joseph G. Peterson, Jr., has been associated with Joseph G. Peterson & Co., Inc., 1811 South Broadway, members of the Midwestern Stock Exchange, as a Registered Representative.

He has been with Hill Brothers as a Registered Representative for the past two and one-half years following his Marine Corps enlistment.

L. G. Hallock Opens

HOPKINTON, N. H.—Leon G. Hallock is conducting a securities business from offices at 141 South 13th Street. He was formerly with Dewey, King & Johnson.

Form Loicano & Lee

FT. WORTH, Texas—Howard S. Lewisville, Texas, Financial Information has formed the partnership of Loicano and Lee with offices in the Continental Life Building to engage in a securities business.

Shaskan Adds to Staff

Philip M. Ziere, Jr., and James P. Coughlin, Jr., have been added to the staff of Shaskan & Co., Exchange Place, New York City, members of the New York Stock Exchange.

L. Vanden Brocke Addks

KINGSTON, N. Y.—William Howright, Emil C. Kroener and Stephen B. Rubel have become associated with L. Vanden Brocke & Co., 55 Liberty Street, members of the New York Stock Exchange.

F. M. De Sario Opens

WEST LONG BRANCH, N. J.—Fred M. DeSapio, Jr., is conducting a securities business from offices at 100 Hollywood Avenue.
Fundamental Role of Business Is to Operate Profitably

By Dr. Leland J. Doane
President, Dow Chemical Company

Referring to management's "preoccupation" with "social consciousness," Dow Chemical head warns against allowing this to become an end in itself instead of the economic responsibility of profitable operations. Dr. Doane avers, perforce, that businessmen should be concerned with attracting investors and meeting its social responsibilities, including its "primary joint economic and social responsibility of growing business." 

Decrying the chemical industry's failure to recognize price inflation's effect on profits, Dr. Doane notes that the steel industry has been advancing "sensible and potent arguments" for some form of price regulation. He points out: "We deprecate the current value of plants adjusted upward for inflated costs." He asks that government and society face "facts of life" including our social responsibilities for policies favorable to world peace and security.

It is difficult nowadays to go into any sort of industrial gathering, or even to go about your rounds of a couple of days, without entering into some discussion of managements' social responsibilities, particularly the "corporate ethic." And therefore, Dr. Doane concludes, the operation of business "in the public interest." All of which is well, of course, referring to the paramount necessity of the area of business behavior, and a broad, vague and complex area it is.

Industry people talk about it, managers read about it, analysts make surveys of it, and even college professors pontificate about it. No one, however, has yet told us quite what it is.

"We have been talking about it for some years..." Dr. Doane began. "We have been talking about the question of whether or not business should be doing things for the public..." He said, "we must face the fact that it has been growing in importance for some time..."

"I don't think this is anything particularly new," he added. "I think management was long overdue in assuming a role of leadership outside of the day-to-day conduct of ordinary business matters. And there are many who think that it has been good. Some of the things we do, the policies we follow, can hardly be reduced to economics. We would be hard put to identify for our stockholders the dollars of profit that have resulted from any particular product or program, or practice. But we have a pretty firm conviction that most of these things accrue to our benefit sooner or later directly or indirectly.

This preoccupation, however, distresses Dr. Doane, that is always possible become myopic and allow the means to become an end in itself. We have heard it said, for example, that business, if it is to be successful and enduring, must be operated on a basis of social interest. And a pretty large framework it is. But I hope we will never kid ourselves that we are operating on this basis.

Basic Function Is Economic

Our function is an economic one, and we have a very direct responsibility to this end. This is true for any business, whether the experience is just as ably as we possibly can. Our contention is that the core of the problem, the package, but they are indirect. Unless they are properly evaluated, the function they serve is not possible or beneficial.

"The only reason we can do a good job and good responsibility functions are we are going to be to discharge our social responsibilities, or social responsibility," he continued, "must be judged in terms of its contribution to the beneficial to the immediate and long-range welfare of the business.

"We have an undeniable, indefinable, operation. That is the simple and perfectly honorable purpose of our business. We have a responsibility to a former or, as employees of the owners of the corporation, to provide dividends and earnings that it earns and grows. Our second responsibility hinges on that.

"To do that we need to very realistic in recognizing our true costs and, one way or another, to maintain a proper balance between the costs and our earnings, if we are to get from the things we produce; the worst of this is that we might lose some of the strength of a large corporate organization it is easy to let things slip; we might lose some of the things that we have come to think of as our core business which we are, through bad years, and we have been thinking about it for some years," he continued, "we have been talking about the question of whether or not business should be doing things for the public..."

"The result has been that we have been putting less into trying to do the things that have been in the public interest, and our policy has been..."

Dow's business is an enduring thing and lives in a changing economy if it is to be to us we are going to be, moisture in the pampering, and they are not the exception. The outlook is not always choice, neither is it especially bright. Perhaps some of you read a recent statement on this subject. I would like to quote just a part of it. "We have a great deal of new gallioning inflation, no runaway prices, no frenzy of speculation, and the economy is not in a position to get one which will be in one market where it will be in another. But if the economy is on the rise in which technology will be changing rapidly, in which competition is getting stiffer..."

"We are talking about the problems that one manager of business and the return of a profit as the first of PRIMARY RESPONSIBILITY.

Criticizes Foreign Progressiveness

We have seen much of this type of criticism from the European industry. They deplore the business management have been so apt to be avoid if they are to keep the public interest only if we first of basic economic responsibilities. These are the home of the United States and the capital of the world, and the return of a profit as the first of PRIMARY RESPONSIBILITY.

As we noted in the previous discussion, the continent of Europe have been making the effort to prove that the stockholder's slice does not become thinner. He has a right to expect this from us, and if you want to face very cold reality, the survival of capitalism as we now know it depends upon a long term growth in the corporate entity worthwhile.

Primary Social Responsibility

Now, there is another responsibility of a different order. We can well be regarded as both economic and social. And so this college student that I spoke of asked: "Do you consider primary social responsibility of management?"

He told him: "Progressive and enlightened businessmen are not content with mere earnings..."

"Our competitive economy and ever-changing technology this is quite apt to be a necessity for survival. But management must be able to advance one of its own. I do not think that the management and industrial and government talk into account some a long time for life which relate to this problem.

Refers to Obvious Facts

Indeed, our economy is not static, thing. It moves and changes. For many, many years we have done an extraordinary economy. Sometimes things have been relatively slow, and then there have been temporary downturns, but over the long pull it seems that there is a degree of the purchasing power of the market.

Secondly, corporate business continues to be profitable, in nature. In the end, we must come to recover it with whatever profit we can. We do it in our land. And large, the corporate growth goes on without the products to the line. The best we can do with a little. They didn't want anyone recking it.

But Herbert Dow was a born during, almost standing still never, hanged, or lying. He accepted the philosophy and very much, to do the things that he wanted to do, and that is the reason why we have a baby compared to some others.

This went along very nicely until a day one experimental unit was destroyed. And the directors found out that he had made a mistake, and the company was on the edge of the business, and the company was on the edge of the business. And the directors realized that they had a legal right to recover it, but, in effect, we have cent.

Business expense is an enduring thing and lives in a changing economic system if it is to be to society, and the economy is not in a position to get one which will be in one market where it will be in another. But if the economy is on the rise in which technology will be changing rapidly, in which competition is getting stiffer, and the returns may be the same.

"The result has been that we have been putting less into trying to do the things that have been in the public interest, and our policy has been..."

"But we have a pretty firm conviction that most of these things accrue to our benefit sooner or later directly or indirectly.

We are now in the early stages of what everyone seems to be calling, "Europeanization of capitalism."

Managemen - New Vistas

"We are now in the early stages of what everyone seems to be calling, "Europeanization of capitalism."

"Whether what would have happened if we were to have put more of the rest of them—if he had not been in operation—whether it was a better way of life, or not, it was the need, and this need was, in our own country, in our own country, and in our own country.

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What Kind of Tax Reduction When Taxes Are To Be Reduced?

By RICHARD A. MUSGRAVE
Professor of Economics, University of Michigan

Prominent tax economist proposes a modest future tax reduction plan, "if and when" conditions permit, which lowers low income group rates and limits top surtax bracket rate to 60%.

After diagnosing our present economy as being buoyant, the Economist proposes reducing tax rates. Federal expenditures so long as this condition continues. Professor Musgrave claims: (1) cutting the budget builds, builds, builds adjustivity in; (2) tax cut should not be restricted to capital income items. Furthermore, this has increased 55% since 1940 and 29% since 1947. Denies current tax load in America is intolerable; contends our budget contributes to our prosperity; and suggests authority be delegated in a prescribed manner to tax-exempt tax changes to be instituted when required.

Early Tax Reduction Not Called For

Tax reduction is the topic of discussion. If there is a distinct downturn in economic conditions, or when there occurs a substantial cutback in public expenditure, not before. Yet, I do not see the signs of a development in that direction which calls for early tax reduction. When it comes, it will be strongly in favor of income tax cuts, and I would like to see increased flexibility in tax reduction permits to prompt action. But now is not the time for reduction as long as the economy continues to show buoyant level, tax reduction will only be an incurring of future tax money, and it will increase the already existing imbalance between monetary and tax restrictions.

Nor do I favor substantial cuts in expenditures. I am much disturbed by the growing-by-partisan-commission of Government spending, for a course; and I sympathize with the President's drive, if belief, in defense of his budget. Whatever can be done to increase efficiency in public expenditure programs should be done. This much is self-evident; but it appears that any substantial cutback will involve curtailment of programs, rather than efficiency savings. As a citizen, I do not favor a general curtailment of programs. I do not think that the American people spend too large a part of their budget for these things. I do believe that the level of defense spending is too high; and while I recognize that defense needs cannot be avoided, I do not feel that we should spend on defense services. However, this is not the important point for by topic.

The important point is that much of the current pressure for cutting the budget is carried on under the banner of taxes must be cut because the current load is intolerable. I am not qualified to judge whether the current load is not fair from a political point of view; and if the type of Congressman can do to persuade the people otherwise. However, I attempt to evaluate the economic aspect of the matter, and I am convinced that the tax load is not intolerable at all. What seems to be the President's prescription is that we must cut a walk edge between military defense abroad and economic disaster at home—just is a nightmare. It has no basis in fact, at least not in the present setting. To be sure, there could be a level of military expenditures which would set us back, itogged the economy of the wartime type. This is not a matter of reducing the rate of economic growth, as is cut, and I would see it with increased flexibility in tax reduction permits to prompt action. But now is not the time for reduction as long as the economy continues to show buoyant level, tax reduction will only be an incurring of future tax money, and it will increase the already existing imbalance between monetary and tax restrictions.

For the present time, the reduction of taxes does not seem to be the way to reduce the deficit. If the government were to cut the deficit by reducing taxes, it would be likely to see a modest cut in the rate of corporate income tax, which is the key to the present tax structure. Notwithstanding present levels of taxation, the American consumer is already paying too much for his share of the tax burden. For example, the income after tax since 1940 (on a per capita basis, and deflated for price change), and a 20% gain since 1920. The levels of income and the levels of price would continue to rise. The present level of tax rates have to be maintained.

The longer run, present tax rates will bring in a rising yield, and their shape is the key to the present tax structure. This will persist in taxes are not provided that defense requirements rise less rapidly than the level of national income. This is a substantial consideration, but I see little basis for it. In particular, not if we consider that the Russian national income is likely to rise faster than ours. The case, we should be very careful not to create unjustified expectations for tax reduction over the next few years. Such expectations will materialize in an upward inflationary impulse if international conditions take a decided turn for the better; or, in the less pleasant event, that economic conditions will then close in on a depression and a deficit is called for.

Pattern of Tax Adjustment

With this in mind, let me turn to possible patterns of modest tax reduction. The first is a "yoy" relationship, in which the tax rate is maintained at the same level. Such reductions must be viewed in the context of improving and consolidating the tax structure. The policy of raising and lowering tax rates, as such would be possible with a zero budget change, is a different matter and will not be considered here.

In the second pattern, I would propose a 5% cut in all bracket rates under the personal income tax. I would implement the above adjustments by (1) splitting first bracket of personal income tax into two brackets, and raising the rates of the second by 50%, a 3-bracket system. (2) Applying source withholding to interest and div. income. (3) Other measures to lighten personal income tax. (4) Modifying the estate tax. (5) Modifying the estate tax. (6) Reduce corporate rate on dividends paid by 50%. (7) Reduce corporate excise tax by 50%. (8) Reduce corporate tax rate to 50%.

Net change

Millions

(1) Split first bracket of personal income tax into two brackets, and raising the rates of the second by 50%, a 3-bracket system. (2) Applying source withholding to interest and div. income. (3) Other measures to lighten personal income tax. (4) Modifying the estate tax. (5) Modifying the estate tax. (6) Reduce corporate rate on dividends paid by 50%. (7) Reduce corporate excise tax by 50%. (8) Reduce corporate tax rate to 50%.

Net change

-5,000

The type of tax reduction, with the type of tax reduction, is based on whether the proposed cutback in the budget, including tax expenditure reductions—will be an inflationary or a deflationary factor.

Traditional reasoning in fiscal theory has held that an equal cut in public expenditures and tax yield reduces the total public spending, and that the deflationary factor is a change in the economy. What I like to refer to as the Rambles hypothesis holds that the level of income will rise. The former is the case if we assume that the resulting effects on investment operate via changes in the tax rate, while the latter is the case if investment increase. Revenue effects on tax yield. The latter may be the case if effects on investment operate via changes in profitability due to changes in tax rates, in which case, investment may rise by more than the reduction in tax yield.

