CANADIAN INVESTMENT OPPORTUNITIES FEATURED

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EDITORIAL

As We See It

With prices, particularly consumer prices, persistently rising, "inflation" has become an "issue" not only in politics in the narrower sense of the term, but in the conversations of friends and acquaintances wherever two or three are gathered together. In these circumstances it was inevitable that a "who killed cock robin" debate should develop. No one wishes to take responsibility for "inflation," and many hope to gain something by pinning blame on some one else. The labor unions and some of the more radically minded of the politicians never tire of trying to convince the public that "greed" among businessmen, and specially among "big businessmen," is the culprit. All that is necessary to cure the situation, according to these easy reasoners, is for these grasping groups to become a little more public spirited and not ask so much for their products.

Others, with much more merit, find that wage earners organized in monopolistic groups by forcing wages and other labor costs up have obliged employers to raise prices. To many, if not most of us, it appears plain that continued government spending on an almost astronomical scale must take at least a part of the blame for current inflation and the threat of more. Other alleged causes are brought to the attention of the public from time to time, mostly by individuals who wish to gain some sort of advantage from laying blame upon this, that or the other group in the population. Everyone finds the cause of current inflationary troubles in some one other than himself

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Great Issues in Canadian—U.S.A. Community

By HON. JOHN G. DIEFENBAKER, M. P.*
Prime Minister of Canada

Canadian Prime Minister discusses U. S. induced economic problems of utmost concern to Canada. After praising friendship and cooperation held by the two countries and noting each is each other's greatest customer, Mr. Diefenbaker proceeds to take umbrage at our: (1) restrictive trade policies; (2) agricultural export subsidies, barter deals and foreign currency sales; and (3) failure of U. S. investments in Canada to consider the interests of Canadians. Observes not more than one out of four U. S. controlled firms offers stock to Canadians, and pleads for equal cooperativeness in economic and defense measures.

There will be full agreement among those present that the Anglo-Canadian-American Community constitutes a grand alliance for freedom, in partnership with others of the NATO family, in the defense of democracy against the Red Menace. This alliance has as its "built-in" stabilizers for unity a common tradition, a respect for the rights of man, an unswerving dedication to freedom. I believe that the maintenance of that unity is the only certain hope for the survival of freedom everywhere in the world.


John G. Diefenbaker

Canada and the United States have grown up in separate ways. My country achieved its freedom and independence by evolution, not revolution—by its adherence to a limited monarchy within the Commonwealth of Nations, rather than through the establishment of a Republic. While the Commonwealth

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*An address by Mr. Diefenbaker before the Dartmouth Convocation on Great Issues in the Anglo-Canadian-American Community, Darthmouth College, Hanover, New Hampshire, Sept. 7, 1957.

Canada: A Conservative Viewpoint, Coupled With A Dynamic Economy

By DR. IRA U. COBLEIGH
Enterprise Economist.

An autumn look at Canada — her politics, her progress and her prosperity. Also giving some time to the broad list of mature Canadian securities, with uninterrupted cash dividend payments for more than 125 years, uniquely providing income and prospects for gain in a solid and dependable economy.

The most important single change since our last semi-annual edition on the Canadian economy is, of course, the switch from Liberal to Tory government, and in particular, the accession of The Honorable John George Diefenbaker to the office of Prime Minister of Canada. After 21 years of Liberal direction of its affairs, latterly under the distinguished leadership of Premier St. Laurent, a great conservative political swing emerged, resulting (1) in the election of Mr. Diefenbaker, (2) a closer orientation to England, and (3) a new accent of apprehension upon the extent to which American capital had made, and was making, inroads on the ownership and development of Canada's vast natural resources.

Frankly we welcome and salute this new administration and this fresh executive look at the direction and development of Canada's fabulous and enviable enterprise economy. No democracy benefits from sustained and uninterrupted control by one major wing of its electorate, be it right or left; and in much the same way as a swing

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LONG-TERM CANADIAN CASH DIVIDEND PAYERS—An integral feature of the cover page article "Canada: A Conservative Viewpoint, Coupled With a Dynamic Economy," are the tables showing Canadian listed stocks on which consecutive cash dividends have been paid up to 129 years.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Gimbel Brothers Inc. — Wm. H. David, Security Analyst, Abraham & Co., New York City. (Page 2)

Sylvania Electric Products — August Huber, of Spencer Trask & Co., New York City. (Page 2)

WM. H. DAVID

Security Analyst
Abraham & Co., New York City
Members New York Stock Exchange and Other Leading Exchanges

Gimbel Brothers Inc.

Gimbel Brothers is the fifth largest department store chain in the United States. The company operates the large Gimbel stores in New York City, Philadelphia, Pittsburgh and Milwaukee, with a total of seven suburban branch stores; Saks-34th Street, New York City, with one branch and 13 Saks-Fifth Avenue stores in various parts of the country. Saks-Fifth Avenue is a leading retailer of fashion and quality soft goods. Saks-34th Street sells similar merchandise in a lower price classification, while the Gimbel Brothers stores handle a broad line of popular priced soft and hard goods. It is believed that the New York City units alone account for about 40% of the company's total sales.

The company owns a larger proportion of its retail store properties than any other major department store chain, with the result that its annual rental payments are quite low relative to those of comparable organizations. The four main Gimbel stores, and a number of the smaller Saks-Fifth Avenue units are owned in fee and are practically free of mortgage debt. As of Jan. 31, 1957, land, buildings and building improvements were carried on the books at a gross value of $75.6 million and at a net value after depreciation of $43.2 million. The fact that all this property is encumbered by only $2 million in mortgage debt allows the company some degree of flexibility in arranging for its future long-term financing requirements. Capitalization consists of 1,954,000 shares of common stock, preceded by 107,137 shares of $4.50 preferred and $54,912,000 of long-term debt.

Gimbel Brothers' ambitious branch store program initiated in 1954 has been largely responsible for the improved trend in operating results evident during the past three years. To date the company has opened eleven new suburban or branch stores, including four units in the current fiscal year, with 1,400,000 square feet of floor space and an estimated sales potential of about $85 million annually. The units added this year include the first branch of Gimbel's Pittsburgh store in the North Hills Shopping Center, the second branch of the Gimbel Philadelphia store at Upper Darby, a third Gimbel's New York unit in Bayshore, Long Island, and a Saks-Fifth Avenue branch in Springfield, New Jersey. These four stores contain 440,000 square feet of floor space and have an estimated sales potential of over $26 million annually. The present expansion program will be completed in the latter part of 1958 when a second large branch store in the Milwaukee area is scheduled to open. At such time Gimbel Brothers Inc. will derive approximately 25% of its sales from its suburban stores. Experience to date indicates that the volume of business done by the downtown units does not necessarily decrease when suburban stores are opened. Indeed, during the past few years the dollar volume of most of Gimbel's large units increased slightly, despite the opening of branches in outlying residential areas.

Prior to 1955 Gimbel had one of the least impressive operating records of any of the major department store chains. Sales volume actually decreased in the period from 1947 to 1954 and profit margins were among the lowest in the industry. However, several years ago, sparked by the realization that Gimbel's over-all competitive position was deteriorating, the management embarked on an ambitious program of suburban store development and also instituted a number of internal changes designed to secure greater operational efficiency. These measures have produced rather striking results in the past two years. In this period sales have increased 21% while net income has risen 47%. An extension of these gains over the next two or three years is indicated, provided consumer disposable income, the major determinant of retail sales, remains at present high levels, inasmuch as additional volume and profits will certainly be obtained from the stores recently opened, as well as from the Milwaukee unit scheduled for completion in 1958.

Since a rising proportion of branch store volume in relation to total sales has generally had a beneficial effect on the over-all profit margins of major department stores, these sales increments should be accompanied by an even greater increase in net income. It has been estimated that a successful suburban store in its second or third year of operation can earn as much as 7% on sales before taxes, after absorbing its share of downtown store expense, and this compares with an average pretax margin of 3.6% for Gimbel in 1953 and 1954 before the current expansion program was inaugurated. Some further improvement in profit margins, which are still among the lowest in the department store field, could also result from the company's continuing efforts to reduce operating expenses through the adoption of more effective merchandising techniques and the modernization of existing physical facilities. For the current year, assuming good fall and Christmas business, and the absence of an unusually large year-end Lifo adjustment, I am looking for sales in the neighborhood of $380 million and earnings of approximately $4 per share.

As of Jan. 31, 1957 Gimbel's financial position appeared entirely adequate. On that date current assets were $121.7 million, including $8.4 million in cash, while current liabilities were $43.8 million. My cash flow projections for the current fiscal year indicate that there will be a satisfactory increase in the company's working capital. While additional long-term financing may be necessary from time to time to meet the requirements of an expanding business, no sale of equity securities is presently contemplated.

With respect to dividends, it is my belief that if the earnings I look for materialize this year, a modest increase in the annual payment to perhaps $1.80 per share will be forthcoming at the beginning of 1958. Should results continue to improve thereafter, as I am hopeful they will, it seems probable that the old $2 rate will be restored before too long. As of Jan. 31, 1957, the book value of Gimbel's common stock amounted to $39.35 per share.

While department store stocks have been out of favor for some time and are at present accorded rather modest price earnings multiples, I consider Gimbel one of the most attractive situations in this group. Its speculative quality appears fully recognized, if not actually over discounted by the market's evaluation of its current earnings and dividend prospects. With further gains a distinct possibility during the next year or two, the shares at recent levels around 26 appear attractive, on a businessman's risk basis, for generous income and moderate appreciation over the intermediate term.

Gimbel Brothers—Sales and Earnings

Interim Results	Net Sales (Millions)	Pretax Profit Margins	Net Income (Millions)	Earn. P/S	Dividends	Approx. Price Range
6 Mos. 7/31/57	$162.1	2.2%	$1.7	$0.75	$0.80	
6 Mos. 7/31/56	152.2	1.9	1.4	0.60	0.70	
Yr. End 1/31 of Following Calendar Year						
1956	$350.9	4.4%	$7.6	$3.60	$1.40	31–23
1955	325.0	4.2	6.7	3.16	1.10	30–20
1954	290.0	3.6	5.1	2.34	1.00	21–13
1953	286.4	3.6	5.2	2.35	1.00	17–13
1952	291.7	3.3	4.8	2.14	1.00	18–15
1951	298.5	2.6	3.7	1.59	1.00	25–17
1950	291.1	4.4	7.1	3.31	1.00	22–14
1949	280.8	3.6	6.2	2.80	1.00	17–12
1948	307.3	4.8	8.9	4.17	2.00	25–17
1947	301.2	3.6	6.2	2.80	2.00	32–18

AUGUST HUBER

Spencer Trask & Co., New York City

Sylvania Electric Products

From a high of about 56 last year, the present price of around 36 represents a relatively deflated area for Sylvania Electric. The decline reflected largely the less favorable conditions in the television industry which contributed to downtrend in Sylvania's earnings. Earnings last year were $4.10 per share. This year it appears that around $3.50 per share is likely, based on probably improved results for the final six months. Around 36, the stock is selling at a moderate 10 times estimated 1957 earnings while the regular $2.00 dividend rate provides a satisfactory yield of 5½%.

August Huber

In view of the present favorable value at the current price level and the prospects of encouraging growth over the next few years—projected long-term earnings around $6.00 per share—I would regard the stock as an attractive semi-speculative commitment at this time.

Sylvania is the third largest producer of electric lights (incandescent and fluorescent), second largest manufacturer of television picture tubes, and a major producer of television and radio tubes, television and radio sets,

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The Role of Banking in An Expanding Economy

By JOHN J. McCLOY*

Chairman, Board of Directors, The Chase Manhattan Bank

Prominent N. Y. banker contends America is growing and our banks must be permitted to grow with it. In calling for an attack on artificial restraints that place banks in a strait jacket which prevents natural growth possibilities, Mr. McCloy does not suggest radical changes are needed that would end dual banking or many unit banks in local areas, nor set up nationwide, interestate or state-wide banking. Questions whether existing state laws can apply to national banks, and warns refusal to act properly may cause banks to use Bank Holding Company Act of 1956 as growth route rather than the channel more in keeping with traditional form of banking.

I have often weighed in my mind the pros and cons of a decentralized banking system. I have seen the thoroughly integrated systems of Europe and other parts of the world — nationwide banking systems, and highly centralized activities. I have tried to balance their advantages as against our dual system and the whole concept of state banks.

John J. McCloy

We have had a wide variety of laws governing our state banks, and their services have covered as wide and as variegated a field of banking needs as I suppose has ever appeared in history. I have come to the conclusion that in a nation as vast as ours and with the varied forces that have flowed over our wide geography, we could never have progressed as far as we have without our system of state banks. The fact that the system developed naturally, and through many vicissitudes has grown in strength over the years, is the strongest evidence of its essential vitality.

Today, however, as the world about us grows ever more complex and the tendency towards centralization increases, it is quite apparent that the state system must give evidence of an alertness and imagination to meet national, as well as local, needs if it is to hold its own, quite apart from any question of its further growth and expansion. The ever increasing demands of the nation's economy for appropriate credit constitute a mighty challenge to the system.

I know that I cannot here deal exhaustively or even adequately with the subject I have chosen, but I would like to review with you some of the problems which confront banks, particularly state banks, today in the light of our expanding economy; and I want to try to foresee some of the changes which are likely to arise in the near future.

We all are aware that it is not easy to carry through changes in laws that govern banking. Local interests, selfish interests, and the great variety of opinions in respect to the subject of banking all tend to make statutory changes uncertain and difficult. Moreover, as we all know, it is not easy to make organizational changes within banks themselves. There is a fundamental conservatism that runs through all thinking in regard to banks. This element, a factor of strength in some respects, may become an element of weakness in the face of the present day pace of banking needs.

It is important then that we have some idea of where we are heading as we ponder the problems that face banking at the moment and the steps that should be taken to deal with them. In many ways banking today stands at a crossroads. It has enjoyed a substantial growth in the postwar period — deposits have increased by one-third, and loans have more than tripled, and yet the American economy in certain respects threatens to outdistance its banks. We have reached a stage where bankers and supervisory authorities must constantly take stock of the position and move courageously and constructively to make whatever changes are necessary. It is certain that unless we do commercial banks are bound to play a less significant role in the economy than I think is desirable and even necessary.

When we look ahead and ask what the potential for further growth of banks and bank services might be, we come up with some very revealing answers. A key question at the outset of course is how much bank deposits are likely to increase. Over the past several years deposits in commercial banks have not increased to any great degree — particularly demand deposits in banks of major cities. There is a tendency to project this experience of the recent past into the future. To do so for commercial banks as a whole, in my opinion, is a mistake. We forget that we have been living in an unusual period —a period when the economy has been operating at a boom level, with inflation a persistent problem. The monetary authorities have had no other recourse in these circumstances but to retard the growth of deposits. They have forced banks and the business

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*An address by Mr. McCloy before the Fifty-sixth Annual Convention of the National Association of Supervisors of State Banks, New York City, Sept. 19, 1957.

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CANADIAN INVESTMENT OPPORTUNITIES

Article starting on the cover page, "Canada: A Conservative Viewpoint, Coupled With a Dynamic Economy," discusses the investment opportunities inherent in Canadian securities and, by way of documenting the views presented, includes a tabulation of the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 129 years (Table I, page 21) and from 5 to 10 years (Table II, page 35), along with other data of interest to investors.

Articles and News — Page

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*Column not available this week.

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United Aircraft—Jet Propelled

By DR. IRA U. COBLEIGH

Enterprise Economist

A reassuring look at our largest manufacturer of aircraft engines and propellers; and the largest and most successful manufacturer of helicopters — United Aircraft Corporation.

Those of us mere males who are inclined to scoff at the slavish following of fickle fashion by our women folks, had better take an occasional look at our own flights from reason and logic in the realms of finance. For example, since the austerity in the Pentagon was decreed, and the incisive lopping of the military budget, quite insistently sponsored by our retiring Secretary of Defense, it has been the market fashion to belittle and belabor the aircraft stocks. So they have all gone down; and many have seemed to act as sort of squadron leaders in the dive-bombing division of the market. Such blind acceptance of bearish board room fashions can, however, be overdone. While the cancellation of the Navajo had a logical and perceptible bearing on the fortunes of North American Aviation, and the cutback for bombers at Boeing could be adversely interpreted earnings wise, others were less affected and some look just about as good as they did before—and at much lower prices. United Aircraft, for example.

Ira U. Cobleigh

Here's a major company with a terrific record of sustained growth, of earning power, of engineering leadership, of production efficiency, of managerial excellence, and stockholder contentment. Yet its common is getting a kicking around that shouldn't happen to the Dodgers' ball park. With a $2 billion backlog in orders, sales that for the first time will cross the billion mark in 1957, indicated all-time per share net earnings of above $9, and the common available on a 5% basis at the low of the past two years—with all these powerful points in its favor UR seems to be sadly neglected for no better reason than because it has the word "Aircraft" in its corporate title.

As a matter of fact United Aircraft today finds itself in a peculiarly favorable position. As the largest builder of aircraft engines, it pioneered in the design and large scale production of jet power plants and today over three-fourths of all manned 1957 military craft — transports, bombers or fighters—will rely on Pratt and Whitney engines for their propulsion. Pratt and Whitney is the largest division of United Aircraft, accounting for above 70% of all 1956 sales. The J-57 jet engine powers eight series of Navy and Air Force planes; and is also the driving unit for our most successful and test proven long range guided missile, the Snark, now in actual production. A bigger jet unit, the J-75, will propel the P6M of the Navy, certain Air Force units, and nine out of ten of the big DC8's and 707 airlines planes now on order will rely on this same J-75. A turboprop entry, the T-34, is now undergoing rapid development.

A second division of United Aircraft, accounting for about 12% of gross in 1956, is the Hamilton Standard Division which produces propellers of all sorts and kinds, gas-turbine engine starters and fuel controls, hydraulic pumps and equipment for the air-conditioning of aircraft.

The third division of UR is Sikorsky, specialist in and largest and most successful producer of, helicopters. Helicopters have required a tremendous amount of research and experimentation. Whereas it has been the fashion among other helicopter enterprises to lean heavily on government subsidy, Sikorsky has, for the most part, "gone it" alone. Its helicopters have achieved broad military acceptance for airborne tactical units permitting swift and low level advance of withdrawal of forces. In commerce and industry, Sikorsky helicopters are finding increasing use in civilian passenger and freight flights; and oil drilling companies are using helicopters increasingly for servicing drill rigs, transporting drilling crews and technical personnel, to inaccessible areas, such as offshore in the Gulf of Mexico or the lakes of Venezuela. The use of helicopters seems to be expanding steadily and Sikorsky, because of its highly competitive pricing, progressive engineering, and the size, and excellent flight and maintenance records, of its whirly-birds, should continue to lead and to prosper in this division of aeronautics.

Last year 86% of UR business was done with divisions of the government. This year, although total sales are estimated to reach $1.2 billion, the percentage of commercial business is expected to rise substantially. For the first six months, this segment of gross advanced from $59 million in 1956, to $93 million this year.

The forward march of net income in United Aircraft makes quite a record in itself. Beginning with the year 1948, per share net stood at $1.70. This figure has risen substantially in every year since then, reaching $3.45 for 1952, $5.11 for 1954, $7.06 for 1956 and an estimated $9 to $9.30 for this year. As a result, cash distributions have been increased during this period from $1.11 per share to a $3 regular dividend rate today; and there was a 20% stock dividend in 1951, a 3-for-2 split in 1955 and in 1954 a spin-off of 1½ shares of Chance Vought for each 4½ shares of United then held. So stockholders have been treated well, not only at the dividend counter, but in market gain, with UR rising from 11¼ low in 1949 to a 1956 high of 96½. At the time this was written, UR was trading around 60, providing a 5% return on the $3 dividend and offering a market leader in its industry, and a stock with pronounced growth characteristics, at a time/earnings ratio of only 6½. This is pretty unusual when you consider how well the dividend is covered and the possibility that it may be increased. (Policy has been, for some years, to pay out in cash about 45% of net.)

Now we may be in for a sizeable market price readjustment, a rolling recession, a short term dip, or the prelude to a roaring inflation. If we really knew what lies in store for stockholders, then columns like this would go unwritten and/or unread, and we'd all be bored millionaires. But since our lot is ever to treat with uncertainties and probabilities, then we have to rely on the time-tested criteria of share values. For a stock to go up, its earnings, past, present and indicated, should describe a pronounced up curve; and dividends likewise. Gross earnings should describe a parallel or even steeper up-curve and growth in gross should be at a faster rate than competitors in the same industry. And above all this there should be an eager, intelligent, research minded management which can ideate, perfect and manufacture and market profitable new products. By such accepted criteria for stock selection, United Aircraft seems to be an equity of present merit, and future promise.

Even despite the military expense retrenchment, we're still going to allocate $7 billion for the Air Force and $2 billion for the Navy for aircraft, in each of the next few years. This $9 billion a year of buying power is a considerable backlog for such as UR. If you want to enter more in the guise of an investor, here, perhaps the $4 preferred, convertible into 1¼ shares of UR common till 11/1/66, may interest you. It's a live one and sells currently around 89. Although UR does not look especially air-borne at the moment, the arguments in its favor seem well grounded.

Bankers Now Concerned Over Deflation and "Tight" Money

By A. WILFRED MAY

Sharply changed attitude toward these twin questions manifested at this week's ABA Convention.

ATLANTIC CITY, N. J.—This year's Convention of the American Bankers Association highlights the occupation of the business and financial community with the twin questions of "tight money" and "Inflation-Deflation." But further, the veering of discussion from the approach of former years is significant and interesting. Previously speculation centered on whether the interest rate would be "managed" higher, and if so whether it would slow up the boom. Now, on the other hand, the community's interest is revealed as being concentrated on concern over how long the money "tightness" will last, how strongly it will accelerate the now taken-for-granted business recession, and on the responsibility publicly ascribed to the bankers for a "monetarily induced" depression which may be ahead. This knotty "public relations" problem is wisely being anticipated. Perhaps the Association's contemplated six-figure national advertising program will be effective in including this goal.

A. Wilfred May

Reserve Policy Versus Treasury Financing

Also underlying the departure of the credit-squeeze question from the area of extraneous discussion is the concern increasingly manifested over the Treasury's real and pressing bond financing problems. The involvement of the Reserve Board's "neutralist-tight money" policy in the Treasury's money-raising problem is exemplified by the testimony of some bankers here (located outside of New York) that although they thought well enough of the new Treasury 4s to buy them for their own personal accounts, their institution's stringency of resources forced the latter's commitments to be limited to free-riding of the issues. Thus, the securities' investment merits, over the short- and long-terms, are seen as being estopped from being effective, as far as bank-buying is concerned. Perhaps, in line with former Secretary Humphrey's recent conclusion, even a 5% rate in lieu of the present 4% coupon would not "do the trick," at least bankwise.

Britain's raising of her discount rate to the super-"crisis" 7% level is seen here to have exerted a strong psychological impact in its dwarfing of our own 4%-and-under rediscount and borrowing rates here. And then Britain's less-advertised quantitative restrictions limiting bank loans to last year's level have caused some additional qualms here.

On that question of "inflation-deflation," at former years' sessions the bankers were concerned with the progress of inflation (even though they at heart were inclined to consign the needed deflation to "the other fellow"). Within the past 12-month interval there has emerged a realization of the two-wayness of the inflation street, plus worry over the prospects for de-flation. Thus, in discussing investing policy here, Benjamin Strong, President of the United States Trust Company of New York, stressing the need for "weathering storms as well as sunshine," warns that reiterating the formerly comforting sentiment as "We are in a long-term inflationary period, so stocks are bound to go up, and bond income can only go down in purchasing power," can and will lull us to sleep "as surely and as pleasantly as a phenobarbital or a tranquilizer."

Many others here, in reflecting the new two-way attitude toward inflation, are going much further in carrying reports of real concern over the possibilities of deflation.

Mergers O. K.

The bank merger movement is still getting the green light in high quarters. Erle Cocke, outgoing ABA President who is to be sworn in as a Director of the FDIC next week, gave it his blessing in a press interview here. Incidentally, Mr. Cocke reports that his institution, the Fulton National Bank of Atlanta would be amenable to the suggestions made to him for Stock Exchange listing were it not for the expense involved.

Now Stevens Cornelius & Parsons, Inc.

BUFFALO, N. Y.—Bertram Parsons has become associated with Stevens, Cornelius & Co., 587 Ellicott Square, and the firm name has been changed to Stevens, Cornelius & Parsons, Inc. Mr. Parsons was formerly a principal of Parsons & Company which has been dissolved.

The State of Trade and Industry

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

The picture of over-all industrial production the past week is a rather mixed one with steel output, as earlier predicted, slightly improved from the preceding period. Looking to the fourth quarter, "Steel" magazine this week noted that steel orders for delivery in the final quarter of this year may help the industry break the 1955 record of 117,000,000 ingot tons. In the automotive field it was not surprising that the output of cars the past week declined to the smallest volume since the September 24-29, 1956 week, due to the fact that practically the whole industry is presently engaged in getting 1958 models into production. The only manufacturers now involved in 1957 model operations are Ford and Mercury divisions. Other areas of the economy to reflect gains in the post-Labor Day period were output of electric energy and loadings of revenue freight. Trade volume in the latest week, due to unseasonably hot and humid weather, worked to discourage consumer buying which resulted in a slight decline below the level of the similar week a year ago.

For the month of August, industrial production again held steady, the Federal Reserve Board reported.

The August seasonally-adjusted rate was 144% of the 1947-49 level, the same as in June and July, but was one percentage point above the year-earlier pace and one point above the April and May figures for the current year.

It was three points below the high of 147% reached last December.

The Board added that activities in manufacturing industries showed the usual seasonal rise in August.

Production in the nondurable goods industries increased slightly during the month, the board continued, as activity in the rubber, chemical and petroleum refining industries increased and output of textiles and apparel held at reduced levels. Output of minerals changed little, it further stated.

Employment fell to 66,400,000 at mid-August from the record level set the month before. At the same time, unemployment also declined by 400,000 to 2,600,000, largely because students on summer vacations discontinued their search for summer work, a joint report by the United States Department of Commerce and Labor stated.

The report also noted that the 800,000 employment decrease from mid-July reflected an "especially sharp drop" in the farm work force, which more than offset a "comparatively small" pickup in non-farm jobs.

The United States Department of Labor noted in a separate report that factory workers' average weekly pay rose to $82.59 in August as a result of an increase in the work week to 39.9 hours from 39.7 in July.

The nation's total number of jobholders at mid-August represented a decline from the year-earlier of nearly 66,800,000 the report noted. The report added that although agricultural employment normally slips in August prior to the fall harvest, "the contraction this year was accentuated because of the high level maintained in July."

Non-farm employment went up over the month by 238,000 to 52,800,000 in August, a gain considered "modest in relation to the rise in most recent years," the report pointed out. It said the increase resulted from the usual late summer expansion in food processing, apparel and several other manufacturing industries.

Personal income again climbed to a new high during August attaining a seasonally-adjusted annual rate of $347,300,000,000 the United States Department of Commerce revealed.

The new level is a $13,000,000,000 above the seasonally-adjusted pace a year earlier, and $1,100,000,000 above the July rate.

About half the July-August rise occurred in wage and salary

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The Interest Rate Outlook and Equity Capital Encouragement

By AUBREY G. LANSTON*

Aubrey G. Lanston and Co., Inc., New York City

Prominent government bond specialist detects from a "kind of saucering out" in bond prices that a much better bond market sentiment exists but, nevertheless, he still is not bullish on bonds. Believes the need for caution exists in view of the discouraging Treasury's budgetary and cash position impact on the interest rate outlook. To end the present money market's imbalance, Mr. Lanston would change our corporate income tax law to permit interest and dividend payments made from pretax profits, as a return on capital, to be excluded from corporate income tax. Alleges that our present tax system serves the contradictory purpose of stimulating excessive capital-credit borrowing and of decreasing the savings-incentive. Avers his plan would shift investment demand to equitable capital and at the same time encourage savings for investment in equities.

Interest rates in this country are the lowest in the world. That is true, but an understanding of the reasons may help to keep the statement in its proper perspective. While the present level of interest rates approximates some of those that prevailed during the more quiet portions of the 1920's, interest rates aren't high in comparision with the range of interest rates throughout that period and, therefore, we many expect future changes to develop around the present levels. I doubt that this oversimplification justifies the conclusion.

Aubrey G. Lanston

On the matter of interest rates in this country being the lowest in the world; I think we may continue to expect this to be the case, because we are one of the world's best and most highly-organized creditor societies. In addition, the execution of our national fiscal, debt management, and credit policies, while leaving much to be desired, compares favorably with the discharge of such responsibilities by other world governments, particularly as to credit policies and much less so as to fiscal policies. To the extent this remains the case, interest rates in this country could continue to rank among the lowest in the world. Such a ranking for our costs of money would become less favorable only when and as our government inspires an increased sense of distrust in the future stability of the purchasing power of the dollar, here and abroad.

With regard to the second matter, the comparative levels of interest rates today and during the 1920's: Such comparisons can become rather misleading unless they are made with a full awareness of the differences that mark the two periods.

During the 1920's quite substantial sums were attracted away from the investment markets to speculative uses. This diminished the amount of funds from which legitimate demands could be satisfied. Interest rates were shoved higher than they might have been, because speculators were willing to pay a higher rate than many legitimate borrowers could afford, and the diminished supply of funds was bound to command a higher price than otherwise.

It also should be borne in mind that in this earlier period commercial banks were free to bid for demand deposits, that is, to pay interest on them. This is not permissible today. If it were, and if banks currently were paying, say, 2% on demand deposits, the interest rate structure could be counted on to be higher by some comparable degree. In other words, if bank could bid for demand deposits today, might find that the resulting interest rate structure, all other things remaining unchanged, would more closely approximate the higher levels recorded throughout the 1920's.

I also would inject that, should one be inclined to compare the levels of interest rates in England with those here, one should keep in mind that, whereas the English and Scottish banks do not pay interest on demand deposits either, a deposit that has a predetermined life of as little as seven days does receive interest. Currently the rate is 3%. What yield would prevail on Treasury bills and other securities if such deposits in this country were able to earn 3%.

Taxes Encourage Borrowing

Finally, any comparisons made between present levels of interest rates and those of the 'Twenties should allow for the lower levels of taxation that prevailed then. In the 'Twenties, when a borrower paid 5%, 6%, or 7% for his money, the Treasury bore only a minor portion of the cost; the effective, or net cost to the borrower was not much less than the actual interest rate he paid. Under the present high rates of taxation, the picture is quite different.

Similarly, the 'Twenties when a saver obtained 3% or 4% on his savings, he was able to keep most of this return. This is far less true today.

In other words, when thinking in terms of the outlook for interest rates, it is well to be wary of oversimplified comparisons such as two I have discussed.

I now would like to go a bit further into the matter of taxation, even though it may appear, at first, to be extraneous. One aspect of our tax structure serves to decrease the net cost of money to most groups of borrowers, and to decrease the incentives both to save and invest and, thereby, to multiply the problems of promoting stability in the purchasing power of the dollar.

Excessive Demand

It is claimed that interest rates have been increasing because the amount of savings that has been accumulating has been insufficient to accommodate all of the demands for money. In essence, that statement has to be correct, but it seems to me that it would be more accurate to turn the statement around and to emphasize that it is an excessive demand for borrowed money rather than a deficiency in savings which has brought about the periods of imbalance in the capital and credit markets that have characterized the successive upward adjustments in the structure of interest rates. This excessive demand for borrowed money originates with a provision in our income tax laws that, it seems to me, we must consider as being economically cock-eyed and inconsistent with our type of society, with our institutions, and with the underlying premise of the American economy. This is that the individual is to be encouraged to exercise his initiative and ingenuity to the maximum of his ability so that all may benefit from the genius of a few.

To pin this thing down, I would like to mention that the largest single source of demand for capital and credit in this country originates in the plant and equipment needs of American business. Obviously, some borrowed money has a proper place in the capital structure of most businesses and generally is desirable from the point of view of businessmen. This is because borrowed capital represents saving that requires security of principal and, therefore, receives a lower rate of return per dollar than that which the business is expected to generate from its total capital, that is, its borrowed money and equity capital taken together. Furthermore, it is somewhat of a practical necessity that business ventures in most modern societies take a corporate form. Such corporations have no personal identity. They represent simply a medium by which a number of individuals (and, as you know, sometimes this is many, many individuals) may be gathered together for a common economic purpose. Yet, in many businesses, particularly small

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*An address by Mr. Lanston before the Opening Session of the Vermont-New Hampshire School of Banking at Dartmouth College on Sept. 9, 1957.

Investor Prospects in Banking

By MORRIS A. SCHAPIRO*

M. A. Schapiro & Co., Inc., New York City

Bank security expert cites impact of high level of loans and the new interest rates on earning power of banks, with New York City institutions particularly benefitting because of their low break-even point. Maintains the change in bank stock quotations from discounts to premiums is justified by the improvement of 34% in the earning power of stockholders' money. Predicts bank credit will continue in short supply, with present higher level of loans and rates holding.

Banks are back in business making loans. For every $100 of deposits, loans of the New York City banks have risen from $25 in 1946 to $70 today. Never before have these banks as a group been so favorably situated with regard to their capital position, reserves, and demand for their services. A realistic market for bank credit has vitalized their operations and enhanced their prospects.

Morris A. Schapiro

Against the background of recent monetary changes, the outlook for banking is certainly favorable. Indeed, for banks generally, net operating earnings in 1957 are surpassing all previous records. The actual dollar totals will be impressive.

However, as security analysts, we must continue to judge performance in terms of the stockholder position. What rate was earned on the stockholder's money? To what extent do current earnings of his bank reflect the expanded loans and higher rates? How do the *results per share* compare with others? Have management policies enhanced or retarded the status of his investment?

If our advice to clients is to have merit, we must first turn to the larger scene and evaluate recent trends in banking. Will the rise in interest rates hold? How is public policy developing on questions of branching and mergers? Will new bank holding companies be allowed? What legislative changes seem likely? What is the significance of the provision in the Financial Institutions Act, passed by the Senate and now awaiting action by the House, which authorizes preferred stock, convertible preferred, for national banks (one of the numerous provisions of this pending legislation)? Clearly, important changes are indicated; many will affect the stockholder's position.

To appraise these changes, we must examine the developments which have taken place since World War II in the financial position of our commercial banks. In this period, a large pattern will be seen, relevant to the questions before us. If we understand what has happened, our conclusion about what is now happening is more likely to be valuable.

Let us, therefore, try to consider the larger banks located immediately about us in downtown Manhattan, the country's foremost financial center. To see how "tight" money has affected these New York City institutions, we have only to glance at the morning newspaper which sets forth their position at the close of business. This banking weather report of the "reporting member banks" is released weekly by the Board of Governors of the Federal Reserve System in Washington.

The Stockholder's Money

Let us begin with the stockholder's interest. Since September 1946, due to retained earnings and sale of additional shares, the capital accounts (or total book value of all outstanding shares) of these reporting banks have increased $1 billion, from $1,983 to $3,029 million a gain of 53%. In addition to this capital, there are valuation reserves of $321 million, a sum otherwise deducted from the carrying value of loans, and therefore, not seen in the usual published bank statement of condition.

This huge block of banking capital, held by 17 institutions, is unmatched elsewhere. It represents 22% of the $14 billion total of 6,438 member banks of the Federal Reserve System. Not so long ago this point was of academic interest. Today, however, with the demand for credit high, capital counts. The ability to make loans is today's drawing card in the banking business. Since capital funds are the basis of lending capacity, these large New York City banks are assuming new importance to the economy of New York State, and, of course, to the nation as well.

Nowhere else can large blocks of bank credit be provided as readily as in New York City. Large national borrowers, as well as many interior banks, therefore, must continue to rely on these institutions. Their large lending power, directly or in concert with banks elsewhere, is a vital asset to the nation's business.

Depositors' Money

The condition figures shown in Exhibit I are not comparable with the figures which a bank would ordinarily show in its published statement, **first**, because the figures before us exclude assets and liabilities at foreign branches; and, **second**, because our deposit figures exclude checks in process of collection, whereas the individual bank would show its total gross deposits. Theoretically, if customers stopped writing checks, gross deposits would shrink to our figure. This net figure is significant because it provides a truer picture of the relationship between earning assets and deposits, and allows us to estimate the cash reserves required to be maintained.

We can see that, in the past 11 years, deposits (less checks in process of collection) have risen $2.2 billion, from $21.5 to $23.7 billion, a gain of only 10%. This comes as no surprise for we have known all along that bank deposits throughout the nation have grown much more rapidly than in New York City. Elsewhere deposits are more local in origin; in the City they are more cosmopolitan. Because of the great accumulation of capital and the variety of facilities available in New York City, its banks attract deposits and business from all parts of the country and the world, to a much greater degree than do banks in other centers of the country.

The break-down of deposits, showing the various classifications, is of special interest to analysts. Time deposits (including savings) on which interest must be paid represent 15% of the total compared with 30% for the other 359 weekly "reporting member banks" in 93 other cities. Balances of domestic and foreign banks are shown in the amount of $4.2 billion. The city is the focal point in a vast network of correspondent bank relationships throughout the country and around the world.

We know that the New York City banks are confined by State law to the city limits. A question of public policy today is whether the banking district lines should be adjusted to give these low-cost, highly efficient banks access to people and their businesses located in the metropolitan area beyond the five boroughs. The question of changing the legal banking frontiers is always thorny. It has now been made critical by the pending application of the First National City Bank to form a bank holding company, pursuant to the Federal Bank Holding Company Act of 1956.

Reserve Requirements

The question of reserve requirements was aired at the recent hearings by the House Committee on Banking and Currency considering the Financial Institutions Act. Testifying before this Committee, William McChesney Martin, Chairman of the Federal Reserve Board, agreed that the present geographical system of reserve requirements is outmoded, and needs overhauling. In effect, he acknowledged the unjust burden which the New York and Chicago banks bear. These banks must carry larger cash reserves against demand deposits, 20% compared with the 18% for their 282 competitors in the 50 reserve cities, and 12% for the 6,124 country member banks. When questioned, Mr. Martin told the House Committee that the time has not been opportune to reduce reserve requirements, and that the Board is continuing its studies.

The 2% differential applied to $20 billion of net demand deposits subject to reserve means that $400 million additional must remain impounded as idle cash. This discrimination hurts these banks and their shareholders. It harms the economy of New York State and impedes the borrowing operations of the United States Treasury.