If the latter interpretation were correct, the propogated reduction in expenditures, combined with a reduction of taxes on investment income, might be inflationary in net economic effect. If the former were the case in the short run, until such time as the reduction in tax rate, I do not think that the cutback in government spending and the reduction in tax yield may exceed the reduction in tax rate.

With Glowe, Forgan

Harry H. Morris, Jr. has joined the ranks of Glowe, Forgan, & Co., 40 Wall St., New York and Midwest Stock Exchanges.
situations, assumptions given, put, almost, is because growth-oriented. I; i;educe the path and effects of public-expenditure and terms of surplus? In which tend to curb the expansion of the Federal Reserve Bank of St. Louis. In 1950. Mr. Burgess, President of Trans World Airlines. assistant secretary of national defense from September, 1954, will resign and assume the presidency of TWA in January of this year.

The appointment of Donald F. Hall as an Assistant Vice-President of Manufacturers Trust Company, New York, is announced by Harold C. Simmonds, Jr., President. The company was incorporated in 1945. Assistant Vice-Presidents of the bank’s foreign division, succeeding Louis H. Haskins, Jr., who left December 31, James R. Greene, was promoted from Assistant Vice-President to Vice-President.

Hans V. Holtermann Charles A. Smith
Grace National Bank of New York

E. Louis Holtermann
Assistant Vice-President and Comptroller of the Bank.

E. Louis Holtermann
was in charge of the Bank for 41 years, was named Cashier in 1932. He followed a new path 27 years of experience with the Grace organization, he was appointed comptroller and auditor in 1953. Prior to joining the Grace organization, he had been associated with Bankers Trust Company from 1920 on.

Carter L. Burgers has been elected president of the Bankers Trust Company of New York. He was appointed by the Board of Directors of the Bankers Trust Company and will succeed Mr. Perkins, who retired two years ago. The appointment was announced on January 1, 1954, by Mr. Perkins. The Bankers Trust Company was incorporated in 1950. The appointment is effective immediately.

J. Bernard Avegno, retired offi
cer of the company, is succeeded by the Guarantee Trust Co. of New York, died on July 10 at the age of 72.

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Wall Street, New York, the board of directors announced, Mr. Robertson has been with the American Trust Company since 1951. His previous connections included the National Brank Bank, New York.

Paul E. Berner was elected As sistant Vice-President of the bank and joined the bank in 1943 and has been in the financial district since 1951.

Mr. John W. Hooper, President of the Bank of the West Savings Bank, Brooklyn, N.Y., announced the election of Frederick Wehrick to membership on the Bank’s Board of Trustees. The election took place at the regular July meeting of the board.

Mr. Hooper also announced that the banking house has approved The Lincoln’s application for another branch office, to be located at 550 North Hudson Avenue and West 2nd Street, Brooklyn.

John T. C. Low, New York City, has been elected Vice-President and Trust Officer of the Lincoln National Bank & Trust Co., Syracuse, N.Y.

Directors of the Citizens Trust Company of Buffalo, N.Y., and the Manufacturers and Traders Trust Company of Buffalo, N.Y., approved plans for a merger. For every share of Citizens Trust Company 3½ & T will give 12½ shares.

REPORT OF CONDITION OF Underwriters Trust Company

50 Brander Street, New York, N.Y., at the close of business on June 30, 1954, has filed with the Department of Banks pursuant to Section 2 of the Banking Law of the State of New York, a Report of Condition.

ASSETS

Cash, balances with other banks and on deposit with Reserve Bank, $16,370,752.64

Government obligations, direct and collateral, $11,875,253.78

Obligations of States and municipalities and of investment trusts, $2,361,510.80

Balances due from other banks, $1,941,947.74

Notes, bills and bonds, $7,832,599.03

Mortgage loans and securities held as collateral, $5,749,281.87

Other assets, $1,475,670.73

TOTAL ASSETS $62,340,159.39

LIABILITIES AND DEBT

Demand deposits of individuals and corporations, $10,321,923.47

Time deposits of individuals, partnerships, and corporations, $3,701,532.53

Deposits of United States government, $4,138,548.70

Deposits of foreign governments and international organizations, $11,152,583.16

Deposits of individuals and countries (certified checks, etc.), $475,289.17

TOTAL DEPOSITS $25,491,077.01

TOTAL LIABILITIES AND DEBT $30,449,124.76

CAPITAL ACCOUNT

Capital stock, no par value, 43,720,000 shares, $10,926,992.00

Surplus fund, $1,000,000.00

Reserves, $1,469,600.00

Reserve for losses, $47,509.63

TOTAL CAPITAL ACCOUNT $12,499,061.63

SUMMARY OF STATUTORY LIABILITIES AND DEBT ACCOUNTS

- $2,125,765.35

This bank’s capital consists of stock with par value of $1,690,000.00.

MEMORANDA

Assets pledged or mortgaged in the name of securities and for other purposes, $12,469,423.70

Loans as shown above, $12,469,423.70

Loans or advances secured by securities or other collateral, $12,469,423.70

In the event of the insolvency of the bank, all amounts secured by securities or other collateral are subject to the claims of creditors of the bank.

Correct Address: 800 N. W. A. HENDRICK SUMMER FORD (Director) DON E. KINNARD (Director)

The city's most popular...
Effect of the Price Level Upon Economic and Business Outlook

Continued from page 3

we will come to the conclusion that the purchasing power of the dollar is well maintained in the future.

Prices Fall in Long Run

Before turning to this analysis we should take a very long view back at prices. That "long view" will tell us that prices mostly fell from 1815 to 1961. Here was a 46-year period in which prices were declining, not rising. We all know that wars can make prices go up; and just as much, that prices from 1861 to 1865. Then we had from the period of 1865-1873 to 1896 a period of almost 28 years featured by a fall in prices. From 1896 to 1913 we had the only sustained peacetime period of price rise which our country has ever known. From 1914 to 1920 prices rose again, certainly as a result of war. From 1920 to 1930 we experienced another 19-year period of falling prices. Thus the record shows, if all ears could be let as that the tendency in the United States most of the time has been for prices to fall and not for prices to rise.

This tendency toward more years of falling prices (perhaps we do not know how adequately to increase the money supply) has given us serious and at times intense economic depressions.

Advantages of Mild Price Rise

I certainly do not urge that we plan for some inflation to avoid economic recessions. But I would point out the wide agreement that we may have entered a period of rising prices by a much smaller amount than the fall in prices from 1945 to 1950. Perhaps we can isolate the factor which operated in these cases, the use of inflation or falling prices of about the same magnitude as the very recent period of inflation and rising prices, we may come to have more confidence in future price stability.

The central fact of the period of falling prices from August, 1945 to February, 1950 was that investment by business fell by about $13 billion. This was primarily investment in inventories. Thrusting out accumulated inventories into markets, lowered prices a full 4% in a year and a half. Such action by businessmen may occur again.

In the recent period from 1953 to 1957 American business increased its investment expenditures for new plant and equipment from $29 billion to $35 billion. This is an increase in investment of $6 billion. The averaging expenditure for new plant and equipment has had two very important and remarkable consequences.

Sees Profitable Protection

The first is the inflation in prices of 2.5% we have had since March, 1955. The second important consequence is the substantial rise in the interest rate which is so meaningful to the entire life insurance industry. As interest rates may momentarily measure "protection" as fundamentally coming from an earning rate or the interest rate on fixed investments, then those protected by the life insurance industry are going to be profitably protected in the years ahead.

Industry today knows how to do a very great many things very much better in future years. Let us leave it as simply as that and ascribe the cause the $7.3 billion now annually being spent by all industry for research and development.

All this leads to a demand for capital and that increased demand for capital which becomes profitably employed is what produces the promise of a sustained high rate of interest of the decade ahead. We can certainly appreciate the good prospects for this better interest rate by a quick review of monetary developments of the last 10 years. If the first 10 years of that period the basic monetary reserves of the country, gold, were increased from $4 billion to $24 billion. Of course, this increase in the supply of basic monetary reserves, the nation's "high-powered money," spelled a huge supply in hesitant funds and that produced the low interest rates, the dismally low interest rates of 1933-1935.

We should be happy that those days are gone. Dead or "stagnant" economies have no interest rates. Economically sick countries have low interest rates. I hope the healthy American economy we have today will come to be appreciated and that one of the best measures of its health, a firm, improved and satisfactory interest rate, will be applauded and not considered as it seems to be today.

We should be proud of this new firm and higher interest rate because it records the great technological progress we are making.

Upward Price Pressures

However, when the rate of businesses investment in new plant and equipment is intense, we have two forces coming into operation which work toward the inflation of prices. The first force is that business borrows money, and some of the money comes from banks to finance the expansion in investment. Borrowing money from banks enlarges the money supply.

What's new on the track

A single dispatcher in Erie oversees 80 miles of railroad. Simplified diagrams, below, representing a 7-mile stretch of track, show how his CTC controls movements of trains.

12:35 a.m. freight "NY-6" crosses over behind Commodore Vanderbilt to leave track #1 clear

12:40 a.m. "NY-6" enters cutoff approaching Buffalo. Eastbound Century will have track #2 clear

12:43 a.m. Freight "LS-1," leaving Buffalo, moves out onto track #1 behind westbound Century

12:46 a.m. "LS-1," though running at 60 mph, can travel safely behind 80-mile-on-hour Century
New York Central

The speed of your freight is doubled... as our new electronic "traffic cop" makes two tracks do the work of four

The New York Central has removed half the tracks along one of its busiest sections of right-of-way—183 miles of main line from Cleveland to Buffalo!

Yet today the same heavy volume of traffic is being maintained on this stretch... and the speed of your freight has even been upped to a mile a minute for most of the distance—thanks to the careful, confident automatic traffic directing of a new $8 million "CTC" system.

Wired for efficiency

Simply stated, CTC—Centralized Traffic Control—is an electronic switching and signal network which enables us to use only two tracks for all the traffic it once took four tracks to handle.

The new track pattern is duplicated on a master control board. Colored lights glow on and off to show the progress of each train... the position of switches... the situation at stations and passing tracks. A single dispatcher can take in the traffic picture at a glance.

Quick switch

With high-speed crossover and passing tracks located at an average of every seven miles along the main line, CTC automatically switches passing trains back and forth between the two main tracks, using whichever stretch is empty. Everything keeps moving—quickly and dependably.

Cleveland to Buffalo is the longest, most modern double-tracked CTC system in the world. But more such installations are already in progress on the Central. And by 1963 we expect to have the whole main line between New York and Chicago CTC-controlled.

Centralized Traffic Control is just one of many reasons why your shipments move faster and safer on the Central. Ask our freight salesman about the other new developments that can mean better service than ever—"at no extra cost to you."

Route of the 'Early Birds' New York Central Railroad

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Chase Manhattan Bank
Group Offers Issue of Atlanta, Ga., Bonds

Offering of $15,465,000 City of Atlanta, Georgia 3.1/2% bonds totaling $15,465,000, inclusive, was made July 17 by a bankers syndicate to Chase Manhattan Bank. The group won the business on a bid of $14,965,000.

The bonds are priced to yield from 2.40% to 3.45%, according to sources of representation for savings banks and trust funds in New York City. These bonds will be issued for school, water, sewer and other municipal improvements.


H. P. Lee Opens

MIDLOTHIAN, Texas—Homer P. Lee is engaging in a securities business from offices at 624 South 14th Street.
Is Britain Facing a Crisis?

By PAUL EINZIG

Noting that the fall in British gilt-edged market has gone far beyond extreme pessimistic expectations, a leading British economic observer declares that if this should continue it would mean "we have reached the end of the road." Dr. Einzig criticizes the Chancellor of the Exchequer's policy of exhortation and the Government's policy of being oblivious to the gravity of the situation. Suggests whatever else the Exchequer must resign himself to being made will be unable to sustain the ever-depleting sources of demand in the market. In his view, the new austerity measures, which have been introduced, do not augur well for the economic situation.

LONDON, Eng.—There is a new conviction among financiers about the possibility of an acute deterioration of the economic situation. The near future looks bleak. The trade situation, which was temporary and brought about by the war, now looks permanent. The export of money is in the hands of the Government and the banks are in the hands of the Government. The Government has been weak, according to the writer, in facing this economic danger.

The British Government is criticized as being one of inaction and action. It continues to impress the Government to resort to measures of anticipation, but not to take any significant action. The Exchequer contains little else but excursions. Drastic action is needed to prevent the exchequer from being overwhelmed by the Government's actions. The Government appears to be on the verge of the gravity of the situation and the urgency of the relief measures called for.

C.I.T. Offers Debts. on New Type Bond Plan

C.I.T. Financial Corp., the nation's largest consumer and industrial card issuer, has instituted a public offering of $500,000,000 of debentures to be sold over a continuing period of one year.

The plan is unique because it is customary for major securities issues to be sold at one time through a firm of underwriters.

C.I.T. has established seven series of debentures, bearing a coupon rate of 4% and originally dated from 1950 through 1966. They are being marketed in the open market, the salaried Members of Parliament and the public, but the use of self-denial stands very little chance of making an impression. The effort, backed by organized labor and the public, will continue until the demand is exhausted, and there is no indication of any indication of such a heroic determination.

Retreat from Firmness

On two occasions in the past year, it was believed that the Government had been on its way to enacting a new austerity program. However, today, the Government is taking a stand and has, in effect, given the go-ahead for a return to the pre-war situation.

The Government has been out to demonstrate that it is capable of handling the situation. The Government has been out to show that it is capable of handling the situation. The Government has been out to demonstrate that it is capable of handling the situation. The Government has been out to demonstrate that it is capable of handling the situation.

More Dangerous Than Another Devaluation

It is not realized sufficiently that the devaluation of 1939 was a matter of the market, if it should continue, it would be a matter of more than just another devaluation of the pound. After all, it is well to remember that the devaluation of 1939 was a matter of the market, if it should continue, it would be a matter of more than just another devaluation of the pound. After all, it is well to remember that the devaluation of 1939 was a matter of the market, if it should continue, it would be a matter of more than just another devaluation of the pound. After all, it is well to remember that the devaluation of 1939 was a matter of the market, if it should continue, it would be a matter of more than just another devaluation of the pound.

The attitude of the Socialist Opposition is far from helpful. However, it seems clear that the Government is going to have to deal with the problem of the British economy. The Socialist leaders could establish reputation for statesmanship by attempting to work out a new policy to control the situation. The leaders of the Socialist Party should exercise self-restraint in their criticism of the Government's policy and exercise in the first instance a statesmanship that is not for the sake of short-term goals but for the long-term benefit of the country.

I. R. Friedman Opens

IRVING R. FRIEDMAN IS ENGAGED IN A SECURITIES BUSINESS FROM OFFICE AT 125 BROADWAY, NEW YORK?

WILLIAM H. FERRY OPENS

SAN MATEO, Calif.—William H. Ferry is engaged in a securities business from offices at 125 Broadway, New York.

Great interest has, therefore, been paid to single injection machines through which complex circuits can be wired. The equipment is then cycled to give the short run feasibility study. The writer is also stating nothing new when I say that good and private officers are looking toward short-run mechanization and are starting to perform a specific circuit function. The data processing equipment industry and the radio and television industry have thousands of similar components, which are manufactured to perform circuit functions and to meet the needs of the terms of the operating parameters. These components, not all required to perform automatic function, are manufactured in great numbers in accordance with the virtue of being dynamic components. In order to ensure the integration of these components, a series of integrated equipment has been developed. These components include such components as diodes and transistors in various stages of development. As I have now have sufficient experience to write in the technical language, we have developed a complete electronic device for this method to be very successful when there is a need to be positive, and in a number of cases, the technical problems are solved by a wholly new circuit by more elaborately designed components.

Because of the lack of perfection of mechanization equipment, the writer has not used the term "short run." For short runs, still rely on interconnectors and the like, which has been a problem which has been solved by the writer. We have been able to do the job quickly. I refer to the skilled manual worker who is the backbone of most of our electronic assembly lines.

Introduced Gradually

For instance, the introduction of a new component or a new machine will require an enormous total investment in minor and skilled man power and must be introduced with this general approach. These changes require the introduction of existing plants or the construction of new ones. Lord Halsbury, an English author and authority on electrical and electronics, has described a factory to a company which must be brought to a state of readiness, in order to grow. "We must accordingly wait for a new generation of employees to be developed, and the knowledge of them to be assimilated into the company. The net result will be the direction of increasing skill, and the existence of the unskilled is nil.

Our immediate problems of today are caused by the fact that we have been concerned very much with the growing shortage of trained man power. The writer has been trying to get increased output with..."
better uniformity of product. How
we, in the electronics industry, will
achieve this is, of course, the
problem. I venture to sug-
pose that we will be able to com-
bine the understanding of the
components and subassemblies, of
mechanization, and cost reduction
as it develops. By combining these
two main elements we will have
a much more powerful cost-saving
system in the end than through any
single approach by itself.

Complementary Economies

Before closing, I would like to
turn back to the state of financial
well being now enjoyed in our
two countries. It seems to me no
speculation at all that in 1922, and the
United States have shared an
astonishing decade-long growth. The
many reasons the economies of
the two countries are complement-
ary, and each is the other's best
customer.

United States capital has played
a significant role in Canada's eco-
nomical development. Canada's raw
materials have measurably as-
sisted my own country's con-
stituting industrial growth. I am aware
that there are irritations—that there
are modest trade barriers which can
and probably will be adjusted to
our mutual long-run advantage. I
also believe that time and
\( \rightarrow \) will give Canadians more
authority and autonomy in the
operation of Canadian branches of
United States firms.

Our nations and our economies
are still young in comparison
with those of Europe and Asia. We
in this new world have been able
to select the best elements of older
cultures and skillfully build them
into our own democratic systems.

From the past 10 years we have
worked as partners in devising
and demonstrating to the rest of
the world a pattern and a record
of economic growth and expansion
which is surely unequalled. We
have developed here in North
America, an economic momentum
which I believe carries with it a
great potential for the decade
immediately ahead of us.

Soo Line Gifts Sold

Halsey, Stuart & Co., Inc., and
associates on July 12, sold
740,000 of Minneapolis, St. Paul &
Sault Ste. Marie RR, 4\% equipment
trust certificates, series D,
dating semi-annually, Feb. 1, 1936
to Aug. 1, 1972, inclusive.
The certificates were priced to
yield from 4\% to 4.63\%,
according to maturity.

Issuance and sale of the certifi-
cates are subject to authorization
of the Interstate Commerce
Commission.

The issue is to be secured by
300 all steel box cars estimated to
cost $2,500,000.

Participating in the offering
are—Dick & McLeer-Smith; R. W.
Presgriff & Co.; Freeman & Co.
and McMaster-Hutchinson & Co.

FIG Banks Place Debs

The Federal Intermediate Cred-
it Banks offered yesterday (July
17) a new crop of approximately
$35,000,000 of 4.20% 6-month de-
bentures, dated Aug. 1, 1937, and
maturing May 1, 1958. The deben-
tures are priced at par. It was
announced that of outstanding
maturities, $11,000,000 of 3\% deben-
tures maturing Aug. 1, 1937 were
sold and privately placed.
Proceeds from the financing will
be used to refund $25,000,000 of
3\% debentures maturing
Aug. 1, 1937 and for general opera-
tions.

The new issue is being offered
through John F. Tuck, Philadelphia
agent, and a nationwide selling
group of recognized dealers in se-
curities.

Opens Investment Office

Sybil Trubin is engaging in a
securities business from offices at
140 West 86th Street, New York
City.

Kuhn, Loeb Group Offers Inland Steel
43\% 1st Mige. Bds.

A nationwide underwriting
of 103 members headed by
Kuhn, Loeb & Co. yesterday
(July 17) offered to the public
$50,000,000 of Inland Steel
Co., first mortgage 4\% bonds, series
K, due July 1, 1987, at par and
accredited interest.

Net proceeds from the sale
of the bonds will be used to help
finance Inland Steel's construction
and improvement program which
involves an estimated expenditure
of approximately $200,000,000 during
the three-year period ending
Dec. 31, 1958. The program con-
templates, among other things, an
increase in annual steel-making
capacity of Inland's Indiana
Harbor, Ind., plant of approxi-
mately 800,000 net tons of raw
steel by the end of 1958, raising
the total capacity of the plant to
6,200,000 net tons. The construc-
tion and improvement program
includes construction of three new
315-ton open hearth furnaces, a
new slabbing mill, a new cold
rolled mill, with an initial capac-
ity of approximately 425,000 net
tons, and additional sintering fac-
ilities which will increase annual
slab production by approximately
300,000 net tons; construction of a
general office building in downtown
Chicago; and development of mining
properties and improvements to plants
and facilities.

The series K issue carries an
annual mandatory sinking fund of
$1,500,000 principal amount of
bonds on each July 1 from 1957
through 1986 and the company at
its option may redeem an addi-
tional $2,500,000 principal amount
during each of such years. The
bonds will be redeemable for the
sinking fund at par and at the op-
ion of the company, beginning
July 1, 1957, at redemption prices
ranging from 103\% to par two
years prior to maturity, plus ac-
crued interest in each case.

Inland Steel is the eighth large-
est steel producer in the United
States. Its Indiana Harbor plant,
which produces all of Inland's
steel, is the fourth largest steel
producing plant in the United
States.

For the year 1956 the company
and its subsidiaries had consoli-
dated sales and other revenues of
$731,766,000 and net income of
$2,999,000.

Oil Corporation

PETROLEUM RESEARCH in an orange grove

In the heart of Southern California's
orange country, tomorrow is taking
form. Last fall, after leveling most of
a twenty-acre orange grove, Richfield
completed its new Research and
Development Laboratories.

Designed to keep pace with Rich-
field's steady growth, this multi-
million dollar project at Anaheim,
California, houses the most advanced
laboratory equipment obtainable.

Here, scientists and engineers carry
on an unending search for new ways
to improve fuels, lubricants and
petroleum refining techniques. They
seek also for new and better petro-
chemical products, for petroleum
technology is one of man's most
swiftly advancing frontiers.

Richfield is proud of the substan-
tial contributions its people are mak-
ing to progress in this field.
Syndicats Outing June 28
At Nassau Country Club, Glen Cove, L. I.

The Syndicats, association of the secretaries of Wall Street syndicate managers, held their annual outing June 28th at the Nassau Country Club, Glen Cove, L. I., under the sponsorship of Robert C. Dunne, Purcell & Co., and Edward Schoenhof, Lehman Brothers.

At the annual election of officers, held the same day, Gertrude Herrington, Smith Barney & Co., was named President for 1957-58, and Mae McDonnell, Blyth & Co., Inc., Treasurer.
Continued from page 15

Coal Faces a Challenge

quately pointed out some of the coal industry's problems. Appropriate measures were recommended. Coal industry leaders, officers of the association and the association's staff have energetically endeavored to secure implementation of those recommendations along with the multitude of other tasks they must perform. They have held numerous conferences and transmitted well documented communications to the Executive Office, the interested Executive departments and agencies of the government and the Congress in attempts to secure favorable action. Notwithstanding the diligence of the industry representatives, some of the report's recommendations have been effectively prosecuted by the Administration. Nor will it likely be done unless the industry and all those who recognize its vital place in the nation's economy persist in aggressive demands for appropriate action.

The matters I have mentioned are among the steps that must be taken for coal to meet its challenge. To do the job successfully in the interest of the public generally, the consumer and the coal producer, we must have a coordination and coordination of industry viewpoints and efforts. National Coal Association has been and will continue to be the rallying point for that coordination and coordination. This has been made possible by the unrelenting effort of the association's committeees. I have mentioned some of them. All of them are entitled to a proportionate share of the credit. In cooperation with other industry organizations, we will continue to disseminate the facts concerning the industry and finally overcome the factual and psychological obstacles that now stand in the way of complete recognition of coal's importance to the nation's economy.

F. W. Schwarz Opens

Newark, N. J.—Frederick W. Schwarz is conducting a securities business from offices at 605 Summer Ave.

FOR AN ADDED VACATION THRILL

see America the BOUNTIFUL

VISIT THE ANACONDA COMPANY'S REDUCTION WORKS AT ANACONDA, MONTANA—WHERE MODERN METALLURGICAL MAGIC TRANSFORMS MILLIONS OF TONS OF ORE INTO MANY USEFUL METALS AND CHEMICAL PRODUCTS.

Within an easy drive of Yellowstone Park's scenic splendors is another spectacular facet of America's rich heritage. It's the famous Anaconda Reduction Works at Anaconda, Montana, 26 miles northwest of Butte. Include a visit to Anaconda in your plans if you're heading out Yellowstone way. A contrast to majestic waterfalls and panhandle bears, what you'll see at Anaconda will join them as memorable highlights of your trip.

You'll see the concentrators, smelters, electrolytic reduction plants, that have made the Anaconda Reduction Works one of the foremost operations of its kind. Towering over all like a sentinel, you'll see the famed "Big Stack," higher than the Washington Monument, from whose base—by a system of electrical precipitation—many tons of valuable material are reclaimed from furnace gases. You'll see batteries of giant rod and ball mills, able to grind more than 40,000 tons of ore to sand-like fineness in a day, and molten copper pouring from converters and casting furnaces. These, and other facilities you'll see at Anaconda will, in a typical year, contribute to America's economy some 260,000,000 pounds of copper, 160,000,000 pounds of zinc, thousands of tons of manganese, sulphuric acid, superphosphate, mixed fertilizer and other varied products.

The Anaconda Company extends a cordial invitation to "come see us" when you're in Montana, at Anaconda, Great Falls, Butte, or at the Anaconda Aluminum Company plant at Columbia Falls. At many of the Company's facilities you may take expertly guided tours, above ground and below. We're sure your visit will give you a new pride and appreciation of your America the Bountiful.

Pennsylvania Bankers Summer School in Aug.

HARRISBURG, Pa.—The Pennsylvania Bankers Association will hold its annual summer school at Bucknell University, Lewisburg, Pa., Aug. 18-23. The school will be divided into a "Bank Operations" and "Bank Management" session, four hours of classes for each will be held on the five days.

Bingham, Walter Adds

Special to The Personal Observer

LOS ANGELES, Calif.—Ronald G. Bishop has joined the staff of Bingham, Walter & Co. 621 South Spring Street, members of the Pacific Coast Stock Exchange. He was previously with Boren & Co.
Relative Value of Earnings: Retained and Distributed

By John T. Cippendale, Jr.

The improved tone in the government market is still attributable to the marginally higher prices of exempt bonds. There is very little breadth to the government market because investors interest in these obligations, aside from the shorter maturities. Accordingly, the day-to-day price movements in these securities is still mainly in a narrow range.

The Treasury refunding is expected to be announced very shortly (probably today, 7/18), with the talk now that there will be a split issue with amounts that are slightly lower than might be nine months or less, and a one year maturity. The shortest issue to carry a rate from 3% to 3 1/2%, depending on the maturity. The one year certificate rate being axis at 3 1/2%. By staying with short maturities, it is hoped the amount of the attraction will be kept to a minimum, but this would most likely have to bear a 4% rate which the market will accept.

Humphrey Feels High Rates Can be "Overdone"

Secretary of the Treasury Humphrey, testifying before the Senate Finance Committee, indicated that he is opposed to any increase in rates. He felt the Central Bank rate that Humphrey told the Committee, he felt high interest rates can be "overdone."