The New York City banks have pressed for reclassification. The Federal Reserve Board has the authority to reclassify these banks from central reserve city to reserve city status. It can hardly delay further in a matter where so gross an unfairness is involved.

Loans and Investments

After providing the higher cash reserve, these banks held on Sept. 11 $23.6 billion total loans and investments, an increase of $3.7 billion since September 1946. Within this total, we can see sharply divergent trends. Loans increased threefold while investments were cut in half. Loans expanded $11.1 billion, from $5.5 to $16.6 billion, a rise of 200%. Meanwhile, investments, mostly Treasury obligations, contracted $7.4 billion, from $14.4 to $7.0 billion, or 51%. The composition of bank assets has changed radically. In wartime, Treasury obligations were the chief asset. Today, loans have taken their place.

The proportion of cash and United States Government securities to total assets declined while the ratio of risk assets rose. In this period, to meet loan demands, these banks were forced to reduce their holdings of Government securities. Lending operations since 1946 have radically altered the ratios of loans to total assets, deposits, and capital accounts, as shown below.

Because of the special circumstances prevailing in the City, the slower deposit growth, and the higher reserves required, its banks were subjected to the greatest money market pressures and, therefore, had to liquidate investments more aggressively than banks elsewhere. They cut down their holdings of Government securities by over $8 billion, or 61%, a proportion far greater than the 25% for all other member banks. Inevitably, a sellers' market for bank credit gradually evolved from these money market pressures. This pattern bridges the period from "too much money" than, to "not enough money" today. The present "tight money" condition can be seen in the figures. On Sept. 13, these banks were borrowing $497 million to meet their reserve deficiencies at the Federal Reserve Bank of New York.

From Discount to Premium

As analysts, we are concerned with thei mpact of the high level of loans and the new interest rates on the earning power of these banks, particularly the extent to which current earnings reflect the more recent changes. In Exhibit II, we can observe the impact of these changes on the operating results of these banks.

The figures relate to the major New York City banks. First, we see that operating expenses (line 6) have risen $292 million, from $223 to $515 million, or 130%. Meanwhile, income from sources other than interest has advanced from $86 to $194 million. The net effect of these two items is seen in the theoretical yield required on loans and investments to break even, line 3. This is the interest rate which these banks must obtain on their total loans and investments in order to break even. This critical rate has climbed from 0.62% in 1946 to 1.37% in 1956. Nevertheless, as a group, these New York City banks are the lowest-cost operations in American banking.

Their low break-even point is primarily the result of two factors. **First**, the New York City banks enjoy proportionately larger revenues other than interest income, such as trust fees, commissions, service charges, foreign department earnings, etc. In 1956, for example, such revenues for these banks amounted to $19.80 for every $100 of gross operating income. For the large Chicago member banks, the figure was $14.40; for the reserve city member banks, $15.50; and for the country member banks, $14.00. **Second**, the sheer size of their operations and the huge volume of items handled make possible greater efficiencies resulting from mechanization and automation. The comparatively low yield which New York City banks require to break even becomes more significant when we consider their greater dollar operating costs, generally higher compensation for employees, and the relatively smaller volume of loans and investments which result from the less favorable deposit trend and the larger reserves required.

As we can see, the actual yield realized on loans and investments advanced from 1.51% in 1946 to 3.41% in 1956, a change which reflects only partly the successive increases in market rates on loans and securities. In 1956, the profit differential — the yield realized less the yield required — was 2.04%. This meant that last year the banks as a group had a profit margin (before taxes) of $20.40 per $1,000 of loans and investments. This compares with $8.90 in 1946.

After applicable income taxes, their net operating earnings climbed from $134 to $241 million. On the larger 1956 capital accounts these banks earned $8.64 per $100 of book value against $6.41 11 years ago. This improve-

EXHIBIT I

Selected Condition Figures of Weekly Reporting Member Banks In New York City (Central Reserve)

(In millions of dollars)

	At Close Wednesday	—Corresponding Week—		
ASSETS(*)	Sept. 11, '1957	1956	1951	1946
Commercial, industrial and agricultural loans	$11,934	$10,693	$7,129	$3,319
All other loans	4,648	5,343	3,367	2,174
Total loans	$16,582	$16,036	$10,496	$5,493
U. S. Government securities	5,204	5,809	7,550	13,289
Other securities	1,810	1.967	1,961	1,079
Total investments	$7,014	$7,776	$9,511	$14,368
Loans and investments, total	$23,596	$23,812	$20,007	$19,861
Cash and due from banks	4,256	4,270	5,220	3,819
Other assets—net	1,181	883	558	348
Total	$29,083	$28,965	$25,785	$24,028
LIABILITIES(*)				
Total deposits, less checks in process of collection	$23,693	$23,940	$21,916	$21,538
(a) Demand deposits—adjusted	15.648	15,601	15,796	14,297
(b) Time deposits except Government	3,533	3,338	1,780	1,269
(c) U. S. Government deposits	310	807	426	1,874
(d) Interbank demand deposits:				
Domestic banks	2,796	2,944	2,900	2,917
Foreign banks	1,406	1,250	1,014	1,181
Borrowings:				
from Federal Reserve Bank	68	174 }	370	68
from others	429	521 }		
Other liabilities	1,493	1,289	995	439
Valuation reserves	321	249	142	N.A.
Capital accounts	$3,029	$2,792	$2,362	$1,983
Total	$29,033	$28,965	$25,785	$24,028
Cash reserves required against:				
Demand deposits	20%	20%	24%	20%
Time deposits	5%	5%	6%	6%

(*) Excludes assets and liabilities at foreign branches.
SOURCE: Board of Governors of the Federal Reserve System.

Ratio of Loans to:	1957	1956	1951	1946
Total Assets	57.1%	55.4%	40.7%	22.9%
Deposits	70.0%	67.0%	47.9%	25.5%
Capital Accounts	5.47–1	5.74–1	4.45–1	2.77–1

EXHIBIT II

Operating Results of Major New York City Banks (1946-1957)

(Dollar amounts in thousands)

	1957	1956	1951	1946
1. Average Loans	------	$15,296,000	$10,106,000	$6,317,000
Interest Income	------	619,400	295,600	110,700
Yield—%		4.05%	2.92%	1.75%
2. Average Investments	------	$8,025,000	10,106,000	15,823,000
Interest Income	------	175,300	160,300	224,200
Yield—%		2.19%	1.59%	1.42%
3. Total Loans and Investments	------	$23,321,000	$20,212,000	$22,140,000
Interest Income	------	794,700	455,900	334,900
Yield Realized		3.41%	2.26%	1.51%
Yield Required		1.37%	0.93%	0.62%
4. Other Operating Income	------	194,800	125,900	86.500
5. Total Operating Income	------	989,500	581,800	421,400
6. Total Operating Expense	------	515,200	313,000	223,500
7. Net Operating Income	------	474,300	268,800	197,900
8. Applicable Income Taxes	------	233,200	126,700	63,800
Effective Tax Rate—%		49.2%	47.1%	32.2%
9. Net Operating Earnings	------	241,100	142,100	134,100
10. Cash Dividends	------	132,900	92,000	73,000
11. Average Capital Accounts	------	2,790,600	2,348,300	2,091,100
(a) Earnings —%		8.64%	6.05%	6.41%
(b) Dividend —%		4.76%	3.92%	3.49%
(c) Retention—%		3.88%	2.13%	2.92%

*An address by Mr. Schapiro before the New York Society of Security Analysts, New York City, Sept. 13, 1957.

ment of 34% in the earning power of stockholders' money explains why bank stock quotations have moved from discounts to premiums.

We recognize that current operating figures reflect only partly the new rates now quoted on loans and securities. Banks made loans and investments when rates were lower. Time must pass before the adjustments are completed. Against this time lag, we must deal with the possibility of lower rates. It is useful to know how much leeway exists.

By way of illustration, let us estimate the theoretical earning power of these banks by applying prevailing rates to the present total of loans and investments. From the Sept. 13 balance sheet, we find that total loans and investments stand at $23.5 billion, $16.5 billion of loans, and $7 billion of investments. With the prime rate at 4½%, loan portfolios in the City should theoretically yield 5%, more for banks with retail business and less for the wholesale banks. For investments, let us apply the 4% rate which the Treasury has just designated for its one-year securities.

On this basis, we derive an over-all return of 4.70% on total loans and investments. Operating expenses are higher in 1957, but so is income other than interest. Our estimate is that these banks currently require a yield of 1.50% to break even. This would leave a differential of net income (before taxes) of 3.20% or $32 per $1,000 of loans and investments. Applied to $23,500 million, this profit margin produces $752 million of net income subject to taxes. After deducting 54% to provide for applicable state and Federal income taxes, there would be left in this theoretical calculation, net operating earnings of nearly $350 million, equal to 11½% of present capital accounts. This theoretical figure would represent a jump of 45% over the $241 million actually reported last year—a substantial leeway against a possible easing of money rates.

It is likely that net operating earnings this year will be $75 million below this theoretical figure for reasons already explained. If we are to be guided by the results, for the first six months and by indications gleaned from time to time, net earnings in 1957 could move up $35 million over last year and reach a new high level of $275 million, a gain of 14.5%. If this proves to be the case, the actual rate of earnings on present stockholders' money will reach 9.10% or $9.10 per $100 of book value. This is a creditable showing for these banks and attests to their efficiency and low-cost operations.

We may expect that each of the major commercial banks will raise its dividend this year. Bankers Trust Company and J. P. Morgan & Company have already acted. So have First National City Bank, Chemical Corn Exchange Bank, and Marine Midland Trust Company, although these have seen fit to sell additional shares.

What Lies Ahead

As analysts, we must form some judgment as to what lies ahead for the banks. Will the present level of loans and rates hold? Or will there be an abatement of the political, economic, and social forces which have propelled the postwar expansion? At present, no such change seems likely. We must assume these worldwide pressures will continue, subject always to reversals in public psychology.

The rise in interest rates has followed the expansion in loans. If the percentage of loans in relation to assets is to hold or move higher, it is likely that interest rates will rise further. Those who believe that lower interest rates lie ahead must also believe that loan ratios will decline significantly. Banks are now in the middle of the Fall lending season and we are seeing the pattern of seasonal expansion. However, no major rise is expected. There is a considerable opinion among bankers that loan totals might level off, but no basic down-trend is in sight for the foreseeable future.

We must consider that the demand for money and credit is worldwide, and that pressures for expansion will continue here as elsewhere. There is no reason to suppose that savings will soon supply the needed money. When we weigh all factors, it seems safer to assume that bank credit will continue in short supply.

Joins Francis I. Du Pont

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—James B. White, Jr., is now with Francis I. du Pont & Co., Statler Center.

Exch. Firms Ass'n To Meet on Coast

The Board of Governors of the Association of Stock Exchange Firms will hold its fall meeting at the Mark Hopkins Hotel, San Francisco, and the Beverly Hills Hotel, Los Angeles, from Oct. 7 through 11, it was announced today by E. Jansen Hunt, White, Weld & Co., New York City, President. Marco F. Hellman, J. Barth & Co., San Francisco, and Lloyd C. Young, Lester, Ryons & Co., Los Angeles, resident governors of the Association, are in charge of the arrangements.

Following its usual custom, this national trade association representing member firms of the New York Stock Exchange will hold business sessions in both San Francisco and Los Angeles devoted to a discussion of current problems in the investment industry. Partners, officers and office managers of local California member firms will be in attendance.

The New York Stock Exchange is to be represented at these meetings by James Crane Kellogg, III, Spear, Leeds & Kellogg, New York, Chairman of the Board of Governors.

Frederick F. Barker With J. A. Hogle & Co.

(Special to The Financial Chronicle)

DENVER, Colo.—Frederick F. Barker has become associated with J. A. Hogle & Co., Equitable Building. Mr. Barker was for many years with Garrett-Bromfield & Co., in the municipal department.

J. R. Williston to Osborne, Thurlow

J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1 will admit to general partnership H. Thomas Osborne, Bradbury K. Thurlow, Norman J. Marsh and Charles H. Cunningham, and to limited partnership Ralph H. Cutler. All are partners in Osborne & Thurlow which is being dissolved.

With Schirmer, Atherton

(Special to The Financial Chronicle)

BOSTON, Mass. — Irving H. Gale has been added to the staff of Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter (No. 30)—Features the Nuclear Navy; an artist's conception showing all 21 of the atomic vessels now in operation, under construction or planned; a table showing the principle contractors for the ships and reactor components; also mentions the large Swiss and Dutch holdings of the Fund's shares. Comments on High Voltage Engineering Company and Foote Mineral Company—Atomic Development Mutual Fund, Inc., Dept. C, 1033—30th Street, N. W., Washington 7, D. C.

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

Canadian Money Market—Analysis—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

Canadian Review—Monthly bulletin—Economics Department, The Bank of Nova Scotia, 44 King Street, West, Toronto, Canada.

Carrying on Business in Canada—Booklet—The Royal Bank of Canada, Business Development Department, 360 St. James St., West, Montreal, Que., Canada.

Cigarette Shares — Analysis with particular reference to **Liggett & Myers** and **Philip Morris**—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Common Stock Candidates For Institutional Investment — Selected Issues — Francis I. du Pont & Co., 1 Wall Street, Now York 5, N. Y.

Common Stock Portfolio to Yield 6½% — Bulletin — Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

Favorite Fifty — Analysis by dollar value by number of investment companies of the listed stocks most popular with professional management — Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

Guide to Business in Canada — Brochure — Business Development Department, Bank of Montreal, Montreal, Que., Canada.

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

Japanese Stock Market—Monthy survey of economic picture —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Japanese Stocks — Current information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Market Review—With a discussion of Stocks for Income with Defensive Strength—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Mobile Research — Information on research and development activities—Socony Mobil Oil Company, Inc., 150 East 42nd Street, Room 2400, New York 17, N. Y.

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

Preferred Stocks — With particular reference to **American Sugar Refining, South Carolina Electric & Gas, Associated Dry Goods, Deere & Company, Ashland Oil & Refining,** and **General Telephone Corp.**—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Primer of Life Insurance Stocks—Booklet on life insurance operations and measurement of life stock investment values —Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.—$1.00.

Sound Values in Common Stocks—Circular—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

Toronto Stock Exchange Bulletin—Monthly bulletin showing essential trading data on listed issues—The Toronto Stock Exchange, 234 Bay Street, Toronto, Canada.

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

* * *

Aetna Standard Engineering Co. — Data — in current issue of "Newsletter"—McManus & Walker, 39 Broadway, New York 6, N. Y. In the same issue are data on **National Starch Products Inc., Frigikar,** and **Jessop Steel.**

American Brake Shoe—Data—Herbert E. Stern & Co., 52 Wall Street New York 5, N. Y. Also in the same bulletin are data on **Houdaille Industries.**

American Marietta Company — Progress report — Dept. 11, American Marietta Company, 101 East Ontario Street, Chicago 11, Ill.

Anaconda Company—Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y.

Arcady Farms Milling Co.—Memorandum—Wm. C. Roney & Co., Buhl Building, Detroit 26, Mich.

Flower Hospital Bonds—Circular—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Fuller Manufacturing Co.—Memorandum—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis.

General Shoe Corp.—Memorandum—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available are memoranda on **Southwestern Public Service** and **Sunshine Biscuits, Incorporated.**

Hancock Oil Company—Analysis—Dean Witter & Co., 14 Wall Street, New York 5, N. Y. Also available is survey of **Titanium,** and an analysis of **Kaiser Steel Corporation.**

Hercules Cement Co.—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 3, Pa.

Hercules Powder Company—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Hollinger Consolidated Gold Mines Ltd. — Analysis — James Richardson & Sons, 173 East Portage Avenue, East, Winnipeg and Royal Bank Building, Toronto, Canada.

Maine Turnpike—Bulletin—Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y.

Marine Midland Corporation—Analysis—Harris, Upham & Co., Department S—120 Broadway, New York 5, N. Y.

Mine Safety Appliances Co.—Analysis—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Monmouth Park Jockey Club—Bulletin—Security Adjustment Corporation, 16 Court Street, Brooklyn 1, N. Y.

New York Capital Fund of Canada Ltd. — Report — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Newport News Shipbuilding—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a review of the **Stock Market** and bulletin on **Corn Products Refining, Westinghouse Electric** and **American Agricultural Chemical.**

Niagara Mohawk Power—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y. Also available is a memorandum on **Pepsi Cola.**

Northwest Production—Report—Western Securities Corp., 1 Exchange Place, Jersey City 2, N. J. Also available are reports on **Three States Natural Gas, Delhi Taylor Oil,** and **Big Piney Oil & Gas.**

Paramount Enterprises, Inc. — Analysis — Amos Treat & Co., Inc., 79 Wall Street, New York 5, N. Y.

Parke Davis—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

Plough, Inc.—Report—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

H. K. Porter Co.—Analysis—Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

Rockwell Manufacturing Co.—Memorandum—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

San Juan Racing Association, Inc.—Report—Hunter Securities Corporation, 52 Broadway, New York 4, N. Y.

Singer Manufacturing Co.—Brief history—in September issue of "American Investor" — American Stock Exchange, 86 Trinity Place, New York 6, N. Y.—$1 per year. Also in the same issue are articles on **Harness Racing, Seal-Kap Corp.,** and **Dejay Stores, Inc.**

Sorg Paper Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Western Copper Mills Ltd. — Analysis — Annett & Company Limited, 335 Bay Street, Toronto 1, Ont., Canada.

Wisconsin Southern Gas Company — Report — The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

COMING EVENTS

In Investment Field

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

Sept. 27, 1957 (Philadelphia, Pa.)
Bond Club of Philadelphia 32nd Annual Field Day at the Philmont Country Club, Philmont, Pa.

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

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

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

Oct. 12, 1957 (New York City)
Security Traders Association of New York annual dinner dance at the Commodore Hotel.

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

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

Jan. 17, 1958 (Baltimore, Md.)
Baltimore Security Traders Association 23rd annual midwinter dinner at the Southern Hotel.

April 23-25, 1958 (Houston, Tex.)
Texas Group Investment Bankers Association annual meeting at the Shamrock Hotel.

June 9-12, 1958 (Canada)
Investment Dealers' Association of Canada annual convention at Manoir Richelieu, Murray Bay, Quebec.

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

With Illinois Mid Cont.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert L. Clutter is now affiliated with Illinois Mid-Continent Investment Co., 676 St. Clair Street.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Maurice A. Mitchell has become affiliated with Keller & Co., 31 State Street. He was formerly with Palmer, Pollacchi & Co.

Britain's Defense of the Pound Assures No Sterling Devaluation

By PAUL EINZIG

Recent British measures indicate to Dr. Einzig that sterling will not be devalued this year, and the present low level of Government securities is temporary since maintenance of the Bank rate at 7% is but for a short period. The economic writer adds that "Britain is certain to weather the storm and emerge . . . with a considerably strengthened economy" providing labor will accept the Government's belated determination to abandon the policy of full employment which labor "has only itself to blame for having forced the Government to do so."

LONDON, Eng. — One of the most disgraceful chapters in British financial history ended on Sept. 19 when the increase of the bank rate to 7% was announced. That measure, or some equivalent firm action in some other direction, was long overdue. Month after month the only resistance the Government was prepared to offer to the internal and external attacks on the stability of sterling was outworn platitudes, the appointment of another and yet another committee to inquire into generally known facts, and optimistic pronouncements about the prosperous conditions of the country showing ignorance that prosperity was simply another name for inflation. The official policy was both cowardly and incompetent. However, it was better late than never, and the Government deserves praise for its belated courage. Although the increase of the bank rate by full 2% came as a shock to the city, all right-thinking people wholeheartedly welcomed it as indicating the end of the period of complacent inertia.

Dr. Paul Einzig

The immediate effects of the higher bank rate and of the accompanying measures—the fixing of a rigid ceiling for the volume of bank credits and for capital expenditure by both the public and private sectors of the community —were disappointing. Speculators all over the world have come to take it for granted that the Government has not the courage to hit back, and they viewed the sudden display of firmness with much skepticism. They are still inclined to believe that, should unemployment result from the tough measures they would be toned down.

The main reason why speculators and business firms abroad who are short of sterling have adopted a "wait and see" attitude is that the success of the new measures depends on the response of the trade unions. If they should persist in their determination of plundering the community, the outcome would be either the accentuation of the wages inflation or a series of major strikes paralyzing the economy of the country.

The decisive importance of labor's attitude is fully realized by foreign speculators and others interested in the fate of sterling. London correspondents of overseas banks have been requested to report any advance information they can obtain about wages claims and industrial relations.

Should organized labor refuse to cooperate in the effort to maintain the stability of sterling, the Government would have to reinforce further its defensive measures. It may have to raise the bank rate further: it may have to instruct the banks to lower the ceiling for the volume of their credits; it may have to reduce the limit for capital investment instead of merely preventing it from increasing. The result would be large-scale unemployment. There is reason to believe that, after a much too long period of hesitation, the Government is at last prepared to face up to this.

Once the trade unions realize that this time they will encounter real resistance they are likely to abstain from pressing excessive demands. It was admittedly difficult for them to exercise any self-restraint during the "ask and ye shall be given" period. If they should now realize that the Government means business, and that it will encourage employers to say "no" rather than press them to settle all demands, they may be inclined to be more moderate. Moreover, the present measures are certain to produce some unemployment, and will, therefore, reduce the scarcity value of labor. It is deplorable that it has become necessary to abandon the policy of full employment, but labor has only itself to blame for having forced the Government to do so.

Up to the time of writing there has been no clear indication of the attitude of the political and industrial sectors of the labor movement to the Government's new measures. The pronouncements made by some of the Socialist leaders welcoming resistance to devaluation were unusually statesmanlike, even though they were inclined to aim at securing political benefit from the Government's action. It remains to be seen whether the trade unions will follow a sensible attitude. If they should be prepared to defer for, say, six months, all wages demands and demands for shorter hours, speculators would have to abandon hope and cover their short positions in sterling.

The recent measures have made it quite certain that sterling will not be devalued this year, and that the limits of its fluctuations will remain unchanged. It is not expected in London that anything sensational would emerge from the meeting of the International Monetary Fund. More importance is attached to the forthcoming Paris meeting of the O.E.E.C. Ministerial Council. But the question of tampering with the parities of sterling does not arise.

The repercussions of the stern measures on the domestic economy are awaited with some anxiety. The slump on the Stock Exchange may disclose some weak positions leading to difficulties, but owing to the absence of large speculative positions any trouble arising from this direction is likely to be moderate. The depreciation of Government securities has inflicted heavy losses on banks, insurance companies and other institutional investors. But the present level of these securities is obviously temporary, since the maintenance of the bank rate at 7% for a long period is almost inconceivable. Moreover, the abandonment of the policy of full employment at all costs would strengthen Government stocks in comparison with equities. During recent years first-class industrial equities have come to be regarded as being practically "gilt-edged." The possibility of a major recession accompanied by cuts in dividends may induce many investors to reconsider this attitude and to revert to Government loans. The next few months will be a most interesting and critical period. Given a certain degree of goodwill on the part of the industrial workers, Britain is certain to weather the storm and would emerge from it with a considerably strengthened economy.

With First International

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Alois J. Dolezal is now with First International Corporation, Denham Building.

Qualified Investors

Qualified Investors Inc. has been formed with offices at 500 Fifth Avenue, New York City, to engage in a securities business. Officers are Michael K. Michaels, President, and Louis E. Written, Vice-President and Secretary. Both were formerly with FIF Investment Associates.

Harris, Upham Branch

ATLANTA, Ga. — Harris, Upham & Co. has opened a branch office at 26 Pryor Street Northeast under the management of William H. R. Gould.

With Filosa Secs.

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Jennie Dixon has joined the staff of Filosa Securities Company, 407 Main Street.

C. Karnes Opens

HEMPSTEAD, N. Y.—Charles M. Karnes has formed C. Karnes & Co. with offices at 191 Main Street to engage in a securities business. He was formerly with Investors Diversified Services.

Outlook for Chemical Sales

By JOHN O. LOGAN*

Vice-President and General Manager
Industrial Chemicals Division, Olin Mathieson Chemical Corp.

Chemical executive supplies reasons to substantiate his forecast for 1958 of 5% increase over 1957 in dollar sales of chemicals and allied products. Mr. Logan claims there will be few chemical price decreases next year and very likely some increases. Sees 1957 sales approaching $25 billion, or 9% above 1956.

In any discussion of the chemical industry, I have found that it is usually a good idea in the very beginning to make sure that everyone is talking and thinking about the same thing. I shall be discussing the chemical industry in its broader sense — specifically the classification designated by the U. S. Department of Commerce as "Chemicals and Allied Products."

John O. Logan

This grouping includes not only the large industrial chemicals category, but also plastics, synthetic fibers, synthetic rubber, drugs, paints, fertilizers, vegetable and animal oils, and a number of smaller miscellaneous groups such as printing inks, toilet preparations and the like.

Sales in 1957

Dollar sales of this grouping for the first half of 1957 were 4% ahead of the similar period in 1956. Industry expectations for the second half, according to a recent survey by the Manufacturing Chemists' Association, are for a 10% increase over the first six months. If performance matches these expectations, sales for the year will be close to $25 billion, or 9% above 1956. This will continue the succession of new highs set by the chemical industry in every year since 1939 except two —1949 and 1952.

The prospect for an extension of this uptrend into 1958, in my opinion, is good. I do not look for anything sensational, such as the 18% jump from '54 to '55, but I think the gradual increase that has been under way since then will continue. Specifically, I believe a rise in the general neighborhood of 5% in total dollar sales of chemicals is a reasonable expectation for 1958.

My reasons for this "tempered optimism" — to borrow a phrase from the journalists—are basically five.

Optimistic Factors

First, present indications, despite the stock market's jitters, seem to point to another year of good general business in 1958. Opinion as to the overall outlook, while not unanimous, appears to favor a continuation of something close to present levels of activity, with softness in some lines offset by pick-ups other. Few of the economic seers are predicting a general recession, and none has rash enough to suggest a resumption of the boom on the 1955 scale.

This base provided by the general economy is of great importance to the chemical picture. Notwithstanding its better than average growth rate, the chemical industry is tied more closely than many persons realize to the general business trend. This is because the thousands of diversified chemical products find their way—to a remarkably uniform degree—into literally all branches of industry: capital goods as well as consumer goods, hard goods and soft goods, staples and luxuries. There has been a strikingly consistent relationship between chemical sales and gross national product in almost every year since World War II.

Assuming, then, no significant change in general business in 1958, the second factor in support of a favorable chemical sales outlook is what appears to be an abnormally low level of customer inventories. For some months chemical buyers have been following a policy of inventory liquidation. This has been a result not only of the money pinch but also of the entry of the chemical industry into a period of general over-expansion as a result of record-breaking construction in 1956 and '57.

It has been our experience in the past that during periods of inventory adjustment there is usually a tendency by buyers to overcorrect, with the result that after a short period of attempting to operate with inadequate margins, buying ahead is resumed on a modest scale to bring supplies on hand up to a more comfortable level. I believe we may be coming into a situation of this kind in some chemical products this fall and continuing into 1958. The process would, of course, be hastened by any signs of a general upturn or by an outbreak of price increases.

The third factor in support of a continued uptrend in chemicals is the possibility that certain industries which have been undergoing their own private recessions recently, and which industries are sizable consumers of chemicals, will show some recovery in 1958.

One of these is textiles. We have found a growing opinion among textile makers to the effect that their operations are not likely to go much lower, that considerable progress has been made in working off inventories of finished cloth, and that recent production rates in the industry have been below actual consumption. This would seem to present possibilities for an upturn in 1958, which would be reflected immediately in demand for such chemicals as caustic soda, chlorine, dyes, sizing and finishing materials, and, of course, the various synthetic fibers themselves.

While not in a slump, pulp and paper earlier this year experienced a period of marking time, but now appears to be pushing ahead again after paring inventories at the converter and distributor levels. Paper is even larger than textiles as a consumer of caustic soda and chlorine, and it also takes large amounts of resins, coatings and dyes.

A good many businessmen are pinning hopes on an automobile upturn in 1958. While the chemical industry will not be as directly affected as some others, any increase in new car production will be reflected in increased demand for paints, rubber, plastics, synthetic fibers, and metal cleaning chemicals, to mention a few.

Other depressed chemical consuming industries include agriculture, residential building, and non-ferrous metals. While the outlook for these fields in 1958 is less clear, it seems unlikely that they will show further large declines, and an improvement is possible.

Serves as Stimulant

The fourth factor which should serve as a stimulus to chemical sales in '58 is the industry's record capital expenditures of the past two years. Expenditures for new plant in 1956 and '57 will total about $3.3 billion, or 13% of annual sales. The rule of thumb in the chemical industry is that $1 of new plant will generate about $1 of annual sales. On this basis, capacity of the chemical industry will be in excess of estimated sales by about 15% at the end of 1957. By the end of 1958, capacity will have risen to a level about 25% above 1957 sales.

Now, I am quite aware—in fact, on occasion I have been quite painfully aware—that additions to plant capacity do not automatically create sales. But it has also been my experience that there is nothing quite like an idle plant to put a forced draft behind development of new uses and markets for a chemical.

While it is impossible to foresee how much effect the development of new markets is going to have on 1958 sales, I am certain that there is more emphasis being placed on sales development and the commercialization of research results in 1957 than ever before, and that this emphasis probably will be increased further in 1958. Examples of products which should benefit from new markets in 1958 are polyethylene (pipe), synthetic rubber (auto springs), lithium and boron compounds (high energy fuels), and urethanes (paints). There are many others. In addition, several of the stronger growth elements in the industry, notably synthetic fibers and plastics, should continue to extend their general field of use.

Fifth, despite widespread overexpansion, I believe that there will be more increase than decreases in chemical prices in 1958, and that these will contribute to an increase in dollar sales for the year.

Price Outlook

Prices of chemicals have not kept pace either with rising costs or with prices in other fields. In June, the last month for which figures are available, wholesale chemical prices were only 9% above the 1947-49 average, compared with 17% for all manufactured goods prices. Profit margins of the eight largest chemical companies declined 10% in 1956 and were down another 14% in the first half of 1957.

Continuation of the inflation spiral promises a further increase in labor, raw material and plant replacement costs in 1958. Lower operating levels in many plants, as a result of increased capacity, will mean proportionately higher overhead charges and will tend to expose rising break-even points.

In some lines, still further cost pressures will be created by imbalances in demand for products produced concurrently, such as chlorine and caustic soda. When the demand balance for such coproducts is upset, as often happens in times of below-capacity operations, the cost burden on the product is greatest demand shoots up rapidly.

Thus on the whole, even in lines where expansion has created highly competitive conditions, I believe we will see few chemical price decreases in 1958 and very likely some increases.

Summary

To summarize, I look for chemical sales to show continued progress in 1958, with a good chance of the dollar figure for the year ending roughly 5% higher than 1957. This is based on (1) a continuation of good general business, (2) completion of buyer inventory liquidations, (3) modest recoveries in certain depressed industries, (4) growth of new markets for chemicals and (5) price increases in some lines.

Any drop in general business would, of course, modify the picture accordingly. By the same token, a general upturn in the economy would spark a proportionately greater increase in general sales. And it would take a spurt of only 15 to 20% in sales in 1958 to bring demand for chemicals again in balance with supply. The experience of the past has been that over-capacity in the chemical industry is seldom very long lived.

*An address by Mr. Logan before the National Industrial Conference Board's 5th Marketing Conference, New York City, Sept. 19, 1957.

Livingstone Crouse To Merge With Charles A. Parcells

DETROIT, Mich.—Effective Oct. 1, S. R. Livingstone, Crouse & Co. will be consolidated with Charles A. Parcells & Co., under the name of the latter. The firm, which holds membership in the Detroit and Midwest Stock Exchanges, will continue in the Penobscot Building.

C. A. Parcells, Jr.

S. R. Livingstone

Charles A. Parcells & Co. is the oldest member of the Detroit Stock Exchange, having joined in 1919. It acts as participating distributor and dealer in municipal, public utility, railroad, real estate, government and industrial stocks and bonds, and as odd lot dealer on the Detroit Exchange.

Officers of the company will be Charles A. Parcells, Jr., President; Charles E. Exley, Executive Vice-President; Seabourne R. Livingstone, Charles B. Crouse and Clifford Verral, Vice-Presidents; Iva W. Voelker, Secretary-Treasurer; Earle W. Parcells, Richard E. Schmansky, Assistant Treasurers; John A. Hancock, Aaron E. Ellwood, Peter M. Macpherson and William L. Dest, Assistant Secretaries.

J. L. Sunderland Opens

(Special to THE FINANCIAL CHRONICLE)

MOUNT VERNON, Ill.—Joe L. Sunderland has opened offices at 403 North 16th Street to engage in a securities business.

Joins Baker, Walsh

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Royal H. Peterson has become affiliated with Baker, Walsh & Co., 29 South La Salle Street. He was formerly with Barclay Investment Co.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Pierre P. Grattarola has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, Congress and Shelby Streets.

Passenger Deficit Is No Phantom

By E. C. NICKERSON*
Vice-President, New York Central

East coast railroad official calls for realistic readjustment in rail passenger service after declaring that the best possible passenger service at the lowest cost, public interest, and reasonable return, are all part of the same triad. Mr. Nickerson reviews New York Central's efforts to fulfill this triadism, and explains the factors prompting the conclusion that the traffic decline was permanent in nature, the passenger deficit is no phantom, and losses increased with vigorous promotional efforts and substantial investments, and declined when the opposite took place. Proposes a solution to the squeeze between increasing wage-material costs and the government imposed rate ceiling. A state of affairs said not to be helped any by competitive subsidized carriers who price their services at less than full cost of doing business.

A manager has many and varied responsibilities, but fundamentally they are these:

He is responsible to the company's customers to provide the best possible product at the lowest possible cost under the competitive free enterprise profit system.

He is responsible to those who work for his company to provide maximum job opportunity and security.

He is responsible to the investors in the company to see that a reasonable return is provided on the investment in property and facilities.

All three of these basic interests must be served. But none are served, and all are violated, unless a business is vital, healthy and profitable under the free enterprise system. We all believe in that system as the best for the American people; the record proves that it has done more for its people than any other in our modern civilization. It is only under these conditions that a business can meet the requirements of the various segments of the public, to the extent of its ability. This is the objective of the manager, and thus his interest is pretty much the same as the general public interest, and those who are charged with protecting that interest. A business which fails to produce reasonable profits, sooner or later fails to produce any product or service, job, opportunity, or investment return.

E. C. Nickerson

Within this framework, a manager is continually faced with answering the question "What do we do now?" In other words, making decisions. Over the years, his decisions must prove to be right far more times than wrong, if he is to be a good manager, or, in fact, even be a manager at all.

Basically, he has two foundations on which to base his decisions. First, he can look at the previous record and present situation; second, he must endeavor, based on what he knows and can determine about tomorrow, to foresee the future. Then weighing these factors he makes a decision which becomes tomorrow's action.

Turns to Central's Record

Let us apply this decision-making process to the New York Central's passenger service and look at some of the factors involved. First, we will turn to summarizing the record; than take a look at the future.

In going back over the record, three periods stand out: 1946 to 1951, 1952 to 1955, and the year 1956.

Just prior to 1946, the Central made exhaustive studies to find out what the public wanted for post-war passenger equipment. Questionnaires were prepared to ascertain market requirements and preferences. Trained researchers rode the trains and interviewed passengers. The tabulated results of this survey served as an important guide, not only to Central, but to other railroads as well, in post-war passenger equipment planning.

As a result of this program, following the war, the New York Central invested approximately $168,000,000 in new equipment for use in its passenger service, including both cars and locomotives. We spent virtually all of this money for modern, streamlined, semi-lightweight type equipment, and for dieselized motive power, with the objective of improving service and efficiency.

Conclusion Obtained in 1948

In addition to buying new equipment, Central planned substantial service revisions for the post-war period. During 1946 and 1947 schedules were revised and new trains were added. Despite improved equipment and service, however, traffic fell off heavily. We tried to hold the line on service, hoping that new streamlined equipment and improved schedules would eventually reverse the trend. But by the end of 1948 it was clear that most of the decline in traffic was permanent in nature. Even more appalling was the tremendous jump in passenger service expenses, which resulted from the first post-war rounds of wage increases. In 1947 our loss from passenger service was $30-100,000; but by 1951 the loss had jumped to $54,300,000, an increase of $24,200,000.

In summary, the experience of the period from 1946 to 1951 was —we spent over $168,000,000 for modern equipment and our losses from passenger service increased over $24,000,000 per year, a rather unhappy business experience, to say the least.

So far as the Central is concerned, the passenger deficit is a real one. A detailed study by competent people proved that, if the Central did not operate any passenger service, its savings in expense would at least be as much as the expense charged under the Commission's formula. So, in our case, the passenger deficit is no phantom.

Now for the 1952 to 1955 period. Frankly, this was a period of attrition and adjustment: our losses had become so great that there was no alternative course to follow. Our operations were substantially reduced. Practically no new passenger cars were purchased, and generally our service was substantially readjusted. Although our revenues dropped during this period, so did our loss from passenger service operations. The passenger deficit decreased from $54,300,000 in 1951 to $37,-800,000 in 1955, a drop of $16,-500,000.

Now for the 1956 record. Notwithstanding the almost catastrophic results of the 1946 to 1951 period, when over $168,000,000 was spent on improving our passenger service, the Central was criticized in some circles between 1951 and 1955 for not being more aggressive in improving and promoting its passenger service—that this was the answer to the passenger deficit.

In late 1955 and much of 1956 we not only held the line on service curtailments but rearranged and improved our service between major centers. At the same time, we spent a small fortune on a strong promotion and advertising campaign to back this service program. In one respect this program was successful; for the first time in many years our passenger service revenues showed an increase, but what do you think happened to net income from the service? In 1956 our loss from passenger service operations was $48,500,000, an increase of $10,-700,000 over the prior year. We just could not keep up with the increased wage and material costs that hit us during this period, and I regret to say that increased wage rates and material costs seem to be a way of life in this country of ours.

Looking back over these periods tends to lead to a rather unhappy conclusion. When we spent substantial sums of money and vigorously promoted our service, we increased our losses. When we contracted, we decreased our losses.

Squeeze-Play

In analyzing the situation, I have restricted this to results; to go into all the contributing factors would take more time than we have today. Primarily, however, these factors relate to a squeeze between spiralling costs of materials and wages, which we must pay, a government-imposed price ceiling on the rates and fares we are allowed to charge, and resistance to realistic readjustments in the service we render.