These statements undoubtedly reflect the thinking of Mr. Humphrey, since it is well known that White House economists have also been of the opinion that Federal Reserve credit should have been used to have a marked effect on the economy. To be sure, the answer as to whether or not the restrictive monetary policies of the Federal Reserve Board will be continued is going to depend upon the future course of business and the continued strength of the price-wage spiral.

Central Bank Borrowings Meager

There has been more than a minor amount of opinion in the money market for a long time now as to the effectiveness of continued rate rigidity and the prevailing belief that business will continue to be favorable for an extended period of time. The discount rate has in the past been at pre-war rate levels, and it is evident that as long as the wage-price spiral continues in full force, there will certainly be no lowering of the Central Bank rate. It is well known that the Treasury will have to come into the market very soon to refund the August maturities, and the government does not want to be in the position of having to offer securities it will offer in exchange for the maturing ones it has to.

Also, the highest rate the Treasury can presently pay on its borrowings is not likely to be lowered at this time. Therefore, it would seem to be the advantage of the Treasury to keep the discount rate at the present level of 3%.

Higher Discount Rate Not Ruled Out

In spite of Secretary Humphrey's statement that he is opposed to any increase in rates, the Federal Reserve Board has considered the idea of increasing the discount rate. When the current rate is 3% and the discount rate is 4%, there is a difference of 1% between the two. The idea of increasing the discount rate is unlikely to be considered at this time.

The discount rate is a way for the government to regulate the money supply. By increasing the discount rate, the government can make it more expensive for banks to borrow money, which in turn can limit the amount of money in circulation.

Treasury favors unchanged discount rate

The discount rate, as far as the current monetary policy of the Federal Reserve is concerned, will be considered in the context of the overall economic situation. The discount rate is a tool used by the Federal Reserve to influence the money supply and control inflation. Currently, the discount rate is set at 1%, and it is expected to remain unchanged in the near future.

The key to understanding the discount rate is to recognize that it is a tool used by the Federal Reserve to influence the money supply and control inflation. Currently, the discount rate is set at 1%, and it is expected to remain unchanged in the near future.

What is a Growth Stock?

The definition of a growth stock is not easy. It is not simply a stock whose earnings are increasing rapidly. Growth stocks are typically defined as companies that have a higher than average earnings growth rate.

Growth stocks are typically characterized by high price-earnings ratios and high dividend payout ratios. This means that the company is reinvesting a large portion of its earnings back into the business to support future growth.

Growth stocks are attractive to investors because they offer the potential for capital appreciation and dividend growth. However, growth stocks also come with higher risk due to the high price-earnings ratios, which suggests that the stock price may be driven by expectations of future growth rather than current earnings.

Valuing Growth Stocks

One method of valuing growth stocks is to use dividend discount models, which estimate the present value of future dividends. This approach assumes that the stock price is the sum of all expected future dividends discounted back to the present.

Another approach is to use price-earnings multiples, where the stock price is compared to earnings per share. This approach assumes that the stock price is driven by the earnings growth rate and the discount rate.

Both methods have their strengths and weaknesses, and investors should carefully consider the assumptions and limitations of each approach when valuing growth stocks.

The future of the growth stock market is uncertain, as interest rates and economic conditions can affect the attractiveness of these stocks. However, growth stocks can provide significant returns for investors who are willing to take on the associated risks.
Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

While in all industrial groups there were some decreases in price moves over a period, it is not uncommon to have two opposite price moves. For example, in recent years the oils have enjoyed a strong increase in prices which are all their own; as have the chemically treated lumber stocks, which has been driven higher by the utilities making additions to their generating equipment over a five to ten-year span very well marketable; others do not.

There are a number of reasons why life insurance stocks may be purchased, but let us look at the list to see what individual stocks did in the five years ended Dec. 31, last, and ten years to that date.

Price Changes*

<table>
<thead>
<tr>
<th>Year</th>
<th>1-yr. Range</th>
<th>2-yr. Range</th>
<th>3-yr. Range</th>
<th>5-yr. Range</th>
<th>10-yr. Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artgo Ins.</td>
<td>-4.9%</td>
<td>-5.2%</td>
<td>-5.8%</td>
<td>-7.5%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>American Int.</td>
<td>-6.9%</td>
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<td>-7.5%</td>
<td>-10.0%</td>
<td>-10.3%</td>
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<td>Bache &amp; Co.</td>
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<td>-5.2%</td>
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<td>-7.5%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Continental Ins.</td>
<td>-5.0%</td>
<td>-5.2%</td>
<td>-5.8%</td>
<td>-7.5%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Fireman’s Fund</td>
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<td>-7.5%</td>
<td>-9.0%</td>
<td>-10.0%</td>
<td>-10.5%</td>
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<tr>
<td>Glenn Fire</td>
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<td>-4.6%</td>
<td>-5.3%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Hartford Fire</td>
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<td>-4.3%</td>
<td>-4.6%</td>
<td>-5.0%</td>
<td>-5.5%</td>
</tr>
<tr>
<td>Ion. Co. of St. Am.</td>
<td>-9.0%</td>
<td>-10.0%</td>
<td>-11.0%</td>
<td>-12.0%</td>
<td>-13.0%</td>
</tr>
<tr>
<td>National Union</td>
<td>-3.0%</td>
<td>-3.5%</td>
<td>-4.0%</td>
<td>-4.5%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Northern Ins.</td>
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<td>-8.0%</td>
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<tr>
<td>Ralston &amp; Smith</td>
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<td>-5.5%</td>
<td>-6.0%</td>
<td>-6.5%</td>
</tr>
<tr>
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<td>-6.0%</td>
<td>-6.5%</td>
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<tr>
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<td>-9.0%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Westchester Fire</td>
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<td>-9.0%</td>
<td>-10.0%</td>
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<tr>
<td>American Surety</td>
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<td>-9.0%</td>
<td>-10.0%</td>
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<tr>
<td>Casualty Ins.</td>
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<td>-6.0%</td>
<td>-7.0%</td>
<td>-8.0%</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Employers’ Liability</td>
<td>-5.0%</td>
<td>-6.0%</td>
<td>-7.0%</td>
<td>-8.0%</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Liberty Indus.</td>
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<td>-5.0%</td>
<td>-6.0%</td>
<td>-7.0%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Pennsylvania Fire</td>
<td>-5.0%</td>
<td>-6.0%</td>
<td>-7.0%</td>
<td>-8.0%</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Massachusetts Bonding</td>
<td>-4.0%</td>
<td>-5.0%</td>
<td>-6.0%</td>
<td>-7.0%</td>
<td>-8.0%</td>
</tr>
</tbody>
</table>

*Price movements have been made for stock and fixed income stocks. In the cases where the stock prices are not given, the data are the volume of dividend paid. In the case of bonds, the data are the yield of the 30-year U.S. bond. The data are the yield of the 30-year U.S. bond.

**The data are the yield of the 30-year U.S. bond.

Warren Enters Opens

Warren Enters is conducting a securities business from offices at 47 West Sixty-Eighth Street, New York City.

Blyth Group Offers

Oxford Paper Stock

Blyth & Co. Inc. and associates on July 12 offered $5,400,000 of Seaboard Air Line RR. stock for public offering.

Seaboard Air Line RR.

Equipped Offers

Blyth, Stuart & Co. Inc., and associates on July 12 offered $5,400,000 of Seaboard Air Line RR. stock for public offering.

Second Quarterly Analysis

T. N. Y. CITY BANK STOCKS

Bulletin on Request

Laird, Bissell & Meeds

Bankers

Members American Stock Exchange

250 BROADWAY, NEW YORK, N. Y.

Telephone: Bklyn 2-4201

The Bank ensures every deposit insured by the Federal Deposit Insurance Corporation and this applies to insured and uninsured deposits.

With Bache & Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.

When the entire sample was analyzed, Bache & Co. had joined the staff of Bache & Co., 443 North Roxbury Drive.
The dangers of the current situation are, of course, well understood among the matriculate. This is clearly true of the First National City Bank which in its current monthly letter has this to say: "The question raised by these changing relationships, which put the whole credit world in a state of flux, depends not from the wage increases can be passed on; whether the end-result of these inflationary pressures is to be the continuing rise in the price level which so many expect or the more limited depression which will diminish the market for the higher priced labor and goods.

The maintenance of full employment depends upon the maintenance of the real buying power of all segments of the population.

We cannot too strongly endorse the opinion expressed by this well-known publication when it adds that "the country should understand where the danger lies."

Are We Experiencing Inflation or Prosperity?

"Inflation" is going on and on indefinitely, it is difficult to find a thoughtful man who has ruled out the prospect of the possibility of prosperity and subsequent abatement of any inflationary activity.

It seems to me that much of the rise in prices, and the decline in real purchasing power, is due to the psychological aspect which we have experienced in this country. That is, the phase of a business cycle, rather than that type of inflation which appears with a form of unemployment which is not a necessity but a psychological one.

It is true, indeed, that during World War II the Government took over and in many ways, just as that is the case with the present depression, the country has not experienced a depression which is not comedically and economically necessary. For example, the depression of 1929 was caused by the event of a stock market crisis which drove up the prices of raw materials and thus prices of goods increased.

It is highly unlikely that we will have a depression now, but it is certainly possible that we will have a depression in the future. It is important, therefore, to consider the various factors that may contribute to such a depression.

But what justice and what economic health can there be in a situation which permits, not to say encourages, one of the factors of production to exert monopolistic power to obtain far more of current output than it produces? There is no reason why the Federal Reserve should not act to prevent such developments.

All the post-war speck leaders concede that the rise in wages in recent months, to say nothing of recent years, definitely outstrips output per manhour. Nor can there be any doubt that what is termed productivity—i.e. output per manhour—leaves out of account matters of the utmost importance in judging whether production should go to wage earners.

Of course, labor saving machinery costs money, and lots of it. Recent wage increases have pushed these costs higher than ever before. It is these technological advances and the expenditure of capital that is going to them, not the ex-erectors of the wage earner, which has resulted in what is the least gain there has been in recent years in the volume of output of each man hour they work in the factories, the mills, the farms and the other branches of industry. The man who saves his funds and provides equipment for himself and the man whose skill and ingenuity makes it possible—neither of whom is included in the roster of wage earners—owns the full share of the larger output they have made possible.

But it is not only a matter of justice. It is also a matter of sound economics and a solid future for industry and trade. Interest, dividends, rent, and the other sources of income—wages and salaries accounted for; but some $104 billion annually—surely a sum too large to be regarded as negligible. Buying power is not increased by a transfer of income to some group of men who with the blessings of government enjoy a monopolistic position which enables them to take what does not rightly belong to them.
1957. In previous years this index of actual production rose steadily from 112% for 1956 to 134% for late 1939, or 116% for all of 1956 (and 147% for the months of December and January). It is to be expected that neither a shortage of goods nor capacity to produce goods will occur if we feel that there exists in the U. S. that type of economy we should all fear, wherein more and more dollars are being manufactured to bid for less and less goods. We have indeed had more and more dollars bidding for more and more goods, but those dollars have been “created” by the people themselves through their risky commodity-borrowing, and it is such a combination of conditions that causes the prosperity to bulge in the business cycle.

)...
**The State of Trade and Industry**

**Far West.** Rates declined 0.5 point to 90% at Cleveland, 3.5 points to 74% at Portland, and 5 points to 70% at Los Angeles. All three rates were unchanged at Birmingham (92.5%) and at St. Louis (80.5%).

The easing in demand for steel continues to spread to the few remaining high points left in the market. A $7.00 per ton cut in the price of 10 guage hot-rolled sheet steel at Western Star, and order of 3,990 tons at $7.00 reduced the price to $9.00 per ton cut in the price of 10 guage hot-rolled sheet steel at Western Star, and order of 3,990 tons at $7.00 reduced the price to $7.00. The producers are increasing the producer's price 25%.

The Phoenix base price on structural steel is now $110 a ton.

Not all prices are going up. Those on refractories—an important material for the iron and steel industry—are holding steady. (They went up last April.)

Steel consumers' action in response to midyear steel and wage increases increased the steel market, said. Some will pass the increase along in the form of an average price hike of about 7%. (The steel cut). The steel exchange figures show 4½% of increased costs because of competitive conditions. A few will absorb all the increases. Many will wait action by competitors.

**The American Iron and Steel Institute's statement**

"The American Iron and Steel Institute's statement, having 91.5% of the steelmaking capacity for the entire industry will be an average of 1.8% of capacity below levels in 1957, is based on annual capacity of 133,455,150 tons as of Jan. 1, 1957.

The steel industry in 1957 is based on annual capacity of 133,455,150 tons as of Jan. 1, 1957.

Car Output at "Nearly Normal" Levels

Production last week bounced back to "nearly normal" levels following the July 4 holiday programs. "Ward's" said, however, that the steel industry's production of 117,933 cars and 27,828 trucks suffered somewhat because of the severe rains in the Detroit area. Storms and floods interrupted production at Cordill, Ford Dearborn, and most other plants.

"Ward's" weekly comparison is as follows: passenger car estimates at 20%, truck estimates at 30%.

The Canadian government has closed all of the Steel plants for the week ended June 29.

The total of June new car deliveries to dealers the final 10 days in June was the best in 21 months.

**Car Loadings Under 12% Over 1956 But 17.5% Below 1955**

The Association of numbered.Cursor	Continued from page 4

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 15, 1957, was estimated at 11,964,000,000 kwh., according to the Edison Electric Institute.

The past week's output increased 9,008,000,000 kwh. above that of the previous week; it rose above the comparable 1956 week 1,068,000,000 kwh. and 1,524,000,000 kwh. over the week ended July 9, 1955.
they remained somewhat below those of last year. A noticeable rise in soybean prices occurred.