The railroad business manager has a decision-making job—but the decisions he makes are often dictated by forces beyond his control. A taxing authority which doubles our franchise tax on the tunnel into Grand Central Terminal is making a decision which causes us to ask if Grand Central worth it. A government authority which floats tax-exempt bonds to double the capacity of the Cleveland Airport, while we can't sell enough tickets in Cleveland to pay for the cost of operating the terminal there, is making a decision to which we must find an answer. A Congress which fails to repeal the wartime excise taxes on common carrier freight and passenger transportation is, in a negative way, making a decision that will drive more and more freight to private carriers, with unhappy consequences to the railroads — a decision, incidentally, which makes it more and more difficult to subsidize passenger service from declining freight earnings. A state legislature which passes a so-called "full crew" law makes a decision which may be politically palatable, but which may change a self-supporting train or service into a loss-producing item and doom its future. A state regulatory agency which tells us we cannot expect to earn a reasonable rate of return on passenger service, and an ICC which tells us it has no obligation to approve rates which could make a 6% return possible are making decisions of far-reaching consequences, and forcing us, with such factors to deal with, to make hard, but vital decisions on our part.

In the realm of decisions such as these, made not by the railroad business managers but by government, and in considering our own decision-making process, let us take a look at the immediate present and prospects for the future.

Present — Future Prospects

There has been laid down alongside a substantial portion of the New York Central a whole new system of state-sponsored, tax-free, new thruways. In the three states of Massachusetts, New York and Ohio alone, the cost was over 1½ billions of dollars—for a whole new transportation system in direct competition with the railroad. I think it is right that these facilities should be built, if that is what the public wants; but, by the same token private industry which may be sorely affected by this action should be permitted to adjust itself fully to the changed conditions created by the action of government. If railroads are to be healthy, self-supporting systems, an essential for the public interest, the agencies of government charged with the responsibility of regulating the railroads, in my humble opinion, should permit them to take the action necessary to adjust their operations to changed conditions.

Looking further ahead, we see that we are on the threshold of a 50 billion dollar super-highway system which will be both toll-free and tax free, a 41,000 mile system of freeways to be constructed in a whole new federal interstate highway system. This will be, I believe, the biggest new transportation system ever constructed in the history of man. I would like to quote from a recent advertisement of a firm that makes road building equipment.

"Hop in the family car and drive to practically any state in the nation without a traffic light to delay you or a crossroad to endanger your life. You'll be traveling on the Interstate Highway System—a network of multi-lane freeways that will race through all 48 states, serve 209 of our large cities and many, many smaller ones. This is part of the boldest construction job ever conceived by man."

In this same look into the future, we see almost immediately upon us a new age in air travel. The new jets will give our competitors, the airlines, an even greater advantage in speed, and it should be remembered that what developed these jets were hundreds of millions of dollars of government expenditures. Because of these taxpayer dollars, these planes now are at the point that they can be adapted to commercial use. To handle these, and to improve our present system of airways, the government will spend more hundreds of millions on air-

Continued on page 36

*An address by Mr. Nickerson before the National Association of Railroad and Utilities Commissioners, Great Lakes Division, Greenbrier, Sept. 10, 1957.

Development of Gold by U. S. Monetary Policy

By DR. FRANZ PICK*

Publisher, "Pick's World Currency Report"
New York City

Gold miners are advised by Dr. Pick: (1) they do "not have a rosy picture in sight" since a gold price increase, though inevitable, will take some years to come; (2) that governments will not allow themselves to be policed by gold; and (3) to inactivate their mines and pursue other activities during the waiting period. After blaming legislators for price inflation and describing government bonds as "certificates of government confiscation," the currency expert defines the value of gold solely in terms of its purchasing power and includes total government debt with money in circulation and bank deposits to show we lack adequate gold stocks. Decries practice of paying for vast Federal expenditures by wilful "debasement of currency value," and contends gold "cannot be manacled . . . [and] governments will once more surrender to the measuring rod which alone enables us to wipe out part or all of our official domestic debt."

Mining experts spend most of their lifetime finding better ways to provide their country with the mineral raw materials necessary for the gigantic industrial and civilizatory progress of the United States. Among the mineral production of our states, gold — statistically speaking — plays only a minor role. The value of last year's gold production, about $65,000,000, or 58 tons of the yellow metal, could be condensed into a cube about 4½ feet high. Its value is less than one average day's volume of transactions on the New York Stock Exchange. It can also be defined as 1/70 of 1% of the Gross National Product.

Dr. Franz Pick

But, even if the U. S. gold production were much smaller, or let us suppose non-existent, gold, whether we like it or not, influences this nation's destiny. It is, if I may say so, the constantly functioning monetary conscience of the globe. It is also the obsession of the same 110 or 120 financial administrations that rule the savings and the accountings of individuals, corporations and naturally, of governments.

To have a conscience is a considerable burden for governments, because it demands ethics, holiness of commitments and promises, and justice without any limits. Conscience also requires elimination of political favors and of political pressure groups. Ethics exclude favoritism, corruption and graft, in short all things that the Holy Scriptures condemn. And at the risk of making one laugh, ethics would also demand that one of these old Double Eagles should still be worth 20 good dollars, instead of 40 to 42 paper units.

*An address by Dr. Pick before the American Mining Congress, Salt Lake City, Utah, Sept. 11, 1957.

And this is the basic story of the gold problem.

Sees No Ethics in Government

Would we have observed the laws of ethics, such as they have been taught in institutions of higher learning for nearly 10 centuries, it would not be necessary to talk about gold today. But, as governments—without distinction as to nationality or geographical location—cannot rule by reading the Bible and applying the Ten Commandments to each of their actions, they simply have to be as cynical as possible. This basic fact, familiar to every student of monetary history, is never taught in schools, which have to avoid such down - to - earth problems that might give some wrong ideas to children of all ages.

Gold, at all times, has bothered legislators. It has had more power than the rulers who exercised it, whether they were emperors or people's commissars. There has never been enough of the precious metal around — neither for the sovereign prince nor for the people. And for this reason, it has been and is a cherished possession, and became a standard of value and wealth for countries and individuals. The Knights of the Crusades did not want to free the Holy Land from the Turks—they organized their expeditions to find gold. Christopher Columbus sailed west with only the idea of securing the West Indies gold for Queen Isabella, who in turn financed him solely for this purpose.

When gold, with the skill of the British, became a cover for paper money late in the 17th century, it served as a basis for the creation of credit and the progress of industry. During the 19th century we found what was called the gold standard of British make to be the dominant monetary philosophy. At that time there was enough gold available for governments to back their "printed" currency circulation. Banknote issues were of rather modest proportions and in those days, believe it or not, the main ambition of a minister of finance was to be honest and not to cheat for his own pocket or for his government's glory. Therefore, people had confidence in their monetary leadership.

Financial Honesty Died in 1914

World War I, with its then sensational expenses for destruction, ruined the idea of financial honesty of governments. The gold standard died for good in 1914, when the first modern legislation of non-convertibility of paper money was created in Germany and Austria and rapidly adopted in France, England and later in the United States. The inflationary orgies in Europe lead to the pitiless punishment of all the suckers, who in earlier years had lent their savings to their governments in order to be left holding absolutely worthless paper adorned with high fidelity print of meaningless promises to pay. From then on, expropriation of the bondholder became an accepted part of civilization.

Timid returns to the gold standard in the late '20s of this century could not hold for long. When on Sept. 21, 1931, Great Britain reluctantly devalued Sterling, the end of the gold standard was virtually sealed. The United States, in an amateurish currency reform on March 6, 1933, outlawed private possession of gold. Forcing a "packed" Supreme Court to legalize the new rule by a not exactly shining decision, the adoption of the system of "managed paper currency" began.

A monetary masquerade started. Hopes were high of carrying it to a happy end. But governments always have to be optimistic. If they were not, nobody would buy their "certificates of guaranteed confiscation," as I have to call government bonds. The 1934 "Paper-Dollar" remained respectable only until the end of 1939. This period of about five years, constantly praised by high priests of the idea of "managed currency," came to an abrupt end when World War II started.

Managed stability was abandoned. It is true that efforts were made to prevent the value of the Paper Dollar as long as possible from falling too fast. The different regulations concerning the domestic price level, with all their shortcomings and gigantic gray or black markets, may still be remembered by many of you. The "siphoning off" of so-called excessive purchasing power by making millions of people buy billions of government bonds also may still rejoice those present here, who bought them with "good" dollars and still have them today. In this administration of a shrinking purchasing power of our currency, the monetary managers of the country could not burden their thinking with ethical considerations.

Therefore, they had to set their minds to a policy of cynical postponement of the real monetary issue for as late as possible a date. The major question was and is the maintenance of full employment. And in any discussion of this problem, the value of the dollar is an absolutely secondary question. The value of gold, on the other hand, is a complex of such scope, that nobody in the administration wishes to cope with it. For these reasons, it has been relegated to the function of a burning hot potato that simply cannot be touched.

Let us have an analytical look at it.

The Value of Gold

Our dollar is theoretically defined at 888.6706 milligrams of fine gold or at 35 paper dollars per ounce of the fine metal. This definition is some sort of window dressing for the uninformed. It has become absolutely obsolete. The reason for it is rather simple. Having been faced with gigantic expenditures during the war and postwar years, we had to decide whether we wanted the nation to pay for them or whether we wanted to shift their payment on to the next generation.

Paying would have caused a lot of trouble, as it would have brought about a constellation that is, in general, called deflation. Declaration of nonpayment would have caused even greater hardships, as it would have been tantamount to nothing less than a state bankruptcy. So we chose the easier solution. That was a mixture of both tactics; the wilful debasement of currency value, popularly called the rise of the cost of living.

By this policy we kept the illusion of the 100 cent dollar alive, but we reduced the amount of goods or services that this dollar could buy. And we did so well with this policy that the dollar of 1939 today buys only about 49 cents of what it purchased 18 years ago.

This policy of slow but persistent debasement of the monetary unit, falsely called inflation, is blamed on labor as well as on management. Let me tell you that according to my personal opinion, it only can be referred to the legislators. If they would not have liked it, they could have stopped the procedure. But for such a step a lot of knowledge and courage was and still is needed.

As we depreciated—for the sake of full employment and of constant prosperity — the dollar, we also debased the gold price. This parity, still defined at $35.00 per ounce, is unfortunately an absolute illusion. If we establish it in the value of the 1939 dollars, it is only $16.95 an ounce. The administration, publishing a monthly cost of living index, has thus far resisted applying it officially to the gold price.

Such facts, concerning only top government thinkers and many specialists of the gold mining industry, do not interest the man in the street, the banker or manufacturer. They all have discarded the idea of considering gold as an important factor in monetary matters. These "outsiders," praying for and counting in paper dollars, have been victims of anti-gold propaganda and believe that gold has to be discarded in any consideration of monetary problems. They have fallen for Lenin's famous opinion, according to which gold should only be used for the construction of urinals in the streets of large cities.

But as we, in this country, also carry some monetary responsibility for the remaining parts of the globe, all published government opinions concerning gold are not the full expresson of official thinking. In spite of having erased the gold idea from the thoughts of 99% of the domestic population, we cannot erase it from the thinking of 1% of our citizens and from public opinion abroad.

We have about $31 billion of banknote circulation. In addition, there are about $220 billion of bank deposits. This total of $251 billion is "backed" by about $22 billion of gold. The layman is told that such a cover is sufficient to keep the system on an even keel.

Rejects Gold Moratorium Statement

The more sophisticated economist has learned, over the recent years, that this $22 billion U. S. gold stock is mortgaged by anywhere between $9 to $13 billion of dollar deposits of foreign governments in this country. According to the Gold Act of April 1934, these foreign governments can, at any time, demand the immediate gold conversion of their monetary assets in the U. S. In a recent hearing in the Senate, Secretary George M. Humphrey, probably to his own regret afterwards, stated that if all these governments would ask for the gold conversion, we would not allow them to do so. Such a menace of a "gold moratorium" is not exactly a promising statement for the nations that had confidence in our monetary system. Secretary Humphrey, with his well-meant but ill-timed statement, will only contribute to a more or less accelerated withdraw of gold from the U. S.

Should we, through lack of monetary skill and lack of elementary knowledge of "gold psychology," really adopt Mr. Humphrey's suggeston, the dollar would dip overnight in the world's free markets and would be immediately cut in its value by an additional slice of 10% or 20% or more. Black markets of gold would spring up all over the country and I would not be surprised to see the moratorium—if applied—followed by currency restrictions, prohibitions of capital export and many other measures of financial torture of the individual.

But, before we reach such a critical stage forcing a gold embargo on the U. S., we will continue to play as if we were financially sound. We will try to forget about gold and will—without preaching it — continue to favor the domestic debasement of the purchasing power of the dollar more and more. Thus we hope to keep the carriage going and everybody happy.

But here again I would like to say that debasement of purchasing power, even if kept at only 3% to 4% of a loss for every year, is a rather gruesome thing. It not only makes a fool out of every bondholder or owner of paper moeny, life insurance, annuities and other assets, but it also complicates the task of governments. And as any ruling body faced with three different solutions, invariably will choose the least intelligent of the three possibilities, we will do the same. And should we lose another 28% of the 1939-dollar, which, even without gold embargo, can easily happen within five to seven years, we will have to proceed with another currency reform. This reform, which cynics like myself will call another state bankruptcy, can only be made over a revaluation of the gold price.

No special intelligence or skill will be necessary to do it. A few lines of legislative text can accomplish such a step. Surely, if we wanted to do so, we could avoid it, but the price to be paid by the nations would be much too high. It would have to be paid by some sort of sharp recession, with more than 10 million unemployed, with waves of bankruptcies and substantial social unrest. And that, I do not think, we will do.

Rather, we will try to carry the decline of the domestic dollar value to further historic lows. I

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Obligations of the SEC

By ANDREW DOWNEY ORRICK, JR.*
Commissioner, Securities and Exchange Commission

While commenting on the SEC's obligations to the investing public, regulated persons, Congress, and to the economy, Commissioner Orrick reveals: (1) obligation to protect the public includes protecting the needs and interests of the regulated industries; (2) form simplification program for industrial and mining firms is nearly completed; (3) "no sale" amendments for certain mergers, etc., is still being studied; (4) bonus, profit-sharing and other stock distribution programs may, after all, abuse the "inside information" regulation and, thus, require modification; and (5) the effectiveness of the SEC would be jeopardized if the administrative adjudicatory function is taken away from it. Calls on investment industry and the financial bar to keep informed of SEC standards and to comply fully with SEC statutes.

On the twenty-third floor of a New York skyscraper two intent men on the Commission's staff are studying the ticker tapes of the New York and American Stock Exchanges. They are looking for any unusual market activity, either in trading volume or prices, that may indicate the existence of manipulative practices.

A. D. Orrick, Jr.

A warehouse loft in New York's garment district is buzzing with an exceptional kind of activity. Thirty or so telephones are clanging. Stockateering salesmen are touting to sucker prospects across the nation highly speculative securities that have not been registered with the Commission for public sale. A task force of Commission investigators enters the loft. They demand to see the business records of the firm. They take the names of the salesmen, many of whom have criminal records, and within a few days a court injunction is obtained to stop further illegal sales. The preparation of a criminal case against the firm and its salesmen is immediately commenced.

In its San Francisco Office the Commission's Regional Administrator advises the President of a small electronics company how to comply with Regulation A, governing small offerings of securities. In Fort Worth a Commission enforcement attorney interviews a confused widow. She was squandered her life savings in a promotional scheme based upon a "doodlebug" stick, which was represented as being capable of detecting the location of oil reserves. In Los Angeles an inspector is examining the records of a broker-dealer. He is checking to determine whether the customers have been fairly dealt with, whether the firm is adequately capitalized, and if the business is generally being conducted in accordance with the standards of the securities laws. Enforcement action will be recommended where serious or continued violations are uncovered. More commonly, the inspector concludes his examination by giving the firm helpful advice on how to comply with the requirements of the securities laws.

The five members of the Commission are meeting in almost continuous session around a large oblong table in Washington, D. C. They are conferring with representatives of a prospective issuer of securities regarding the necessity for registering its offering with the Commission. They are consulting with the Commission's staff about the institution of stop order proceedings against a registrant who had omitted to state in its prospectus that its uranium claims were located only 200 miles from the Arctic Circle and 150 miles from the nearest railroad. They are sitting as an administrative court, listening to arguments on the question of revoking the registration of a broker-dealer firm for churning the accounts of its customers.

These types of activities, carried on by the Commission and its approximately 800 employees throughout the country illustrate some aspects of its work. Each of us, in his particular capacity, is doing a job to protect for the public the citadel of honesty and fair dealing in securities transactions.

The Commission is entrusted with extensive authority over the affairs of the financial community. Its regulation of the processes of capital formation, the securities markets, the large public utility holding company systems, and investment trusts have a direct and significant impact upon the economy of the country. It must, therefore, have a clear understanding of its fundamental responsibilities and obligations. These are inseparable from its broad grant of powers and must be judged in the context of the ultimate statutory criteria—the public interest and investor protection. An appraisal of the nature of these obligations, and to whom the Commission is accountable in executing its public trust, will clarify the guidelines for its operations.

The Securities and Exchange Commission, like all governmental agencies, bureaus and departments, has as its primary obligation, the responsibility of serving and protecting the public. This obligation to the public has two facets—one involves its basic duty to protect public investors, the other concerns the legitimate needs and interests of the regulated industries.

Obligations to Investing Public

The investing public is entitled to the protection afforded by a vigorous and suggestive, not apathetic or passive, administration of the securities laws. The Commission must continue to implement its energetic enforcement program to compel the registration of securities proposed to be distributed to the public in interstate commerce. It has an obligation to impose high standards of disclosure upon issuers, whose securities are offered and traded in the public markets. Persons who solicit proxies from shareholders of listed securities should be required to inform them fully of the nature of the matters to be considered at shareholders' meetings and to afford them the opportunity to vote for or against the proposals. It must be vigilant in enforcing the timely filing of accurate and complete reports by issuers respecting their financial condition and operations and by insiders respecting their holdings of, and dealings in, the company's securities. In short, the Commission has the obligation to persist in enforcing the principle of corporate publicity for the benefit of public investors, both present and prospective.

The Commission has the duty to preserve and enforce high criteria of conduct for brokers and dealers and investment advisors. Its responsibility to prevent the perpetration of frauds on investors by promoters and securities salesmen, which take many ingenious forms, requires alert and prompt action by the Commission. Its program to protect the public from the nefarious operations of "boiler-rooms," must drive forward.

The Commission must regulate, with faithful adherence to the statutory prescriptions, the financial structure and transactions of registered public utility holding company systems and investment companies. It must strictly enforce the protective standards established in the Trust Indenture Act for safeguarding investors in debt securities. In bankruptcy reorganizations it is obliged to defend the interests of public investors by assisting the courts in determining the fairness and feasibility of proposed reorganization plans.

Obligations to Regulated Persons

The public also consists of persons who have subjected themselves to the jurisdiction of the securities laws. To issuers who make public distributions of securities in interstate commerce and to registered brokers and dealers, the Commission has the obligation to restrain from imposing any type of regulation that is not clearly required to provide adequate investor protection. In the exercise of its licensing and regulatory powers, the Commission must conduct its business equitably and expeditiously, under consistent policies of interpretation.

As an administrative body exercising broad rule-making powers, it has an obligation to adopt and modify its regulations and forms, subject to the intendment of the statutes, to meet the changing conditions and requirements of the economy. With the recent adoption of the amendments to registration forms applicable to industrial and mining companies in the promotional or developmental stages, the Commission has nearly completed its present program for form simplification. A proposed amendment to delimit the use of the "no sale" theory in connection with certain mergers, consolidations, re-classifications and exchanges, embodied in Rule 133, is being actively studied.

The Commission has a continuing obligation to enunciate its interpretations of various provisions in the statutes, which at times prove to be troublesome in determining their proper application to particular factual situations. The meaning which the Commission ascribes to the requirements and prohibitions in the statutes under its jurisdiction should never be shrouded in mystery. The principles underlying their application should be clearly, frequently and publicly explained for the benefit of all persons who are, or may become, subject to the Commission's regulation. Our experience has shown that issuers of securities, brokers and dealers and the financial bar normally wish to comply with the requirements of the securities laws, provided they know what these requirements are and how the Commission construes the statutory provisions and its own rules and regulations.

Obligation to Carry Out Congressional Mandate

The Commission has the obligation to administer the laws under its jurisdiction in scrupulous conformity with the mandate from Congress as set forth in the statutory language. It must not attempt to use powers which were not granted nor shirk from exercising any authority which was conferred. Obvious as this principle may seem, against the broad panorama of the economy or in the narrow perspective of a particular case, there is sometimes a tendency to overlook the fact that the Commission is a creature of law entrusted with specific but limited powers.

The perplexity that frequently faces the Commission in interpreting Congressional policy and the extent of its statutory powers is vividly illustrated by the rules promulgated under Section 16(b) of the Securities Exchange Act. This subsection, together with the reporting requirements prescribed in 16(a), is designed to prevent the unfair use of corporate information by insiders—officers, directors and 10% stockholders. 16(b) provides for the recapture by the issuer of profits realized by insiders from the purchase and sale, or sale and purchase, of the securities of the issuer within any six months period. It grants to the Commission the power by rule to exempt from its coverage any transactions that the Commission determines are not comprehended within its purpose. Pursuant to this authority, the Commission exempted from the recapture provisions the acquisition of shares or non-transferable options "acquired pursuant to a bonus, profit-sharing, retirement, or similar plan," if the plan meets certain detailed conditions. It is apparent that the exercise of exemptive powers involves a balancing of interests. The possibility of abuse in using inside information in these transactions must be weighed against the interference that the statutory prohibition imposes on the right of individuals to trade in securities. Recently, the United States Court of Appeals for the Second Circuit, in *Greene v. Dietz*, raised a question as to the validity of this exemptive rule and expressed doubt that it could be relied upon. The Commission is presently considering a modification of the rule.

Obligations to Inform Public of Its Activities

As administrators of disclosure statutes, the Commission has the obligation to afford ready accessibility, for the press and all interested members of the public, to all public filings and applications and Commission opinions and rulings. Proposals to adopt or amend its rules must be widely disseminated in order to give all interested persons the opportunity to submit comments. With the exception of its investigatory proceedings, which are generally conducted privately in order not to injure reputations needlessly or to preserve evidence for possible prosecution, all of its operations must be conducted openly and under the full glare of publicity. The public should be kept fully informed of the underlying reasons for all of its actions.

Obligations to the Congress

The Commission is, of course, directly accountable to Congress for the administration of the stat-

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*An address by Mr. Orrick before the Federal Bar Association, San Francisco, Calif., Sept. 6, 1957.

Ready for the Next Step on The Farm Policy Debate

By HONORABLE EZRA TAFT BENSON*

Secretary of Agriculture

Though claiming that the problem of surpluses "is now on the run," and agriculture has turned the corner toward prosperity, Mr. Benson urges moving "away from the fixed formulas in the old law which, as they now stand, require price support levels to be raised as soon as surpluses are moved." Warns that failure to do this will set the stage for Surplus Number 2 to follow the successful disposal of Surplus Number 1. Points out farm income and prices are on the rise, farm assets have climbed to a record high, farm exports are at record level, and that family farms continue to dominate the agricultural scene, as large scale farms are found to still be 4% of commercial farms.

Young people are the best crop agriculture produces—and always will be. And a fundamental question of which our generation must never lose sight is: What kind of an agriculture will we pass on to them?

Ezra Taft Benson

This means, I believe, that farm policy never can concern itself only with the short run — and forget about the next generation. Neither can it concern itself only with the long run — and ignore the problems of today.

My own upbringing and years in agriculture, and more recently my experience in government, have convinced me — ever more strongly — that the real road to opportunity and success lies in personal self-responsibility and individual freedom of action.

It is such freedom and responsibility in the past that have made American agriculture the most productive and progressive the world has ever known. It is impossible for me to believe that what has been so true in the past will not be equally true in the future.

This conviction, of course, influences my beliefs about what government should be and what government should do. Government and citizens can work together on the problems of our times.

I say as strongly as I know how — farms throughout the 48 states can not be run successfully from Washington.

Farms can be run successfully only by those who live on them and who have their lifetimes' work, their capital, their hopes, and their future invested in them. To succeed they must have freedom to determine their own opportunities, and freedom to act upon them.

That's plain talk—but I would not be living up to my responsibilities to farm families if I stated anything less.

I have never known a time when agriculture did not have problems. The problems have been sometimes more serious and sometimes less—but always we do have problems.

This is to be expected—in fact is unavoidable—in a dynamic and growing nation. Adjustment to changing conditions is never ending.

Adjustment is more necessary when war and the insatiable demands of war require maximum production, when there is never enough of anything to fill the demand. Farmers in South Dakota joined forces with farmers throughout the nation in meeting the requirements of World War II, and more recently the Korean War.

War Is No Solution

The easiest adjustment for farmers is that associated with war because that always means rising prices and unlimited markets. But this does not recommend war as a solution for creating high farm prices. No one should be misled by agricultural statistics based on casualty lists.

The goal of the Administration is a prosperous peacetime agriculture and we have already brought about significant accomplishments in line with this objective.

No one is more concerned than I about the cost-price squeeze which confronts agriculture today in this time of postwar adjustment. Wartime markets no longer exist but cost of production has remained consistently high.

We have had the unhappy experience in the last generation of having to adjust to a postwar time in the 1920's, followed by a great depression in the 30's, world war again in the 40's and world recovery from war, the Korean war in the opening of the 50's, and followed again now by another postwar period. But there is a great difference now compared with the late 40's when price increases caused by World War II were sustained by food and fiber requirements in the world-wide postwar recovery period.

Postwar Challenge

We have responded successfully to most of the challenges facing agriculture in this postwar peacetime period, especially in view of the tremendous surpluses accumulated through continuation of wartime production incentives into a time of peace. In plain words, this Administration inherited many serious agricultural problems, including a 19 point drop in the farm parity level during the 23 months period prior to Jan. 1, 1953. We have been faced with a job of housecleaning at the same time we have been getting our programs under way.

For example, the Administration's flexible price support program, which had been endorsed by both political parties prior to the 1948 election and was vigorously advocated by other Secretaries of Agriculture — including Clinton P. Anderson and Henry A. Wallace—was enacted by the Congress in 1954 but could not be put into effect until the 1955 crops. By then the surplus buildup was out of hand. The Administration then called for enactment of a soil bank program with the dual benefit of making payments for taking tillable cropland out of production and also conserving it for future years. The Soil Bank went into effect only last year. Significant reductions are being made in total production, but there was an attempt during this recent session of Congress to scuttle it before it had a chance to prove itself. Fortunately these attempts were not successful.

Favors Sound Supports

Let me emphasize that price supports have their function in agriculture — just as social security, unemployment insurance and the like have their function in contributing stability in the whole economy. I believe in price supports properly used as means of providing stability for agriculture. But I do not believe in price supports set at levels which are destructive of farmers' welfare,

which price ourselves out of markets that farmers must have—

which build up great unmanageable surpluses—

which force controls over farmers, limit their right to plant and sell, and make their farms inefficient—

which chase acres around, taking them out of one crop and dumping them on others—

which in the end have only the effect of making prices lower and regimenting farm families.

It is no help to farmers—either this generation or the next when we go in this direction. And that is why I have been devoted to reversing such trends.

With the good suggestions and support of those honestly willing to face the problems of agriculture, real improvements in the farm economy are being made. But the job is not yet done if we are to reach our goals.

Sets Forth Goals

What are these goals? Let me list them.

We seek an agriculture that is prosperous, expanding, and free.

We seek to maintain a family-type agriculture operated by free and self-reliant men and women.

We seek an agriculture in which technical advance is encouraged, and continued adjustment made to it, so that farmers have continuing incentives to high efficiency.

We seek an agriculture that provides for farm families an opportunity to share fairly in our nationally rising levels of living.

We seek an agriculture in which there are the proper incentives to use and maintain our soil, water, forest, and range resources for the benefit of both this generation and those to come.

We seek the extension of progress to underdeveloped rural areas, with fuller opportunity for families now under-employed on inadequate farms.

We seek to achieve these goals through the effective operation

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*An address by Mr. Benson before the South Dakota State Fair, Huron, South Dakota, Sept. 7, 1957.

From Washington Ahead of the News

By CARLISLE BARGERON

The Little Rock episode has far more ramifications than those which the Eastern press seems to see — that of the maintenance of constitutional government, etc. It has the Southern Senators shaking in their pants. They are wondering if they haven't been severely hoodwinked in the friendly and seductive Washington atmosphere.

Carlisle Bargeron

A few weeks ago they were embattled in an old and familiar controversy, that of civil rights. There was nothing new, essentially, in the controversy itself. For the more than 30 years that this writer has been in Washington there has been submitted by a Republican at every session of Congress an anti-lynching bill. The Southern Democrats would only have to filibuster and that would be the end of that. Thus, the Republicans would have made a bid to hold the Negro vote, which they unquestionably had in those days, and the Southerners would have maintained the sovereignties of their states. Everybody would be happy.

But time moved on. Roosevelt came in and took over the Negro vote and, in the meantime, lynching in the South became passe. Northern Democrats, tasting their long reign in power, wanted to hold the Negro vote. So the fight for the Negro vote began to turn on such measures as the Fair Employment Practices Act. This, however, never came to be much of an issue in Congress because World War II intervened.

With the advent of Eisenhower and Chief Justice Warren, civil rights in advanced form came to the fore, and at the last session the Southerners were really confronted with a problem. The Administration came up with a bill purportedly designed to insure the Negro's right to vote in the South. The House, where the Southerners are outnumbered, passed the bill just as it used to pass the anti-lynching bill. In the Senate the Southerners were looked upon to kill it off by fair means or foul.

Senator Dick Russell who in his long years in the Senate has come to command national respect and attention, hit upon an unusual idea. The thought of being a filibusterer and denounced by the Eastern press as a demagogue was repugnant to him.

Majority Leader Lyndon Johnson of Texas, not a dyed-in-the wool Southerner, just as much a Westerner, was basking under the statesmanship mantle which the Eastern press has bestowed upon him. Neither he nor Russell relished the old filibustering tactics and the smears of the Eastern press with which they would be draped.

Russell, talking to his colleagues and to the President with the line that he wanted to remain a statesman, explained that nevertheless Section III of the Administration's civil rights bill was more than it purported to be. Here was a hidden plan, he said, to carry out desegregation by means of an injunction, a denial of the jury trial. President Eisenhower said he had never looked at the bill in this light; indeed, he had never read the bill, he would ask Attorney General Brownell about it. Strangely enough, other non-Southern Senators and non-Southern press influences began to agree with Russell and to say that the bill went too far. Non-Southern Senators introduced amendments to strike out Section III.

There followed several weeks of political maneuvering for the Negro vote. Vice-President Nixon and Senator Knowland of California continued to insist upon Section III, and the President backed and filled. The New York "Times" and the Washington "Post," determined integrationists, with an unexpected show of moderation, agreed that Section III could be moderated. Section III was finally moderated and then the Eastern press pressure was on Russell and Lyndon Johnson that they had won a great fight, that they done it on a high plane, they had maintained their statesmanship, that, indeed, the civil rights debate this time had brought light and understanding and was something the country could be proud of in the face of Russia, Indonesia, Pakistan, Syria and all the other countries that were keeping their eyes on us. This being the case, and in view of their great accomplishment, Russell and Johnson were urged not to stoop to a filibuster to kill the bill entirely.

Well sir, these two gentlemen swallowed the bait and sold their colleagues on the idea that the South had made a great accomplishment. They sold it to all except one Southern Senator, Thurmond of South Carolina. He filibustered for more than 20 hours but none of his fellow Southerners would come to his support.

The non-filibustering Southerners expressed their scorn for Thurmond, increasingly so as Southern editor after Southern editor began to ask their Senators why they didn't give Thurmond a hand.

Now, in the Little Rock episode, what is the Federal Government using? Section III, moderated or not. They are using it in the naked fashion, the fashion in which non-Southern Senators and the Eastern press agreed was wrong. Where does this leave the Southern Senators who tried to be statesmen? They unquestionably have been tricked.

Margeson V.-P. of Knickerbocker Shares

William Margeson has joined Knickerbocker Shares, Inc. as a Vice-President and national sales manager, it has been announced by Karl D. Pettit, President of Knickerbocker Shares, Inc., distributors and principal underwriters of shares of Knickerbocker Fund and Capital Venture Fund.

William Margeson

Formerly a Vice-President of Waddell & Reed, Inc., Mr. Margeson was resident manager of that firm's Syracuse (N. Y.) office. He has specialized in mutual funds for several years.


TRACKWALKER
WITH A PH.D.

The Philosophy of Transportation

By ANTHONY ARPAIA*
Member, Interstate Commerce Commission

U. S. regulatory official advocates coordination and integration of the various forms of commercial transportation "to insure progressive improvement at least cost." Commissioner Arpaia favors integrated ownership of all forms of transportation as it permits shippers and passengers to obtain service from one source under one administration and management. Stresses the primary importance of railroads and the significance of transportation to a sound economy.

Much has been written and said about the mechanics and technology of railroads. However, there is a philosophic side to transportation and it is to this phase that I would direct some attention.

> "So that if these three wheels go, wealth will flow as in a spring tide. And it cometh many times to pass * * * that the work, and carriage, is worth more than the material, and enricheth a state more."

These are not the words of a transportation expert, an economist, or a business analyst. Neither were they said within recent history. They are the words of a philosopher of the Sixteenth Century.

Anthony Arpaia

More than 200 years before the first steam locomotive, Sir Francis Bacon, in one of his essays, named three things of economic importance to a nation: commodities in their natural state, manufacture, and carriage—that is, transportation. It is to be noted that Bacon considered transportation of greater importance than raw materials. Experience has demonstrated that the three important basic elements of sound economy are industry, agriculture and transportation.

Transportation is as important to the body politic as the circulatory system is to the human body. The complex of bone, muscle and brain is ineffectual and useless without the nourishment which is furnished to them by the flow of blood through the veins and arteries of the human body. Similarly, however rich a nation may be in resources and manpower, these have little value until they are given utility through the medium of transportation.

To the extent that transportation is inadequate, inefficient and restricted, economic and social growth is impeded. Contrariwise, to maintain a vigorous, healthy and growing body politic, there must be transportation of the type and amount sufficient to supply and nourish every segment and member of that body. Social, cultural and economic expansion and progress is directly related to the ability to move goods and people about.

Rails Are Main Arteries

If all transportation is regarded as the circulatory system of the body politic, then, assuredly, railroads constitute the main arteries. Without railroads, the world we know today could not have existed. They have made the largest single contribution to economic health. The present pace of social development and material progress was made possible by fast over-land mass transport by rail. Railroads have made cheap transportation available to immense inland regions of the world and are still the predominant influence of our present day civilization. In many areas the railroad serves as the only medium of surface transport where distance is a factor.

As the cost of the transportation was reduced, more markets were created, more articles began to flow in commerce, more employment was created, more areas prospered and more comforts were provided for more people. It is mass transportation which makes available to a community many commodities which must necessarily be produced in some other region—in many instances, remote from a major consuming point. People accept as a matter of course the necessities and comforts which would either not be available or would only be availible at prohibitive prices if it were not for the existence of such mass transportation.

Market prices are also stabilized through readily available transportation. A local over-supply of a product can be shipped to an area which is under-supplied—thereby avoiding the depression of prices locally which would naturally follow from an over-supply. Transportation greatly enlarges the market areas of many commodities which are produced in remote regions. And it also increases the utility and value of land which might otherwise remain fallow and worthless. The experience of any country affords many examples of this fact of economic life.

Rail transportation, by making feasible the mass movement of goods over great distances at reasonable rates, reduces the prices of goods because, after all, the cost of transportation must be realistically regarded as an element in the cost of production. Its influence on price begins with the raw materials and continues through every stage of processing until the delivery of the finished product to the consumer.

The medium of transportation also permits geographical divisions of labor. Such divisions of labor come about when areas tend to specialize in production of particular commodities, such as is now under development in South America in the operation of steel mills, production of manufactured products and new automobiles. Such specialization could not exist unless mass transportation made it possible for these areas to obtain their inbound raw materials, sometimes at long distances, and to ship their outbound products to ever expanding markets.

A country gains greatly from geographical division of labor because it can obtain a greater output at less expenditure of capital and labor by allowing localities to specialize in those products best adapted to their resources and their skills. When an area specializes in a particular product or products, it of course tends to produce more efficiently and this reduces production costs and ultimately the consumers' costs. Such advantages would not be fully realizable if it were not possible to ship in large quantities by rail. Reasonable and related freight rates also permit all producers of competitive products to market their products in a common market and, as the number of competitors is increased, this serves to keep prices down. To sum up, efficient transportation and balanced rates, by making possible the production and availability of more goods at competitive prices, means that the prosperity of a society will not only be increased but will be more evenly distributed among localities and areas.

Unnecessary Duplication

Just as the truly conditioned athlete conserves his physical resources by eliminating waste motion and loss of energy, unnecessary duplication in transportation, or lack of coordination in transportation facilities, constitutes an undesirable form of economic waste. This drawback can exist even within the same form of transportation. The multiple terminal facilities, the frequency of interchange, the re-handling and extra shunting of cars to make up trains add to the cost of operation and the delay in service.

Such duplication results in added overhead, inability to develop efficiently, excessive solicitation, handling and other items. The South American countries fortunately do not have to face this as a major problem and can profit by the mistakes elsewhere since there are no duplicating rail lines. It is often more difficult and expensive to rebuild than it is to build.

In transportation, the ideal would be to provide the exact quantity of service for the existing demand. Perfection in this respect is obviously unattainable due to the normal vagaries of our economy. There are bound to be peaks and vales but to deliberately provide an over-abundance of transportation is an extravagance to be avoided. Standby facilities and a low utilization factor represent needless investment cost, carrying charges and maintenance.

Except, under unusual conditions, railroads form the skeleton of any effective transportation system, because of their ability to operate for long distances under extreme conditions and because they can transport in large volume at less cost. Motor, air, and water carriers are limited in many respects and must necessarily be complementary to the rail framework around which the structure of transportation is built. To the extent that these complementary media of transportation are not fully coordinated and integrated as part of a unified service, the full exploitation of the potential economy of a country is hampered and the maximum efficiency of transportation is lost.