When receipts dropped off, purchases climbed moderately over those of both the preceding week and a year ago. There was a slight rise in prices. The buying of rye increased sharply and prices climbed only moderately below that of the comparable week last year. Average daily purchases of 2,860,220 bushels, with 1,550,000 bushels in the prior week and 2,209,000 bushels in the similar 1956 week. Hog prices in Chicago rose this week to the highest level since June 1955, as trading expanded appreciably. Hog receipts were the smallest since April. A moderate rise in steers was reported, and receipts were close to those of a week earlier. Following a moderate advance at the beginning of the week, lamb price declined toward the end, lagging a bit behind the comparable period last year. Coffee trading continued at the level of the prior week, and prices dropped slightly.

Reports that the Government will consider new price support legislation stimulated cotton trading at the end of the week. And there were advances in United States exports of cotton in the week ended last Tuesday, were estimated at 73,000 bales by the New York Cotton Exchange. This compared with 79,000 bales a week earlier. Exports for the season through July 9 were estimated at 2,733,000 bales as against 2,304,000 bales for the year ago. The number of cotton bales entering the United States for consumption was 302,163 bales, with 420,843 bales a year ago. Cocoa arrivals at United States ports totaled 2,195,633 bales for the season to date, compared with 2,360,451 bales in the comparable period last year. Coffee trading continued at the level of the prior week, and prices dropped slightly.

Dun & Bradstreet's Trade Review of the Week

SPORTSWEAR U.P.—Numerous post-Fourth of July clearance sales promoted consumer interest in both men's and women's Summer sportswear this week, and volume moderately exceeded that of the comparable week last year. Women's apparel prices showed a rise in purchases of women's Fall apparel; the call for cotton dresses, cotton misses' dresses, and cotton skirts was greater than for similar sizes a year ago. Many cotton dress lines were lowered to summer suits, sportswear, jackets, and slacks continued to sell well. While purchases of furniture and draperies were close to those of the comparable period last year, conditions were somewhat more depressed than those of earlier in the summer. A slight rise in furniture buying was reported as being due to an increase in sales of flour and an increase in prices of flour.

REGIONSAL ESTIMATEs—The total dollar volume of retail trade in the week ended Wednesday was unchanged at 4.9% above the comparable week a year ago in Pittsburgh, Chicago, and Cleveland. In Philadelphia, a decline was recorded. In St. Louis, the total dollar volume was somewhat higher than a year ago, although the purchases of new cars in June equalled those of the similar 1956 month. Total volume in the four regions this year lagged about 3% behind that of the first half of 1956.

FURNITURE ORDERS U.P.—Attracted by showings in New York and Dallas, the furniture industry increased its production of bedroom suites, dining room sets, and case goods; bookings moderately exceeded those of a year ago. In other markets there was a moderate rise in the buying of upholster, draperies, and linens. Wholesale orders for apparel's ameliorated this week, as many markets were experiencing a moderate decline in prices. However, volume in full dresses, blouses, and coats showed marked year-to-year increase as a result of increased buying for personal use and for self-consumption. A slight rise in household furnishings was reported as being due to an increase in sales of flour and an increase in prices of flour.

MAY WHOLESALE VOLUME EXPANDs—Total wholesale volume in May rose to $10.7 billion from $10.4 billion in April, according to the monthly report by the leading wholesale market. This represented a seasonally adjusted increase of 1% above the May 1956 level. The rise was attributed to increased volume of automobile supplies, lumber, building materials, and jewelry. Wholesale inventories fell below those of April, but were slightly above the comparable period last year. A slight rise in household furnishings was reported as being due to an increase in sales of flour and an increase in prices of flour.

HOLODAY REDUCEs AUTO OUTPUT—Numerous plant shutdowns for the Independence Day holiday last week reduced automobile production to its lowest rate in almost 2 years, with 85% of all plants and 70% of the assembly lines closed. The number of cars and trucks declined 41%, but was 11% higher than the comparable week last year. Total output of trucks from Jan. 1 to July 6 of this year was 5% less than that of the similar period in 1956.

STEEL OUTPUT SLAS TED TO RISE—Increased production schedules in Pittsburgh, Chicago, and Youngstown is expected to boost steel total steel output by about 2% this week; the nationwide rate of capacity utilization was set at 80.4%. There was a slight rise in orders for steel from appliance makers, automobile producers, farm implement manufacturers, and the construction industry.

Shipment of finished steel in May were almost 6% below those of April, and 9% less than a year ago. Zinc stocks rose noticeably to the highest level since November 1954, June shipments fell moderately.

Retail trade volume in New York City last week advanced 4% from the corresponding period a year ago, store executives reported.

According to the Federal Reserve Board's index, department store sales in New York City for the period last week, were 4% above that of last year. In the comparable week last year, flour prices were 5% lower than the comparable period last year. For the four weeks ending July 6, 1957, an increase of 6% was reported. For the period of Jan. 1, 1957 to July 6, 1957, the index had increased 8% from a year ago.

Newspapers were higher than corresponding week, last year. Because of moderate temperature air conditioners and window fans dropped. According to the New York Times, sales of soft goods in mid-week were higher than those of earlier period. Newspaper sales were only moderate; better ready-to-wear and higher priced goods were sold. However, while home furnishings and appliances were behind last year's levels.

Bank Clearings 4.8% Down for Week Ended July 12

Bank clearings this week show a decrease compared with a year ago. Preliminary figures supplied by us, based upon telegraphic advice from the chief cities for the week ended Saturday, July 12, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 4.8% below those for the corresponding week last year. Our preliminary totals stand at $29,774,864,235 for the same week in 1956. At the same time, the federal funds market was a loss for the week ended Friday of 5.2%.

The Federal Reserve estimated that clearings for all the Federal Reserve districts for various periods is given weekly in the Monday edition of the "Chronicle" under the caption of "The Course of Bank Clearings."

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Tapping a Growth Potential To Assure Business Progress

It might have by not tapping the growth potential of a higher percentage of its employees. Even with such limited efforts the price reduction on the sale of the company's goods and services to industry can be as high as 5% to 10% when average selling price is $21,818,624,559 for the same week in 1956. At the same time, the federal funds market was a loss for the week ended Friday of 5.2%.

The Federal Reserve estimated that clearings for all the Federal Reserve districts for various periods is given weekly in the Monday edition of the "Chronicle" under the caption of "The Course of Bank Clearings."

With Thill Securities Corp.

"The confidence of our client, MILWAUKEE, Wisc.—Alfred A. Zero is now with Thill Securities Corp., 704 North Broadway. He was previously with J. P. Lewis & Co.

"The American Red Cross Give!"
All America Expansion Corp., Portland, Calif.
May filed to offer 16,000 shares of common stock, of which 2,000 shares are to be offered to public and 12,000 shares allocated to Underwriting. Proceeds to be used in part to effectuate merger with Allied-Albany Bank Corp. Underwriter—None. LeRoy R. Haynes, of Pasadena, Calif., is Contact Person.

* Allied Paper Corp., Chicago, Ill.
July filed 21,000 shares of common stock (par $1) to be offered in connection with conversion of common stock of Allied-Albany Paper Corp. on the basis of 5.225 shares of Allied-Albany stock for each share of Allied-Albany stock.

Alisco, Inc., Akron, Ohio
July 29 filed 2,000,000 shares of common stock (par $1), Price—To be supplied by amendment. Proceeds—For additional working capital. Underwriter—None. A. R. Hassen and W. A. McCreary, Columbus, Ohio, is Contact Person.

Altamont Corp., El Segundo, Calif.
June 24 filed 250,000 shares of common stock (par $5) at $10.25 per share. Proceeds—For working capital and other corporate purposes. Underwriter—Van Alstyne, Noel & Co., New York. Offering—Expected today (July 18).


American Provident Investors Corp.
Feb. 15 filed 15,000,000 shares of common stock (par $1), Price—$2 per share. Proceeds—For working capital and other purposes. Underwriter—Joseph P. O’Donnell, Boston, Mass. Underwriter—James E. Edmonds, of Houston, three of the 22 directors, are Chairman, Vice-Chairman and President, respectively. Pare—To be offered at par.

Orbit, Inc., New York
July 11 (letter of notification) $120,000 of 10-year 6% first mortgage bonds (in denominations of $1,000 each), 12% of which are in common stock and 1,500 shares of common stock (no par). Each $1,000 bond has detachable warrants to purchase 10 shares of $13 per share exercisable at any time before June 30, 1959. Price—Of bonds, at par. Proceeds—For construction of new plant and office. Underwriter—3209 Wisconsin Ave., Washington, D. C. Underwriter—MacKall, Donovan, & Co., Inc., New York.

A. S. C. Lodge, Inc.

Bankers Fire & Marine Insurance Co.
Apr. 25 filed 3,500,000 shares of common stock (par $5) to be offered to stockholders of record May 30, 1971 on a basis of two new shares for each 1,500 shares held. Price—$13 per share. Proceeds—To increase capital and surplus. Pare—To be offered at $15 per share. Underwriter—None. Pare—To be offered at $15 per share.

Bonanza Oil & Mine Corp., Sutherlin, Ore.
Feb. 14 filed 200,000 shares of common stock (par 10 cents), Price—75 cents per share. Proceeds—For development and working capital. Underwriter—L. D. Friedman & Co., Inc., New York, N. Y.

* British Industries Ltd. (7/23)
Jun. 29 (letter of notification) 10,000 shares of common stock of which 7,500 are to be offered to stockholders and employees. Price—$12.50 per share. Pare—To be sold to underwriters.

C & D Batteries, Inc.
March 25 (letter of notification) 14,000 shares of common stock (par $10) to be offered to stockholders and employees. Price—$10 per share. Pare—To be sold to underwriters.

Caldyne Corp., Mayfield, N. Y.
May 1 filed $1,250,000 of Limited Partnership Interests to be offered at $200 per share. Proceeds—For development and equipment. Pare—To be offered at $200 per share. Underwriter—None. Pare—To be offered at $200 per share.

* Carolina Mines, Inc., Kings Mountain, N. C.

* Cameron Lithium, Inc., Kings Mountain, N. C.
March 29 filed 267,000 shares of common stock (par 10 cents). Price—$1 per share. Pare—Proceeds—For exploration and development purposes. Underwriter—None. Pare—To be offered at $1 per share.

Emerson Electric Manufacturing Co.
June 18 filed $3,390,000 of 5% convertible subordinated debentures due July 1, 1997, being offered for subscription by common stockholders on the basis of $100 principal amount of debentures for each 20 shares of common stock. Underwriter—L. F. Thayer of Chicago, Ill. Underwriter—None. Pare—To be offered at $40 per share.

Exchange Bankers Trust Co., New York
April 10 filed 500,000 shares of common stock (par $1) of which 2,500,000 shares are to be offered at public price of $4 per share after $4 per share prior to June 30, 1959, each purchaser of one share shall receive two additional shares at no additional price at any time prior to Nov. 20, 1959 at $4.50 per share. Proceeds—For expansion and other purposes. Underwriter—None. Pare—To be offered at $4 per share.

Florida Trust, Pampa Beach, Fla.
May 4 filed 855 certificates of beneficial interest in the common stock of Florida Trust Co., a Florida corporation. Proceeds—To be used by purchasers for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) the Florida Trust Co., for the purpose of having his or her proportionate share of the common stockholder’s interest in said Florida Trust Co., by the Florida Trust Co., or its subsidiaries, or by any person or persons to whom the Florida Trust Co., or its subsidiaries may sell, assign or transfer said certificates. Proceeds—To be used by purchasers for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) the Florida Trust Co., for the purpose of having his or her proportionate share of the common stockholder’s interest in said Florida Trust Co., by the Florida Trust Co., or its subsidiaries, or by any person or persons to whom the Florida Trust Co., or its subsidiaries may sell, assign or transfer said certificates. Underwriter—None.

First Mississippi Corp., Jackson, Miss.
April 10 filed 100,000 shares of common stock (par $1), of which 17,820,000 shares are to be offered at $1.85 per share. Proceeds—To be used for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) all the common stock of the First Mississippi Corp. and Spenser Trask & Co., both of New York. Underwriter—None. Pare—To be offered at $1.85 per share.

Florida Trust, Pampa Beach, Fla.
May 4 filed 855 certificates of beneficial interest in the common stock of Florida Trust Co., a Florida corporation. Proceeds—To be used by purchasers for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) the Florida Trust Co., for the purpose of having his or her proportionate share of the common stockholder’s interest in said Florida Trust Co., by the Florida Trust Co., or its subsidiaries, or by any person or persons to whom the Florida Trust Co., or its subsidiaries may sell, assign or transfer said certificates. Proceeds—To be used by purchasers for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) the Florida Trust Co., for the purpose of having his or her proportionate share of the common stockholder’s interest in said Florida Trust Co., by the Florida Trust Co., or its subsidiaries, or by any person or persons to whom the Florida Trust Co., or its subsidiaries may sell, assign or transfer said certificates. Underwriter—None.

Fruehauf Corp., Detroit, Mich.
May 28 (letter of notification) 30,000 shares of common stock (par $1) to be offered for subscription by common stockholders of Fruehauf Corp., for the purpose of increasing their interest in said common stock. Proceeds—To be used by the purchasers for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) the common stock of Fruehauf Corp., for the purpose of having his or her proportionate share of the common stockholder’s interest in said Fruehauf Corp., by the Fruehauf Corp., or its subsidiaries, or by any person or persons to whom the Fruehauf Corp., or its subsidiaries may sell, assign or transfer said certificates. Proceeds—To be used by purchasers for the purpose of acquiring by purchase, lease or otherwise (and to hold, own, sell, pledge, mortgage, lease, lend, transfer or otherwise dispose of) the common stock of Fruehauf Corp., for the purpose of having his or her proportionate share of the common stockholder’s interest in said Fruehauf Corp., by the Fruehauf Corp., or its subsidiaries, or by any person or persons to whom the Fruehauf Corp., or its subsidiaries may sell, assign or transfer said certificates. Underwriter—None.