Integrate With Rails

What then is the solution in those countries where rail facilities cannot be extended and expanded to give complete transportation coverage, particularly in the light of the present high costs of railroad construction? In essence, it is to build around the skeleton of present railroads, or those to be built, a complementary service by such other means as are found to be appropriate and expedient, whether by motor, water, pipeline or air or other media still to be devised or developed thereby producing a flexibility of service not otherwise obtainable.

To help accomplish this objective, another form of waste, the unnecessary effort and expense cause by duplication of ownership or management of the several forms of transportation should be avoided. These factors tend to increase overall cost to the carrier, which in turn must be passed on to the shipper. The nations of South America can profit in this respect from the history of the development of competitive and auxiliary transport services in the United States. Shippers should have readily available to them a single complete service through one source in order to obtain the type, quantity, and combinations

Continued on page 55

*An address by Mr. Arpaia before the IX Pan American Railway Congress, Buenos Aires, Sept. 4, 1957.

THE MARKET . . . AND YOU

By WALLACE STREETE

The three-month retreat underway in the stock market swept through minor resistance levels this week, with only the year's low posted early in February still surviving for what appeared to be an ultimate testing.

* * *

As has been the pattern in four swings in the last two years, there was some bargain hunting attracted when the industrial average nudged to the 460 area, just as there was some concentrated profit-taking each time the index worked above 510. The net result as far as market action is concerned has been little clearcut indication of whether or when the economy is going to get into a happier frame of mind.

No Bullish News

There was little in the news to spark any decisive market action either way. Business continues spotty, no great upsurge for the fall season yet showing in some key lines, notably auto and steel, the credit pinch is in a status quo with little surface evidence of any intention to change it suddenly, and international affairs showed little change apart from some mild surprise that the British had found it expedient to boost their bank rate by as much as 2%.

* * *

The decline, while retracing a rather sizable area—some 60 points in the industrial average—in a short span, showed little signs of reaching anything approaching drastic liquidation. The issues of the largest companies, except on the more severe sinking spells, were still able to hold their ground well as a group while it was the more speculative, lower-priced items that gave the most ground.

Institutional Holders "Hang On"

This indicated mostly that the institutional holders were riding it out, as they have the other 50 to 60 point market declines since the fall of 1955. Volume supported this belief since even the year's best on a sharp selloff early in the week nudged across the three million line by a modest margin. It was only the second time a day's work had produced three million shares this year, while last year there had been nine such sessions during the similar period.

* * *

For the brokers, hard pressed to keep in the black ink, the widespread caution and lack of buying incentive did call for an upgrading in their suggestions to issues that have been well deflated and currently are offering yields of 6 to 6½%, of which there is no dearth.

8% Yields Go Begging on Quality Rails

Rails were particularly conspicuous on above-average yields, running to 8% in quality issues like Nickel Plate, Illinois Central and Rock Island. But these high returns seemed of little help to the carriers generally and their average continued its dreary retreat to levels not seen for several years. This particular index, as a matter of fact, had retraced close to half of the distance gained between 1949 and last year.

* * *

Not even the rather definite prospects for a boost in the Baltimore & Ohio payment this year inspired anything for rail fanciers and vague rumors of foreign selling in the issue were enough to make it an outstanding casualty when the going was rough, a single day's slash of around 8% standing out prominently. The issue showed a thoroughly respectable 5%-plus yield on the 1956 payment rate at recent prices.

Eye on "Growth Stocks"

The so-called "growth" stocks had some sizable slashes from their overly optimistic peaks, hence in some quarters were regarded as the prime candidates for a snappy comeback if the market does find some other-than-transitory support. Yet Minneapolis Honeywell, for one, despite a trim of around 40 points in its tag recently, is still hovering around the peak price of last year, rather than last year's low, and its price-times-earnings multiple has been definitely above average, in excess of 25-times estimated 1957 profit.

* * *

In more conservative circles attention was shifting from the growth section to areas where the enthusiasm of the bull market runup hasn't provided such excesses, such as the foods, stores, utilities where a 6%-plus yield is available such as in Niagara Mohawk and lower grade commons like Parker Rust Proof where returns well into the 6% bracket without any evidence of dividend jeopardy, hint that continued declines in the general market aren't going to be too harmful.

Oils in Disfavor

Oils had a market life that was definitely ragged in spots, notably Gulf where perennial hopes of a stock split have been dashed repeatedly. And some of the smaller funds, unlike their larger colleagues, have been taking a jaundiced view of the petroleum section, a few even standing out with completely oil-free portfolios.

* * *

Shipbuilding shares, while not overly sought, were still able to show above average buoyancy most times despite the fact that their recent popularity made them candidates for reaction. Newport News Ship, shored by its participation in the atomic-energy-powered aircraft carrier, has been able to hold far closer to its peak than its low. Lukens Steel, the skyrocket of 1956 and early 1957, was also holding up well, again because of its participation in the heavy plate needed in ship work. Lukens was well deflated from its 122 peak but, except for periods when the market was being buffeted, was able to hover around an area which was about double its 1957 low. And issues still holding a 100% appreciation are a distinct rarity.

* * *

In the stores Kroger was a standout, boosting its sales for the first eight months of the year by nearly 12%. This automatically made it a candidate for improved earnings despite the over-all economy, some estimates ranging to around $5.25 which would be a jump of nearly 8% over last year's profit. The result, marketwise, was that Kroger was also holding far closer to its year's high than the low, but was still available at the reasonable multiple of around 12-times earnings.

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

Two With Dean Witter

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert A. Barlow and James O. Stolaroff have joined the staff of Dean Witter & Co., 632 South Spring St.

H. L. Jamieson Adds

(Special to The Financial Chronicle)

OAKLAND, Calif. — Edwin T. Phelps has been added to the staff of H. L. Jamieson Co., Inc., 1419 Broadway.

Hugh Johnson Branch

UTICA, N. Y.—Hugh Johnson & Company, Inc. has opened a branch office in the First National Bank Building. Pearne Billings will be in charge.

Schneider Bernet Branch

AUSTIN, Tex.—Schneider, Bernet & Hickman, Inc. has opened a branch office in the Capital National Bank Building under the management of R. Mayo King.

Winslow Cohu Branch

TROY, N. Y.—Winslow, Cohu & Stetson has opened a branch office at 11 State Street under the management of Mrs. Carol P. Ruoff. Mrs. Ruoff was formerly local manager for Dewey, King & Johnson.

Loewi & Co. Inc. Official Changes

MILWAUKEE, Wis. — J. Victor Loewi, President of Loewi & Co. Incorporated, 225 East Mason St., members of the New York and Midwest Stock Exchanges, has announced the following management changes made by the Board of Directors. William L. Liebman, formerly Vice-President and Sales Manager, has been appointed General Manager of the organization. Ernest F. Rice, Jr. has been elected to Vice-President and Sales Manager, succeeding Mr. Liebman. William T. Riley, Jr. has been appointed an Assistant Vice-President.

Both Mr. Liebman and Mr. Rice have been with Loewi & Co. Incorporated since 1946, starting in a training program upon release from Military service. William T. Riley, Jr. joined Loewi & Co. Incorporated in August 1955, after being associated with the Marshall Company. Previous to that he was associated with his father, W. Thurman Riley (now also with Loewi & Co. Incorporated), at Riley & Co.

Three With A. M. Kidder

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla. — Wilford H. Alderman, Herman Rawitzer and Walter A. Fullerton, Jr. are now with A. M. Kidder & Co., Inc., 400 Beach Drive, North.

S. C. Reed V.-P. Of Hare's Ltd.

S. Chadwick Reed has been elected Vice-President of Hare's Ltd., 85 Broad Street, New York City, according to an announcement by Emlen S. Hare, Chairman of the Board. Mr. Reed will be in charge of dealer relations.

Hare's Ltd. is the sponsor and national distributor of the Institutional Mutual Funds, having assets of $60,000,000.

Mr. Reed is a graduate of Wesleyan University and Yale Law School, and attended the Harvard Business School. During the war he served as an officer in the United States Navy. He is a frequent contributor to The Economist, London, England, and was formerly a member of the Economics Faculty of Yale University. Previously he was a Vice-President of Distributors Group, Inc.

Two With F. I. Dupont

(Special to The Financial Chronicle)

MIAMI BEACH, Fla. — Harry Herman and Allen W. McCurdy have become affiliated with Francis I. du Pont & Co., 29th and The Ocean.

Joins Kidder Staff

(Special to The Financial Chronicle)

TALLAHASSEE, Fla. — Harold E. Bergman is with A. M. Kidder & Co., Inc., Hotel Floridan.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Supervision of the business affairs in Canada of **The First National City Bank of New York** has been added to the duties of James M. Nicely, Vice-President. Mr. Nicely is a senior official in the Bank's Domestic Division and will continue to be associated with the supervision of the Metropolitan Group.

The Canadian area was formerly supervised by Robert P. MacFadden, Vice-President, who has been assigned to the United Kingdom with headquarters in London.

Mr. Nicely began his banking career in 1927 with the **National Bank of Commerce, New York City.** He served with the **Guaranty Trust Company of New York** from 1929 to 1948 and joined The First National Bank of the City of New York in 1948. He came to National City at the time of the merger with First National in 1955.

* * *

Admiral Arthur W. Radford, recently retired Chairman of the Joint Chiefs of Staff, has joined **Bankers Trust Company, New York,** as a consultant in the development of its business, both foreign and domestic.

Admiral Radford's activities will be coordinated primarily with the recently formed Development Committee of the Board of Directors of the Bank. The Chairman of this Development Committee is William H. Moore, Executive Vice-President, who will become Chairman of the Board and Chief Executive Officer on Oct. 1. Other officer-directors on the Committee are Alex H. Ardrey, President; Francis S. Baer, Chairman of the Executive Committee; and John M. Budinger, Vice-President and Chairman of the Advisory Committee.

Other members are S. Sloan Colt and E. Chester Gersten, who are retiring as Chairman and Vice-Chairman of the Board on Oct. 1, both of whom will continue to be active in the development function of the bank.

The Development Committee also includes the following: John W. Hanes, Director; Olin Mathieson, Chemical Corporation; Lewis A. Lapham, President and Director, Grace Line, Inc.; Philip D. Reed, Chairman of the Board, General Electric Company; and Thomas J. Watson, Jr., President, International Business Machines Corporation.

* * *

Ralph Farrington has been appointed personal trust officer and Raymond W. Moore has been named corporate trust officer of **Chemical Corn Exchange Bank, New York,** it was announced on Sept. 26 by Harold H. Helm, Chairman. Both men are members of the bank's Fiduciary Division, Mr. Farrington being located at 30 Broad Street and Mr. Moore at 770 Broadway.

* * *

The Grace National Bank of New York announced on Sept. 24 the appointment of Charles F. Richardson as an Assistant Vice-President. He will serve in the Foreign Department.

Mr. Richardson has had extensive banking experience and has specialized on the Far East, particularly Japan.

He was formerly associated with the **Chemical Corn Exchange Bank** for 10 years where he served as an Assistant Vice-President in charge of development of Far Eastern business in the International Division. He will be in charge of developing the Far Eastern business of the Grace National Bank.

* * *

Mr. Jerome F. Glasser was elected to the board of trustees of **The Hamburg Savings Bank, Brooklyn, N. Y.**

* * *

Long Island Trust Company, Garden City, N. Y., on Sept. 12 was given approval in the New York State Banking Department to increase its capital stock from $1,842,400, consisting of 184,240 shares of the par value of $10 each, to $2,105,600, consisting of 210,560 shares of the same par value.

The offering to stockholders was given in the Sept. 12 issue of the "Chronicle" page 1119.

* * *

Guy K. Crandall, formerly affiliated with the **Marine Midland Trust Company of Southern New York,** has been elected a Trust Officer of the **Marine Midland Trust Company of Central New York,** at a meeting of the Board of Directors on Sept. 20. Mr. Crandall recently resigned his position at the Marine Midland Trust Company of Southern New York, Binghamton, to join the Syracuse bank on Sept. 1.

Mr. Candall began his banking career in January, 1929, with the **People's Trust Company of Binghamton, N. Y.,** which later became the Marine Midland Trust Company of Southern New York. He was elected a Vice-President of Marine Midland's Binghamton affiliate in 1952.

* * *

Kingston Trust Company, Kingston, N. Y. was given approval on Sept. 10 by the New York State Banking Department to increase its capital stock from $250,000, consisting of 2,500 shares of the par value of $100 each, to $550,000, consisting of 27,500 shares of the par value of $20 each.

* * *

John M. Richardson, was elected on Sept. 24 to the Advisory Committee of the Spencer Office of the **Worcester County Trust Company, Worcester, Mass.,** according to an announcement from the office of Edward L. Clifford, President.

Mr. Richardson succeeds to the vacancy caused by the recent death of C. Newton Prouty, who served the Spencer bank since 1916.

Mr. Clifford also announced that the Holden Office of the bank was opened on Sept. 23. Raymond D. Bosities is the Manager. This brings the number of offices of the Worcester County Trust Company to 12.

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National Shawmut Bank, Boston, Mass. elected Richard B. Young a Director.

* * *

Clifford D. Phoenix, President of the **Somerville Trust Company, Somerville, N. J.,** died on Sept. 21, at the age of 65.

* * *

R. Stuart Keefer was elected a Director of the **First National Bank & Trust Co. of Paterson, Paterson, N. J.**

* * *

Directors of the **National Newark & Essex Banking Co., Newark, N. J.** voted to increase the bank's surplus by $750,000. The money is being transferred from undivided profits and will increase the bank's legal loan limit for any one borrower to $2 million.

* * *

At a regular meeting of the Directors of **The First National Bank of Toms River, N. J.** held Sept. 18, it was voted to present to the shareholders at their Annual Meeting to be held on Tuesday, Jan. 14, 1958 two proposals as follows:

(1) That the capital of the bank be increased by 6,000 shares of common capital stock of $5 par value, increasing the capital from $930,000 to $960,000 and paying a stock dividend of 1/31st part of a share on Jan. 31, 1958 to all shareholders of record as of Jan. 14, 1958.

(2) To authorize the increase in the common capital stock outstanding from $960,000 to $990,000 by the sale to shareholders of record Feb. 28, 1958, the new shares at $30 a share.

No one will be able to subscribe for new shares excepting the shareholders unless the shareholders of record assign their rights to subscribe to someone else.

After the increase of the capital stock by payment of the stock dividend and by the sale of additional shares, the capital of the bank will then consist of $990,000 of capital, $2,250,000 of surplus, about $500,000 of undivided profits together with unallocated reserves of approximately $250,000, a total capital, surplus, undivided profits and reserves of $3,990,000.

* * *

Construction of the 19th office of **The National City Bank of Cleveland, Ohio,** will begin this week, Sidney B. Congdon, Chairman of the Board, announced on Sept. 24.

The new office will be located at Puritas Road and West 150th Street.

The new office will be of contemporary design to blend with the surrounding neighborhood and will feature modern interior design and year-round air conditioning.

Mr. Congdon said the new office is in keeping with National City's long-range policy of providing facilities in growing suburban areas to fulfill the demand for commercial banking services among present and future residents and businesses. National City already has a number of customers in the area which the new branch will serve. Manager of the office will be announced later, he said.

General contract for the building has been awarded to the Leonard H. Krill Co., and the architect is Garfield, Harris, Schafer, Flynn & Williams, both Cleveland firms.

* * *

Randolph H. Barnard has been elected to the board of directors of **The Ohio Citizens Trust Company, Toledo, Ohio,** it was announced by Willard I. Webb, Jr., President of the bank.

* * *

The Pullman Trust & Savings Bank, Chicago, Ill., the Standard State Bank, Chicago, Ill. and the State Bank of Blue Island, Blue Island, Ill., comprising the Pullman Banking Group, announces that Walter J. Delaney until recently Senior Vice-President at the **Continental Illinois National Bank & Trust Company of Chicago,** has joined the staff, as Senior Loan Consultant effective Sept. 1.

* * *

The American National Bank of Hutchinson, Hutchinson, Kan., with common stock of $300,000; and **The Hutchinson State Bank, Hutchinson, Kan.,** with common stock of $300,000 consolidated. Effective as of Sept. 6, the consolidation was effected under the charter of The American National

Continued on page 44

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

While it is still this department's view that there need be no haste in acquiring some of the fire-casualty stocks for long-term holding, indications are beginning to appear in some of the statistics that it is time to pay more heed to the group. Our equity markets generally continue to decline, and to give evidence that the present bear phase has not run its course yet; and it is difficult to recommend any sizable investing in the insurance stocks during this weakness.

But that doesn't mean that we ought not to look for any favorable factors that will ultimately contribute to a decision to buy into the list. This commentator is of the opinion that earnings constitute the most important factor in determining values among the insurance stocks, and, particularly, longer-term earnings.

For example, Providence Washington has for the past decade shown a highly erratic record of earnings from underwriting operations, the net result being most unsatisfactory; and a few days ago its dividend was omitted. This despite the fact that the $1 annual rate was being amply covered by the company's income from its investments.

One factor that many insurance stock investors put much importance on is the relationship of price to adjusted liquidating value. This is the figure at which it is presumed that an insurance stock would pay off if it was decided to wind up the business. Many insurance stock buyers consider insurance issues to be in a buying area, pricewise, when adjusted liquidating values run well above one and one-half times the market price for the stocks. No doubt this material should enter into the investor's calculation, for, all else being equal, an insurance stock selling at only one-half its liquidating value is a much greater bargain than one that sells at or about this break-up figure.

But, as indicated, other factors come into the picture: the underwriting profit margin, ten-year gain to the stockholder, growth over a period in investment income, price-earnings ratio, etc., etc. Also weight should be given to portfolio holdings. A company that has right along been committed in its portfolio operations to proportionately large holdings of high grade bonds has lacked attraction as a purchase because of the pronounced decline in bond price, unless, of course, there is quite clear evidence that an upturn in bond prices impends.

For those investors who put store on the price-liquidating ratio we have prepared a table of these figures, because they are beginning to show some impressive relationships. In some cases Dec. 31, 1956, liquidating value figures have been used as these companies do not report this data at the mid-year date. Otherwise June 30, 1957, values are taken. Prices are current figures.

Ratio of Liquidating Value to Present Price

	Liq. Value	Price	Ratio
Aetna Fire	$106.80	60	1.78 times
Agricultural	63.29	27¾	2.28 "
American Ins.	35.23	25⅝	1.37 "
Bankers & Ship	92.83	54	1.72 "
Boston Ins.	55.31	31	1.78 "
Continental Ins.	76.41	43	1.78 "
Federal Ins.	38.75	36¾	1.06 "
Fidelity Phenix	88.90	44¼	2.01 "
Fire Association	75.84	39	1.94 "
Fireman's Fund	68.54	53½	1.28 "
Firemen's Insurance	66.33	34⅜	1.93 "
Glens Falls	51.29	28½	1.80 "
Great American	68.13	32⅜	2.10 "
Hanover Insurance	75.31	33¾	2.23 "
Hartford Fire	148.86	142	1.04 "
Home Insurance	79.19	38	2.08 "
Insurance Co. No. Amer.	100.79	95	1.06 "
National Fire	150.05	79¾	1.88 "
National Union	64.55	33½	1.92 "
New Hampshire	84.85	39¾	2.14 "
Northern Insurance	126.72	78½	1.61 "
North River	59.40	34¾	1.71 "
Pacific Fire	94.33	51	1.85 "
Phoenix Insurance	137.82	64	2.15 "
Providence Washington	35.12	15½	2.26 "
St. Paul Fire	44.29	46½	0.95 "
Security Insurance	65.68	29¼	2.24 "
Springfield	101.05	42¾	2.35 "
United States Fire	40.16	22¼	1.80 "
Westchester	47.33	26¾	1.77 "
Aetna Casualty	160.00	136	1.18 "
American Re-Insurance	42.27	29	1.45 "
American Surety	26.20	17	1.54 "
Continental Casualty	65.40	87	0.76 "
Fidelity & Deposit	119.07	86	1.38 "
Massachusetts Bond	48.26	28½	1.69 "
Seaboard Surety	86.05	70	1.23 "
U. S. Fidelity & Guaranty	75.94	65½	1.17 "

The New Mature Economy And the New Inflation

By JOHN R. BUNTING, JR.*
Associate Economist, Federal Reserve Bank of Philadelphia
Lecturer in Economics, Temple University

Philadelphia Reserve Bank economist discerns a new type of maturity in our economy which, unlike the 1930's, connotes neither old age, senility or economic decline. Mr. Bunting finds consumers, businessmen, and government more adult than in earlier years and thus, contrary to past transition periods which served as preludes to recession-depression, doubts present declines will interfere with the successful bridging of the current transition period to the upturn phase expected after 1960. Expresses inability to detect whether present phenomenon of inflation during this transition period is caused by "cost pushers" or "demand pullers," and predicts "as rapid a rate of growth in the transition period ahead as it has over the years since the war."

A few years ago we heard a lot of the saying "Old soldiers never die, they just fade away." It seems to some of us who read the literature on economics that old ideas don't even fade away, they're just reclothed to fit the times.

John R. Bunting, Jr.

One explanation for the depression of the 1930's was called "the mature economy thesis." Many will remember it and shudder. Contemplating it doesn't make for pleasant reflection. Briefly, it said that our population totals were growing and would continue to grow only very slowly; our capital plant was completed and additions to it would not involve tremendous expenditure; our frontiers were closed—there was no room to push out.

To be sure, not everyone accepted this diagnosis, even in the 1930's. But it made a deep impression. It haunted us during the war years and shortly thereafter. (How much reconversion planning was based on the expectation of eight to 10 million unemployed in 1946 and 1947?) Slowly, however, we moved away from the shadow of the mature economy thesis.

The recession of 1949 was barely observable. Some refused to call what happend in 1953 and early 1954 anything more than a mild readjustment. Boom in 1955 clinched it. The mature economy thesis was just one of those ridiculous notions that in times of stress gain acceptance, or so it's been said.

Now, however, a new mature economy thesis may be developing. It is different from the first. It isn't shrouded in gloom. It has a Hollywood ending—happy.

The New Mature Economy

The new thesis has not as yet been announced as such, but its general outline is fairly well defined. It says that 1957 is the first year of an "interim" period. These "in between" years will be characterized by noticeably slower growth in business activity. About 1965 or so, a new era will be ushered in when the economy will burgeon forth at 1947-1956 speed once more.

The slower growth interim period comes about because: (1) War-created shortages of homes, cars, appliances, etc. have been filled. (2) The age composition of our population is such that family formation is taking place at a much slower rate than in the earlier postwar years. (3) Our capacity to produce is more adequate in terms of current and forseeable requirements.

It says, too, that our three big spending groups are showing signs of advancing age. Maturity is overtaking consumers, businessmen, and government leaders.

The Mature Consumer

Certainly there are many who agree that consumers are showing signs of new maturity. To some it seems until recently that consumers' tastes were very limited. All consumers wanted were newer, bigger and better houses, cars, and television sets.

Now, however, consumers have changed their ways of living a little. They are settling down, improving their homes by gardening, adding an outdoor fire place, an extra bathroom, recreation room, or bedroom.

Instead of buying a new car as soon as payments on the old one stop, consumers are looking to other areas of spending. Advertisements remind them that a swimming pool can be installed in the backyard for the price of a new car. Some consumers have figured out for themselves that if they drive their present car even after its ashtrays are full, they can afford an occasional trip to the shore or mountains, a dinner out for the whole family every now and again, a new suit for dad before the old one looks frayed, and, of course, another new hat for mother.

Like homes and cars, television sets are still popular but they don't seem to command quite as much consumer attention as heretofore. Consumers now talk of a piano for the recreation room, air conditioning for at least one bedroom, a clothes dryer in the basement, and an automatic dishwasher in the kitchen. Records, rock and roll and classical, are enjoying new and increased attention. Hi-fi sets and tape recorders are being bought at all levels of the income ladder. Lobster tanks and high priced appetizer counters in neighborhood supermarkets are signs of the times.

Yes, a case can be made for calling the consumer mature. But exactly what do we mean when we talk of mature consumers. Are we talking about people withdrawing from the market place and hoarding funds under the mattress? Or do we mean to say that consumers have sharpened their taste buds, and are searching for new ways (most of which cost money) for enriching their lives.

The Mature Businessman

The new mature businessman is said to be much different from his prewar counterpart. He is not frightened into hasty, ill-timed actions by gyrations in the stock market. He thinks in the long run not the short run. He thinks of the broad social implications of his actions as well as the effect on profits for his firm. As such, the new businessman's spending is said to be much more stable—less subject to sudden violent swings one way or the other.

The original mature economy thesis was pretty much an explanation for the virtual collapse of business spending on new plant and equipment in the 1930's. The new mature economy thesis purports to prophesy that spending on plant and equipment has reached a plateau from which ascent will come only very slowly until later in the 1960's. On the surface, there is much to support the new thesis. Certainly, capacity in many industries seems more adequate than heretofore in the postwar period. For example, we have proven that we can make more houses, cars, and television sets than we are currently consuming. But the changing nature of consumer demand prophesies inadequate capacity in other lines.

Also, while the age structure of our population makes for a relatively low level of household formation, it also promises slower growth in our working population. And many businessmen are guessing that wages and salaries will continue to climb. What these forces suggest is that employers will be under constant pressure to invest in labor-saving machinery. The new mature businessman, therefore, may find himself investing more in the next 10 years than he did in the past decade. This may sound fanciful to some, but it is a real probability.

The Mature Government

It seems that government spending as a portion of our total product has been expanding since most of us can remember. There has been good reason for this. In a society like ours, the demand for services from government is constantly growing—not only for traditional services but also for new services. During many of our lifetimes the government has taken on new services such as lending, underwriting, anti-cyclical economic policy, and the encouragement of steady economic growth. Of course, the main reason government spending is so high today has to do with wars—past and potential.

The new mature economy thesis says that government spending as a part of total spending has hit its peak. For the next few years, at least, it will be a slowly declining part of Gross National Product. This seems to presuppose some relaxation of international tensions, since other government spending seems almost certain to increase. Certainly state and local spending for schools and highways looks as if it will continue to climb. And anyone projecting a decline in the demand for Federal services is betting against the odds.

It is entirely likely that government spending will form a smaller part of total spending in the near future. This, however, seems to depend upon a marked reduction in demand from the military. As good a guess as any might be that the government sector will continue to take about the present bite from the total income pie.

Growth May Not Be Affected

To some extent, the whole question is a matter of semantics. Mature economy, unfortunately connotes very old age and senility. If the word "mature" were taken without these connotations, it might be fairly descriptive of the current scene. Our economic system seems more adult than in earlier years, and only a few would deny that our major consuming groups have grown up.

If the interim period were changed to "transition period" it might suit better also. What seems to be happening is that, for the moment at least, the demand for some traditional items of mass consumption may be running out of steam. In the meantime, new mass markets for air conditioning, hi-fi sets, dishwashers, outboard

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*From a talk by Mr. Bunting before the Philadelphia Bankers Associations Summer School, Bucknell University, Lewisburg, Pa.

Canada: A Conservative Viewpoint Coupled With A Dynamic Economy

Continued from first page

from Fair and New Deals was wholesome for the United States, we are confident that Canada will benefit from new leadership and a fresh political viewpoint.

World's Sturdiest Currency

Certainly on basic economic grounds the Diefenbaker administration shapes up magnificently. The Canadian dollar, which in August crossed $1.06 in terms of its American counterpart, stands as about the sturdiest currency in the world. Canada's system of branch banking could well be emulated by most nations both from the way in which it supplies its customers' needs for deposit and loan facilities and for the perfectly magnificent solvency this nationwide system has achieved.

In some contrast with the hesitant implementation of the $30 billion dollar road building program in the U. S., Canada's transcontinental highway is proceeding briskly and should be finished on schedule.

The 45,000 mile combined railway network provided by the Canadian Pacific, and Canadian National Railways, with the related bus, airplane, boat and hotel facilities, give the traveler swift, scenic and comfortable transportation, over some of the most magnificently picturesque geography in the world; and several hundred new miles have been pushed to the North to tap new-found resources in iron ore, base metals, timber and aluminum.

The Fabulous Pipelines

The most significant recent development in Canadian transportation has, of course, been the remarkable expansion of pipeline mileage. Beginning seven years ago, the Interprovincial Pipe Line for oil was built running from Edmonton, South to Lake Superior, and to the East. Then Trans Mountain Pipe Line was constructed to flow burgeoning Alberta oil to the West Coast. Next a third economic urgency materialized—the need to get West Canada gas to market. In the areas of petroleum production, trillions of cubic feet of natural gas had been capped, simply because there was no way of getting it to market. And huge potential gas markets, in highly populated and industrialized areas were all there waiting—waiting only for transportation. In the West, Vancouver and Northwest United States—in the East, Toronto and Montreal, and smaller cities on the way. So 1957 came up with two magnificent major Canadian achievements. First was the completion on Aug. 10 of the $170 million, 650-mile Westcoast Transmission Co. Ltd. pipeline from the Peace River fields of British Columbia to Vancouver and the international border. Capable initially of delivering 400 million C. F. of gas daily, the throughput can be, in due course, boosted by over 50%. So much for the drive to the West.

In the East, the second and far larger project was launched and financed — the Trans-Canada Pipe Lines Ltd. Thirty-five thousand Canadians and 6,000 Americans purchased securities in this 2,250 mile network to provide gas to a broad southern belt of Canadian communities all the way from Alberta to Montreal. Over 800 miles is scheduled for completion this year.

Gains for Investors

Now all this petroleum transportation has not only been a powerful addition to the wealth and development of Canada but it has unfolded handsome opportunities for investors. Gains of several hundred percent were achieved by early investors in Interprovincial and Trans Mountain equities; and the common of Pacific Petroleum's (which owns one million shares of Westcoast Transmission Ltd.) has soared, in a few short years, from $1 a share to above $30. Other prosperous and growing gas companies include Great Northern Gas, Inland, Mid-Western, Provo, Peace River, Quebec Transmission and, of course, the big utilities serving Toronto and Montreal will benefit heavily from the arrival of natural gas.

Oil exploration has done wonders for Canada. Ten years ago the largest dollar import of Canada was petroleum. Now the percentage of oil supplied internally is rising daily and, in the decade since Leduc, the Province of Alberta alone has received over $650 million in revenue from oil; and on Sept. 4 started the most unique oil royalty distribution in history—$20 to every Alberta citizen. While Alberta led off (and still is the big leader) in petroleum production, Saskatchewan has come along fast, particularly in the Southern part, and British Columbia is rapidly developing significant oil and gas reserves.

Leading Oil Beneficiaries

Among stocks, the "land plays," Calgary & Edmonton and Security Freehold, have taken on new luster, and seem astride of the most lively current drillings 50 miles north and south of Calgary. Merrill Pete, Canadian Petrofina, Canadian Superior, McColl-Frontenac, Great Plains and Imperial Oil have all been brisk performers, and among the newcomers, Scurry Rainbow, a consolidation of more than 40 small companies over a five year period, now presents a broad three province royalty and multi-million acreage spread.

The metals for which Canada is famous have had a tougher time. Copper, which recently hit a four year low at around 25c, has been a bit dreary, and declines of 30% to 80% in the representative copper shares has taxed the patience of holders and, at one point, made margin calls rather epidemic in Toronto. General sentiment now seems to be that copper has bottomed, (and zinc should stabilize forthwith). Producers such as International Nickel (the largest), Noranda, Normetal Quemont, Geco and Campbell, had a firmer look in recent weeks while the comers like Maritimes, Granduc and Kilembe, which took the worst share price beatings, may well have recorded their lows.

World's Second Top Uranium Producer

Uranium has now come of age and Canada has more than lived up to its billing, and its milling. Geiger counters are now clacking less furiously and, instead of location of ore bodies, the main accent is on delivery under $1,700,000,000 of firm contracts for U-oxide at around $8 a pound. Companies, only exciting names three years ago, are mature enterprises today—Gunnar, Algom, Pronto, Denison, Stanleigh and Stanrock; and investors scared of uranium in 1953 now eagerly buy the bonds with warrants. Canada is the second uranium producer in the world and thus, to an important extent, a guarantor of peace in our hemisphere.

An exciting new phase in Canadian expansion deserves special current mention, and that is the trend to the North. Most Canadian development until quite recently has been East and West, with some 90% of the 16 million population living within 200 miles of the American border. Now in the more frigid sections of Canada something far more valuable than seals, beavers, and muskrats are the industrial targets. The Great Slave Lake may embrace the world's largest ore bodies of zinc and lead. In the northerly reaches of Quebec at Ungava, iron ore is being unearthed which may run to 60 billion tons. In Northern Alberta, countless billions of barrels of oil lie locked in Athabasca tar sands, which are now being extensively probed. The Yukon still drips with gold if you hit the right sections, and the Alaska Highway running 1,500 miles from Peace River to Fairbanks is becoming one of the most strategic commercial arteries in the world. And, at the top of the globe you might say, is the vast Arctic radar complex of Distant Early Warning (DEW) calculated to alert and defend our civilization against aerial implementation of Muscovite malice. If Horace Greeley were in Canada today, he'd say "Go North, young man!"

A swift seasonal review such as this can't possibly touch on all those factors which make Canada great and a great nation in which to live and invest.

A Modern Economy

Apart from incalculable natural resources of 800,000 square miles of timber land, the 66 millions of hydro electric power less than 20% developed, and infinite mineral and agricultural riches, there are the people. Alert, intelligent, ambitious and eager, with their forward motion streamlined by all the efficient devices of a modern enterprise economy. Based on a record of balanced budgets, sound banking and currency, excellently managed insurance companies, and implemented by a network of investment banking, brokerage, and stock exchange facilities, the Canadian economy bows to none. No wonder it attracts investors from all over the world. No wonder it offers not only thousands of interesting speculation protected by the right political and financial climate, but a list of great corporations and mature investment securities, many of which have paid unbroken and rising dividends for decades. And incidentally, all this tribute to Canada is placed before your eyes on Canadian newsprint!

The Factual Record

We realize, of course, that after reading the foregoing tribute to the Canadian economy, the reader may well say, fine and dandy, but why not document the attributes. This happens to be the easiest chore imaginable, as is evident from the accompanying tabulations showing the Canadian listed common stocks on which consecutive cash dividends have been paid for as long as 129 years. The record, we contend speaks for itself!

TABLE I

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

10 to 129 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957 ♦	Approx. % Yield Based on Paymts. to June 28, 1957
Agnew-Surpass Shoe Stores, Ltd. Makes and distributes shoes through retail chain	24	0.40	b7¾	5.2
Aluminium Ltd. new Largest producer of aluminum ingot in the world	19	†0.90	46	2.0
Andian National Corp., Ltd. Operates oil pipe line in Colombia, S. A.	14	*0.40	5¼	7.6
Anglo-Canadian Pulp and Paper Mills, Ltd. Newsprint and allied products	12	2.00	32¼	6.2
Anglo-Huronian Ltd. Holding & operating co.—chiefly interests in Can. gold mining	18	0.50	11½	4.3
Anglo-Newfoundland Development Co., Ltd. "Ord." Newsprint and allied products; also mining interests	13	0.60	8⅛	7.4
Argus Corp., Ltd. Investment co.—manufacturing & merchandising interests	11	0.80	17	4.7
Asbestos Corp., Ltd. Mining & milling of asbestos fibre	20	1.60	31	5.2
Ashdown Hardware Co., Ltd., J. H., "B" Large wholesale and retail business in general hardware	20	0.72	12	6.0
Aunor Gold Mines Ltd. Ontario gold producer	17	0.16	1.90	8.4
Auto Electric Service Co. Ltd. Service distributors of automotive electrical carburetors & auxiliary equipment	11	1.025	b15	6.8
BANK OF MONTREAL Operates 602 branches and agencies throughout the world ● See Bank's advertisement on page 26.	129	1.60	47½	3.4
BANK OF NOVA SCOTIA Operates 510 branches and sub-offices throughout the world ● See Bank's advertisement on page 22.	125	2.10	58¼	3.6
Banque Canadienne Nationale Operates 247 branches in Canada	76	1.50	38	3.9
Barber-Ellis of Canada, Ltd. Stationery and printers' supplies	27	5.60	b44⅛	12.7
Beatty Bros. Ltd. Manufactures barn and stable equipment, household equipment, pumps, etc.	18	0.50	b5¾	8.7
Beaver Lumber Co. Ltd. Lumber & building supply retailer, 274 branches in Canada	14	0.90	b17¾	5.1
Belding-Corticelli Ltd. Makes nylon, silk and rayon threads for all purposes	35	0.15	10¼	1.5

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
b Bid.

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Consumers Power Co. 4¾% Bonds Offered

An underwriting group headed by Morgan Stanley & Co. and comprising 28 investment firms offered for public sale on Sept. 24 a new issue of $35,000,000 Consumers Power Co. first mortgage bonds, 4¾% series due Oct. 1, 1987, at 100.639% and accrued interest, to yield 4.71% to maturity. The issue was awarded to the group at competitive sale Sept. 23 on its bid of 99.8199% for the indicated coupon.

Sale of the bonds is part of a financing program which also includes a proposed offer by the company to the holders of its common stock of rights to subscribe for $35,156,700 of convertible debentures due 1972, which will also be underwritten by a group to be headed by Morgan Stanley & Co. The proceeds from the sale of both issues will be used for acquisition of property, extensions and improvements, for refunding certain outstanding obligations, including short-term bank loans, and to reimburse the company's treasury for construction expenditures.

The mortgage bonds are redeemable at 109% if redeemed on or prior to Sept. 30, 1958, and thereafter at prices decreasing to the principal amount after Sept. 30, 1986. Special redemption prices range from 100.639 on or prior to Sept. 30, 1958 to the principal amount after Sept. 30, 1986.

Operating entirely within the States of Michigan, Consumers Power Company supplies electric service in 1,497 communities and distributes and sells natural gas in 286 communities. The company's service territory includes the cities of Battle Creek, Bay City, Flint, Grand Rapids, Jackson, Kalamazoo, Muskegon and Saginaw. Population of the territory served is estimated to exceed 3,700,000. Consumers Power is engaged with 25 other companies in research and development work relating to the generation of electric energy through the use of nuclear fuel. The Power Reactor Development Company was formed to carry on this work.

For the 12 months ended June 30, 1957 the company had total operating revenues of $214,073,000, compared with $208,393,000 in the 1956 calendar year and $189,432,000 in 1955. Gross income before income deductions for each of the respective periods was $39,602,000, $37,888,000 and $36,134,000.

London Corresp. for Harriman Ripley Co.