Gallatin Co., New York
Aug. 17 filed $2,000,000 of 5-year term bond (par $1000), Price—$1000 per bond. Proceeds—To be used to provide for the purchase and installation of additional office equipment and for working capital. Underwriter—None. Pare—To be offered at $1000 per bond.

Genie Craft Corp., Washington, D. C.
June 28 (letter of notification) $1,150,000 of 10-year 6% convertible debenture (par $1000), Price—To be offered at $1000 per bond. Proceeds—To be used to provide for the purchase and installation of additional office equipment and for working capital. Underwriter—None. Pare—To be offered at $1000 per bond.
NEW ISSUE CALENDAR

**July 18 (Thursday)**

Chicago, Rock Island & Pacific Ry., Inc., 6 1/2% Exchange Debentures, $1,000,000.

**July 19 (Friday)**

Merritt Corp., 5% Cumulative Preferred Stock, $100,000.

**July 24 (Wednesday)**

Carter Products, Inc., 1% Cumulative Preferred Stock, $250,000.

**July 30 (Tuesday)**

National Tea Co., 5% Cumulative Preferred Stock, $100,000.

**July 31 (Wednesday)**

Nordoff & Western Ry., 4 1/2% Equipment Trust Cts., $1,000,000.

**August 1 (Thursday)**

Charter Oil Co., 6% Floating Rate Bonds, $500,000.

**August 2 (Friday)**

Cameron Industries, Inc., 6% First Mortgage Bonds, $2,000,000.

**August 5 (Monday)**

Sanders Associates, Inc., 6% First Mortgage Bonds, $1,000,000.

**August 8 (Thursday)**

Indiana Power & Light Co., Preferred Stock, $500,000.

**August 13 (Tuesday)**

Northern States Power Co. (Minn.), 5% Debentures, $2,000,000.

**August 15 (Thursday)**

Central Telephone Co., 4 5/8% Cumulative Preferred Stock, $2,000,000.

**August 19 (Monday)**

Ohio Power Co., 5% First Mortgage Bonds, $750,000.

**August 20 (Tuesday)**

Chesapeake & Ohio Ry. Co., 5 1/2% Exchange Debentures, $1,000,000.

**August 21 (Wednesday)**

Pacific Telephone & Telegraph Co., 4% Debentures, $10,000,000.

**August 22 (Thursday)**

Sexton & Ford Co., 7 1/2% Exchange Debentures, $1,000,000.

**August 25 (Sunday)**

Consolidated Natural Gas Co., 4% First Mortgage Bonds, $500,000.

**September 1 (Tuesday)**

Merritt Corp., 6% Exchange Debentures, $1,000,000.

**September 2 (Wednesday)**

Consolidated Natural Gas Co., 6 1/2% Preferred Stock, $500,000.

**September 3 (Thursday)**

Commonwealth Edison Co., 5 1/2% First Mortgage Bonds, $1,000,000.

**September 5 (Saturday)**

Indiana Power & Light Co., 6% First Mortgage Bonds, $1,000,000.

**September 6 (Sunday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $10,000,000.

**September 7 (Monday)**

Ohio Power Co., 5 3/4% Debentures, $1,000,000.

**September 8 (Tuesday)**

Virginia Electric & Power Co., 5% Debentures, $2,000,000.

**September 9 (Wednesday)**

Southern Pacific Co., 5 1/2% First Mortgage Bonds, $500,000.

**September 10 (Thursday)**

Columbia Gas System, Inc., 5 1/2% First Mortgage Bonds, $750,000.

**September 12 (Saturday)**

Commonwealth Edison Co., 4% First Mortgage Bonds, $500,000.

**September 13 (Sunday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**September 14 (Monday)**

Indiana Power & Light Co., 6% First Mortgage Bonds, $1,000,000.

**September 15 (Tuesday)**

Commonwealth Edison Co., 5% First Mortgage Bonds, $1,000,000.

**September 16 (Wednesday)**

Commonwealth Edison Co., 5% First Mortgage Bonds, $2,000,000.

**September 18 (Friday)**

Commonwealth Edison Co., 5% First Mortgage Bonds, $500,000.

**September 19 (Saturday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**September 20 (Sunday)**

American Telephone & Telegraph Co., 5% Exchange Debentures, $10,000,000.

**September 21 (Monday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**September 22 (Tuesday)**

Commonwealth Edison Co., 5 1/2% First Mortgage Bonds, $1,000,000.

**September 23 (Wednesday)**

Commonwealth Edison Co., 5% First Mortgage Bonds, $1,000,000.

**September 24 (Thursday)**

Commonwealth Edison Co., 5 1/2% First Mortgage Bonds, $1,000,000.

**September 27 (Sunday)**

American Telephone & Telegraph Co., 6% Exchange Debentures, $5,000,000.

**September 28 (Monday)**

Indiana Power & Light Co., 6% First Mortgage Bonds, $1,000,000.

**September 29 (Tuesday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**September 30 (Wednesday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 1 (Thursday)**

Lake Erie Ry., 5% First Mortgage Bonds, $1,000,000.

**October 2 (Friday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 3 (Saturday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 4 (Sunday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 5 (Monday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 6 (Tuesday)**

Indiana Power & Light Co., 6% First Mortgage Bonds, $1,000,000.

**October 7 (Wednesday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 8 (Thursday)**

Commonwealth Edison Co., 5% First Mortgage Bonds, $1,000,000.

**October 9 (Friday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 10 (Saturday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 11 (Sunday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 12 (Monday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 13 (Tuesday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 14 (Wednesday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 15 (Thursday)**

Indiana Power & Light Co., 6% First Mortgage Bonds, $1,000,000.

**October 16 (Friday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 17 (Saturday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 18 (Sunday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 19 (Monday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 20 (Tuesday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 21 (Wednesday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 22 (Thursday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 23 (Friday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 24 (Saturday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 25 (Sunday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 26 (Monday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.

**October 27 (Tuesday)**

Ohio Power Co., 5% First Mortgage Bonds, $500,000.

**October 28 (Wednesday)**

Consolidated Natural Gas Co., 5% First Mortgage Bonds, $500,000.

**October 29 (Thursday)**

American Telephone & Telegraph Co., 4% Exchange Debentures, $5,000,000.
Monticello Associates, Inc. Feb. 18 (letter of notification) 390,000 shares of common stock. Price—At par ($1 per share).—To be sold by officers and employees of the company. Payment for shares—$1 per share as a 10-year deferred note.
Atlantic City Electric Co. Aug 17, the company announced that next year the company will probably issue about $5,000,000 of 4.5% construction program. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; White, Weld & Co. (jointly). Bids—Expected to be received by Oct. 31.

Commerce Oil Refining Co. April 21, the company announced that plans to raise about $61,000,000 to finance construction on a proposed refinery. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; White, Weld & Co. (jointly). Bids—Expected to be submitted by June 5.

Commercial Union Electric Co. Jan 29, the company announced that the plans to sell 10% of its outstanding capital stock, which will be paid in common stock, to be held for purposes of stockholder's benefits and for the issuance of new capital stock. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; White, Weld & Co. (jointly). Bids—Expected to be received by May 11.

Commonwealth Edison Co. (10/8) June 23, the company announced that it plans to issue $30,000,000 of debentures, for which any bonds will be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; White, Weld & Co. (jointly). Bids—Expected to be received by June 14.

Connecticut Light & Power Co. Feb 8, it was reported that the company plans to sell not less than $20,000,000 of first mortgage bonds, possibly to be Fall, depending upon market conditions. Proceeds—For construction program. Underwriter—Putnam & Co., Incorporated (jointly); New Haven, Conn.; and Estabrook & Co., Boston, Mass.

Consolidated Edison Co. of New York (10/22) Charles B. Delahanty, Financial Vice-President, on July 9 announced that the company plans to issue about $10,000,000 of additional stock, which will be increased to $60,000,000, depending upon market conditions. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp.; Morgan & Co.; and White, Weld & Co. (jointly). Bids—Expected to be received up to 1:30 P.M. (EDT) on Sept. 17.


Consumers Power Co. (10/16) The company plans, in addition to the bond financing, to offer to its common shareholders, on a common stock basis, for its debentures maturing not earlier than Sept. 1, 1972, on the basis of $100 of debentures for each 25 shares of common stock. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp.; Morgan & Co.; and White, Weld & Co. (jointly). Bids—Expected to be received up to noon (EDT) on Oct. 16.

Cooke Electric Co. July 13 it was reported that the company is planning some equity financing. Underwriter—Probably Brant Ellis & Co. (jointly); Morgan Stanley & Co. (jointly); W. H. Bechtel, Inc. (jointly); and White, Weld & Co. (jointly). Bids—Expected to be received by Oct. 31.


Eastern Gas & Fuel Associates April 28 company announced that additional capital of between $23,000,000 and $25,000,000 during 1977 may be raised through a proposed construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; White, Weld & Co.; and Morgan & Co. (jointly). Bids—Preliminarily scheduled to be received on Sept. 10.

Federal Oil Co. April 30 the company announced that plans to issue $50,000,000, 30-year debentures. Proceeds—To refund debentures. Underwriters—Dean, Witter & Reynolds, Inc., New York, N. Y. (jointly); and Morgan & Co., New York, N. Y. (jointly). Bids—Expected to be received up to 11:30 a.m. (EDT) on Sept. 17.

Federal Oil Co. April 21, the company announced that plans to issue about $10,000,000 of mortgage bonds, proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp.; Morgan & Co.; and White, Weld & Co. (jointly). Bids—Expected to be received up to 1:30 P.M. (EDT) on Oct. 21.


Fitchburg Gas Co. June 5 the company announced that plans to issue about $2,500,000 of common stock, proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp.; Morgan & Co.; and White, Weld & Co. (jointly). Bids—Expected to be received up to 11:30 a.m. (EDT) on Sept. 17.

First National City Corp. April 21, the company announced that plans to issue about $1,200,000,000 of common stock, proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp.; Morgan & Co.; and White, Weld & Co. (jointly). Bids—Expected to be received up to noon (EDT) on Sept. 17.

Forgan Bros. June 23, the company announced that plans to issue about $5,000,000 of mortgage bonds due 1985. Proceeds—To refinance mortgage bonds. Underwriter—Lee Higginson Corp., Boston and New York, N. Y. Offering—Expected today (July 18).


U.S. Steel Corp. March 3, the company announced that plans to issue about $10,000,000 of mortgage bonds due 1972. Proceeds—To be placed in the company's new building. Underwriter—Lee Higginson Corp., Boston and New York, N. Y. Offering—Expected today (July 18).
Indiana & Michigan Electric Co. (10-15)

May 20 it was reported company plans to issue and sell $24,000,000 of 4 per cent convertible debentures due 1972. Proceeds—To refund first mortgage bonds due 1961 and 1968. Underwriter—Halsey, Stuart & Co., Inc.; Kuhn, Loeb & Co. Inc., and White, Weld & Co. (jointly); Equitable Securities Corp. & Saxon, Bro. & Hjertig (jointly), The First Boston Corp.; Dean Witt & C0. (jointly). Tentatively expected to be received up to 11 a.m. (EST) on May 22.

Indianapolis Power & Light Co. (8-8)

Nov. 21, 1950 it was announced company plans to issue and sell $5,000,000 of 5% first mortgage bonds due 1980. Proceeds—To repay bank loans and for general corporate purposes. Underwriter—Halsey, Stuart & Co., Inc.; Kuhn, Loeb & Co., White, Weld & Co. (jointly); Equitable Securities Corp., and Saxon, Bro. & Hjertig (jointly), The First Boston Corp., Dean Witt & Co. (jointly). Expected—To be received in late August or early September.

First National Bank of New York

May 23 company announced the right to subscribe for 2,000,000 additional shares of capital stock (par $20) on the basis of one new share for each five shares held; rights expire July 22. Price—$90 per share. Proceeds—To increase capital stock. Underwriter—The First Boston Corp., New York.

General Telephone Co. of California

May 10 it was reported that company is considering an issue of convertible subordinated debentures, probably to be offered by subscription to stockholders. Proceeds—For working capital. Underwriter—Kidder, Peabody & Co. & Merrill Lynch, Pierce, Fenner & Beane.

General Electric Co.

March 4 it was reported company plans to issue and sell $10,000,000 first mortgage bonds in November. Proceeds—To refund bonds due 1965. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. & Blyth & Co. Inc. (jointly); W. C. Langley & Co. & Smith, Barney & Co. (jointly).

Guilford Steel Co.

May 16 it was reported company plans to issue some additional first mortgage bonds, the amount of which has not yet been determined. Proceeds—For construction program. Underwriter—M. L. Gorse, Bros. & Co. & Merrill Lynch, Pierce, Fenner & Beane.

Hanna Steel Co., Birmingham, Ala.

April 8 it was reported company plans to issue and sell 125,000 shares of class A common stock, Price—$6 per share. Underwriters—Crutchfield, Peddoza & Co., Chicago, Ill.; and Odes, Martin & Herzberg, Inc., Birmingham, Ala. Expected—To be received in June.

Hathaway (C. F.) Co., Waterville, Me.

June 24 it was announced company plans to issue to offer 30,000 shares of $1 par common stock. Proceeds—To finance construction. Underwriter—Probably H. M. Payson & Co., Portland, Me.

Houston Lighting & Power Co.

Feb. 18 it was reported company may offer late this February 18,000,000 shares of $1 par common stock at exact amount, timing, etc. has not yet been determined. Underwriter—to be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers, First Boston Corp., and Equitable Securities Corp. (jointly); Lazard Freres & Co. & Blyth & Co., Inc. (jointly); Kidder, Peabody & Co. (jointly).

May 18 it was reported company plans to issue and sell 200,000 to 225,000 shares of common stock in the Fall in addition to recently announced $18,000,000 first mortgage bonds after Nov. 1. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Lazard Freres & Co. & Blyth & Co., Inc. (jointly); Kidder, Peabody & Co. (jointly). Proceeds—For construction program and to reduce bank loans. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. (jointly); Equitable Securities Corp. & Saxon, Bro. & Hjertig (jointly); The First Boston Corp. (jointly); Kidder, Peabody & Co. (jointly).

Kennesaw Steel Co.

May 3 it was announced company plans to issue and sell 3,000,000 shares of first mortgage bonds due 1968. Proceeds—To repay bank loans. Underwriter—Halsey, Stuart & Co., Inc.; Kuhn, Loeb & Co. Inc., White, Weld & Co., (jointly); Equitable Securities Corp., and Saxon, Bro. & Hjertig (jointly), The First Boston Corp.; Dean Witt & Co. (jointly). Expected—To be received in late August or early September.

New Jersey Bell Telephone Co. (9-11)

May 1 it was announced company plans to issue and sell $25,000,000 of 5% first mortgage bonds due 1975. Proceeds—from sale of 900,000 shares of common stock (par $100) to parent, American Telephone & Telegraph Co. Underwriter—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Lehman Brothers, First Boston Corp.; and Morgan Stanley & Co.; Shields & Co.; White, Weld & Co. (jointly). Tentatively expected to be received up to 11 a.m. (EST) on May 22.

New Jersey Power & Light Co.

May 10 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. Inc.; First Boston Corp.; and Eastman Dillon, Union Securities Co. & White, Weld & Co. (jointly); Equitable Securities Corp. The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. Expected—To be received up to 11 a.m. (EST) on May 22.

Northern Illinois Gas Co. (9-24)

July 22, 1950, it was announced company plans to issue and sell $1,000,000 of first mortgage bonds due 1958. Proceeds—to refund a bond issue due 1954. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Eastman Dillon, Union Securities Co. & White, Weld & Co. (jointly); Equitable Securities Corp., First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. Expected—To be received up to 11 a.m. (EST) on May 22.

Ohio Power Co. (11-19)

May 10 it was reported that company now plans to issue and sell $25,000,000 of first mortgage bonds and $7,500,000 of preferred stock. Proceeds—to repay bank loans. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities Co. & White, Weld & Co. (jointly); Equitable Securities Corp., First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. Expected—To be received up to 11 a.m. (EST) on May 22.

Pacific Telephone & Telegraph Co.

May 28 it was announced company plans to offer to its stockholders the right to subscribe for 1,822,523 additional shares of common stock on the basis of one new share for each seven shares held. Proceeds—to be used to retire mortgage bonds. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities Co. & White, Weld & Co. (jointly); Equitable Securities Corp., First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. Expected—To be received up to 11 a.m. (EST) on May 22.

Pennsylvania Electric Co.

May 10 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, White, Weld & Co. (jointly); Equitable Securities Corp. The First Boston Corp.; Harriman Ripley & Co. (jointly); Kidder, Peabody & Co. (jointly).

Perman Basin Pipe Line Co.

May 20 it was announced company, a subsidiary of Northern Natural Gas Co., may issue about $25,000,000 of new securities, in the following form: $15,000,000 of mortgage bonds, $3,700,000 of other securities, and $6,000,000 of preferred stock. Proceeds—to repay advances of $9,500,000 from parent, and the remaining $16,000,000 of.
Some Observations on Business And the Tight Money Picture

It is because our demands for capital are so great for business and personal use that we have recently tended to run far ahead of our accumulated savings.

Liquid reserves in the hands of Americans have shot up to $24 billion. Americans saved more in the last year than any year since World War II. Today our personal savings are running at an unprecedented rate. In short, we are living today on yesterday's savings.

The reason is that West Coast people believe there will be a good market. But the fact is—it's not good enough.

Two years ago we were saving fewer dollars, but we were saving $4.5 billion of net disposable income. Today we believe, along with many others in our country, that we are a people running a rate of productivity that is so high that, or at a higher rate, if we are going to maintain an economic activity at peak levels and, at the same time, control the inflationary forces which threaten our future.

Real Output

The vital key to the continued growth and successful expansion of our economy—and to our higher and better living standards—has been and will continue to be our ability to achieve substantial increases in real output and in real wages. This has demanded increasing productivity per worker hour, and we have achieved this largely through increased investment in science, research and engineering, in new and better machines, and in new ways of using those machines. This has been the greatest strength and progress in our high-technology and capitalistic society.

The Federal Reserve, to experiment, to take the risks that are involved in progress and development, has been—in many ways—of the greatest importance as any other we enjoy. At a moment's digression, I think one might be interested in considering the role of a distinguished electrical engineer, Dr. C. Tietz, Bruettetitn, in an undisguised way. I believe, in support of his argument, Dr. Bruettetitn said—and quite:

"As automation necessary? Configuration of the Ford automobile by hand. With cost for labor, to reach 1,000,000, which is..."

How much did you pay for your television set? Here are Dr. Bruettetitn's hand labor figures:

If 100 assembly workers one hour would assemble 100 automobile engines, each costing $10,000, that would require 1,000 people seven years to assemble 1,000 engines, or 1,000,000,000,000, if it were possible at all to produce it by hand labor.

The kind of money we are using today is not a healthy national currency. We will be able to save less, and we will be better able to make the transition from one system to another. This nation ever loses its ability to finance the capital investment necessary to the future, we will have lost the game and the future. Resources are in place to finance depends on our ability to build reserves of savings.

Banks Support SavingsDrive

In support of the above, the Federal Reserve has taken full advantage of the fact that the capital opportunities of the United States have taken full advantage of the country's ability to spend more each year in the promotion of the savings function. And we have been able to spend plans and services which make it possible to spend more and pay less for a given amount of savings.

Ten years ago, commercial bank advertising appropriations totaled $84 million. In 1957, they will total $102 million—an increase of 22%. I do not think that these appropriations this year will be used to promote the savings function, individually. But an overall national savings associations associations are in intensive market research and promotion programs in an effort to satisfy the banking and savings habits and motivations of Americans.

Despite these things, the rate of new and improved techniques in the national savings associations is accelerating at a faster rate with us in the banking system.

As you know, there are other savings and loans dollars being paid out in the purchase of stocks, bonds, and other securities. We are getting more and more buying of savings in shares and loan associations—paying more for the banks. And I am sure you have noted that the United States on the loan associations and loan associations, credit unions, and investment bankers and brokers are making all efforts to attract savings dollars.

This is a total campaign in which the whole country must start to work together, if we are to keep inflation within control. If we are to continue to move to the ever higher levels of living for our economy.

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Mutual Funds

BY ROBERT E. RICH

Keystone Stk. Fund

Keystone Inc. and Common Stock Fund S-2 increased its holdings in oils and drugs in the first half of the fiscal year, according to the semi-annual report just made to stockholders by President S. L. Shelley.

Noteworthy in Keystone's portfolio changes were the addition of Abbott Laboratories, Pfizer and Warner-Lambert Pharmaceuticals, giving the fund a 3.6% position in the field. Added to the oil cat¬egory were 20,000 Atlantic Refining Co. and 20,000 Seecoxy Mobil Oil Co., Inc., bringing Keystone's oil holdings to 13.3% of the port¬folio.

Among the major liquidations were 22,500 Hudson Bay Mining and Smelting and 14,000 Keystone Co.

The Keystone S-2 portfolio as of May 31 consisted of 52 individual issues with the following weightings: Automotive, 9%; Building, 2.7%; Chemicals, 6%; Drugs, 3.0%; Finance, 4%; Muni¬cipation, 2.3%; Metals, 2.3%; Off¬ce and Business Equipment, 4.5%; Oil, 13.3%; Railroads, 5.9%; Rail¬way Envi¬ronment, 3.9%; Steel, 13%; Utilities, 11.1%; and other industrials, 12.6%.

As a result of the recent 4-for-9 split, Keystone S-2 had 60,000 shares of Bethlehem Steel, with relatively the same dollar value as Keystone's position in Republic Steel. Those two issues constitute the largest individual holdings. Among other large holdings were Sinclair Oil, Phillips Petroleum, Great Northern Ry., Central & Southwestern Ry., and Ohio & Burroughs, CIT Financial Corp., and Liq¬uid Carbonic.

For the six-month period, total net assets rose 4% to a new high of $50,592,761, thus enabling S-2 to maintain its record-place rank¬ing among Keystone's 10 domestic funds, aggregating more than $30 million. The S-2 Fund also had a record number of shares outstanding, 5,808,418, and a record number of shareholders, 21,749.

Asset value per share rose from $11.71 to $11.75 for the six-months period. Adjusted for the S-1 Special Distribution made last November, the 12-month asset value was $12.75 compared to $12.19 a year earlier.

Investment Changes

Dec. 1, 1955 to May 31, 1957

14,000 Abbott Laboratories
15,000 American Bridge Co.
26,500 Hudson Bay Mining and Smelting Co., Ltd.
7,000 Kimberly-Clark Corp.
14,000 Kopperoff Co., Inc.
27,500 Public Service Electric & Gas Co.
22,500 South Bend Finance Co.

Stein Roe Fund

Declares 18c Div.

Directors of the Stein Roe & Farnham Fund Incorporated have declared a dividend of $0.18 per share from ordinary income payable July 8, 1957, to stockholders of record July 12.

With the dividend announcement, Harry H. Hagey, Jr., President, disclosed the following figures:

Prof. asset value: $12.75\(\times\)100,000 = $1,275,000
Prof. per share value: $12.75\(\times\)32 = $40.80
Net dividends: $40.80 - $32.65 = $8.15

Total distributable: $1.75 per share paid in December 1956.

Selected American Reports New Highs

In Assets and Shs.

Total net assets of Selected American shares at June 30, 1957, as reported by Edward P. Rubin, President, were $57,430,556, equal to $38.68 a share. In addition, an 83-cent capital gain distribution was paid in January 1957. These figures compare with $58,764,726 or $50.97 a share on June 30, 1956.

Dividends from investment income totaling 14 cents a share were paid during the quarter, bringing the year's total of dividends paid to $1.93. At June 30, the 162 shares of American Vi¬cesse, 3,700 Bristol-Myers, 7,000 Coors, 20,000 National City Bank (N.Y.), 2,000 Kaiser Aluminum, 5,000 Union Carbide, 9,500 Aetna, 5,600 Montgomery, 3,000 Oils Elevator, 5,000 Reynolds Metals, 500 Rohm & Haas, 14,400 Westinghouse Electric, 30,000 America in prior stock holdings included 1,500 Baldwin-Wilcox, 5,000 B & O, 1,500 Cities Service, 25,000 Continental Gas, 2,900 General Electric, 1,500 Goodyear, 4,000 Kroger, 4,000 Merck, 5,000 Remington Arms, 5,600 U.S. Steel.

Stocks eliminated from the portfolio were 600 Carrier, 1,200 Crown Zellerbach, 3,000 Grand American Business Shares

A Balanced Investment Fund

The Company supervises a portfolio bal¬anced among stocks selected for stability, and common stocks selected for growth potential.

Prospectus upon request
Railroad Securities

By GERALD D. MCKEEVER

Delaware, Lackawanna & Western RR.

The rather sorry summary of the results for the Lackawanna for the first half of this year is given in the recent statement of President Speckman which was taken quite in stride by the market. The net income for this period which has been held fractionally above the 1932 low level for the first half of February. It is quite likely that those of us who have been watching the perceptive traffic trend of this road since the publication of the April account showing $570,000 deficit after charges for that month, and a corresponding $760,000 deficit in the last months of this year, had anticipated that lack of funds would finally learn. For instance, May car-loadings of the Lackawanna were down about 10% from those of May, 1936, and the June 8.5% deficit has been scarcely ominous.

It was stated by the road’s President two weeks ago that net income for the first half of this year would be about $200,000 in spite of a $197,711 net loss for the five months. It was pointed out at that time that the pick-up which indicates the improvement is due mainly to the credit for that month of the $314,390 quarterly refund approved by SEC on its road on its holding of 628,722 shares of Lackawanna stock. Notwithstanding, indicated June net operations at some $35,000, and that fairly encroaching under the circumstances.

One of the questions that most frequently arises in reviewing the 1925-1926 period of the Lackawanna road is the service of the cars, which was held by some to be the cause of the road’s failure. The main effect of this traffic was, however, to increase the earnings from the freight rate increase of last December. 28 have been nullified and negative rates of 1926 were actually maintained as compared with those of 1935. In addition, the time picture reveals that the annual revenue gain from the freight rate increase is about $100,000, and that nearly all of this can be concluded is results of the revised rates without the freight rate increase. The effect of the traffic decline in nullifying the increase in revenue from the freight rate increase is felt, in spite of the latter, total income for the first four months of this year were down 0.4% from those of the corresponding 1925 period.

One of the besting problems of the Lackawanna is its passenger service deficit which the road has at about $5 million annually. It was pointed out in the 1926 report, however, that the passenger operating ratio of 122% was the lowest among the roads which do a large business passenger. It is very significant that all Lackawanna main line through passenger revenue is exactly off-o'jet costs. While this kind of figuring does not take into account the allocation to a particular train, its relationship to the expense or costs for use of right-of-way, and which are complementary to the bookkeeping loss of $5 million annually, it is nevertheless apparent that the way to be cured is to be accreted to passenger service, and especially to that part of which is in the passenger service deficit line operation.