Joseph P. Ripley, Chairman of Harriman Ripley & Co., Incorporated, 63 Wall Street, announced that Harriman Ripley has entered into an agreement with Philip Hill, Higginson & Limited, a prominent investment banking house with headquarters in London, Eng.


Joseph P. Ripley

Mr. Ripley said that the arrangement is one by which Philip Hill, Higginson will be the London correspondent of Harriman Ripley, and Harriman Ripley will be the New York correspondent of Philip Hill, Higginson. Also, that Philip Hill, Higginson is acquiring a minority share interest in Harriman Ripley. Kenneth A. Keith, Managing Director of Philip Hill, Higginson, has been elected to the Harriman Ripley board of directors.

Mr. Ripley added that Philip Hill, Higginson was founded by the late Philip E. Hill under the name of Philip Hill & Partners. The Higginson name was added in 1950 when the entire share capital of the banking business of Higginson & Co. Limited, which was established in London in 1907, was acquired. Philip Hill, Higginson also owns all the shares of Philip Hill, Higginson & Co. (Africa) Limited, with offices in Johannesburg and in Salisbury, Rhodesia.

The proprietary capital of Philip Hill, Higginson is equivalent to about $8,000,000, all of which is owned by the Philip Hill Trust, the net worth of which is equivalent to about $40,000,000.

Included among the Philip Hill directors are Sir Brian Mountain, Chairman of Eagle Star Insurance Co. Ltd.; Rudolph E. F. de Trafford, Chairman of Atlas Assurance Company Ltd.; Harold C. Drayton, Chairman of British Electric Traction Co. Ltd.; Kenneth H. Preston, Chairman of Textile Machinery Manufacturers Co.; and John R. Colville, formerly Principal Private Secretary to Sir Winston Churchill.

Joins Julien Collins Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John J. Collins has joined the staff of Julien Collins & Company, 105 South La Salle Street, members of the Midwest Stock Exchange.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
		—Canadian $ §—		
Bell Telephone Co. of Canada Most important telephone system in Ontario and Quebec	77	2.00	40½	4.9
Belleterre Quebec Mines, Ltd. Quebec gold producer	13	0.10	1.77	5.6
Biltmore Hats Ltd. Men's fur felt and wool felt hats	24	0.40	b5¼	7.6
Brazilian Traction, Light and Power Co., Ltd. "Ord." Diverse utility interests in Brazil	17	†0.75	9¾	7.7
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	23	1.75	30	5.8
British American Oil Co. Ltd. Petroleum production, refining, distribution	48	1.00	54⅞	1.8
British Columbia Forest Products Ltd. One of the largest producers of timber products in Canada	10	0.50	12	4.2
British Columbia Power Corp. Ltd. Holding co., controlling B. C. Electric Co. Ltd.	40	1.40	51⅜	2.7
British Columbia Telephone Co. "Ord." Second largest privately owned telephone system in Canada	42	2.00	42¾	4.7
Brock (Stanley) Ltd. "B" Laundry supplies, hardware, plumbing supplies, etc.	12	0.40	b6	6.7
Building Products Ltd. Asphalt roofing, flooring and insulation	31	1.80	36	5.0
Bulolo Gold Dredging, Ltd. Operates a gold dredging project in New Guinea	10	0.50	3.80	13.2
Burlington Steel Co. Ltd. new Steel rolling mill & related oper.	21	†0.775	14	5.5
Burns & Co. Ltd. "B" Meat, lards, butter, poultry products, etc.	11	0.70	11	6.4
Caldwell Linen Mills, Ltd. Makes wide variety of linen and cotton products	15	0.80	‡	‡
Calgary & Edmonton Corp., Ltd. Leases oil and gas drilling rights in Alberta	21	0.10	34½	0.3
Canada & Dominion Sugar Co., Ltd. Cane and beet sugar refining	27	1.20	23¼	5.2
Canada Bread Co., Ltd. Bread and cake wholesaler and retailer	15	0.10	b2.80	3.6
Canada Iron Foundries, Ltd. Holding and operating company—machinery & equipment interests	13	1.50	39	3.8
Canada Life Assur. Co. One of the largest Canadian companies underwriting life, accident and sickness insurance	103	4.45	150	3.0

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
‡ Inactive issue. No Exchange trading.
b Bid.

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Economic Aspects of Canadian And American Cooperation

By JOHN WESLEY JONES*
Deputy Assistant Secretary for European Affairs
Department of State

State Department official indicates that tariff peculiarities endangering mutually beneficial Canadian-American economic relationships and inevitable dynamic growth are apt to be solved as a result of the initiative taken by some forward-looking businessmen from both sides of the border. Present imbalanced trade problem, according to Mr. Jones, is less serious than the raw data indicates, and much of capital equipment paid for in dollars is expected to increase production so as to establish a future merchandise balance at a still higher level of total trade. Notes that many U. S. industries in the absence of Canadian imports would practically have to shut down, and that U. S. production has outstripped its natural resources in many cases.

Since the economic aspects of cooperation are of particular interest to businessmen I would like to discuss them. To begin with, trade between the United States and Canada is far greater than that between any other two countries in the world. It has increased tenfold since 1935. It exceeds our total trade with all the countries of South America. It also exceeds our total trade with the entire continent of Europe. Each country is the other's best customer.


John W. Jones

Canada is a major supplier of newsprint, nickel, aluminum and asbestos. It is our second most important source of uranium. Canadian whisky is well-known in the United States, and Canadian oil is becoming increasingly important to the United States' economy.

The figures really speak for themselves. In 1956 the United States' share in Canadian imports for consumption was 73%, as against 57% in 1935. At the same time United States purchases represented 59% of Canada's export of produce, or 23% higher than in 1935.

The Canadian share in United States general imports is 23%, compared with only 14% in 1935. Canadian purchases in the United States have also risen from 14% of total U. S. exports to 21% of our export trade.

In absolute figures, Canada exported goods to the amount of $2.8 billion to the United States last year, and imported goods valued at $4.2 billion.

Examines Trade Imbalance

This difference of $1.4 billion has been the source of some concern among our Canadian friends and it would perhaps be well to look a little more closely at the components of our exports to Canada. A reasonable estimate would be that about one-third of these consist of capital equipment. A large part of this equipment is not paid for from Canadian dollar holdings, but is purchased by American companies which then ship it to Canadian subsidiaries. Instead of being a drain on Canadian resources, this type of import actually adds to Canada's equipment pool. Moreover, by increasing Canadian productivity it tends to increase the wealth of the country. These imports of capital goods hold within themselves the promise of increasing production so as to establish in the future a merchandise balance at a higher level of total trade than that existing today.

In addition there are the purchases of capital goods by Canadian firms. While these are undoubtedly imports in that they must be paid for from Canadian resources, they also serve to increase the country's wealth by raising productivity.

I do not mean to imply that no problem of imbalance does exist. But I do say it is far less than the raw figures might lead one to believe.

Dependence on Canadian Products

Looking now at the importance of Canadian products for United States industry, it becomes apparent that many American industries, in the absence of imports from Canada, would practically have to shut down. As regards American newspapers, for instance, five million tons of standard newsprint were imported from Canada in 1953 compared with U. S. production of only one million tons. Our nickel and asbestos users would be even worse off. In 1952 Canada's one hundred thousand tons of nickel exported to us compared with our production of 650 tons and her 660,000 ton export of asbestos to us with our output of 52,000 tons. These are merely a few outstanding examples of many raw and semi-manufactured products for a substantial part of which we are dependent on Canada.

In terms of Canadian trade this means that Canada sells the U. S. over 80% of her total production of newsprint, over 60% of her total production of nickel, and about 70% of her asbestos production. Among other items the United States buys over 80% of Canada's production of shingles, and almost 80% of her wood veneers.

The United States sends Canada a more diversified range of products, generally more highly fabricated. Of these some of the most important are automobile parts, airplane parts, tractors and parts, iron and steel products, fuel oil, coal and cotton. It will readily be observed that most of these represent manufactured or semi-manufactured items, whereas our purchases from Canada are largely of raw or partly processed materials.

This brings us to the problem of protection and of National tariffs.

Solving the Tariff Problem

Tariff barriers do not exist for a substantial portion of the present trade each way between the two countries. Of our imports from Canada in the past few years, some 55 to 60% were duty-free. Of Canada's imports from us in the same period about 40% were duty-free. Our average rate on dutiable products from Canada is considerably lower than vice versa.

On the other hand, as I mentioned earlier, the bulk of our imports from Canada consist of a relatively few staple raw and semi-manufactured products. On such trade the tariff is little or no obstacle. The place where our tariff pinches Canada is rather in non-staple products, particularly manufactured, where the rate is high, sometimes prohibitive.

The Canadian tariff rates tend to cluster in a relatively narrow range and at a somewhat higher level than United States rates. This reflects obviously Canadian concern with the protection of its developing industry.

These economic problems can only be mentioned in passing. Their solution will require thorough and expert study. Both governments, of course, are in constant consultation on these and other problems, such as the simplification of customs regulations. Even more encouraging was the announcement on July 15, by the National Planning Association, of the formation of a joint committee—not of government officials—but of 40 prominent Canadian and American business, labor and farm leaders, for the purpose of devoting itself to a factual study of the major problems facing our two countries. The value of such a group in developing international understanding is undeniable. If problems are to be resolved, they must first be understood. And if compromises are to be reached, they should ideally be based on a sympathetic approach to each other's problems. In the field of trade it is commendable that business men themselves are taking the initiative in seeking that approach.

Dynamic Growth

Given these conditions, all available evidence indicates that the dynamic growth of our relationship will not only endure but will increase. As the growing population in the United States establishes new levels of demand, the market for Canadian goods is almost certain to expand with it. This in turn would naturally lead to increased Canadian purchases in the United States. Two commodities, for example, in which such developments are already in progress are iron ore and natural gas. There are huge reserves of iron ore in Canada which, in addition to supplying Canadian industry, supplement our own resources. Canadian natural gas reserves have also proven to be extensive and might well be used to serve United States as well as Canadian communities. In fact, natural gas now moves in both directions across the border. Oil also travels this two-way street. There is an example of this in the Portland, Me., to Montreal pipeline.

Finally, I should like to mention the study group which is now considering the project of hydroelectric power from a Passamaquoddy Dam which offers such potential advantages for the state of Maine.

To sum up the economic picture I think it safe to say that under the leadership of forward-looking businessmen on both sides of the border and with the sympathetic support of enlightened administrations in each country there is at the present time every outlook for increases, both in trade and in investment, between our countries.

Enlightened Self-Interest

We have explored here in some detail the many areas in which Canada and the United States cooperate. I think the next question that must occur to all of us is "Why?" There is nothing in international affairs that imposes cooperation between two countries if they do not wish themselves to take that road. It comes down to what is usually called, in the political science textbooks, "mutual self-interest" or, more recently, "enlightened self-interest."

The United States and Canada began their relationship under fortunate circumstances. Such feuds as there were from the old world died out relatively early in our history and there were neither economic nor population pressures to keep them going. Moreover, the circumstances of early life on our continent were not conducive to developing emotional patterns of distrust and dislike. We began therefore with a clean slate and could develop our cooperation without prejudice or preconceived notions. This cooperation, may I add parenthetically, exists only partly because Canadians are "fellow North Americans." They are primarily Canadians and they are as justly proud of their heritage and institutions and country as we are of ours. We are each of us devoted to our particular national characteristics. Each country is completely conscious of its own destiny. Happily, these are differences which do not separate us, but on the contrary, assure that we complement each other in the international scene.

A major interest for both countries is economic development. In countries such as ours which have had a shortage of manpower as the chief economic factor through most of their histories, cooperation, if only on a local community basis, was an economic necessity. Today when production in the United States has outstripped its natural resources in many cases and when the Canadian industrial potential is developing at an unprecedented rate, that cooperation remains as mutually beneficial as it has ever been in our history.

Then again there have been threats against our national security. Three times—in two World Wars and in Korea—the United States and Canada have fought side by side in the interest of mutual defense and indeed of the whole Free World. Today our countries are still faced with a grave threat to our security. And still today we are working together, with our other Allies, to meet it and, if necessary, to defeat it.

A Way of Life

None of these things is, however, the sole reason why we are

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*From a talk by Mr. Jones before the Joint Service Club, Portland, Maine, on the occasion of Canadian Friendship Day.

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Economic Aspects Of Canadian and American Cooperation

able to work together as we do. In the last analysis it is a way of life—a Christian philosophy—if you like—common to the whole Western world—which permits this relationship.

Part of the greatness and durability of this concept derives from the fact that it can encompass differences of opinion without disintegrating. It is flexible enough to give free rein to the thoughts of all men who are dedicated to belief in freedom of the individual. The words "democracy" and "religion" help to describe this idea; the Charter of the United Nations attempts to define its possibilities.

However we think of it, it is this idea of the spirit that holds together, not only Canadians and ourselves, but men and nations of good will the world over.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Christopher G. Janus has joined the staff of Bache & Co., 140 South Dearborn Street. He was previously with Crutten-den, Podesta & Co.

Grainger Heads Hospital Fund Div.

Isaac B. Grainger

Isaac B. Grainger, President and director of the Chemical Corn Exchange Bank has accepted the chairmanship of the Business and Professional Committee of the United Hospital Fund's 78th Annual Campaign, it was announced by Harold V. Smith, General Chairman of the Campaign.

Mr. Grainger will direct more than 500 volunteer solicitors who will canvas executives and business firms in Manhattan and The Bronx. The Business and Professional Committee has the responsibility of raising $425,000 of the $3,000,000 goal of the United Hospital Fund's 1957 Campaign.

The Campaign, which opens Oct. 1, will ask for $3,000,000 for the United Hospital Fund's 80 voluntary member hospitals. Money is distributed according to the amount of free and below cost care given to medically needy patients by the hospitals during 1956. Total number of patients served by these hospitals last year numbered more than 2,000,000 with nearly 800,000 ward and clinic patients.

Mr. Grainger, who lives at 1001 Park Avenue is a director of the Hartford Accident and Indemnity Company as well as of several other companies, and is a trustee of the New York Community Trust. He is a graduate of Princeton University and his clubs include the Links Club, the Racquet and Tennis Club, and the Royal and Ancient Golf Club of St. Andrews, Scotland.

Joins Jerry Thomas

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Jesse R. Little is now with Jerry Thomas & Co., 238 Royal Palm Way.

With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Edward H. Hooper is now with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Harris, Upham Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Lawrence J. Dell has become connected with Harris, Upham & Co., 135 South La Salle Street. He was previously with the First National Bank of Chicago.

With Arthur Krensky

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Allan R. Rolfe is now with Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

With R. B. Sideckas

(Special to THE FINANCIAL CHRONICLE)

SHREWSBURY, Mass.—John Kaskan has joined the staff of R. B. Sideckas & Co., 47 North Quinsigamond Avenue.

Joins B. J. Van Ingen

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John C. Mathis, Jr. has become associated with B. J. Van Ingen & Co., Inc. Mr. Mathis was formerly with Estabrook & Co. and American Securities Corporation.

Sol Leeds Opens

Sol Leeds is engaging in a securities business from offices at 2391 Webb Avenue, Bronx, New York.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 28, 1957
Canada Malting Co., Ltd. — Malt for the brewing & distilling industries	30	2.00	50	4.0
Canada Packers Ltd. "B" — Full line of packinghouse prods.	23	1.75	35¼	5.0
Canada Permanent Mortgage Corp. — Lends on first mortgage security, issues debentures, accepts deposits	102	3.45	80	4.3
Canada Steamship Lines, Ltd. — Freight and passenger vessels: other diverse interests include hotels	15	1.00	45	2.2
Canada Vinegars Ltd. — Vinegar and apple products	33	1.10	20	5.5
Canada Wire and Cable Co. Ltd. "B" — Copper and steel wires and ropes	19	0.80	17	4.7
Canadian Bank of Commerce — Operates 760 branches throughout the world	90	1.60	49¼	3.2
Canadian Breweries Ltd. — Holding co.—brewing and grain milling interests	13	1.50	27½	5.5
Canadian Bronze Co., Ltd. — Holding co. — subidiaries make bronze bearings, bushings and castings	30	1.75	30	5.8

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
Canadian Celanese Ltd. — Synthetic yarns and fabrics	22	0.75	15½	4.8
Canadian Fairbanks Morse Co., Ltd. — Exclusive sales agents for Fairbanks, Morse & Co. of Chicago	20	1.20	a20	6.0
Canadian Gen. Elec. Co., Ltd. — Exclusive manufacturing & selling rights of General Electric products in Canada	28	12.00	b500	2.4
Canadian Gen. Invest. Ltd. — Management type invest. trust	29	1.275	30	4.2
Canadian Industries Ltd. — Chemicals and allied products	31	0.50	19	2.6
Canadian Ingersoll-Rand Ltd. — Manufactures compressors, pneumatic tools, pulp and paper	28	3.20	b51½	6.2
Canadian Oil Cos., Ltd. — Petroleum refining & distribution	32	0.70	38½	1.8
Can. Pac. Ry. Co. "Ord." — "The" private railway system of Canada	14	1.75	33½	5.2
Canadian Tire Corp., Ltd. — Automotive accessories, parts, etc.	14	0.70	81	0.9
Canadian Westinghouse Co., Ltd. — Airbrakes and large variety of electrical apparatus	12	1.00	48½	2.1

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
Celanese Corp. of America Yarns and fabrics	19	*0.875	‡	‡
Central Canada Invest. Ltd. Investment co. — large insurance interests	14	0.85	b30	2.8
Chartered Trust Co. General fiduciary business	23	1.40	b55	2.5
Chateau-Gai Wines Ltd. Wines and juices	13	1.00	16	6.3
Collingwood Terminals, Ltd. Operates a 2 million bushel grain elevator in Collingwood, Ontario	16	1.00	b13½	7.4
Conduits National Co., Ltd. Rigid eltctrical conduits, elbows, couplings, etc.	21	0.80	10	8.0
Confederation Life Assoc. Wide range of endowment and life policies	34	2.25	120	1.9
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	25	1.65	23⅛	7.1
Consol. Paper Corp., Ltd. Owns five mills; daily newsprint capacity 2,479 tons	12	2.15	34½	6.2
Consumers' Gas Co. of Toronto Manufactures and distributes gas in the Toronto area	110	0.80	39⅝	2.0
Consumers Glass Co., Ltd. Wide variety of glass containers	22	1.50	26	5.8
Corby (H.) Distillery Ltd. "A" Holding and operating co. — alcohol and spirits	21	1.10	16¼	6.8
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	23	0.80	12	6.7
Crain, R. L. Ltd. Manufactures & sells continuous business forms	12	0.60	32	1.9
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	29	2.00	52	3.8
Crown Trust Co. General fiduciary business	58	0.60	21	2.9
Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	40	5.00	b240	2.1
Distillers Corp.-Seagrams Ltd. A holding co—interests include a complete line of whiskies and gins	21	1.70	28¼	6.0
Dome Mines Ltd. Ontario gold producer	38	0.75	12⅛	6.2

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
‡ Inactive issue. No Exchange trading.
b Bid.

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Two Representatives For Wellington Fund

The Wellington Company, sponsors and distributors of the Wellington Fund, one of the

Bruce A. Bales   W. H. L. Sullivan

nation's largest mutual funds, has appointed two new District Representatives, it has been announced by A. J. Wilkins, Vice-President in charge of national distribution. They are Bruce A. Bales, who will be northwestern representative for Danforth Field Company, Pacific Coast representative of the Fund, with offices in Portland, Ore., and William H. L. Sullivan, Western representative, with headquarters at 6852 Dodge Street, Omaha, Neb.

Mr. Bales was formerly associated with the investment firms J. A. Hogle & Co. in Spokane and Zilka, Smither & Co. in Portland.

Prior to joining Wellington, Mr. Sullivan was a registered representative of Newburger & Co., Philadelphia, members of the New York Stock Exchange. He was formerly Executive Director of the Philadelphia Board of Trade, a director of the Bureau of special Studies, also in Philadelphia, and was an FBI agent.

Mutual Fund Analysis, Inc.

Mutual Fund Analysis Inc. has been formed with offices at 80 Park Avenue, New York City to conduct a securities business.

Mutual Fund Planning

Mutual Fund Planning Corporation is engaging in a securities business from offices at 270 Madison Avenue, New York City.

Moderate Business Upturn Forecast In Months Ahead

United Business Service weighs grounds for general economic change and predicts it will rise somewhat this last quarter, 1957, and winter, 1958.

A moderate, but slightly better-than-seasonal, pickup in business is forecast this fall and winter by the United Business Service.

The Service bases this expectation on continued high spending by consumers, industry, and Government — which will provide a strong bolstering force. With personal income at record levels, and likely to rise further this fall, total retail sales are expected to hold above year-ago levels during the coming peak shopping season. Dollar sales in the first eight months of 1957 were up 6%. Although business spending for new plants and equipment is leveling out, fourth quarter outlays will continue to be substantial and larger than in the like 1956 period. Total Government spending (Federal, state, and local) is expected to edge still higher despite the economy efforts at Washington on new appropriations.

In the industrial sector, some pickup in new ordering, especially for new model auto needs, is expected to lift steel operations to an average rate of at least 85% of capacity in the final quarter. Auto output should equal the relatively good final quarter 1956 volume. Some modest expansion of general trade and industrial ordering is expected by the Service. It believes that both average wholesale prices and the cost of living will continue to edge upward.

Limiting factors on the expected moderate fall-winter improvement in business will include the actual and psychological effects of continued tight money and credit, the uncertain foreign situation — especially in the Middle East, the recent stock market shakeout, and the growing competitive squeeze on profit margins of many companies.

Hua Hsing Investors

Hua Hsing Investors has been formed with offices at 218 Canal Street, New York City, to engage in a securities business. Partners are Sien Wei Liu, Hsin Chih Lee, and Yook Fan Chin.

Nast-German Co.

Maurice H. Nast and Philip E. German have formed the Nast-German Co. with offices at 17 East 48th Street, New York City to engage in a securities business.

Paragon Mutual Formed

Paragon Mutual Investment Service has been formed with offices at 33 West 42nd Street, New York City to conduct a securities business. Partners are Arthur I. Berliner, Alfred A. Talbert and Leon Abramson.

Opens Office

NEW ROCHELLE, N. Y.—Dorothy Rosen has opened an office at 150 Overlook Circle to engage in a securities business.

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Great Issues in Canadian —U. S. A. Community

knows no written constitution or agreement it is bound by the aspirations of peoples in all parts of the globe who, while independent, are united in their dedication to freedom under the intangible unity of the Crown. Canada's status as an independent member of the Commonwealth and a constitutional monarchy will be emphasized when Her Majesty, Queen Elizabeth The Second, opens Canada's Parliament on Oct. 14 as the Queen of Canada.

Trust and Co-Operation

Canada and the United States, as long ago as 1794 in the "Treaty of Amity, Commerce and Navigation," undertook "to promote a disposition favorable to friendship and goodwill." While this undertaking has not at all times since been maintained, it is, and has been, of the essence of our relationship.

We are partners in defense—and we realize that the security of this continent cannot be assured without the closest co-operation between our two countries. To that end one of the first acts of the new Canadian Government when it came into power this summer was to agree to the joint operational control of the air defense forces of Canada and the United States. This system embraces not only our two air forces, but the several radar warning lines which have been built by us jointly across this continent, and mainly through Canada. In so doing Canada does not in any way sacrifice her sovereignty over, or ownership of, these Artic regions.

We have learned to trust one another. Neither has received aid from the other without payment. No hereditary animosities or ancestral fears divide us. In Canada we know that if the United States since the last war had not assumed world leadership, the free world might not have survived. But we cannot take our relationship for granted. The former Secretary of State for External Affairs (Mr. Pearson) expressed the same sentiment several years ago when he said "the era of easy and automatic goods relations between Canada and the United States is over." That does not mean that an era of difficult or bad relations is beginning. It emphasizes the need for care being taken in attending to our relations and viewing each other's problems with common sense, frankness, absolute confidence and mutual trust.

The whole measure of warm friendship which has long existed between the United States and Canada, and the parallel interest of the two countries, enables us to speak to each other with a measure of forthrightness which is permitted to very few countries in the world. The candor with which we can communicate with each other strengthens our understanding of each other, and helps us to avoid the pitfalls of misunderstanding which have bedeviled relations of so many other countries in the world.

One or Two Economic Matters

May I now with the utmost frankness and goodwill, and in the interests of fullest understanding, deal with one or two economic matters that are causing unrest within my country. By doing so I emphasize that the Government of Canada has as its duty and responsibility to consider Canadian interests first. It is not now and will not be, anti-American. The Secretary of State of the United States, the Honorable John Foster Dulles, in evidence recently given before a Congressional Committee, said: "the purpose of the State Department . . . is to look out for the interests of the United States." The responsibility of the Canadian Government in like measure is to consider Canadian interests first, this should not be misinterpreted as being anti-American.

Canada is numbered among the great trading countries of the world. While desirous of doing business with all nations, our trading world has become increasingly confined to the United States which takes 60% of our exports and provides 73% of our imports. A recent survey of the American Research Institute shows in graphic form that almost every American community of any size is selling something to Canada. It shows that Brooklyn sells more to Canada than Argentina does — Louisville sells more to Canada than New Zealand does—Chicago sells almost as much to Canada as does West Germany—Seattle sells almost as much to Canada as does Norway. Even in agricultural products, Canada buys a larger volume of American agricultural products, by some $100,000,000, than Canada sells to the United States.

United States exports to Canada are almost as much as the total sales it makes to all Latin American countries. Canada is the United State's greatest customer and the United States is Canada's greatest customer. What you are buying from us is largely raw materials or semi- or partially-manufactured materials, for the United States tariff system prohibits any major import of manufactured goods.

Decries Our Trade Philosophy

This concentration of trade in one channel contains inherent dangers for Canada. It makes the Canadian economy altogether too vulnerable to sudden changes in trading policy at Washington. Canadians do not wish to have their economic, any more than their political, affairs determined outside Canada.

Canada has always purchased more from the United States than the United States has purchased from Canada. This imbalance is now running to record proportions. In our commodity trade last year, Canada purchased from the United States goods to a value of $1,298 million more than the United States purchased from Canada. Thus far in 1957, the imbalance has increased, and if the present trend continues, 1957 will establish a new all-time record in imbalance in trade between these two countries.

Our trade with the United States is equivalent to 25% of Canada's gross national product. On the other hand, it is the equivalent of less than 2% of the gross national product of the United States. It is perhaps only natural, therefore, that Canadian-American trade should not make the same claim on the attention and consideration of the United States as it does on Canada.

Charges Unfair Competition

A pressing concern in Canada is the question of the United States agricultural disposal program, and in particular that of wheat and wheat flour, which has been more vigorous and more aggressive in the last two years, and which denies fair competition for markets. Canada has a carry-over of wheat which amounted to over 700 million bushels this year. It is vital to Canada's economy that some

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 28, 1957
Dominion and Anglo Investment Corp., Ltd. — Investment holding company	18	17.00	b445	3.8
Dominion Bridge Co., Ltd. — Bridges, cranes and structural steel of all kinds	45	0.85	26½	3.2
Dominion Engineering Wks., Ltd. — Wide variety of machines and equipment	16	1.20	22	5.5
Dominion Fabrics, Ltd. — Towels, tapestries, draperies, etc.	31	0.50	b10	5.0
Dominion Foundries & Steel Ltd. — Makes wide variety of primary steel products	21	0.90	32½	2.8
Dominion Glass Co., Ltd. — Wide variety of glassware	40	1.70	b61½	2.8
Dominion Insurance Corp. — Operates company for fire insurance, etc.	14	8.00	b166	4.8
Dominion Oilcloth and Linoleum Co., Ltd. — Wide range of linoleum and oilcloth products	71	2.00	b28	7.1
Dominion Steel & Coal Corp., Ltd. — A holding co.—coal, iron & steel interests	12	1.00	26⅛	3.8
Dominion Stores Ltd. — Operates grocery and meat chain	16	1.25	52	2.4
Dominion Tar & Chemical Co., Ltd. — Distiller of coal tar & producer of its derivatives	12	0.50	11	4.5
Dominion Textile Co., Ltd. — Wide range of cotton yarns and fabrics	46	0.60	8⅜	7.2
Donohue Brothers Ltd. — Owns and operates a paper mill at Clermont, Quebec	12	†0.75	12	6.3
Easy Washing Machine Co., Ltd. — Electric washing machines, floor polishers, air circulators, etc.	14	0.55	a9	6.1

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.
b Bid.

Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $	Quotation June 28, 1957♦ —Canadian $	Approx. % Yield Based on Paymts. to June 28, 1957
Economic Invest't Trust Ltd. General investment trust business	31	1.60	b40½	4.0
Electrolux Corp. "Electrolux" vacuum cleaners, & air purifiers	14	*1.00	10	10.0
Equitable Life Insurance Co. of Canada. Wide line of life and endowment policies	19	0.90	b44	2.0
Falconbridge Nickel Mines, Ltd. Nickel, copper, cobalt; subsidiary produces steel castings	25	1.20	35	3.4
Famous Players Canadian Corp., Ltd. Largest operator of motion picture theatres in Canada	23	1.50	17¾	8.5
Fanny Farmer Candy Shops, Inc. Operates large candy chain	30	*1.50	19	7.9
Federal Fire Insurance Co. of Canada. Sells fire, rain insurance, etc.	15	3.00	‡	‡
Ford Motor Co. of Canada, Ltd. "B" Automotive manufacturer	25	5.00	b102	4.9
Foundation Co. of Canada Ltd. Engineers & general contractors	18	0.85	21½	4.0
Fraser Companies, Ltd. Wide variety paper and lumber products; synthetic yarns and fabrics	14	1.70	28	6.1
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	12	1.10	‡	‡
Gatineau Power Co. Hydro-electric energy in Eastern Canada	20	1.35	30	4.5
General Steel Wares Ltd. Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	17	0.40	6¾	5.9
Goodyear Tire & Rubber Co. of Canada, Ltd. Natural and synthetic rubber products	31	6.00	195	3.1
Gordon Mackay Stores Ltd. "B" Manages subsidiaries which distribute textile products and allied goods	33	0.50	b6	8.3
Granby Cons. Mining, Smelting & Power Co. Ltd. Copper producer in British Columbia, Canada	11	*0.50	a8.50	5.9
Grand & Toy Ltd. Manufactures commercial & general stationery & business forms and distributes office supplies & furniture throughout Ontario	14	1.50	b36¾	4.1
Great Lakes Paper Co., Ltd. Manufactures newsprint and unbleached sulphite paper	11	1.60	45¾	3.5
Great West Coal Co., Ltd."B" Wholesale distributor of lignite coal	11	0.50	b5¾	8.7
Great-West Life Assur. Co. Wide range of life, accident and health policies	58	3.50	283	1.2
Greening (B.) Wire Co., Ltd. Wide variety of wire products	20	0.30	5	6.0
Guaranty Trust Co. of Can. General fiduciary business	29	0.70	b21	3.3
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	11	1.20	27	4.4
Hahn Brass Ltd. Maufactures large variety of metal products	11	1.00	b14	7.1
Hallnor Mines, Ltd. Ontario gold producer	19	0.16	2.00	8.0
Hamilton Cotton Co., Ltd. Wide variety of textile products	16	0.90	b13	6.9
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	22	0.60	6⅝	9.1
Hayes Steel Products Ltd. Wide variety of automotive parts	15	1.50	27	5.6
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	11	†0.325	6¾	4.8
Hinde and Dauch Paper Co. of Canda Ltd. Wide variety of paperboards, boxes, etc.	24	1.80	b45	4.0

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.
b Bid.
‡ Inactive issue. No Exchange trading.

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Great Issues in Canadian—U.S.A. Community

300 bushels of wheat be exported every year.

Canada can compete for her share of the market of the world, providing other nations follow recognized competitive practices. The share of the world market for wheat by the United States has been increasing in recent years by its policies of surplus disposal, and that increase has come about mainly at the expense of Canada's export trade, which has been decreasing. The surplus disposal legislation of the United States has made it difficult, if not impossible, for Canada to maintain its fair share of the world's market. Canada cannot compete for agricultural markets against the dominant economic power of the United States, with its export subsidies, barter deals and sales for foreign currency.

The free world faces not only the military, but the economic aggression of the U. S. S. R. Military alliances and joint co-ordination for defense are not enough. There must be economic co-operation, which in turn demands recognition by larger nations of the effect of their economic policies on smaller nations. Freedom cannot afford to allow any of the free nations to be weakened economically.

Asks for Similar Co-Operation

We are co-operating in defense measures—why not to a greater degree in economic matters? The joint United States-Canadian Cabinet Committee on Trade and Economic Questions will meet in Washington in early October, and Canadians hope that this matter can be resolved by mutual agreement which will provide for a fair and reasonable solution for the disposal of wheat and agricultural surpluses.

One other matter deserves comment in the interests of clarification. Capital from the United States has played an important role in the development of Canadian resources. We welcome this investment and intend to provide the best foreign investment climate in the world. The heavy influx of American investment has resulted in some 60% of our main manufacturing industries, and a larger proportion of our mine and oil production, being owned and controlled by United States interests. In that investment what Canadians ask is that full account be taken of the interest of Canadians in the policies that are

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Great Issues in Canadian —U.S.A. Community

followed and in the direction and use of that capital.

Disquiet Over U. S. Investments

There would be no potential harm in external ownership as long as companies engaged in these industries are developed in Canada's interests, and their policies take account in their direction of the interests of Canadians.

There is an intangible sense of disquiet in Canada over the political implications of large-scale and continuing external ownership and control of Canadian industries. The question is being asked: "Can a country have a meaningful independent existence in a situation where non-residents own an important part of that country's basic resources and industry, and are, therefore, in a position to make important decisions affecting the operation and development of the country's economy?" Canadians ask that American companies investing in Canada should not regard Canada as an extension of the American market; that they should be incorporated as Canadian companies making available equity stock to Canadians. That there is cause for questioning seems clear when I tell you that it is estimated that of American-controlled firms operating in Canada not more than one in four offers stock to Canadians.

There are other problems but time denies reference to them. What I have said is not spoken in a spirit of truculence or of petition. My purpose is to have causes for disagreement removed (which unsolved my diminish the spirit of understanding which is characteristic of our relationship. We in Canada and the United States are such close neighbors and have so much in common that it is hard to realize that we are bound to have some differences. We are united in the great cause of freedom and democracy. In our military alliance there is the closest co-operation between us. In the fundamental things of life we have no differences. Our comradeship knows no closer alliance in the world. Let it not be said that we cannot achieve a similar spirit of co-operation in economic affairs.

Quotes Eisenhower

The message I am trying to convey is epitomized by the words used by President Eisenhower in the Canadian House of Commons on Nov. 14, 1953:

"More than friendship and partnership is signified in the relations between our countries. These relations that today enrich our people justify the faith of our fathers that men, given self-government, can dwell at peace among themselves, progressive in the development of their material wealth, quick to join in the defense of their spiritual community, ready to arbitrate differences that may arise to divide them.

"Beyond the shadow of the atomic cloud, the horizon is bright with promise. No shadow can halt our advance together. For we, of Canada and the United States, shall use carefully and wisely the God-given graces of faith and reason as we march toward it—toward the horizon of a world where each man, each family, each nation lives at peace in a climate of freedom."

Preserving Unity

Our two countries, with Great Britain, have a joint heritage of freedom. We are united in our determination to preserve our heritage of spiritual values that are dearer than life itself. To preserve that steadfast and undiminished unity that saved us in war, our governments, our peoples, must give due regard at all times to the problems of each other with infinite respect, tolerance and consideration.

In the days ahead many grave decisions will face our peoples. In the last analysis, how Canadians and Americans and Britishers get along is a world test of "neighborhood" in international relations.

In concord with the other free nations, the solidarity of Anglo-Canadian-American friendship is vital to the peace and well-being of the world and will provide the key to whether we succeed or fail in our great quest to maintain freedom for this and future generations.

Carrere to Admit

Carrere & Co., 26 Broadway, New York City, members of the New York Stock Exchange, on Oct. 3 will admit Helen C. Crocker to limited partnership. Renwick B. Dimond will withdraw from the firm on the same date.

Boettcher Partner

DENVER, Colo. — On Oct. 3 Charles Boettcher II will be admitted to partnership in Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	42	0.50	33¼	1.5
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	23	6.00	65½	9.2
Huron & Erie Mortgage Corp. Lends money on first mortgage security and operates deposit and debenture accounts	93	1.45	33¼	4.4
Hydro-Electric Securities Corp. Management type investm't trust	10	0.45	10⅞	4.1
Imperial Bank fo Canada Operates 234 branches throughout Canada	82	1.70	54¾	3.1
Imperial Flo - Glaze Paints Ltd. Varnishes, lacquers, enamels, paints, etc.	17	1.375	28	4.9
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	56	2.00	54	3.7
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprises	58	1.30	56½	2.3
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	46	0.70	11⅛	6.3
Industrial Acceptance Corp., Ltd. Purchases acceptances; also small loans & gen'l insurance business	10	1.75	30½	5.7
International Metal Industries **Name changed to Wood (John) Industries Ltd. Shares exchanged share for share**				
International Nickel Co. of Canada, Ltd. Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	24	3.75	99½	3.8
International Paper Co. Holding and operating co. — Operates pulp and paper mills in Canada and the U. S.	12	2.98	97½	3.1
International Petroleum Co. Ltd. South American oil producer and refiner	40	*1.40	49½	2.8
International Utilities Corp. Management and development of natural gas and electrical companies in Alberta	14	2.00	61	3.3
Investment Foundation Ltd. Management type investment trust	14	2.50	42	6.0
Journal Publishing Co. of Ottawa, Ltd. Publishers "The Ottawa Journal"	41	1.00	a16	6.3

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
a Asked.

Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
Kelvinator of Canada, Ltd. — Complete line of home appliances, parts and repairs	14	0.60	7½	8.0
Kerr-Addison Gold Mines Ltd. — Ontario gold producer	18	0.80	14¾	5.4
John Labatt Ltd. — General brewing business	13	1.20	18¾	6.4
Lamaque Gold Mines Ltd. — Quebec gold producer	19	0.20	2.55	7.8
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	31	1.25	19½	6.4
Leitch Gold Mines Ltd. — Ontario gold producer	20	0.06	1.25	4.8
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	12	0.60	8¾	6.9
Loblaw Cos. Ltd. "B" — Operates chain of "self-service" grocery stores in Ontario	35	0.40	22¼	1.8
Loblaw Inc. — Operates 133 "self-service" food markets in northern New York, Pennsylvania and Ohio	19	*1.50	85	1.8

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

Walter M. Lowney Co., Ltd. — Chocolate and other confection products	22	1.00	20	5.0
Lucky Lager Breweries (1954) Ltd. — A holding company for four British Columbia companies	29	0.27	4.10	6.6
Maclaren Power & Paper Co. — Holding company—newsprint, limbering and power interest	16	3.25	b80	4.1
MacMillan & Bloedel Ltd. "B" — Fully integrated lumber business; large exporter	17	1.00	31	3.2
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	18	0.15	1.55	9.7
Maple Leaf Gardens, Ltd. — Owns and operates Toronto sports arena of same name	12	1.70	b20¼	8.4
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	12	0.50	7½	6.7

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

Continued on page 30

Revolutionary Changes Ahead In the American Living Style

By ROGER W. BABSON

The automobile is not only revolutionizing highways, retailing, and financing; but also the style of buildings and homes. Simple arithmetic will prove that with the narrow business streets in the older cities, one of three things will happen: (1) The 50-year-old brick buildings will be torn down and replaced by modern one-story buildings; or (2) the streets will be widened; or (3) all stores will be open evenings. New shopping centers are otherwise inevitable.

Roger W. Babson

Smaller Homes Will Be Built

Another example of simple mathematics: People can borrow only so much money. This limit is fast being reached. If families are to have one or two larger automobiles, these families must be satisfied with smaller and fewer rooms in their home. As autos become larger and more expensive, homes must become smaller and less expensive. I therefore forecast that many of my readers will turn their present houses into apartments.

All new homes will not have garages; but all will have enough land so that the family cars can be kept off the streets. The new style of architecture will be based on the Old Cape Cod house of one and one-half stories, or else people will live in duplex or co-operative apartments. People gave up their "horse and buggy" when they bought an automobile. They will learn to give up their present style of homes. Putting more money into the automobile may result in putting less money into the home. This will especially be true if we are facing either war or disarmament.

What Rooms Will Be Retained

The future home will have no "dining room"; and the orthodox "parlor" is definitely doomed. Weddings, funerals, and receptions will be held outside the home in places which have proper parking space. There will be one large "living room" in which the family will live, cook, and eat. There will be no "kitchen." With frozen foods and infra-red cooking, only a few minutes will be needed to prepare a meal. From such cooking there will be no mess or odor.

Every house will, however, have two bathrooms—one for the parents, who will sleep on the first floor; one for the children, who will sleep on the second floor. Typical bathtubs of the present day will be seen only in museums. Bedrooms will be much smaller, comparing more with the staterooms on ocean liners or on deluxe trains. Heating and air-conditioning will be much cheaper and more common. Both hot and cold air will come into the houses through underground pipes as gas and water now come. Electricity will be very much cheaper. "Bottled gas" will be used more.

What About Clothes?

Clothes can be much cheaper. Cloth will no longer be woven as cloth is today. Cloth will be made like paper cellophane. This unwoven new "synthetic cloth" will come out of a machine as finished dresses for the women and children, or as finished suits for the men. Some women readers will say, "Impossible, women will insist on wearing different dresses and hats." These, of course, can differ in colors, but women will then be satisfied with standard clothes. The automobile will standardize clothing. There will be a few different makes of clothes at different price ranges. Auto dealers and gas stations may carry clothing.

Yes, revolutionary changes to be caused by the automobile have just commenced. Far greater changes are ahead. As "drive-in theatres" are following indoor theatres, so "drive-in schools" and "drive-in churches" will follow. Banks are now taking many of their deposits direct from customers who drive up in automobiles to a special window. Store show-windows, which have been a fruitful source of advertising for their merchants, will become of less value as more people pass in autos. More duplex and co-operative apartment houses are coming. Renting automobiles will largely take the place of buying them. This same may apply to furniture, and even clothes. This will especially be true if our nation is facing either War or Disarmament due to the threat of Russian Fallout.

Maxwell May Opens

Maxwell May is engaging in a securities business from offices at 17 East 55th Street, New York City.

Canada's Prosperous Oil and Gas Future

Canadian petroleum executives offer supporting evidence to justify their conclusions that the oil and gas industry in Canada can look forward with complete confidence to a prosperous future. Speakers compare exploratory area and costs with that in the U. S. A., and weigh the unreliability of the Middle East situation and possibility of price reduction on future sales prospects.

"There are many statistics available which make the Canadian oil and gas situation very attractive," George H. Sellers, President, and Alexander G. Bailey, Vice-President and General Manager of Bailey Selburn Oil & Gas Co. Ltd. asserted in the course of an address before a private meeting of oil and gas industry security analysts in New York City on Sept. 17.

"Just this past Sunday," the speakers noted, "the New York 'Times' carried an item from Ottawa stating that in the 1945-1955 period United States interests increased their investment in Canada's oil industry from $173 million to more than $2 billion. This is 74% of the total investment in the Canadian oil industry. I am sure we all agree that a great deal of highly professional research and analysis preceded the decisions to make these investments. That $2 billion figure, which undoubtedly has since risen significantly, is a most impressive endorsement of the excellent growth prospects in store for our industry in Canada as appraised by the United States investment community and this country's very competent oil industry.

Compares Exploration

"At the present time, almost 200,000,000 acres of petroleum and natural gas rights are under active exploration in Western Canada, in broad sedimentary deposits which are favorable for the discovery of oil and gas. By comparison the total area of the State of Texas consists of 170,000,000 acres. Under normal conditions it would take over 35,000 wildcat wells and 20 to 25 years to effectively assess Western Canada's vast area.

"Still another plus factor is the Canadian Petroleum Association's estimate that the finding cost for oil in Canada is about 80c per barrel as compared with $1.76 in the United States today. Canada's development program is still in its relative infancy compared to that in Texas. Except in comparatively narrow areas, exploratory wells have been drilled in a density far less than one to each 60,000 acres.

* * *

"The oil industry, both in U. S. and Canada, is presently encountering some difficulties due to marketing and import problems. . . . The main oil hurdle which we are facing in Canada today is that of adequate markets.

Growth to Date

"Permit me to note briefly some historical background. Until the past year Canada's exploration program was directed almost exclusively toward the discovery of oil, and an incidental gas discovery was regarded as slightly better than a dry hole because there was no available market for gas. In 1947 there were no markets for oil other than comparatively local ones. No pipeline facilities existed (with the exception of a short line of approximately 40 miles, from Turner Valley to Calgary). By the end of 1956 pipeline facilities existed, delivering Canadian crude to the Pacific Coast and serving the northwest United States markets. To the East the Interprovincial Pipe Line was carrying crude from Edmonton through Duluth to Sarnia, and is now entering the Toronto market area. Pipeline facilities also existed to serve the Minneapolis-St. Paul area from Saskatchewan.

"Today, Canada's production potential exceeds 800,000 barrels daily. Refinery demand will not be reaching that level until 1960 when present construction projects are due to be completed. By that time, however, production potential is expected to be 1,500,000 barrels per day. During the next 2½ years Canadian refineries and U. S. refineries using Canadian crude will spend some $350,000,000 to increase capacities, adding over 300,000 barrels per day for the Canadian market.

"There are two influential factors to weigh in this connection which can be expected to improve the situation.

"The recent difficulties experienced in the Middle East have demonstrated the vulnerability of this source of supply. The unreliability of the political situation in that area has shifted the attention of the major oil companies to Canada among other areas. This has resulted in and will continue to bring about accelerated interest in developing Canadian production capacity and marketing facilities.

"The clearing up of the Middle East situation, after the Suez Crisis, combined with lower tanker rates, has cut into our immediate markets.

"At the present time, the Montreal area which consumes over 250,000 barrels per day is served entirely by foreign crude oil imports. A price reduction of 15c per barrel by domestic Canadian producers would capture the Montreal market for us. Unless other market outlets open up, this is bound to happen, particularly as we are faced with a U. S. import duty of 10½c a barrel when exporting Canadian crude to this country. Canada charges no duty on its imports of crude oil."

Form Sampson Associates

Samson Associates, Inc. has been formed with offices at 90 Laurel Hill Terrace, New York City to engage in a securities business.

Francis S. Wilson, Jr. With Bache Co. in Chicago

(Special to The Financial Chronicle)

CHICAGO, Ill.—Francis S. Wilson, Jr. has become associated with Bache & Co., 140 South Dearborn Street. He was formerly with Kneeland & Co., in the investment department.

J. B. Hanauer Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Alan Julian has become affiliated with J. B. Hanauer & Co., 140 South Beverly Drive.

Military Investors

Military Investors Development Corp. is engaging in a securities business from offices at 521 Fifth Avenue, New York City.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §	Quotation June 28, 1957♦ —Canadian $ §	Approx. % Yield Based on Paymts. to June 28, 1957
Marcus Loew's Theatres, Ltd. Owns two Toronto motion picture theatres	13	5.00	b120	4.2
Massey-Harris Co., Ltd. Complete line of farm implements and machinery	12	0.40	7½	5.3
McCabe Grain Co., Ltd. "B" General grain dealings	11	0.90	b24	3.8
McColl-Frontenac Oil Co. Ltd. Oil production, refining and distribution	14	1.55	79½	1.9
McIntyre Porcupine Mines, Ltd. Ontario gold producer	41	3.00	104	2.9
Midland & Pacific Grain Corp., Ltd. Deals in grain and operates line elevators in Western Canada	12	1.00	19¼	5.2
Minnesota and Ontario Paper Co. Newsprint, specialty papers and other timber products	11	1.50	29¼	5.1
Mitchell (J. S.) & Co., Ltd. General supply house for many industries in Eastern Quebec	23	1.25	a36	3.5
Mitchell (Robert) Co., Ltd. "A" Brass, bronze, nickel and other metal products	10	0.50	9	5.6
Modern Containers Ltd. Makes tube containers for tooth paste, shaving cream and other semi-liquid products	10	0.50	11½	4.3
Molson's Brewery, Ltd. "B" Montreal brewer	13	1.30	25	5.2
Monarch Mortgage & Investments Ltd. Operates and owns number of apartment houses	10	3.00	b38	7.9
Montreal Locomotive Works, Ltd. Diesel-electric locomotives and related production	12	1.00	17	5.9
Montreal Refrigerating & Storage Ltd. Operates general and cold storage warehouse in Montreal	12	3.00	b38½	7.8
Moore Corp. Ltd. Business forms, advertising display products, etc.	14	°1.80	64¼	2.8
Mount Royal Rice Mills Manufactures and distributes rice products	12	1.15	b15½	7.4
National Drug and Chemical Co. of Canada, Ltd. Wholesaler of drugs, chemical & general merchandise	17	0.70	10½	6.7
National Grocers Co., Ltd. Ontario grocery wholesaler	16	0.60	20	3.0

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
° Dividend paid in U. S. Currency.
a Asked.
b Bid.

Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 28, 1957
National Hosiery Mills Ltd. "B" ——— Manufactures ladies' hosiery	10	0.32	4.15	7.7
National Steel Car Corp., Ltd. Railway cars, automobile chassis, etc.	21	2.00	25½	7.8
National Trust Co., Ltd. ——— General trust business, also accepts deposits	59	1.55	42¼	3.7
Neon Products of Western Canada Ltd. ——— Neon advertising signs	28	†0.60	14½	4.1
Niagara Wire Weaving Co., Ltd. ——— Makes wire mesh, cloth, wire weaving machinery, etc.	24	2.50	47	5.3
Noranda Mines, Ltd. ——— Copper and gold producer	28	2.00	48¾	4.1
Normetal Mining Corp., Ltd. Quebec copper and zinc producer	12	0.58	4.25	13.6
Office Specialty Manu. Co. Ltd. ——— Mfg. and distributes office furniture and supplies	12	0.80	b15	5.3
Ogilvie Flour Mills Co., Ltd. — Mills flour, feeds, and cereals	55	1.50	32	4.7
Ontario Loan and Debenture Co. ——— Accepts deposits and sells debentures; invests in first mortgages	87	1.15	24¾	4.6
Ontario Steel Products Co., Ltd. ——— Automotive springs, bumpers and plastic products	20	1.50	25	6.0
Page-Hersey Tubes, Ltd. ——— Industrial pipe and tubing	32	3.65	37	2.7

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

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The Menace of Inflation: Nadler

Hanover Bank's economist doubts price increases in the immediate future will be as pronouned as during the apst two years, but warns, however, the "real danger will arise during the next upswing in business activity." In summarizing the factors prompting what he calls "inflationary bias," Dr. Nadler reviews the principal cause of the 1955-57 inflation and describes the dilemmatic price of inflation as well as the halt to inflation.

Dr. Marcus Nadler, consulting economist to The Hanover Bank, in a recent study on "The Menace of Inflation" finds that "unlike previous postwar experiences, the inflation which set in after World War II was not followed by a period of sharp deflation, but by lulls in the upward trend of prices. Several factors — international as well as domestic in origin—contributed to this process:

Marcus Nadler

"*First,* while actual warfare has ceased, the aggressive imperialistic policy of the Soviet Union has imposed heavy military expenditures on all free countries, particularly the United States. Large-scale defense spending continues to be among the important inflationary forces.

"*Second,* the desire to avoid unemployment and to extend the economic security of the people has dominated the policies of all nations. These objectives — coupled with material progress made in raising the economic security of the people and the general belief that major depression are a thing of the past—have created a spirit of optimism and speculation in a future presumed to be always better. The faith in the determination and power of the government to prevent depressions and large-scale unemployment has induced millions of individuals and business firms to incur indebtedness on an unprecedented scale. This in turn exaggerates the demand for houses, goods, and services by consumers, and stimulates materially the capital expenditures by corporations.

"*Third,* the wholesale destruction of property during the war created the huge and costly task of rebuilding homes, factories, and the means of transportation. While the United States escaped being a battlefield, the drastically curtailed production for civilian use during the war resulted in a pentup demand for housing and all types of goods. The postwar 'bootstrap' efforts of many underdeveloped countries further contributed to the strong demand for capital producers' goods.

"*Finally,* the growth and structure of population—caused by a sharp increase in the birth rate and the lengthening in the span of life — further intensified the urgent demands for goods and services. It is well to remember that the population is heavily weighted by the aged and children and by millions of men in the armed services, all of them heavy consumers but non-producers in the utilitarian economic sense.

Accounts for 1955-57 Inflation

"The principal cause of the 1955-57 inflation surge," according to the economist, is the sharp rise in the costs of doing business. The increase in wages has outstripped the rise in productivity. While the number of production workers remained more or less static, that of non-production workers in manufacturing industries has risen sharply. The total number of workers employed in the service industries has increased considerably and their productivity, unlike that in manufacturing mining and agriculture, cannot be raised readily. Yet any increase in wages for workers in the manufacturing industries was followed by similar increases for those in the service industries. The constant and persistent increase in wages, regardless of productivity, has created a wage-price spiral.

"Corporate and other taxes are exceedingly high and they constitute an element of cost which must be largely absorbed by the ultimate consumer. Similarly, the cost of transportation has risen steadily, further increasing the cost of doing business.

"The cheap sources of many raw materials have been depleted. Consequently, the materials have to be imported from remote corners of the world, generally at a much higher cost.

"The quality of many goods has improved considerably, and this, plus the constant changes in the models of many consumers' durable goods, has increased production costs, and hence prices. Moreover, the many refinements that have taken place in the processing and distribution of food products have led to a substantial rise in food prices.

"The depreciation reserves permitted by the tax authorities are inadequate to replace worn-out machinery and buildings. As a result, business concerns wherever possible are striving to obtain higher profits in order to be able to purchase new facilities with less external financing.

"There is a strong inflation 'bias' in the country," Dr. Nadler avers, "which permeates all sectors of the economy. The failure of commodity prices and the cost of services to decrease—as in the case after every major war—and their sharp rise during the past two years, have led to the belief that permanent creeping inflation is inevitable. This belief has stimulated the demand for durable consumer goods, housing, and capital producers' goods.

"Thus, there has been no evidence of restraint on any level — Federal, local or private. Government stockpiling and the farm support policy have levied heavy burdens on the taxpayer and have bolstered high prices. Corporations have stepped up capital expenditures to a new peak in 1956, further stimulating the demand for goods and services. Consum-

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The Menace of Inflation: Nadler

ers have borrowed heavily to meet present wants.

"Many people believe creeping inflation desirable. In their opinion it leads to full employment, a higher living standard, and to general prosperity. This, they hold, is preferable to striving for a stable dollar, with its concomitant readjustment periods and unemployment.

"This inflation bias and the belief that any postponed purchase will cost more later on has caused heavy anticipatory and speculative buying.

An Economic Disease

"If permitted to run its course, the consequences of inflation will be serious and widespread. It reduces the real value of all savings stated in dollars and the purchasing power of the growing number of persons living on a fixed income, as well as of those whose income cannot keep pace with living costs. Eventually, this development will be reflected in the market place.

"Inflation stimulates the capital expenditures of corporations and the installation of labor-saving devices. This leads to over-production and both these factors combined lead to a sharp decline in business activity. Where inflation becomes a way of economic life it brings in its wake serious social and political consequences as has been witnessed in many foreign countries. Prosperity generated by inflation is an economic disease which merely gives the economy the appearance of health.

"No matter how strong the forces of inflation may be, they can be stopped either by general voluntary restraint in all sectors, public and private, or by rigid credit restrictions implemented by fiscal discipline. So far there is no sign of restraint by the government or the public. Despite the great boom and the sharp increase in the gross nation product, the Treasury's surplus has been pitifully small. State and local expenditures and debt continue to mount. Private spending also has risen persistently throughout the past two years as evidenced by the growth of individual consumption expenditures and consumer credit.

"The Reserve authorities are fully aware of the dangers of inflation and have persisted in their policy of active credit restraint even after business activity began to decrease. In this respect the Reserve policy differs from that adopted in 1953 when, as soon as business turned downward, measures were taken to increase the availability of bank credit resulting in a sharp decrease in short- and long-term money rates. The Reserve authorities, however, can break the forces of inflation only if they persist in their present policy or make it even more drastic.

Dilemma

"The problem thus confronting the nation at present is whether to permit the forces of inflation to continue at the expense of the purchasing power of the dollar or to use all measures available to halt them at the cost of a decline in business activity accompanied by unemployment. In either case there is a price to be paid by different segments of the population. If inflation persists the price will be paid by those who live on a fixed income and have assets expressed in fixed sums of money. The greatest burden will fall on those living on pensions, Social Security, and the beneficiaries of life insurance policies, truly the 'weakest' sector of the population.

"If, on the other hand, the forces of inflation are checked by credit and fiscal measures, resulting in a setback in business plus unemployment, the effect will be paid by those out of work and those business concerns whose profits will decrease or who may be forced to liquidate.

"Creeping inflation prevails now and can easily degenerate into galloping inflation. As experience has shown, this invariably leads to economic dislocations much more difficult to cure by governmental and central bank intervention than if the forces of inflation were to be brought to a halt now when the pressures are still moderate. From this point of view the government, committed under the Employment Act of 1946 to keep the economy sound and growing, is under the strong obligation to bring these forces to an end in order to prevent a much greater decline in business activity and employment later on.

Slow-Down Inevitable

It is difficult to predict what the outcome of these conflicting forces will be. The inflationary elements are strong. The cost of doing business is rising; the inflation bias is pronounced; and there is no sign of restraint in the economy. On the other hand, the productive capacity of the country is enormous and increasing rapidly. The pent-up demand created during the depression and the war has largely been met. Moreover, competition is keen and productivity should rise.

"Despite the decline in business activity, the Reserve authorities continue to pursue a policy of active credit restraint. Credit is not easily obtainable and the cost of money is high. These forces may not bring the rise in the cost of goods and services to a *complete* halt, but they are bound to *slow down* the inflationary process. Barring unforeseen events, the increase in commodity prices and services in the immediate future is not likely to be as pronounced as during the past two years.

Danger in Upswing

"The real danger will arise during the next upswing in business activity. Already organized labor is demanding higher wages and is looking toward a further cut in the work week. There is no indication of a willingness on the part of Congress to reduce corporate taxes. In addition, pressure is being brought on the Reserve authorities to relax the 'tight money' policies; and government spending will continue to rise.

Individual Responsibility

"Thus, the responsibility of avoiding a turn for the worse in the inflationary spiral rests on each individual in very segment of the economy. Unless the people strongly sense the dangers inherent in inflation and begin to practice, restraint, the forces will reassert themselves and the erosion of the purchasing power of the dollar will continue.

"Inflation can be avoided in an economic environment where wage increases *follow* the rise in productivity, spending is kept in line with income, and monetary policy and fiscal discipline are properly applied. Such a course involves sacrifices on the part of many; but it will mean the continued economic stability and growth of the country."

Joins T. R. Peirsol

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — Charles E. Marland has become connected with T. R. Peirsol & Co., 9645 Santa Monica Boulevard. He was previously with McCormick & Co.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957 ♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 28, 1957
Pato Consolidated Gold Dredging Ltd. Operates a gold dredging project in Colombia, S. A.	19	1.00	4.00	25.0
Paton Mfg. Co., Ltd. Woolens and worsted fabrics	19	0.80	b10⅝	7.5
Penmans Ltd. Woolen, cotton and silk knitted goods	51	1.50	b25½	5.9
People's Credit Jewellers Ltd. Retailer of jewelry and associated merchandise	16	0.35	18	1.9
Photo Engravers & Electrotypers Ltd. Photo engravings, electrotypes, commercial photography, etc.	24	2.25	40	5.6
Pickle Crow Gold Mines Ltd. Ontario gold producer	22	0.10	1.07	9.3
Placer Development, Ltd. Investment—holding company—gold interests	25	1.00	10½	9.5
Powell River Co., Ltd. Largest producer of newsprint on the West Coast	20	1.80	45	4.0
Power Corp. of Canada, Ltd. A utility holding management and engineering company	21	2.00	83	2.4
Premier Trust Co. Operates as trust company trustee, etc.	13	4.00	b85	4.7

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

Preston E. Dome Mines Ltd. Ontario gold producer	18	0.08	7.45	1.1
Price Brothers & Co., Ltd. Newsprint and related products	14	3.00	54	5.6
Provincial Transport Co. Operates coach lines in Quebec and Ontario	21	1.00	10	10.0
Quebec Power Co. Operating public utility	43	1.30	32	4.1
Robertson (P. L.) Manufacturing Co., Ltd. Wide range of screws and bolts	16	0.60	b15	4.0
Robinson Little & Co., Ltd. Wholesale and retail merchandising of dry goods & variety store lines	10	0.80	b9¼	8.6
ROYAL BANK OF CANADA Operates 796 branches throughout the world ● See Bank's advertisement on page 21.	89	2.15	72¼	3.0
ROYALITE OIL CO., LTD. Oil production and development ● See Company's advertisement on page 22.	29	0.26	19¾	1.3
Russell Industries Ltd. Holding company—machine tool interests	22	0.80	11¼	7.1
Sangamo Co., Ltd. Electric meters, motors, switches, etc.	21	0.60	11½	5.2
Sarnia Bridge Co., Ltd. Steel bridges and related production	15	1.10	15½	7.1
Scarfe & Co. Ltd. "B" Manufactures and sells varnishes, paints, etc.	11	0.20	‡	‡
Scythes & Co. Ltd. Manufactures cotton and wool waste, cotton, wipers, etc.	22	1.00	b13	7.7

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
‡ Inactive issue. No Exchange trading.
b Bid.

Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957	Quotation June 28, 1957 ♦	Approx. % Yield Based on Paymts. to June 28, 1957
		—Canadian $ §—		
Shawinigan Water and Power Co. — Quebec electric utility	51	1.85	91½	2.0
Sherwin-Williams Co. of Canada, Ltd. — Paints, varnishes, enamels, etc.	16	2.05	39	5.3
Sicks' Breweries Ltd. — Beer, ale, stout and carbonated beverages	30	1.40	21¾	6.4
Sigma Mines (Quebec) Ltd. — Quebec gold producer	18	0.40	4.10	9.8
Silknit Ltd. — Lingerie, swim suits and other rayon products	10	1.00	b19½	5.1
Silverwood Dairies, Ltd. "B" — Full line of dairy products	20	0.60	b10½	5.7
Simpson's Ltd. — Owns and operates through subs. dept. stores in Canada	12	0.50	18	2.8
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	20	0.90	b17	5.3
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufactures in Canada	13	1.50	30	5.0
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates three radio stations	22	2.00	54	3.7
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	35	2.625	60	4.4
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	39	2.00	107	1.9
Standard Paving & Materials Ltd. — General paving contractor	10	2.00	42½	4.7
Stedman Brothers Ltd. — Wholesale and retail small wares business	23	1.00	24½	4.1
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	42	1.80	69½	2.6
Sterling Trusts Corp. — General fiduciary business	21	2.00	b42¼	4.7
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	18	1.25	14¾	8.5
Supertest Petroleum Corp., Ltd. "Vot. Com." new — Markets petroleum products in Ontario and Quebec	32	†0.16	5¼	3.0
Sylvanite Gold Mines, Ltd. — Ontario gold producer	28	0.80	1.65	4.8
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	21	1.90	38	5.0
Taylor, Pearson and Carson (Canada) Ltd. — Holding co.—interest in automotive and household appliances	11	0.50	9¼	5.4
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	32	0.10	2.10	4.8
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	29	0.25	5¾	4.3
Toronto-Dominion Bank — Operates 460 branches, 448 in Canada, one in New York and one in London, Eng.	100	1.50	44¾	3.4

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

Continued on page 34

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market is still very tight and there are no signs yet of any change in policy on the part of the Federal Reserve Board. The high coupon, new money raising operation of the Government, which was so heavily over-subscribed, indicated that the Treasury was working very much hand in hand with the powers that be, in keeping the pressure on interest rates. The successful new money operation of the Government also proves that when maturities and rates are attractive to investors, they will find the money to purchase these issues.

The uncertain position of the business pattern for the winter and 1958 is still evidently not bad enough to bring about changes in Federal Reserve policy. The unfavorable action of the equity market is bringing new buyers into the fixed income market and not an unimportant amount of this money is being put to work in Treasury bills and the new money raising issues.

Recent Offerings Heavily Over-Subscribed

The recent Treasury financing was one of the most successful ventures ever undertaken by the Government, whether it was for new money raising purposes such as this one was, or just a refunding operation to take care of maturities. The demand for the 4% issues put out by the Treasury was tremendous, with the subscriptions for the 12-year 4% bond aggregating $4.6 billion as against the amount offered of $500 million. Because of the very big demand for the 4% Government bond, subscriptions in excess of $50,000 were allotted on the basis of 10%.

There was also a very heavy demand for the 4% "2½ by 5s" note, because the reported subscription amounted to $6.1 billion compared with the $1,750,000,000 which the Treasury wanted to raise from this issue. As a result, the allotments for this obligation were 28% for amounts in excess of $100,000.

The shortest maturity in the package, the 4% certificate, the reopened issue, which matures on Aug. 1, 1958, also was not without friends because the subscriptions for this obligation added up to $3.1 billion as against the $750 million which the Treasury undertook to raise through the offering of the 10-month security. As was the case with the other issues in the new money raising operation of the Government, subscriptions in excess of $100,000 were allotted on the basis of 22% for the 4% certificate of indebtedness.

"Free Riders" Depress 12-Year Bond

The 12 year 4% bond went to a fairly good premium when trading was underway on a "when issued" basis, and this was an opportunity for the so-called "fast moving operators" to get out of the market through the selling of their allotments. Stock operators and many of the old "free riders" put in large subscriptions for the new 4% Government bond, with the idea of making a fast buck for the first time in many a noon. To a certain extent there was some success for these operators, especially those who were agile enough to get out while quotations for the 4% bond were high enough so that a small profit or no loss was taken.

In spite of fast moving professional operations, the 4% Government bond has gone into strong hands, with small investors reportedly among the important subscribers to this obligation. Considerable other investment money has also gone into the 4% bond maturing in 1969, and if it were not for the "free riders" getting out as fast as they must, there is considerable question about this security going below 100 as it did. This has afforded buying opportunities for the seasoned investor.

Five Optional Note Issues Well Taken

The "2½ by 5s" were, according to advices, taken in large amounts by the commercial banks and to a lesser extent by certain corporations. By subscribing to this medium term 4% issue, the commercial banks used the tax and loan account which is expected to remain with them for a period of about 20 days. This will allow the deposit banks to sell the 5-year callable notes under the issue price and still be ahead of the game. The premium above the issue price for this issue was very small (only 4/32nds), and this afforded the "fast get it boys" only a very thin margin to operate on. This optional maturity note is a very well liked obligation and considerable sums of savers' money has gone into it and this will continue to be the case.

Ten-Month Note Affords Liquidity

The 10-month note was there for short-term purposes, and it was taken by those who must have a short-term liquid obligation. There was also tax and loan account buying of this issue which, however, did not make the premium list.

The corporate bond market, especially the new issue market, is pretty much in the doldrums, with plenty of inventory and very few takers at the original offering prices. New issues of tax-free bonds have been doing well, as a whole.

Halsey, Stuart Group Offers Utah Power & Light Co., 5¼% Bonds

Halsey, Stuart & Co. Inc. and associates yesterday (Sept. 25) offered $15,000,000 of Utah Power & Light Co., first mortgage bonds, 5¼% series due Oct. 1, 1987, at 102.29% and accrued interest, to yield 5.10%. The group won award of the bonds at competitive sale Sept. 24 on a bid of 101.51%.

Net proceeds from the sale of the bonds and from the concurrent sale of 400,000 shares of common stock will be used for capital expenditures for the construction program of the company and its subsidiary.

The new bonds will be redeemable at general redemption prices ranging from 107.54% to par, and at special redemption prices receding from 102.29% to par, plus accrued interest in each case.

Utah Power & Light Co. is a public utility operating in southeastern Idaho, northern, central and southeastern Utah and southwestern Wyoming. It is engaged principally in the business of generating, transmitting, distributing and selling electric energy throughout its territory, and to a limited extent in providing central steam heating service in the commercial district of Salt Lake City. The company's operating subsidiary, The Western Colorado Power Co., supplies electric service in the southwestern portion of Colorado.

For the 12 months ended May 31, 1957, the company and its subsidiary had consolidated operating revenues of $42,101,000 and consolidated net income of $7,725,000.

Merrill Lynch Adds Two

(Special to The Financial Chronicle)

DETROIT, Mich.—Edward W. de Boom and Richard C. Forbes have been added to the staff of Merrill Lynch, Pierce Fenner & Beane, Congress & Shelby Streets.

With Wm. C. Roney

(Special to The Financial Chronicle)

FLINT, Mich. — Robert M. Largent is now with Wm. C. Roney & Co., 517 Harrison Street.

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The New Mature Economy And the New Inflation

motors, and the like are developing.

In the past, transition periods have been punctuated by recessions and depressions. Declines in the demand for business bellwethers so shocked the investing community as to cause sharp drops in capital spending. This time the transition promises to be more successfully bridged. More mature (adult) reaction on the part of business leaders is one reason. Another is the very heavy volume of Government spending, which tends to cushion the reverberations coming as a result of increases and declines in consumer demand for different products. The fact is, our economy could very possibly enjoy at least as rapid a rate of growth in the "transition" period ahead as it has over the years since the war.

The New Inflation

It is somewhat paradoxical — maybe even diabolical — that at the same time some are concerned about the new mature economy others are talking about the new inflation. The idea is that the persistent rises in the general level of consumer prices are not explainable in traditional terms. The architects of this new theory may be labeled "cost-pushers."

"Cost-Pushers"

The basic thesis of the "cost-pushers" is that wages are rising faster than productive efficiency. Since employers are naturally unwilling to take the wage increases out of profits, prices must rise—be pushed up.

As might be expected, there are many variants of this basic thesis. One interesting concept has it that the cost-push comes from a "derived" wage rise.

The idea is that wages of productive workers in manufacturing rise as a result of collective bargaining procedures. To a large extent, if not completely, these hikes are offset by the introduction of new machinery and equipment which sharpens productive efficiency. Since there is a general wage pattern, the rises granted production workers in manufacturing set in motion forces tending to push up wages of workers in the service trades. Garage mechanics, television set repairmen, bus drivers, bartenders, barbers, hospital orderlies, and others all must have their incomes adjusted to maintain some kind of relationship with industrial workers. But in this type of work — the services — it is frequently impossible to do anything by capital investment to improve productivity. So the price of services rises and pushes up the general level of consumer prices.

"Demand-Pullers"

Traditional theory has it that there is too much money chasing too few goods and, therefore, demand is pulling prices higher. Put another way, the idea is that parts of our economy want to borrow more than we are willing to save — investment exceeds voluntary saving. This means the only way some borrowers can be satisfied is through the creation of credit, i.e., money. Since the central bank has been unwilling to create all of the funds demanded, the economy has found ways to use the existing money supply more efficiently. And through a large increase in the turnover of money — velocity of circulation — the business system has generated its own new credit and tended to negate some of the central bank's restrictive actions.

Again, there are variants of the basic thesis. One involves productivity and for that reason bears a suspicion of resemblance to some of the cost-push theories. Here it is said that the type of goods enjoying an increase in demand determines whether or not prices will rise. For example, if demand rises sharply for items able to be mass produced through assembly line methods, prices will not be materially affected. On the other hand, prices will rise when there is a sharp increase in the demand for goods not amenable to mass-production methods.

The reasoning is used to explain why prices hardly changed in 1955 despite a tremendous increase in the demand for credit by consumers to buy automobiles and some other durable goods that are turned out on the assembly line. Also, this attempts to explain why prices rose in 1956. The sharp increase in demand for credit by businessmen was so they could build new factories and office buildings, and buy new machinery and equipment—items not nearly so adaptable to mass production.

Who Is Winning?

The discussions between the "cost-pushers" and the "demand-pullers" will undoubtedly continue. To date, they have been very illuminating. They promise to continue to be so.

It still seems a little early to choose between the two basic theories. All of the arguments aren't in yet. It could be that when they are, many of us will still feel the same way we did as children when first confronted by that all-time perplexer, "Which came first, the chicken or the egg?"

Three With First Southern

(Special to The Financial Chronicle)

ATLANTA, Ga. — Al Hatcher, Miriam H. Minus and John W. Sheffield are now affiliated with The First Southern Corporation, Peachtree at Ponce de Leon.

With Illinois Mid-Cont.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Bert Anderson, Philip W. McDonald and Albert M. Ostoya are now with Illinois Mid-Continent Investment Co., 676 St. Clair Street.

With Pacific Coast Secs.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Donald J. Hall has become affiliated with Pacific Coast Securities Company, 240 Montgomery Street. He was formerly with Supple, Griswold & Co.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
		—Canadian $ §—		
Toronto Elevators, Ltd. Grain elevators, feed manufacturing and vegetable oils	19	1.00	17¾	5.6
Toronto General Trusts Corp. General fiduciary business	74	1.525	37½	4.1
Toronto Iron Works, Ltd. Steel plate products and special metals	12	1.00	30	3.3
Toronto Mortgage Co. Lends on first mortgage; issues debentures and accepts deposits	58	5.00	b101	5.0
Traders Finance Corp., Ltd. "B" Purchases installment sales obligations	11	2.40	40	6.0
United Amusement Corp., Ltd., "A" Operates 34 motion picture theatres in Montreal and other Quebec cities	33	0.50	b8½	5.9
United Canadian Shares Ltd. Holding co.—insurance interests	33	0.50	11	4.5
United Corporations Ltd. "B" An investment trust of the management type	17	0.70	23¾	2.9
United Steel Corp Ltd. Steel plate and welded steel products	12	1.00	14⅞	6.7
Upper Canada Mines Ltd. Ontario gold producer	18	0.02	0.65	3.1
Viau Ltd. Biscuits and confectionery	11	3.00	b63	4.8
Waite Amulet Mines, Ltd. Quebec copper-zinc producer	18	1.30	7.25	17.9

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35

Walker (Hiram)-Gooderham & Worts, Ltd. Holding company—extensive liquor interests	22	4.00	77¼	5.2
Westeel Products Ltd. Manufactures sheet metal	17	1.20	17	7.1
Western Canada Breweries, Ltd. Serves four western provinces	21	1.20	27	4.4
Western Plywood Co. Ltd. "B" Manufactures and sells veneer & plywood. Plant in Vancouver	10	0.95	b14	6.8
Westminster Paper Co., Ltd. "B" Wide range of paper specialty products	25	0.80	23	3.5
Weston (George) Ltd. "B" Fine biscuits, bread, cakes, confectionery, etc.	28	0.30	26¼	1.1
Wood, John, Industries Ltd. "A" Holding Co. Subs. Can. & U. S. mfr. water heaters, oil trade equipment, etc.	15	2.00	38	5.3
Wright-Hargreaves Mines, Ltd. Ontario gold producer	27	0.09	1.35	6.7
Zeller's Ltd. Operates chain of specialty stores across Canada	17	1.05	b31½	3.3

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
b Bid.

TABLE II

LISTED CANADIAN Common Stocks

On Which

CONSECUTIVE CASH DIVIDENDS

Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957 ♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 28, 1957
Abitibi Power & Paper Co., Ltd. Newsprint and allied products	9	1.65	31⅝	5.2
Acadia Atlantic Sugar Refineries Ltd. Refines raw sugar cane & produces 50 or more grades & packages of sugar	7	0.50	8½	5.9
American Nepheline Ltd. Mines & processes nepheline syenite for use in glass and ceramic trade, in Ontario	5	0.04	1.35	3.0
Bathurst Power & Paper Co., Ltd. "B" Boxboards, corrugating materials, etc.	9	1.50	b29	5.2
Campbell Red Lake Mines Ltd. Ontario gold producer	6	0.3125	5.15	6.1
Canada Cement Co., Ltd. Portland cement	8	1.00	27½	3.6
Canada Flooring Co. Ltd. "B" Specializes in manufacture of hardwood flooring of all kinds	9	1.00	14	7.1
Canada Foils, Ltd. Oldest and largest foil converting plant in Canada	9	0.60	16½	3.6
Canadian Dredge & Dock Co., Ltd. General dredging; construction & repair work on waterways	8	1.00	20½	4.9
Canadian Ice Machine Co. Ltd. Engaged in air-conditioning and refrigeration field from manufacturing to installations.	6	0.10	b6	1.7
Canadian International Investment Trust Ltd. Management type of investment trust	7	0.90	20	4.5
Canadian Marconi Co. Ltd. Mfr. radio, radar & television equipment	5	0.06	3.35	1.8
Canadian Vickers, Ltd. Shipbuilding, repairs; also makes industrial and mining machinery	8	1.50	32	4.7
Castle Trethewey Mines Ltd. Silver producer, also has considerable investment portfolio	6	0.15	4.60	3.3

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
b Bid.