Two years ago the Lackawanna agreed to sell its Canadian Utilities Commission for permission to abandon its Boonton Line to the Canadian company. This would reduce the passenger loss by $600,000 per year. An agreement was made to do so was refused last year by the Commission and the road thereafter held a special deficit on this line and the Montclair division. Failure to get the final $400,000 reduction in the annual passenger service loss could be made up by the additional deficit. This has been taken to date on this petition and specifically, it has been inferred that permission will not be granted since the Commission on its own line, the Lackawanna, New York, Susquehanna & Western to better itself, a companion route between Jersey City and Butler, N. J., and between New York and Scranton, Pennsylvania. The Susquehanna is an important secondary road, but it is a better road than the Lackawanna. Some observers look for a good opportunity to sell the Lackawanna for the second half of this year and the report for that quarter shows a further 5% increase in freight rates under the pending ex Pairex substitution of catenary for the road of at $1.03 per share of its 4.9% preferred stock, which was issued after sinking funds. In this it could permit itself the maintenance of the former freight rates upon the December 15 rate which is suggested by the Pennsylvania and the second quarter of this year.

The latter represents more sober appraisal of the long-term position of the Erie than the 37½ cents per share portion of the dividend which, declaration marked the establishment of quarterly payments for Lackawanna stockholders.

Earnings alone may not be the sole determinant, however. It should be pointed out how much of the $5 million emergency capital outlay for replacement of the upper drawbridge over the Hackensack River can be financed under the new and very difficult borrowing conditions. Further, the road has secured the road a capital, an ample $21,432 million at the 1934-year, suffered heavy expense, which cost $82 million during the year ending from the August, 1935, flood damage of $14,500,000. This $13 million at the 1935-year end. Since then there has been much further destruction of $314,390, as of April 20 this year.

While the income rate increases, the effect of economics has also been badly handled, the decline in the company’s annual volume this year, and this includes particularly the savings from the joint use of the Hoboken passenger facilities. In addition, the Erie "appears" to be worth about $1 million annually to the Lackawanna as well as the Erie. The Lackawanna is nevertheless permitted to abandon its Boonton Line and other avenues and it is now planned to begin the merger with the Erie some 40 miles of road between Binghamton and Elmira, N. Y. Meanwhile, studies are being continued of the potentials of merger with the Erie and the Delaware & Hudson. It appears at this point that the Lackawanna will like the former of reducing its high costs rather than from any significant, which is in the amount of achievement on the part of the road in the industrial traffic. Last year, for instance, 32 new industries were taken over by the road, while another credit item is the forward look of the management in buying $1,500,000 of bank-Lackawanna & Wyoming stock which is calculated to provide dividends in excess of $100,000 when the railroad is reorganized. This 19-mile electric line between the Lackawanna and Wilkes-Barre, Pa., gives the Lackawanna access to the latter city.

At the present time, Lackawanna can deliver a multiple of more than nine times estimated earnings and yields less than 15%. This is the result of a free price per share earnings and does not reflect the projected 50-cent dividend rate. This alternative, however, is dependent upon the vagaries of improvement in the industrial traffic. Further, it is expected that there are many railroad stocks offering greater promise of tangible near-term value.

Continued from page 2

The Security I Like Best

Grinnell Electric and a generally similar type of service is offered in the United States. ADT subscribers totaled 65,492 at the close of the last year. The increase in the direct and indirect acquisition of controlling interest in three companies in 1956. ADT’s regional sales corporations was entirely self-financed by the sale of its common stock at $1,000,000, Table II shows that the stock is capitalized $20,000,000 since 1940. The capital stock of ADT has received dividends in every year since 1933. (Grinnell’s paid dividends on the capital stock of ADT.)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ADT's Dividends</th>
<th>ADT's Stock</th>
<th>ADT's Price</th>
<th>ADT's Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>$28,000</td>
<td>$100,000</td>
<td>$3.40</td>
<td>$340,000</td>
</tr>
<tr>
<td>1941</td>
<td>$28,000</td>
<td>$100,000</td>
<td>$3.40</td>
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<td>1942</td>
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<td>1943</td>
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<td>1944</td>
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<td>1945</td>
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<td>1946</td>
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<td>1947</td>
<td>$28,000</td>
<td>$100,000</td>
<td>$3.40</td>
<td>$340,000</td>
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</tbody>
</table>

The impressive growth of stock value is significant. Grinnell’s results are gratifying, but...
The following statistical tabulations cover production and other figures for the latest week or month and other figures. 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:

**HOMESTEAD PRACTICE—5, DEPT. OF COMMERCE**

**New coal production**

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (100)</th>
<th>Previous Year (100)</th>
<th>Total (100)</th>
<th>Precious (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>2,015,000</td>
<td>1,891,000</td>
<td>1,873,000</td>
<td>187,000</td>
</tr>
<tr>
<td>1956</td>
<td>1,887,000</td>
<td>1,701,000</td>
<td>1,670,000</td>
<td>170,000</td>
</tr>
</tbody>
</table>

**New coal production by state**

<table>
<thead>
<tr>
<th>State</th>
<th>Production (100)</th>
<th>Total (100)</th>
<th>Precious (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>St.</td>
<td>2,015,000</td>
<td>1,873,000</td>
<td>187,000</td>
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</tbody>
</table>

**COMMODITY INQUIRIES**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Inquiry (100)</th>
<th>Quantity (100)</th>
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</thead>
<tbody>
<tr>
<td>2,015,000</td>
<td>1,873,000</td>
<td>187,000</td>
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**WHOLESALE PRICES, NEW SERIES**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Inquiry (100)</th>
<th>Quantity (100)</th>
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<tbody>
<tr>
<td>2,015,000</td>
<td>1,873,000</td>
<td>187,000</td>
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</table>

**NEW YORK STOCK EXCHANGE**

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Inquiry (100)</th>
<th>Quantity (100)</th>
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</thead>
<tbody>
<tr>
<td>2,015,000</td>
<td>1,873,000</td>
<td>187,000</td>
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</table>

**CANADA REAL ESTATE FORECLOSURES—VETERANS ADMINISTRATION AND REAL ESTATE CORP.**

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Inquiry (100)</th>
<th>Quantity (100)</th>
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<tbody>
<tr>
<td>2,015,000</td>
<td>1,873,000</td>
<td>187,000</td>
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</table>

**PERSONAL INCOME IN THE UNITED STATES DEPARTMENT OF COMMERCE**

<table>
<thead>
<tr>
<th>Income</th>
<th>Inquiry (100)</th>
<th>Quantity (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,015,000</td>
<td>1,873,000</td>
<td>187,000</td>
</tr>
</tbody>
</table>
Long-Range Business Effects of The Suez Crisis, Here and Abroad

As a result of the Suez crisis, there has been a dramatic increase in the cost of oil, which has had far-reaching effects on the world economy.

The Suez crisis has had a significant impact on the Middle East. The embargo on oil imports from the Middle East has led to a sharp increase in the price of oil, which has had a cascading effect on the global economy.

In the United States, the energy crisis has led to a major increase in the use of coal and nuclear power. The price of coal has also risen significantly, as has the cost of nuclear power.

The crisis has also had an impact on the U.S. economy. The increase in oil prices has led to higher inflation, and the uncertainty surrounding the crisis has led to a slowdown in economic growth.

In addition to the immediate economic effects, the Suez crisis has also led to political changes. The crisis has highlighted the importance of energy security and has led to increased efforts to diversify energy sources.

The Suez crisis has also had an impact on the international political scene. The crisis has led to a reevaluation of the role of the United Nations and has highlighted the importance of international cooperation in addressing global challenges.
WASHINGTON . . .

Behind-the-Scene Interpretations from the Nation’s Capital

And You

WASHINGTON, D. C.—Before the Civil War six out of ten of the working force in the United States were tilling the soil. Today only one out of ten are farm workers, with the other nine employed in industry and the services.

Only 12.5% of the people in this country are now living on the farms. Some of the agricultural states, like Iowa, are likely to lose a Congressional seat after the 1960 decennial census, just as they did in 1950, when population growth did not keep up with the national average.

Despite the great shift of families from rural communities to industrial centers and urban life, agriculture is and will continue to be a tremendous factor in the Nation's economy. The reason is simple, because the families now living in the country are going to produce the food and fibre needed for the growing population.

Wooing the Farmer

A year ago both major political parties in speech-making and party-platforms were seeking to capture the farm vote through the dwindling farm income and the fear of the spread of the extension of the Agricultural Trade Development and Assistance Act of 1954, until June 30, 1956.

Other provisions include increasing from $2 billion to $4 billion the volume of commodities that can be sold to friendly nations for their current production. Maximum increases of $500 million to $1 billion per year are envisaged in other surpluses that may be used for foreign relief grants.

Record Food Donations

The farm surplus disposal program reached record proportions for the fiscal year ended June 30. To recipients here and abroad a total of 2,018,400,000 pounds of food were donated during the year. Foreign distribution rose 46% over the same period a year ago. The domestic increases were made in distribution of surplus commodities for use in the school lunch program.

A total of 428,200,000 pounds of food was distributed for the school lunch program and to charitable institutions in all 48 states, the District of Columbia, and five Territories.

"Soil Bank" Continued

The Soil Bank program is going to be continued at least through next year's crop. The House and Senate passed legislation (the Senate still must approve a conference report) making the Soil Bank permanent for acreage reserve payments in 1958.

True, D. Morse, Under Secretary of Agriculture, sums up the major objectives of the Soil Bank as follows: Reduce the amount of surplus farm crops into government warehouses while the Department bars and aids the need with stocks on hand; maintain net farm income while farmers make crop production changes postponed after World War II because of wartime price incentives for high production were kept in effect; and, conservation of soil, water, trees and wildlife for the growing population.

Farms have grown larger and fewer with mechanization, but the problem of the small farm is still too early to determine the full effect of the Soil Bank on surplus reduction, he explained.

Under the 1957 program the farmers sold about 9,200,000 acres of wheat, 5,200,000 acres of corn, 2,600,000 acres of upland cotton, and 80,000 acres of tobacco land in the program.

The national average payments per acre for the 1957 year will be about $4.67 for wheat, $37.17 for corn, $15.50 for cotton, $64 for rice and $35.24 for tobacco.

More than 28,000,000 acres of crops were registered in the Soil Bank and, more than 21,000,000 in the Acreage Reserve, plus more than 40,000,000 in the Conservation Reserve.

Previous Failure

The old basic farm legislation enacted during the depression year of 1933 sought to control production with acreage allotments in order to achieve a high level of price support. The law did not work out.

The facts are farmers selected their best lands, fertilized heavily and adopted all approved practices. As a result farm surplus stockpiles have been increasing along with increased costs.

Furthermore, the facts are neither Congress nor the Department of Agriculture nor the farmers themselves appear to be nearer toward a permanent solution of surplus commodities and other farm problems after a quarter of a century of acreage allotments.

Meanwhile, as farm bills were being explained and discussed in private circles, economists in the government were pointing out that no nation has ever prospered under scarcity. Therefore, they insisted that for the general welfare of the United States it was far better to have a good abundance of foods and other products. It has been said many times that about half of the World's population goes to bed each night with some hunger pains.

The House agriculture appropriation bill (the Farm Surplus Disposal bill is different) provides $3,666,543,747 in fiscal 1958. The Senate was expected to approve the report and release it to the White House for President Eisenhower's signature.

High Cost of CCC

As of July 1 the price support program of the Commodity Credit Corporation totaled $7.6 billion. This included both loans and inventories. Corn, wheat, cotton and tobacco constitute 87% of the value of all commodities under loan and in CCC inventories.

About three billion bushels of cotton is produced annually in the United States. CCC loans and inventories on July 1 amounted to nearly half of a year's production. Annual wheat production is about one billion bushels. CCC loans and inventories on July 1 amounted to 85% of a year's production. Cotton production in 1956 totaled 13.2 billion. As of July 1 loans and inventories were considerably lower than a year ago.

The cotton carry-over on Aug. 1 is expected to total 11.6 million bales, or about three million bales less than a year ago. About 7.7 million bales of cotton have been sold by the Commodity Credit Corporation abroad during the current cotton year. Domestic mill production is expected to account for about three million bales.

This means that there is presently a good demand for cotton, and there are forecasts in Congressional circles that there will be a good market for American cotton abroad during the next twelve months.

Limit "Soil Bank" Payments

Several Democratic Congressmen have written letters to the White House and Secretary of Agriculture Extra Taft Beck calling attention to some amended Soil Bank bills that have resulted in Arizona and other Western States. For instance, the records show that one large farmer would receive more than $200,000 from the Soil Bank this year for not planting cotton. In Arizona—Kansas—Colorado wheat farming corporation received $5,000, and others received $50,000 checks for not growing wheat.

Under the new acreage appropriation bill, the amount a farmer could receive in Soil Bank payments for 1958 would be limited to $2,000.

COMING EVENTS

In Investment Field

Anz. 1-5, 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, Calif.) Investment Bankers Association Fall Meeting at Santa Barbara Country Club.

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

Oct. 10, 1957 (Omaha, Neb.) Nebraska Investment Bankers Association annual fall picnic and field day at the Happy Hollow Golf Course (to be preceded by a cocktail party, Oct. 9 at the Omaha Club).

Oct. 11-13, 1957 (Los Angeles, Calif.) Association of Stock Exchange Executives and Governors meeting at Beverly Hills Hotel.

Nov. 2-4, 1957 (Hobart Springs, Vt.) National Security Traders Association Annual Convention at Skipton Hotel.


Texas Group Investment Bankers Association annual meeting at the Statler Hilton.

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The Commercial and Financial Chronicle . . . Thursday, July 10, 1957

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