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Railroad Securities

Western Pacific Railroad

Earnings of the Western Pacific Railroad Co. so far this year have not only held up better than those of the majority of the nation's railroads, but also of the carriers in the district served.

Western Pacific some years ago began an ambitious rehabilitation and improvement program to bring about greater operating efficiency and also to provide better service to shippers. This program included improvement of the right-of-way, laying of new and heavier track, modernization of tunnels and the installation of Central Traffic Control to expedite the movement of trains. Heavy floods in the territory served increased expenses substantially in 1956. However, in making repairs the road took this opportunity to improve the affected areas and also to by-pass sections which were liable to rock slides.

In the first seven months of this year, the road cut maintenance of way expenditures by $1,107,000 despite a rise of $1,365,000 in gross revenues over the comparable 1956 period. This would seem to indicate that heavy expenses now are behind the carrier and in the future a larger portion of gross revenues can be brought down to net operating income. This should have a stabilizing influence on net income in coming months.

For the first seven months of this year net income after taxes and charges and sinking funds amounted to the equivalent of $3.95 a common share, against $2.50 a share in the like period a year ago. It has been officially estimated that 1957 net income probably will be in the neighborhood of $5,900,000, or better than $10 a share before taxes. This would compare with $3,639,254 or $6.29 a share in 1956. This would be the only gain of such large proportions to be shown by any major carrier this year. Gross revenues are expected to reach $58,000,000, up from the $53,589,652 actually reported in 1956.

The road attributes the anticipated improvement to rate increases authorized in December, 1956, and in 1957 by the Interstate Commerce Commission and also to reduction in expenses, particularly of maintenance of way. The company estimated the recent 7% freight rate increase granted to the Western railroads, which became effective around Sept. 1, probably would produce an additional $770,000 in gross revenues. With hold-downs on some commodities, the latest increase probably will average around 4% for the Western Pacific.

It is interesting to note that the improvement in earnings for the seven months was achieved despite high tax accruals. For the first seven months of this year Federal income tax accruals amounted to $1,641,000 as compared with only $184,000 in the like months of 1956. With gross revenues up to $29,775,672 from $28,410,056, transportation expenses rose only to $10,692,371 from $10,324,289, despite a higher wage rate in 1957 as compared with 1956.

Western Pacific has been aggressive in attracting new industry to its territory. Over the past few years it has acquired property for industrial sites on its line and this has paid off by obtaining new plants which have contributed substantially to the growth in gross revenues. One of the largest of the new plants is a large Ford assembly plant which is expected to contribute materially to gross earnings in coming months. The territory served is growing in industrialization and population which give Western Pacific further expansion possibilities. As previously stated, with expenses under good control, this growth should be reflected in proportionately higher net income.

This road has a small capitalization, with only 578,874 common shares outstanding and no preferred stock. Consequently, the common can be regarded as being highly leveraged and can benefit rapidly in per share earnings as revenues expand. Currently, the road is on a current dividend rate of only $3 a year despite high earnings. However, despite the improvement in earnings this year, it is doubted that the dividend rate will be increased in the near future. There is a possibility that a year-end stock dividend might be declared.

With Marache Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Donald M. Wilson has become connected with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange. He was formerly with Samuel B. Franklin & Co.

Bear, Stearns Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Donald R. Sammet has become associated with Bear, Stearns & Co., 135 South La Salle Street. He was formerly with Arthur M. Krensky & Co., Inc. and Francis I. du Pont & Co.

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Passenger Deficit Is No Phantom

ways, airports and new facilities for our competitors.

Wage-Bill Prospects

Another prospect which must be considered in our assessment of passenger travel of the future is that of the ever increasing wage bill of the railroads. The latest wage increase agreements with the various railroad unions were signed during 1956 and 1957. They provide for periodic wage increases over a period of three years, and their full effect is yet to be felt. Under the terms of these agreements, we will have a further wage increase on November 1st, and another on November 1, 1958. Depending on the cost of living index, we may have additional increases this month, and in May and September of next year. This means that the New York Central is faced with an increased wage bill in its passenger services alone of almost $14,000,000 per year in the immediate future.

The question might well be asked "Why don't you meet the situation with improved equipment and service?" For the New York Central alone to re-equip its passenger service fleet would cost over $300,000,000. With our previous results, after spending over $168,000,000 for passenger service equipment and losing over $400,000,000 from this service in the past ten years, would you expect us to have available another $300,000,000 to invest in this service? As is generally known, the backbone of the railroad business is the hauling of freight. In the past, it was only by subsidizing out of the earnings from freight that kept passenger service alive. Now the competition is becoming so intense for freight, with trucks and waterways, as well as with other railroads with very little passenger service, that every available financial resource must be spent to improve freight service and meet the competitive situation. On the Central alone, we have a $250,000,000 improvement budget in 1957 aimed at making our freight service better and more efficient. If this kind of thing is not done, and the money siphoned off for supporting deficit passenger service, we will be in imminent danger of "killing the freight goose that lays the golden egg." If that happens, a railroad such as the Central may have great difficulty in continuing as a self-supporting company in the free enterprise system—a basic of our way of life.

It comes down simply to this, that with a deficit passenger business of substantial proportions, a railroad even as big as the New York Central does not have the financial resources available to it to go into full competition with the taxing power of federal, state and municipal governments.

Must Re-Adjust

As a basis for the decision-making process, I have endeavored to cover b r i e f l y the past history and the prospects for the future. These facts pose a tremendous problem, both for the railroads and all others. It is obvious that we must adjust our passenger services to these changing conditions. This means discontinuance of little used trains and services, consolidation of main line trains and services to achieve maximum efficiency, and a constant effort to adjust all our services to what the public really neeeds and is willing to pay for. Many of the steps that we will have to take may not be popular, but, if we are to preserve our ability to serve the public generally, they must be taken and made effective. In this we will need your understanding and cooperation.

At the outset I indicated my belief that our business interest in this problem coincided with the public interest, the protection of which is in your hands. In my opinion, there is no question that this is true. The test of the proposition lies in what may be expected to happen if we are prevented from taking these necessary actions.

First of all, denial of relief will mean the end of hope for preserving a hard core of main line passenger services. The longer we are plagued by obsolete branch line and local operations, the more difficult it will be for us to take the steps that are necessary to improve or preserve our main line operations, which serve the majority of the public involved.

Secondly, if present trends continue, the New York Central will have difficulty affording the capital expenditures now programmed to improve its freight service. As I have just mentioned, our freight service improvement program budgeted for 1957 alone will cost $250,000,000 — all of which represents expenditures for improvements that are absolutely vital to the maintenance of our competitive position and our ability to provide adequate freight service to all the public.

No Idle Talk

This is not idle talk. The New York Central is a $2 billion business. There might have been a time when the freight side of our business could afford to support the staggering losses from passenger services. But that time has passed. Our present profit margin is so thin, that a slight decline in business—or even static business in a time of constantly rising costs — can be enough to turn black into red. The Central has earned not one red cent of net income from railroad operations this year. The railroad operation has not even earned its fixed charges. Only other income has kept us in the black. In the 12 months ended on Aug. 31, the railroad industry as a whole earned a return on investment of only 3.75%—depression rations in the midst of prosperity. How can we finance our improvement programs, all of which are essential to the public interest, on such earnings? And now the Interstate Commerce Commission has denied us the right to price our freight service high enough to provide adequate earnings for such programs.

I say in all honesty that the cold economic facts indicate that all of the New York Central services, and therefore all of the public served by the Central, are bound to suffer if the passenger deficit is not brought under control.

I appreciate only too well the political and community pressures, frequently from those who use a railroad very little or as a stand-by service, to which public officials are frequently subjected. But we as managers and members of the regulatory authorities bear a heavy responsibility to see to it that the necessary action is taken to adjust passenger service so that we can operate at a reasonable profit and continue as a free enterprise, which is the very foundation of what is best for the public interest.

Two With Baker Simonds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Claire Y. Landis and John O. Williamson, Jr. have become associated with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

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Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
		—Canadian $ §—		
Commonwealth Petroleum Ltd. — Oil properties in Western Canada, also holding company	6	0.15	3.65	4.1
Consolidated Bakeries of Canada Ltd. — Holding Co. through subs. operates 19 bakeries in Ontario & Quebec	5	0.50	b6¾	7.0
Delnite Mines Ltd. — Ontario gold producer	9	0.04	1.03	3.9
Dominion Corset Co. Ltd. — Manufactures ladies' foundation garments	8	0.95	14	6.3
Dominion Scottish Investments Ltd. — Investment trust of management type	6	1.00	26	3.8
East Sullivan Mines, Ltd. — Produces copper, zinc, silver and pyrite	8	0.55	3.65	15.1
Empire Life Insurance Co. — Operates as life insurance co.	7	0.75	60	1.3
Erie Flooring & Wood Products Ltd. "B" — Manufactures, processes and distributes hardwood flooring	8	0.10	b2.75	3.6
General Bakeries Ltd. — One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	7	0.325	b5⅝	5.8
General Petroleums of Canada Ltd. "Ord." & Class "A" — Oil well drilling contractors	9	0.20	5.30	3.8
Giant Yellowknife Gold Mines Ltd. — Gold producer Yellowknife area, N. W. T.	5	0.30	4.70	6.4
Great West Saddlery Co., Ltd. — Wholesale distributor of general store mdse., and riding goods	8	1.00	a19½	5.1
Hughes-Owens Co. Ltd. "B" — Mfg. & retailer of drafting equip. scientific instruments & artists' supplies	5	0.60	b12¾	4.4
International Bronze Powders Ltd. — Holding co. Subs. manufacture bronze and aluminum powders	7	0.70	a12	5.8
Interprovincial Building Credits, Ltd. — Home improvements financing	6	1.00	12	8.3
Interprovincial Pipe Line Co. — Owns & operates crude oil pipeline from Red Water, Alta. to Superior, Wis. and Sarnia, Ont. 1,770 miles	5	1.30	56¾	2.3
La Luz Mines Ltd. — Nicaragua gold producer	9	0.05	3.55	1.4
Lambert, Alfred, Inc. "B" — Manufacturers, wholesalers and retailers of footwear goods	7	0.75	b15	5.0
London Canadian Investment Corp. — Investment trust, management type	7	0.30	b8¼	3.6
Lower St. Lawrence Power Co. — Quebec electric utility	7	0.83	18½	4.5

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
a Asked.
b Bid.

Canada: A Conservative Viewpoint Coupled With a Dynamic Economy

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 28, 1957 —Canadian $ §—	Quotation June 28, 1957♦	Approx. % Yield Based on Paymts. to June 28, 1957
Macassa Mines, Ltd. — Ontario gold producer	9	0.15	2.15	7.0
MacLeod-Cockshutt Gold Mines, Ltd. — Ontario gold producer	9	0.10	1.07	9.3
Malartic Gold Fields Ltd. — Gold producer, Quebec	5	0.05	1.60	3.1
Maxwell Ltd. — Manufactures washing machines, dryers, lawn mowers and food choppers	8	0.50	6½	7.7
Milton Brick Co., Ltd. — Makes first quality face brick	8	0.10	2.40	4.2
Mining Corp. of Canada, Ltd. — Holding, exploration & financing company	9	1.10	16½	6.7
Newfoundland Light & Pow. Co., Ltd. — Operating public utility	9	1.50	57	2.6
Nor-Acme Gold Mines Ltd. — Receives royalty from Howe Sound Co. through lease of company properties in Manitoba	6	0.015	0.24	6.3
Ontario Jockey Club Ltd. — Operates several horse race tracks in Ontario	6	0.10	1.95	5.1
Parker Drilling Co. of Canada Ltd. — Owns & operates oil drilling rigs in Western Canada	5	0.50	5	10.0
Pend Oreille Mines & Metals Co. — Lead-zinc producer, Washington State	6	0.125	2.45	5.1
Quemont Mining Corporation Ltd. — Produces gold, silver, copper, zinc, and pyrites in Quebec	7	1.40	12½	11.2
Quinte Milk Prod., Ltd. — Wide variety of milk products	9	0.15	b3.75	4.0
Rolland Paper Co., Ltd. "B" — High-grade bond writing paper & related products	8	0.40	b18	2.2
St. Lawrence Corporation Ltd. — Newsprint and allied products	7	0.75	15⅞	4.7
Simon, H. & Sons Ltd. — Cigar manufacturer	6	1.30	20¼	6.4
South American Gold & Platinum Co. — Gold dredging operation, in Colombia, South America	7	0.15	‡	‡
Sullivan Consolidated Mines, Ltd. — Quebec gold producer	9	0.22	2.80	7.9
Switson Industries Ltd. — Mfgs. vacuum cleaners, floor polishers, gas heaters, furnaces, etc.	5	0.28	4.00	7.0
Union Gas Co. of Canada, Ltd. — Production, storage, transmission and distribution of natural gas	9	1.40	80½	1.7
Ventures Ltd. — Holding, investment, promotion, exploration and development co.	9	0.50	40¾	1.2
Victoria & Grey Trust Co. — Operates as trust company	7	1.00	b22	6.8
Windsor Hotel Ltd. — Owns and operates Windsor Hotel in Montreal	6	1.00	44	2.3
Wood Alexander Ltd. — Operates wholesale hardware business	7	0.30	3.65	8.2
Yukon Consolidated Gold Corp. Ltd. — Gold dredging operation in Yukon	7	0.06	0.62	9.7

♦ Quotations represent June 28, 1957 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 28, 1957.
§ Add current Canadian Exchange Rate.
‡ Inactive issue. No Exchange trading.
b Bid.

Justina Taylor Pres. Mun. Bond Women

Justina V. Taylor, of The Chase Manhattan Bank, has been elected President of The Municipal Bond Women's Club of New York, succeeding Emma B. Brehm, of R. W. Pressprich & Co. Josephine M. Rodd, of Goldman, Sachs & Co., has been elected Vice-President, succeeding Justina V. Taylor; Louise Bullwinkel, of Tripp & Co., Inc., has been elected Treasurer, succeeding Betty C. Pollock, of Harris Trust and Savings Bank; and Jane Nelson Brownell, of Chas. E. Weigold & Co., Inc., has been elected secretary, succeeding Ola M. Smith, of The Marine Trust Company of Western New York.

Justina V. Taylor

Lillian J. Whelen, of C. F. Childs and Co., Inc., and Elaine C. Haggerty, of Phelps, Fenn & Co., have been elected members of the Board of Governors to serve for two years. Continuing governors will be Emma B. Brehm, retiring President; Madlyn Hoskins, of Braun, Bosworth & Co., Inc.; and Estelle Hanvey, of Wood, Struthers & Co.

Bank of America Group Offers $10 Million Oakland School Bonds

A group headed by Bank of America N.T. & S.A. was high bidder on Sept. 24 for $10,000,000 Oakland Unified School District, Alameda County, Calif. 5%, 3¼%, 3.40%, 3½% and 1% bonds due 1958-1982. On award the 1% bonds due 1981 and 1982 were not reoffered. The balance of the bonds on reoffering was scaled from a yield of 2.50% for the 1958 maturity to a dollar price of 100 for the 1980 maturity.

The offering group includes—

The First Boston Corporation; C. J. Devine & Co.; The Northern Trust Company; Merrill Lynch, Pierce, Fenner & Beane; Eastman Dillon, Union Securities & Co.; Laidlaw & Co.; J. Barth & Co.; Clark, Dodge & Co.; F. S. Smithers & Co.; Andrews & Wells, Inc.

Roosevelt & Cross Incorporated; E. F. Hutton & Company; Fidelity Union Trust Company, Newark; Brown Brothers Harriman & Co.; Gregory & Sons; Taylor and Company; Stone & Youngberg; A. G. Edwards & Sons; Ginther & Company.

Lawson, Levy & Williams; H. E. Work & Co.; Irving Lundborg & Co.; Shuman, Agnew & Co.; Hill Richards & Co.; Kalman & Company, Inc.; Juran & Moody, Inc.; Van Alstyne, Noel & Co.; Hayden, Miller & Co.

Hooker & Fay; Brush, Slocomb & Co. Inc.; Stern, Lauer & Co.; Magnus & Company; The Weil, Roth & Irving Co.; C. N. White & Co.; Fred D. Blake & Co.

Joins Revel Miller

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gerald L. Isaacs has joined the staff of Revel Miller & Co., 650 South Spring Street, members of the Pacific Coast Stock Exchange.

Lamson Bros. Admit

CHICAGO, Ill.—On Oct. 1 Ann Wade Morrissey will be admitted to limited partnership in Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Avery Rockefeller Director

Avery Rockefeller, Jr., has been elected to the board of directors of The Grolier Society Inc., it was announced by Edward J. McCabe, Jr., President.

Mr. Rockefeller is a partner in the investment banking firm of Dominick & Dominick.

The Grolier Society, founded in Boston in 1895, took its name from Jean Grolier de Servieres, 16th century French diplomat and book lover whose main ambition it was to create a library of good books with fine bindings. Grolier today publishes "The Encyclopedia Americana," "The Book of Knowledge" and other reference books here and abroad.

Jonathan Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Samuel H. Dinovitz has been added to the staff of Jonathan & Co., 6399 Wilshire Boulevard.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Warren Rohrer is now affiliated with Paine, Webber, Jackson & Curtis, 626 South Spring Street. He was previously with Dempsey-Tegeler & Co.

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As We See It

—and thus is able to find some degree of psychological relief.

Early New Deal Tactics

The real causes of the current situation are not far to seek and they leave very few without some measure of responsibility. It will be recalled that when the New Deal took over early in 1933, the wiseacres of that day found the basic trouble to be the low price level. The first and most important of all tasks, therefore, was to raise prices, according to this line of reasoning. Over and over and over again, this doctrine was preached by Franklin Roosevelt, who wrecked the London Economic Conference because it did not seem to him to give promise of raising world prices, or even our own prices. Several types of action were devised to bring prices back to former levels. The key tactic was government spending of funds obtained from the commercial banks. Not a great deal of headway was made in raising prices prior to the outbreak of World War II, although the banks were pretty well loaded with government obligations, and the public taught to think of this modern type of greenbackism as permissible and even desirable in some circumstances.

Then came the war which was, as has become the universal custom, financed through inflation. That is to say, huge amounts of funds were simply created at the banks and paid out to the Government which in turn, of course, promptly turned them over to the rank and file in return for goods and services. The Federal Reserve mechanism was carefully and sedulously employed to facilitate this whole process of financing the war. By the end of hostilities the Federal Reserve banks themselves owned not far from $25 billion of the obligations of the Federal Government, and the commercial banks had more than three and one-half times that many.

Now, of course, there was no way these banking institutions could have acquired all these bonds except by creating deposits for that purpose. Thus it came about that by the time the war was over, ordinary demand deposits in private hands had risen to around $75 billion; they had totaled only around $27 billion when the war broke out. Meanwhile, deposits standing to the credit of the Federal Government at the Federal Reserve banks and the commercial banks together had reached about $25 billion as compared with less than 1/10th of that amount at the outbreak of the war. Currency outside the banks had also risen from about $6 billion in 1939 to more than $26 billion in 1945.

Prices, at least as reported, had not risen very drastically — relatively speaking — by the end of 1945, thanks to a number of factors which need not detain us here—but the basic inflationary condition was, or should have been, obvious to all. But we emerged from the war with a morbid fear of a collapse such as had occurred after World War I. We had developed a depression complex as a result of the dreadful experience of the 1929 depression. The public, or much of it, had a sort of vague idea about what had happened to our financial structure during the war, but instead of insisting that something rational be done to correct it, the politicians—and it must be said apparently most of the people—somehow came to the conclusion that a hair of the dog that did the biting should be applied. And it was.

Limited Liquidation

The Treasury liquidated some of the deposits it had built up as a safety measure during the war and in doing so redeemed a substantial amount of bank held debt, but otherwise there was little liquidation of governments by the commercial banks which were promptly called upon to make large and increasing loans to business and individuals. Far from being brought under control or reduced, what is known as private money supply rose upwards of $25 billion in the half decade following the war! Evidently government, the Federal Reserve authorities and, we suspect, most of the rest of us had become convinced that the way to prevent that dreaded postwar depression was to pour specially created money out into the hands of the public-good New Deal doctrine, though most of the Rooseveltian brain trust had by that time vanished from the scene.

Then came the Korean War. In the following three years the Federal Reserve banks added another $5 billion to their holdings of government obligations, and they still hold a large part of that increase! The commercial banks added heavily to their loans. They are not far from $30 billion larger now than they were in 1950. Privately held money supply was up about $40 billion by the end of 1955. Another $3 billion has since been added. Some faltering steps had been taken earlier, but it was in 1953 that a more determined effort was undertaken to place a curb on inflationary trends. It scared some of us out of our wits, and it was not very long before the authorities reversed themselves and since have publicly stated that the anti-inflationary procedures of that year were a mistake. And how many of the American people were ready to disagree with that statement?

Who, then, is responsible for the underlying inflationary situation which makes possible any gouging that is going on by either labor or employers and which the Reserve authorities are now again undertaking to restrain? The answer is: "Practically all of us." The question is what are we now prepared to do about it.

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The Role of Banking in An Expanding Economy

community to make much more active use of the money which already exists—to get along with lower cash balances, to expand acceptance financing, to increase dealings in Federal funds, among other things. But we are coming to the end of the road in the development of expedients such as these. Since 1949 the annual velocity, or rate of turnover, of bank deposits has increased almost 45%, and the advance has been particularly rapid in the past three years. Velocity cannot continue to increase at the same pace in the future. If our economy is to grow, banks will need to increase their deposits, and the monetary authorities will soon have to make the reserves available which will enable them to do so.

Taking a long look into the future, I would say that deposits of all commercial banks 10 years hence might be in the neighborhood of $275 billion, as compared with about $200 billion at last year-end. Total deposits of $275 billion would be necessary if the nation's gross product is to reach a level of $575 billion by 1967—a level which involves an average rate of growth of only 3% a year. We certainly ought to be able to achieve such a growth rate if things are managed well. It would compare with a 4% rate over the past decade.

A further increase of $75 billion in commercial bank deposits in the next 10 years appears to be very sizable. Yet if it is measured in terms of what may be required for credit and other purposes, the total looks a lot less large. Moreover, bank supervisors must face up to the question as to whether these deposits will be distributed among the various banks and districts of your states in such a way as to make it possible for them to be utilized most effectively — whether the present structure of banking will permit deposits to be mobilized for the most efficient use of both business and individuals.

I want to look at each of these matters separately. First, let's consider the potential for growth of loans with an increase in deposits of the size I have indicated. Let me start by saying that if banks attempted to maintain their present ratio of loans to deposits, loans and mortgages a decade hence could rise to a total of about $138 billion, as compared with $93 billion today. That would represent an increase of $45 billion — again a substantial sum when taken by itself. But this increase of $45 billion in loans and mortgages in the next 10 years would compare with a rise of $53 billion in the past decade. In percentage terms, loans and mortgages in the 1957-67 period would grow by about 50%; whereas the growth from 1947 to 1957 was 140%. Here in a nutshell is one of the most serious problems to be faced by banks in the next decade.

Admittedly the rise in bank loans over the past decade has been a remarkable performance. It is not too much to say that the vast expansion of our economy would have been impossible without it. Yet we must face the fact that special circumstances existed in the late '40s and early '50s that made such a large advance in loans possible. Our banks came out of World War II in a highly flexible position. They held huge quantities of government securities, and loan ratios were abnormally low. It was the ability to sell government securities and raise the ratio of loans to deposits that was a prime factor in enabling banks in recent years to expand loans so greatly.

Today loans for all banks amount to about 50% of gross deposits, as compared with a ratio of only 25% some 10 years ago. For New York City banks of course the recent ratio has been considerably higher—about 60%—while for banks in other main centers it has been 51%. But as you know, the smaller country banks invest relatively fewer funds in loans and mortgages and for this class the loan/deposit ratio now amount to 44%.

Many bankers at this stage would probably prefer to see loan/deposit ratios not quite so high. Indeed, I suspect it is the hope of a number of banks that loan volume might decline somewhat in the near future. Yet I think it would be a mistake to assume that the banking system has reached a final limit in the expansion of loans relative to deposits—a limit that it may not again surpass at some future date. For the plain fact is that loan to deposit ratios in the next decade may have to rise further if banks are to meet the loan demands that will in all probability confront them. An advance of only 50% in loans in the next decade, based on the continuation of existing ratios, clearly would be inadequate.

If this is the situation that will indeed confront us, what can be done about it? I suggest that we should be thinking of policies that will lead to action along five principal lines.

First, savings deposits should be encouraged to the maximum extent possible.

Secondly, loan profolios will need to be more liquid.

Thirdly, reserve requirements should be lowered and made uniform.

Fourthly, banks will need to build up more capital.

And finally, changes in the structure and organization of banking should be encouraged to permit the most effective service and the most efficient use of existing funds.

Let me dwell on each of these points very briefly. Federal Reserve authorities have already made it clear that future expansion of commercial bank loans must rely less on deposit creation and more on savings. Throughout much of the postwar period commercial banks did not compete vigorously for savings. This situation, however, has begun to change within the past year. Rates paid on savings have been raised by many banks, and advertising and promotion have been concentrated in that direction. The results are already evident in a record increase in time deposits during the first half of this year—a rise of more than $3 billion, to which expanding savings accounts have undoubtedly contributed the lion's share.

Likewise, certain recent trends toward altering loan portfolios will have to be extended into the future. In particular, it will be necessary to limit the use of term loans more effectively than was the case throughout much of the past decade. I believe, however, that term loans will continue to have a very definite place in bank portfolios—indeed, they are an indispensable means by which banks can contribute to the capital development of the nation. The problem is to prevent the term loan from getting out of balance in bank portfolios. While banks were aggressively seeking loans, they tended to lengthen terms and take on a heavier volume of such credits than will be wise in the future. We must not forget that the loan function of banks today is a many-sided affair. The short-term needs of business, the demands of consumers for instalment credit, and in many areas the need of the community for mortgage funds—none of these can be slighted by banks. If they are all to be met adequately, and in proper balance, I suspect that more foresight and deliberate planning of the use of funds will be required from bank managements, and that the term loan may be the sufferer thereby.

In this regard there is another matter that I should like to mention briefly: namely, how we—and bank supervisors — should view bank assets in terms of liquidity. There is a tendency, I believe, to hold on to certain concepts which may now be outmoded in this regard. For many years a standard measure of liquidity has simply been the proportion of a bank's assets which it holds in the form of cash and marketable securities. Some supervisors today undoubtedly employ this measuring rod. Yet I wonder if such a concept, and others like it, are either adequate or accurate when applied to conditions as they exist today.

Who would deny that under current conditions a 30-day loan to one of our great corporations, a loan which is eligible for rediscount at the Federal Reserve Bank, is any less liquid than a 30-year obligation of the United States Government, now selling at a deep discount? It was during the '30s and '40s, when loans were scarce and the supply of government bonds was expanding, that government obligations came to be regarded as a major source of liquidity. They did not hold a similar place in bank portfolios of the '20s when loan/deposit ratios were high. Today the pendulum has again swing back; banks are called upon to expand one of their major functions—the extension of credit — and loans must bulk much larger among bank assets. In these circumstances liquidity is related to not only the securities a bank holds, but also to the quality, maturities and underlying characteristics of its loan portfolio.

I am not prepared here to offer a precise formula for measuring liquidity under conditions as they exist today, and as they will continue to exist tomorrow. I would, however, urge you to restudy this problem, and adapt yourselves to the changing times. Certainly you should not retain mechanical concepts which are now obsolete, and which may in themselves inhibit banks from carrying out the full job of credit extension which will be necessary.

Let me turn next to the problem of reserve requirements. It is a problem that has been put before bank supervisors and the Federal authorities many times. And it is a problem that will continue to be put forward until action is gained on it. You know the main aspects: that the general level of reserve requirements is too high, and that the distinction between Reserve City and Central Reserve City categories is discriminatory toward the latter.

I am not going to say much about this. Chairman Martin of the Federal Reserve Board has himself stated that some revision of reserve requirements is desirable. It has been delayed by the necessity to keep money tight during the inflationary boom of the past two years. But this condition will not last indefinitely, and I would hope that the first steps in correcting reserve requirements might be taken in the near future. And as reserve percentages are reduced, bank assets that are now frozen can be freed and made available for loans, if necessary. This in itself would permit a modest rise in loan/deposit ratios in the years ahead.

But the prospect of a further advance in both deposits and loans poses still another problem for bank management—one in which supervisors also have an interest: namely, the need to expand bank capital. As you know, banks have already increased their capital by about 70% in the past decade. Yet in spite of this, the need for additional capital continues to be pressing, and will persist into the future.

It is very difficult to say what an optimum volume of capital for the banking system might be. What is adequate for one bank may be inadequate for another, depending on the nature of the assets, the type of deposits, the extent of bad debt reserves, and a host of other factors, as you well know. Nevertheless, it is of some significance to observe that if capital ratios were to remain as they now are, our banks 10 years hence would probably need more than $25 billion of capital. This would require the addition of at least $8 billion to capital accounts—a larger amount than the $7 billion added in the past decade.

Fortunately, banks are in a somewhat better position today to provide a good share of this new capital from funds generated internally. Additions to capital accounts from earnings, for example, amounted to more than $600 million last year. But if banks are to continue to expand capital, whether internally or from outside, bank earnings must be maintained at an adequate level—a level which will attract and hold investors in bank stocks in the highly competitive market for capital.

I believe there is considerable misunderstanding in the minds of the public about bank earnings today. The popular tendency is to equate earnings with the rise in interest rates, forgetting that the same pressures that brought higher interest rates also have raised bank expenses. Moreover, the public is generally unaware of the heavy depreciation in the bond accounts and of the actual losses which banks have had to sustain in order to serve their customers and to make funds available for loans. These losses are not shown in the operating income account.

Actually banks covered by F. D. I. C. last year incurred net bond losses before taxes of $330 million. If these are deducted from net operating earnings, with appropriate tax adjustment the rate of return on capital funds amounted to 8.7%—a rate that falls far short of that earned by many other businesses. The average rate of return for manufacturing establishments, for example, was 12.4% in 1956. It seems quite possible that interest rates today are at a cyclical peak, and that the next move might be down. When it comes, bank managements may have a hard time maintaining earnings, even though bond losses may be replaced by profits. Yet it is essential that they do so if capital needs of the future are to be met. Certainly we shall need all your understanding and help as we pursue this capital problem in the years ahead.

And now I come to one final development which I believe will be essential if banks are to fulfill their role successfully. It, too, is a development which will require wisdom, patience and persuasion on your part if it is to be guided successfully. I refer to changes in the structure and organization of banking which are long overdue in many areas. The plain fact is that the structure of American banking in one respect has not adjusted to the huge growth of the American economy in the postwar period. By this I do not mean that radical changes are needed—changes that would eliminate our dual banking system, or the large number of banks that serve local areas. Nor do I advocate nationwide, interstate or even state-wide banking. What is needed is a wide recognition that our nation is growing, that banks must be permitted to grow with it, and that artificial restraints that place banks in a strait jacket, devoid of possibilities for natural growth, will do harm not only to banking, but to the American economy as a whole.

These problems have come to a head in New York State. But what is happening in New York has application in certain other areas as well. In cities like New York and Boston bank deposits are not increasing as they are elsewhere. The cities proper have become fully settled but the territory around them has been filling in, and what were once outlying regions are now integral parts of a wider Metropolitan Area. Customers of banks at the center are moving to the outer regions, both business and individuals. Department stores and service establishments are following them. But banks are prevented from doing so—hemmed in by artificial walls.

This process of growth and change is not a new one. It has been going on for more than three centuries in America. Banking laws at both national and state levels have gradually adjusted to it, although in varying degree. But too often it has taken an emergency to bring such adjustments — the financial panic of 1907, or the bank holiday of 1933. The last wide revision of banking laws in New York State was brought to a head by the crisis of 1933, almost a quarter of a century ago.

But time will not stand still. Facts are stubborn things, and they have a way of asserting themselves. Within the past two years these facts of growth and change led to a development at the national level which has all the potential of a time bomb, threatening to explode and alter banking arrangements in the various states.

Congress enacted the Bank Holding Company Act of 1956, and in doing so gave legislative sanction to a means, or a technique, by which banks can climb over restrictive walls erected by the states.

I do not believe that any of you, as state supervisors, can ignore this development. Some states, I appreciate, either have passed laws or plan to pass laws that would apply to bank holding companies the same geographical restrictions that now govern the establishment of branches. However, there is a serious question as to whether such laws can be made to apply to national banks — indeed, whether they are constitutional. And if such laws can be applied only unilaterally to state institutions, the banks for which you bank supervisors have prime responsibility will be placed under a serious competitive handicap, a handicap which may finally drive same banks to surrender state charters and convert to a national status.

Certainly any such development would prove to be most unfortunate — not only from the standpoint of the states, but in the interest of efficient and effective bank supervision as well. We need decentralization in supervision, not greater centralization. How much more logical it would be for the states to recognize the pressures that promise to drive banks along a rather complex holding company route and seek to channel these in a direction more in keeping with our traditional form of banking. In our own state I have advocated that this be done by a revision of the area within which banks be allowed to establish branches — particularly that the Metropolitan Area be recognized as the integrated economic entity which it actually is, and that banks be permitted to establish branches throughout the natural area of their population center.

Banks must do more than think merely in terms of their own interests or the safety of the funds entrusted to them, deeply important as this is. They must think also of convenience of service and adequacy of resources to do the many jobs which they are now called upon to handle. Today there is no question about safety of funds. But when we look closely at convenience and adequacy of loanable funds, questions arise in many areas. These questions will bulk ever larger as the need to mobilize funds for credit purposes becomes more and more pressing in the years ahead.

The National Association of State Bank Supervisors is alert to these problems. I have heard about a suggestion that an office may be set up in Washington so that the interests of the state banks can be better represented there. Certainly a group like yours, composed of the most knowledgeable people in the 48 states on banking matters, has both a responsibility and a unique ability to protect the interests of the state banks in the nation's capital.

America is growing and our banks must grow with it. I have given some dimensions that apply to the future of American banking as a whole. But these dimensions can only be realized through the skill and effort of the individual units that make up our banking system. If those units are indeed to fulfill their role, and provide the banking service which our expanding economy needs, they will have to break through some of the barriers that now bind them.

Shearson Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Douglas L. Adams has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. He was previously with Dempsey-Tegeler & Co.

Joins Witherspoon Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Dale R. Wold is now with Witherspoon & Company, Inc., 215 W. Seventh St.

James R. Heekin Sr.

James R. Heekin Sr. passed away Sept. 14 at the age of 54. Mr. Heekin was associated with Field Richards & Co., Cincinnati, and in the past had been an officer of Edw. Brockhaus & Co.

James Richardson & Sons, Limited Celebrates 100th Anniversary

Mr. James A. Richardson and Mr. George T. Richardson, Vice-Presidents of James Richardson & Sons, Limited and great-grandsons of James Richardson who founded the firm in 1857. (Background photographs are of the late Captain George T. Richardson, killed in France in 1916 and the late James A. Richardson, father of the present Vice-Presidents of the Company.)

WINNIPEG, Can.—One of Canada's oldest and largest grain and investment firms, James Richardson & Sons, Limited, celebrated a century in business Sept. 21 with a unique cross-country birthday party.

Mrs. J. A. Richardson

In 14 cities from Montreal to Victoria, company employees had chicken dinner and heard greetings from the firm's officials by way of a 7,000-mile telephone network linked to loudspeakers at each dinner.

The after-dinner speeches came to all dinners from Kingston, Ont., where James Richardson founded the firm in 1857, and from Winnipeg, Toronto and Vancouver. Overseas telephone from London, Eng. brought a 100th anniversary message from the Managing Director of the firm's British subsidiary, Heatley & Company, Limited.

Mrs. James A. Richardson, President of James Richardson & Sons, Limited, spoke to all of the firm's employees across Canada from the head office of the company in Winnipeg. The Winnipeg dinner, with 600 company employees and their wives present, was the largest of the 14 dinners. In all, about 2,000 persons attended the anniversary party from coast to coast.

The company gave each of its 1,400 employees an engraved sterling silver tray to commemorate the anniversary. Each dinner was climaxed by an anniversary cake with a single candle to mark one century.

More than 400 university and public libraries throughout Canada — and through them the Canadian public—will also share in the 100th anniversary gifts. Establishment of the Richardson Century Fund to provide books to libraries was announced at the dinner. First to be distributed is a new 10-volume reference work on Canada, the Encyclopedia Canadiana, scheduled to come off the press this fall.

Speakers on the cross-country telephone broadcast included Vice-Presidents, James A. Richardson and George T. Richardson, sons of the President and great-grandson of the founder. One of the speakers from Toronto was Miss Elizabeth Haire, who was one of the firm's first woman employees when she joined the company 50 years ago in 1907. Miss Haire brought greetings on behalf of retired company employees.

The dinners were held in Montreal, Kingston, Toronto, Kitchener, Windsor, Stratford, Port Arthur, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver and Victoria. Employees from several smaller branch offices near these cities went to the larger centers for the dinners.

James Richardson & Sons, Limited is a family firm founded 100 years ago in Kingston, Ont. . . . The unique feature of the Richardson organization is that for 100 years it has been owned and directed continuously by members of the family. Mrs. James A. Richardson succeeded her husband as President on his death in 1939. Her sons, who are great-grandsons of the firm's founder are both Vice-Presidents of James Richardson & Sons, Limited.

The firm's founder, James Richardson, was born in Aughnacloy in Northern Ireland, in 1819. He was brought to Canada by his father when he was three years old. His father's sudden death left James Richardson an orphan before he was four years old. He was brought up by his aunt and an older sister and went on to begin the family firm of James Richardson & Sons, Limited in 1857 when he was 38 years of age.

When James Richardson died in 1892 he was succeeded as head of the family firm by his sons, George A. Richardson and Henry W. Richardson. In 1918 the Presidency passed to the third generation of the family when James A. Richardson, son of George Richardson, became head of the firm. James A. Richardson moved the head office from Kingston to Winnipeg and in the '20s and '30s expanded the firm's operations in grain merchandising and in the field of investment securities. James A. Richardson also pioneered in the fields of commercial radio and aviation.

The company now operates investment offices in 26 Canadian cities. Through a subsidiary, the Pioneer Grain Company, Limited, it operates 440 country elevators on the prairies through which it handles about 10% of the annual grain crop. Another subsidiary operates a 5,500,000 bushel terminal elevator located at Port Arthur.

American-Marietta Co. Splits Stock—Reports Record Sales & Earns.

The American-Marietta Co. on Sept. 17 announced a three-for-two split of common shares, an accompanying increase in the dividend rate, and record sales and earnings in the nine months ended Aug. 31, 1957. The stock split will be the company's fourth within six years, and the dividend increase the 10th on the company's common shares since 1950.

The additional common stock, one share for each two held, will be distributed on Oct. 15, 1957 to owners of record Sept. 27. The new cash dividend, 25 cents per share on both the new and old shares, will be payable Nov. 1, 1957 to holders of record Oct. 18, 1957, and amounts to a 25% increase over the present rate.

American-Marietta's net sales in the nine months advanced to $155,162,325 from $136,789,081 a year earlier, a 13.4% gain. Net income in the period was $11,009,536, or $2.21 per common share, compared with $9,860,031, or $2.47 per scare for the same period a year ago on a lesser number of shares then outstanding.

Sales in the three months ended Aug. 31, 1957 amounted to $59,092,611, up 16.2% from a year earlier. Profit in the quarter was $4,677,278 against $4,114,662 in the corresponding 1956 period.

Dalton Finance Stock Offering Completed

McDonald Holman & Co., Inc., New York, on Sept. 17 offered and sold 267,000 shares of class A common stock (par 50 cents) of Dalton Finance, Inc., at 75 cents per share.

The net proceeds are to be used to retire $50,000 4% five-year subordinated notes (presently subject to redemption for approximately $40,000), to make additional loans and reduce other short-term debt.

Dalton Finance, Inc. was organized on Nov. 22, 1955, in Maryland in order to engage, directly or through subsidiaries, principally in the small loan business, making loans to individual borrowers under the small loan laws of the various states, as well as other forms of financing.

It is the company's intention over a period of years to conduct a series of small loan businesses, in various parts of the country. However, for the present, operations will take place only at four locations in Mt. Ranier, Silver Spring and Takoma Park, Md.

The corporation has its principal office at 3800—34th Street, Mt. Ranier, Md.

Public Utility Securities

By OWEN ELY

High Yields Available on New England Utility Stocks

New England is one of the less favored areas of the United States from the viewpoint of utility regulation and rates. It is also frequently (though wrongly) assumed to be a non-growth area because of the exodus of a large part of the textile industry. An influx of other industrial units such as electronics, special machinery, research organizations, etc. have largely offset the loss of textiles and given the area a more diversified industrial background. Nevertheless, the stigma of slow growth combined with the tight-fisted character of the New England State Commissions have combined to place the New England utility stocks in a less favorable position with investors than those of utilities in rapid growth areas like Florida and Texas.

For those investors who want high yields and reasonable stability, and do not crave the potential capital gains associated with the "rapid growth" utilities, investments in New England utilities offer good opportunities. The accompanying list (arranged in order of size) indicates the high yields obtainable.

Many of these good yields are, however, accounted for in part by the relatively high payouts which seem characteristic of the New England corporate philosophy. The average payout for all U. S. electric utilities averages about 72% and would be a little lower if the New England companies (which average 81%) were omitted. All but two New England companies in the table have higher payouts than the U. S. average.

High payouts tend to raise the price-earnings ratios since stocks may be bought more for the high yield than on a P-E basis. Even so, the average P-E ratio for the New England utilities is only 13.1 compared with the U. S. average around 14. And where individual payouts are around the U. S. average, the price-earnings ratios really reflect a bargain basis. Thus Public Service of New Hampshire sells at only 11.3 times earnings compared with the U. S. average around 14 or slightly lower. Western Massachusetts companies sells at 12.5 times earnings and Bangor Hydro-Electric at 12.1.

A complicating factor in New England is the use of hydro-electric power which sometimes results in erratic earnings. Perhaps this is another reason for the relative unpopularity of the New England issues. Last year electric output was derived from hydro to the following extent by some of the larger companies.

New England Electric System	18%
Connecticut Light & Power	9
Central Maine Power	63
Public Service of New Hampshire	25
Central Vermont Public Service	33

Recently water conditions have been somewhat adverse. The "Water Resources Review" of the U. S. Geological Survey in its August bulletin reported that in Maine streamflow was falling rapidly and reservoir storage low, as a result of the summer drought. Runoff was also deficient in portions of Central New England with storage and major reservoirs ranging from 65 to 100% of average. In Connecticut also ground water levels continued to decline and in most areas were at or near record low stages.

While New England is fairly well diversified industrially, now that textiles are no longer dominating, lumbering and paper are still important in some areas. Aroostook County in the north-eastern tip of Maine, served by Maine Public Service, has long been noted as a major potato area so that the fortunes of this utility are partially dependent on the trend of potato prices and crops.

New England Electric System has recently been reminded by the SEC that it may have to dispose of its several gas subsidiaries, which account for about 12% of revenues, and hearings on the question will soon be held.

New England Gas & Electric, also a holding company, obtains some 45% of its revenues from gas, but there seems to be no likelihood that it will have to dispose of its gas properties which could hardly be classed as "incidental." NEGEA, while now receiving natural gas, has specialized in efficient methods of manufacturing gas so that it seems well protected against inadequate supplies of natural gas, or sharp price increases, in future years.

In connection with high yields it may be interesting to note that several of the New England utility stocks pay dividends which are partially free of Federal income taxes, as indicated in the table.

NEW ENGLAND ELECTRIC UTILITIES *

	Price About	Indic. Dividend Rate	Approximate Yield	Recent Share Earnings	Price-Earns. Ratio	Dividend Payout	Annual Revenue (Mills.)
New Eng. Elec. Syst.	15½	†$1.00	6.5%	$1.17	13.2	85%	$142
Boston Edison	47	2.80	6.0	3.45	13.6	81	99
Connecticut Lt. & P.	18	†1.00	5.6	1.21	14.9	83	71
New Eng. Gas & Elec.	16½	1.05	6.4	1.41	11.7	74	44
Central Maine Power	21	1.40	6.7	1.71	12.3	82	35
United Illuminating	24	1.30	5.4	1.64	14.6	80	33
Eastern Util. Assoc.	32	2.20	6.9	2.31	14.8	95	31
Pub. S. of New Hamp.	16½	†1.00	6.1	1.46	11.3	70	29
Western Mass. Cos.	39	2.20	5.6	3.11	12.5	71	26
Connecticut Power	41	2.25	5.5	2.84	14.4	79	23
Hartford Electric Lt.	55	†3.00	5.5	‡4.13	13.3	73	22
Central Vt. Pub. Serv.	16	1.00	6.3	1.10	14.5	91	12
Housatonic Pub. Serv.	21	1.40	6.7	1.43	14.7	98	8
Bangor Hydro-Elec.	32	1.90	5.9	2.65	12.1	72	7
Green Mountain Pwr.	14½	1.00	6.9	1.13	12.8	88	6
Maine Public Service	16½	1.08	6.5	1.42	11.6	76	4
Averages			6.2%		13.3	81%	

*Excludes a few small companies such as Fitchburg Gas & Electric, Lowell Electric Light, and Lawrence Electric.

†Dividends in 1956 were partially free of Federal income taxes.

‡Includes 93 cents tax savings due to accelerated amortization and depreciation.

Joins J. C. Flax Co.

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Harold T. Marcuson has joined the staff of J. Clayton Flax & Co., 1562 Main Street.

With Keenan & Clarey

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Theodore H. Furth has become connected with Keenan & Clarey, Inc., Pillsbury Building.

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Obligations of the SEC

utes committed to its care. It has the statutory duty to make annual reports to Congress on its activities and a continuing responsibility to report to two standing Congressional committees—the Banking and Currency Committee of the Senate and the Interstate and Foreign Commerce Committee of the House of Representatives. In addition, a third Congressional Committee, known as the Special Subcommittee on Legislative Oversight of the House of Representatives has been invested with powers to investigate the conduct of various independent agencies, including the Securities and Exchange Commission. The stated purpose of this special subcommittee is "to see whether or not the laws as intended by the Congress were being carried out or whether they were being repealed or revamped by those who administer them." Frequently summoned to testify before various committees of Congress to report on its administration or comment on proposed legislation, the Commission has the obligation always to give candid reports and honest opinions.

The Commission has an obligation to recommend to Congress further legislation on matters within its jurisdiction. This year, the Commission has submitted to Congress a broad amendment program designed to close loopholes, clarify language and strengthen investor protection in five of the seven statutes administered by it. A total of 87 sections and subsections of the various laws are affected. Among the more important, and for some of the industry groups the most controversial, are the following proposals: the establishment in the Securities Exchange Act of the status concept for brokers and dealers, under which the act of registration with the Commission would create its jurisdiction over brokers and dealers without the necessity for proving use of the mails or other interstate facilities; the grant of authority to the Commission to adopt rules regulating the segregation of customers' securities and excess collateral held by brokers and dealers; the imposition of a requirement that an investment company obtain stockholder approval where fundamental changes in investment policy are made and that it state its investment policy in its prospectus; the requirement that investment advisers keep and maintain records nad make such reports as the Commission may prescribe; and the grant of inspection powers to the Commission over the activities of investment advisers.

Obligations to the Economy

The Commission has an obligation to function in accordance with a fundamental and generally accepted concept of Government regulation. This concept has two aspects. First, the Government must provide sufficient regulation of business to protect the public from recognized evils. Where private rights may be threatened or jeopardized, public opinion demands the protections afforded by Government regulation. Second, regulatory power must not be exercised in a manner that would tend to suppress economic growth or unnecessarily interfere with the free enterprise system that is the basis of the American economy. On the contrary, the regulation that the Commission exercises over the processes of capital formation, the securities industry and public utility holding company systems should be conducted in a manner that will strengthen our economic system. The ultimate obligation of the Commission to our economy is to preserve the confidence of the American public in the intergrity of our financial and industrial institutions.

Obligations to Protect Constitutional Rights

The Commission has the obligation to administer its various powers within established legal principles, both substantive and procedural. One of the procedural safeguards which the Commission has always carefully observed, even prior to the enactment of the Administrative Procedure Act of 1946, is the separation of adjudicatory functions from its other responsibilities.

The observance of internal controls, which insulate prosecutory and investigative duties from its decisional processes, affords important protection to the constitutional rights of litigants before the Commission by preserving independence of decision in adjudicative matters. The advice and assistance of one set of specialists is obtained by the Commission in administering its investigatory and prosecutory activities. Another staff group, which has not taken any part in the adversary proceedings, assists the Commission in its decisional processes.

The combination of powers entrusted to the Commission has not been prejudicial to individual rights. On the contrary, the power to make quasi-judicial decisions on the basis of substantive evidence, which are subject to court review, has been conducive to careful and responsible initiation of objective investigations and to the development of fair and complete records. The exercise of adjudicatory powers by the Commission has been an important factor in the development of a generally consistent body of securities jurisprudence and has made uniform interpretations of the statutes possible.

The question whether administrative agencies can render fair and impartial justice has topical significance, because a bill has been introduced into the Congress which is designed to establish an administrative court and to transfer the adjudicatory functions of certain independent regulatory agencies to this special court. Although this bill is not applicable to the Securities and Exchange Commission, its philosophy should be recognized as a threat to the effectiveness of the administrative process.

Conclusion

The Comission and its staff are, and must continue to be, alive to these obligations which have been discussed. The Commission is constantly re-examining its substantive and procedural rules in the light of these obligations. However, in order for the Commission to give the utmost possible protection to public investors and serve the public interest in the most effective manner, it is essential that the investment industry and the financial bar recongnize and fulfill their own obligations to keep informed as to the standards prescribed under the securities statutes and to cooperate in attaining the Commission's objective of full compliance with these statutes.

Colvin With Knowlton

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Raymond W. Colvin has become associated with Frank Knowlton & Co., Bank of America Building. Mr. Colvin who has been in the investment business for many years has recently been with Hill Richards & Co. and Walter C. Gorey Co.

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Development of Gold by U. S. Monetary Policy

the meantime, we will hope for miracles that cannot happen. Should we reach the 25 cent dollar value of 1939 purchasing power, gold will be really worth only $8.75 per ounce. International complications would be at hand at this moment.

And that will be the time when gold, apparently handcuffed by the wishful thinking of government economists, will show that it cannot be manacled, because one fact remains sure: every change of currency value will have to be defined in the yellow metal. Governments here or elsewhere have no substitute for monetary definitions and we will once more surrender to the measuring rod which alone enables us to wipe out part or all of our official domestic debts.

In this purely down to facts consideration, gold, as much as governments hate to be ruled by it, will continue to guide their monetary destiny, be it in Moscow or in Washington.

What are the consequences of such prospects for the gold mining industry in the United States?

Let us have a look at that problem.

Consequences of Such Prospects

American gold production is, as already stated, a very small island in the ocean of this country's total production. The government, very unhappy to have a gold mining industry which reminds Washington constantly about its bad mistakes of gold policy since 1934, cannot get much gold from its domestic output. Therefore, in all probability, it willl not take any measure which would just be only favorable to the owner of our gold mines.

It is furthermore clear to any student of monetary problems, that the present world cannot return to the gold coin standard. Such a return would immediately show more than any other fact, to what degree the obedient and patriotic citizen got expropriated by the rulers whom he respects. You all may know about the gold sovereign, once upon a time worth just one pound sterling. Today, the same gold sovereign fetches £3.12/6 in paper pounds. The French Napoleon of 20 gold Francs is listed at about 3,725 present paper francs. Our once famous eagle of 10 gold dollars is worth about 20 paper dollars. Whereas the British and the French know about such facts of life, we were prevented for about 20 years from knowing it, as dealing in our gold coins was illegal until 1953.

Yet as we will continue the debasement of our currency, the same eagle of ancient 10 dollar value, might go to 30 or even more "New Dollars." This fact alone would be a rather embarrassing and constant accusation of our past and present legislators. Therefore, we will avoid making it too visible for the man in the street.

Not Enough Gold

But, besides this touchy problem of gold coinage, it cannot be stressed often enough that we simply have not enough gold to make such a step possible. We really own, without mortgage, about $10 to $13 billion of gold. Should we return to a gold coin standard, even after a devaluation and with a double amount of simply "up-valued" yellow metal, this still will not be enough.

A look at the figures will prove my point of view:

	(Billions)
Circulation of banknotes	$31.0
Bank Deposits	220.0
Federal Debt	275.0
Total	$526.0

All of these items are Federal commitments and as such would be convertible into gold. If only covered by a 20% gold cover, more than $100 billion of the yellow metal would be necessary. If covered by only 15%, we would need about $79 billion of gold.

Unfortunately, there is not enough gold in the entire world to cover such needs. The global gold position showed, at the end of 1956, the following breakdown:

	Billions of Paper Dollars at $35 Per Ounce
United States	$22.058
Soviet Union	7.600
Switzerland	1.676
Great Britain	1.650
West Germany	1.494
Canada	1.103
International Agencies:	
IMF, EPU, BIS	1.975
All other countries	8.644
Total	$46.200
Estim. Private Hoards	11.900
	$58.100

This total gold stock of the world corresponds to about 58 years and nine months of the present gold production of the non-Soviet countries. I believe that such figures sufficiently prove that neither we, nor Britain and certainly not China or the U. S. S. R. can plan to make their currency units and bank deposits convertible into gold coins, freely available to the public.

As it is always useful to bury illusions, let us discard this dream. To do so does not mean that gold will become what Lenin predicted a quarter of a century ago. That too will not happen, as every government will continue to cherish the possession of the yellow metal. But, at the same time, we in this country will probably not see gold in monetary private use again. Therefore, I believe that the present restrictions on ownership will not be eased in the foreseeable future and the gold monopoly of the government will remain as is.

Predicts Eventual Devaluation of Gold Price

Thus, the owner of gold mines does not have a rosy future in sight. Surely, there is no other solution to our currency problems, than a good devaluation, which means a 100% increase of the so-called official gold price. But such a frank declaration of bankruptcy, even if applied, will take years to come. I have no doubts that it will happen. In the meantime, all administrations which will assume office will try to deny that such a possibility exists. That is their way of reassuring the public and to sell bonds.

Yet when the present shrinkage of the dollar's value will have run to the ievitable end of its cycle, which will bring about the dreaded "recession" of unpredictable intensity, then the government will act and increase the gold price. Whether it will be by 100% or even more, nobody can tell you today. And only a shrewd crystal ball reader could predict the eventual date of such a decision.

To my mind, it is unavoidable. As we will have to wait before the gold price will be increased, it might be useful for those who mine gold to put their mines into some sort of dormant position. Whether it will be three years or five or six, before it happens, the waiting period, even in paper dollars, will be costly.

Those who can "sit it out" will make profits when they start to produce again after the gold price increase. Those who cannot, will do well to diversify, in order to survive the waiting period. Finally, those who buy claims on rich subsoil should be sure to be able to reap their profits, only at a future date.

Gambling in gold mining has become unattractive, as wages and other expenses have by far eliminated every profit at the real gold price of about $17 per ounce in 1939 dollars.

There are no other conclusions to the problem.

The U. S. monetary policy has done a perfect job of debasement of the yellow metal. This process, communicated to all other monetary administrations of the world, including the Soviet Orbit, has pushed the gold price—in 1939 dollars—to its lowest level in history, here and abroad. By this technique, running away from problems that could not be mastered, the government was able to show a fantastic prosperity, built up only on the loss of purchasing power of the monetary unit.

Small minded Napoleons of paper money strategy always had the answer ready: look what we did without gold. They even bragged about achieving a complete victory over the gold hoarder. This bragging was based on facts. The man who bought the metal in 1940 at, let us suppose, $14,000 for a 400 ounce bar, committed a legally punishable crime. Since then, he received no interest on his investment, which even when calculated at only 3% would have amounted to $7,140 for 17 years. But his gold bar, in 1940 purchasing power is worth only $6,860. The result of such hoarding was simply negative.

But at the same time the anti-gold strategists in Washington did not dare to explain another fact that enabled them to keep gold in "isolation." There the story is less complicated.

We have, in the U. S., just one trillion paper dollars of public and private debts. The amount is growing. Between March 1956 and March 1957 the purchasing power of the present dollar was reduced by 3.7%. If applied to the "trillion" of total debts, an amount of $37 billion has been simply wiped out. This sum, corresponding to more than half of total budget expenditures, created the negative incentive for keeping the present boom going.

Unfortunately, this boom cannot continue eternally and will, one day, collapse.

With this crumbling, a new dollar will be born.

It will be defined in milligrams of fine gold—less than the present number, but how many or how few, I do not know. And I sincerely doubt that we will, even if we increase the gold price by 100% or more, again return to some real gold standard.

Governments do not want to be "policed" by gold covers of their banknotes. They want freedom of paper money practices and cannot accept being ruled by the yellow metal.

For this reason, I am sorry to be unable to give better than the outlined prospects. There will be no chance of seeing U. S. gold coins minted in any of our mints as long as we live. We will only use the yellow metal officially when we are forced to legalize a period of debasement of paper money.

This is bitter medicine for gold miners. But as I cannot change facts, they should accept it. It might be better for them to know where they are standing, instead of hoping for events that most probably will not happen.

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The Interest Rate Outlook and Equity Capital Encouragement

ones, it is as feasible to operate under a partnership as it is to operate in corporate form.

But the tax laws of this country do not recognize this fact or the fact that the ownership of a corporation resides, ultimately, in individuals and that a corporation cannot have a personal identity. Instead, the tax laws imagine that some new personality is created by the formation of a corporation and that this new identity is a party on whom a tax may be properly levied. Obviously, this utterly ignores the facts.

Inequitable Corporate Income Tax

It should not be necessary to illustrate ta fact as simple as this, but I decided I wanted to say it just the same. If 20 individuals were to form one or more partnerships, each partnership to consist of different individuals, and if, in the aggregate, these partnerships showed earnings of $100,000 after expenses—no corporate income tax would be applicable to that $100,000. The profits of the partnerships would be taxed in accordance with the respective capital contributions and/or arrangements among the 20 individuals. However, if these same 20 individuals were to form one or more corporations and if these corporations were to earn, in the aggregate, $100,000 after expenses — a Federal corporate income tax would become applicable which, for our purposes, may be said to amount to $52,000, and the aggregate net earnings after tax of these corporations would be reduced to $48,000.

Such a disparate result is obviously inequitable. It also fails to make sense. But we have another whole series of taxes on personal incomes, we have alternative rates of so-called income taxes on capital gains, we have innumerable exemptions for one group of citizens after another, favors here, discriminations there, and so forth, which frequently make a corporate form more advantageous than a partnership to many people, despite the existence of the corporate income tax.

One net result, however, is to leave investment in the equity of a business corporation either twice as expensive or able to return only half as much (before individual income taxes) as an investment in the same business undertaken in the form of a partnership — if that happens to be a practical vehicle.

On the other hand, the return required on borrowed capital is treated the same, that is, whether it forms a part of the capital of a partnership or of a corporation. The consequences are that business corporations have found borrowed capital to be so attractive, relatively, that the demand has been compounded — rather than simply enlarged.

Two Strikes

Thus, if savings are invested in the equities of a business corporation, two strikes are called on the investor right off the bat. If the corporation earns $1, the Treasury takes 52 cents: 48 cents is left for the investor. If, however, the corporation feasibly could shift into a partnership, the same individual would be rewarded by a full $1 return. Well, I'm not going to try to unravel the picture from there on; my purpose in going this far is simply to provide a background against which I may outline a somewhat different approach to the taxation of corporations, which, I think would make more economic sense, be more equitable, and would reduce the magnitude of a number of our really big problems (including those of the monetary and credit authorities), even though, in the process, it would create some other, new and less formidable ones.

Back in the 1930's it was popular to claim that the depression had been caused and prolonged (in part) by oversavings on the part of corporations. This was to claim that corporations had been retaining too large a proportion of their profits; they were not turning these back into the business stream either via their business operations or in the form of dividends; hence, it was claimed, these corporations were decreasing the amount of money that could be or was being spent on goods and services, which, in turn, either was creating a recessionary business trend or was preventing an upturn in over-all business activity. Therefore, it was proposed that, where corporations failed to disburse 70% of their net profits after taxes, a further tax should be imposed as a penalty.

I don't know whether the rest of the story is correct or not, but I once was told that the way this law come out of Congress had consequences quite different from those that had been intended. The original purpose, ostensibly, was to provide that if a corporation disbursed 70% of its profits in dividends, it would be rewarded (?) in that such a portion of its profits would not be subjected to the Federal corporate income tax.

Proposes Tax Revision

The thought I now wish to outline is that to the extent a corporation pays out a return on its capital, either in the form of interest or of dividends up to 70% of its pretax profits, its taxable income would be commensurately reduced.

Let's take American Tel. & Tel. as an example of what might follow. In 1956, the Telephone Company showed earnings after taxes of $13 plus per share. The dividend rate is $9. However, under the formula I have mentioned, and without one penny of change in the earnings or other expenses of this company, it might show earnings of around $25 per share and would pay a dividend of perhaps $18.

What would happen to the market value of A. T. & T. common? It undoubtedly would rise in price. I doubt that the price rise would be as much, proportionately, as the increase in the dividend. The yield offered at the higher market price probably would be, therefore, somewhat larger than it is today. And, if that were true, I would expect this stock to offer an increased incentive to people to save and to invest in it.

Obviously, the yields of all other stocks would increase too. And the high-grade so-called growth stocks, that because they offer yields of only 2.50% to 3.00% are called "the rich man's babies," might find it desirable to revamp their dividend policies, drastically. Under the formula they might, while selling at much higher prices, offer yields of from 4% to 4½% or more. Such a revamping of the rates of return available to the rank and file should provide a real stimulus to saving.

Stimulate Equity Capital

Bankers and businessmen, I am sure, will be able to envision many flaws and complications in this idea. First of all, any such change would have to take place by steps; you wouldn't make it in

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The Interest Rate Outlook and Equity Capital Encouragement

one fell swoop. But, I thing it would grossly reduce the attractiveness of borrowed capital to American business, and reduce the demand for such money, while it likewise would make it cheaper and more feasible to seek equity money. If increased rates of return are to effectively stimuate savings among the people, the area in which there is real room to do it and to simultaneously "share the wealth," if you will, lies, I believe, in the direction I have outlined. And I think that the problems of the monetary and credit authorities would be vastly reduced as well as changed. Interest rates, in my judgment, would decrease automatically.

What would it cost the Treasury? I can't give a precise idea. I'll hazard the studied guess that *the net cost (in tax receipts)* would run between $2 billion and $4 billion at present levels of corporate and personal incomes. But some savings also would come into the picture. Deductions on account of interest paid would be smaller. The decrease in the demands for borrowed funds should tend to reduce the costs of borrowed money of all types, including the costs of borrowing by the Treasury and by State and municipal governments. So the actual cost would be much less. The move would not be expensive to the Treasury.

Interest Rate Outlook in 1955

Now, we'll move more directly to consider the outlook for interest rates. It might be well to review, first, the situation two years ago, in July-August of 1955. In that period, the Treasury borrowed money for one year at a cost of 2%. At the same time, it was able to sell an additional block of the 3s of 1955 at 100, successfully. The discount rate at the time was 1¾%. It was lifted, in August, to 2%.

The business background of the time was this. Practically every phase of the economy was going full tilt. Business expenditures for new plant and equipment were soaring. The rate at which residential mortgages were being created was tremendous, after having just about broken all records the year before. Consumers were buying their heads off, and consumer instalment credit was zooming at a rate that caused some to become alarmed. Unemployment had dropped. Employment was at a new high. The number of weekly hours worked by production workers in manufacturing was steadily climbing. Weekly earnings were soaring. Industrial production (as measured by the Federal Reserve Board) had jumped more or less precipitously during the previous year and was steadily moving into new high ground. Inventories were climbing, as were manufacturers' new orders. Corporate profits before and after taxes were soaring. Stock prices were doing the same, and it looked as though this would continue. Savings bonds were pretty much holding their own. State and local governments were financing in large volume although at a somewhat lesser pace than the year before. New issues of corporate securities were coming to market in fairly large volume. The loans of the banking system had been climbing for some time and still were. The prospective demand for bank credit was large. Bank holdings of government securities were declining and had declined in amount not far from that by which other bank credit had increased. The prospective demand for short-term Treasury securities by corporations and other non-institutional buyers looked as though it might continue strong. The interesting point, I believe is that although the national economy was going ahead at full steam on nearly all fronts the Treasury nonetheless had been able to finance at a 2% cost for one year and to sell 3s of 1995 at 100 successfully.

The answer to this seeming anomaly has been supplied, in part, by leading Reserve officials. With admirable frankness they have said they now believe they moved too little and too late in the early stages of the boom. But the fact is, just the same, that in a dynamic phase of the boom the Treasury borrowed for one year at one-half the cost of its recent financing and there was a good demand for 3s at 100.

The Picture in 1956

Now, let's move along and see what the picture was a year ago, in July-August, 1956. The business picture had undergone some change, but the economy was still going ahead at pretty much full steam. The stock market was not quite so buoyant. The demands on the capital market were enlarging. The rate of creation of residential mortgages was somewhat lower. Consumer instalment credit extensions were at a slower pace and repayments were larger. It was popularly said in view of the shortages that existed hither and yon it was a good thing that residential housing activity had tapered off and the sales of new cars also. Lendable funds and skilled labor were among the shortages. Yet, the Treasury paid only 2¾% for one-year money. The 3s of 1995 were selling around 97 at the end of July and around 95 at the end of August. The discount rate was advanced to 3% in August.

But, even though the economy was pushing harder against the ceiling than is true today, the Treasury had not had to pay anywhere near 4% for short-term money, and the 3s of 1995 were selling almost 7 points higher than they are at this writing.

Current Interest Rate Picture

Now let's look at the current picture. The point of greatest concern is the rise in living costs, which began in the spring of 1956 and has continued almost without interruption. We have no shortages of materials or basic commodities. We have either surpluses of capacity or of the materials themselves. Industrial production, as measured by the Federal Reserve Board index, is off from the peak reached last December. It is no higher than it was in December a year ago. Housing starts are down. Automobile sales are at about approximately the same level as a year ago. The prospects for the 1958 model year are unclear. Of course, most people expect sales to hold around the 1957 model level. The per annum rate of increase in consumer instalment credit is either fair or not too worrisome, however you choose to characterize it.

Altogether, it is fair so say that for the moment the boom lacks its old zing. It feels mature, or tired. More uncertainties seem to loom in the future than had been true of the earlier years. The favorable price action of the new Treasury issues offered last July, two of which carried 4% coupons, helped to improve the sentiment in the Treasury security market. The advance in the discount rates to 3½% proved to be anti-climactic. New capital market issues have fared well. All told, people feel better about the outlook for bonds — the question is whether this will last.

Let's review for a moment. During the past two years business has been going strong, but during the past eight months or so the boom seems to have lost a good bit of its steam. And, while this has been going on, the costs of borrowing have steadily advanced. Looking only at the business picture, one would expect, or so it seems to me, to find that the high yields on bonds might have been reached a year ago, or last fall, rather than during the past summer.

Federal Reserve Position

So, let's look at the attitudes of the Federal Reserve people and at the condition of the Treasury.

The Federal Reserve authorities recently have made clear their conviction that they feel a primary responsibility to do whatever they can to oppose the increases that have been going on in living costs and to bring about some reversal in the long string of such increases. They call our attention to the great increase in the rate at which money has been turning over. They stress the importance of velocity and the necessity to avoid so-called normal increases in the money supply while money velocity remains so high. The Reserve's policy works to such an end. One of the results is that the demands for borrowed money serve to increase the cost, and as the market values of outstanding fixed-income securities decrease, particularly Treasury securities, the availability of credit undergoes additional increments of decrease, too.

It is in such an environment that a comfortably large Treasury cash surplus is needed. As the surplus is used to redeem publicly-held Treasury debt, it acts as a kind of forced savings program. To the extent these redemptions are made from the Treasury security holdings of the commercial banks, the banks become either (1) potential buyers of other outstanding short-term Treasury securities, the purchase of which would release the proceeds for other purposes, including the purchase of capital market issues, or (2) the banks themselves are put into funds with which they may extend additional credit to private borrowers, without additions to the money supply in either case.

Treasury and the Budget

Unfortunately, the condition of the Federal budget began to deteriorate around the beginning of this year. Concern over the budget was first aroused by the Budget Message submitted to Congress by the President last January. The idea that this country would be spending roughly $72 billion for the fiscal year ending June, 1958 was, of itself, a shock. In addition, is was clear from the budget details that many of the programs called for even larger spending in future years. Generally, people became increasingly concerned, and, as discussion widened, a great deal of publicity was given to "the inflation threat." It became apparent that the successful capital market flotations of January and early February had been brought about, in part, by large cash-ins of savings bonds. This meant another drain on the Treasury's cash position — a non-budget source of drain. Coincidentally, Federal spending began to climb above the pattern of the budget for the fiscal year just ended (June 30, 1957).

Borrowers and investors became jittery. People rushed to borrow. Investors would step in, absorb capital market securities, and withdraw to await higher rates of return. The Treasury security market was under pressure from the capital markets, from the necessity of the Treasury to engage in more than the usual number of refunding operations, and from the prospects of mounting Treasury cash needs.

This impairment in the position of the Treasury was and still is important. The Treasury had been expected to be able to retire during the first half of 1957 the temporary debt issued during the last half of 1956 plus some additional amount of "permanent" debt as well. Actually, the cash surplus fell short of expectations by a billion or so. This was bad enough but, in addition, the Treasury had to find $2 billion of additional cash to take care of maturities and cash-ins of savings bonds and another $2 billion more that it was obliged to pay out on account of attrition from its refunding operations. Moreover, it was desirable to attempt to lodge this cash-replacement financing with other than the commercial banks if it could. The problem was blown up by the fact that the commercial banks appeared to be about the only source of money available to the Treasury on a net basis.

Reserve officials seemed to be concerned over the inability of the Treasury to bring about a larger net contraction in bank holdings of Treasury securities. The expansion in the private loans and investments of the banks ran along, for the most part, at a reduced rate compared with 1956 or 1955, but due to the pressure on the Treasury's cash position the *total* loans and investments of the banks showed, and continue to show very little change.

Now, we come back to the Reserve. As I have indicated before, the primary concern of most, but not all, Reserve people has been with the persistence of the rise in living costs during the past year or so, that is, with the accompanying steady deterioration in the purchasing power of the dollar.

Hence, the Reserve has taken the stand, at least I think it is fair to say this, that it would show no favors to any source of credit demand, that it could not do so. It acknowledges a responsibility to see that the Treasury is able to meet its financing requirements but only at a price, the price to be determined by the forces in the market place. This, obviously, has meant "at a price" set by such market forces after these have been influenced by the needs of the Treasury and by a credit policy that has sought and still seeks to oppose further increases in living costs.

Saucering-Out Bond Prices

This brings us up to date, and I think the picture is about as follows: A much better sentiment exists in bond market circles than has been in evidence for quite a while. It arises, I believe, from a kind of saucering-out that has developed in bond prices, despite a fairly large flow of new security offerings. It stems, too, from the increasing signs of stress and strain that have shown up here and there, a condition that is not confined to the United States.

Yet, I feel the need for a bit of caution. I don't like the feeling, because I think I should feel differently. I would like to be getting bullish on bonds. I can't—quite—for these reasons:

Still Bullish on Bonds

One, we have taken no real steps to bring government spending under control. The cuts that Congress made were unimpressive. The "hold-the-line" effort on spending for fiscal 1958 that the Administration is making is comforting, but it's far from enough to generate confidence that if business remains good we'll have the kind of Federal budget surplus we'll need to keep living (and perhaps other) costs in hand.

Two, maybe I have become convinced at the wrong time, but it seems to me it would be prudent to go on the basis that the Reserve may be unlikely to relax its present policy of credit restraint to any significant extent until—

(1) It is quite clear that the business trend has turned downward, or

(2) Has turned downward to a degree that a reversal in the trend of living costs is assured, or

(3) Some decrease in living costs actually occurs without renewed signs of boom or boom expectancies, or

(4) Vastly improved prospects for a much larger budget (and cash) surplus are evident.

In closing, let me say that I would feel badly if the sense of caution I have expressed were to deter you from carrying out any bond purchase programs you may have in mind or from considering any shift in your security portfolios that might lengthen your maturities a bit. This business picture could resolve itself in a way that would be quite favorable to higher bond prices within a matter of weeks. Naturally, I don't know whether it will do so or not. And, in a very few days the Treasury is expected to announce the terms on which it may raise about $3.0 billion cash. This will bring the debt quite close to the legal limit. Of course, I don't know what the Treasury will decide. The talk, as is customary, covers just about everything. But the Treasury's offer could generate a favorable buying opportunity.†

We can learn a lot by comparing contemporary capital and credit conditions in this country with contemporary conditions elsewhere and with the way such things have worked out in the past. But, oversimplified comparisons of trite generalities rarely provide a sound premise for good guesses as to what the future will hold.

Summary

The rise in interest rates that may or may not have reached a crest during the past summer reflects an excessive demand for capital and credit rather than simply a too small accumulation of savings. This excessive demand appears to have been compounded, instead of enlarged, by an inequitable and irrational form of taxation on American business operated as a corporation. If we were to approach the taxation of this large sector of American business in a more reasonable manner, in a manner more consistent with our institutions and heritage we would provide that payments made from corporate profits as a return on capital would not be subject to Federal corporate income taxes regardless of whether these payments were made in the form of dividends or interest. If we were to undertake a major change along such a direction we could be certain that the inducements now offered business corporations to borrow for capital purposes would be decreased. At the same time, the incentives to raise capital by increasing equity capital would be increased. So, the attractiveness of sharing in the profits of American business and the incentives for people to save for this purpose would be measurably enhanced. Overall, the problems of the monetary and credit authorities would be vastly reduced, and the chances of our maintaining a more stable purchasing power for the dollar in the future would enlarge.

We have been through a rather extensive boom in business activity. It looks as though the boom is getting tired. Interest rates hit their peak for the boom period only recently. Interest rates would not have gone so high as they did if the Federal budget surpluses has been larger instead of being so close to the token variety in size.

The impairment in the cash position of the Treasury that began

†The Treasury offering, announced several days after Mr. Lanston's talk, comprised a 4% 12-year bond; 4% five-year note (callable at holder's option after 2½ years; and a 4% ten-month certificate—*Editor.*

to develop shortly after the turn of the year has not yet been repaired. This perhaps is the most discouraging part of the outlook for interest rates.

The Reserve authorities have been and remain concerned about the persistent rise in living costs. Therefore, until some reversal in the trend of living costs appears—regardless of origin—and until the prospects for an improvement in the Federal budget increase materially or until business activity clearly has turned downward, prudence requires that we not count upon any substantial degree of relaxation in Federal Reserve credit policy when we endeavor to guess the near-term trend of interest rates.

It should be recognized, however, that many people have become more inclined to be bullish on bonds than has been true for quite a while. I would like to feel that way about it, too. At the moment, however, the Treasury's budgetary and cash position worries me a bit; it induces in me a sense of caution I'd like not to have.

But over the next few days the Treasury will raise some $3 billion of cash. This could create a buying opportunity that would be too good to turn down, particularly since during the next few weeks business developments could arrange themselves in such a way as to lead to some measurable lowering of interest rates.

FIC Banks Place Debs.

The Federal Intermediate Credit Banks offered on Sept. 20 a new issue of approximately $106,000,000 of 4.625% nine-month debentures, dated Oct. 1, 1957 and maturing July 1, 1958. The debentures are priced at par and are being offered through John T. Knox, fiscal agent, and a nationwide selling group of securities dealers.

It was also announced that of outstanding maturities, $8,000,000 of 3.80% debentures maturing Jan. 2, 1958 and $7,000,000 of 3.90% debentures maturing Feb. 3, 1958, were sold and privately placed.

Proceeds from the financing will be used to refund $148,350,000 of 3⅞% debentures maturing Oct. 1, 1957.

With Suburban Secs.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Anthony J. Lombardo is now connected with Suburban Securities Co., 732 East 200th Street. He was formerly with Goodbody & Co.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Joseph E. Browne is now with Merrill Lynch, Pierce, Fenner & Beane, 48 East Gay Street.

With Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Robert D. Skoch is now with Dean Witter & Co., Equitable Building.

With Alm, Kane

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.— Paul G. Sears is now with Alm, Kane, Rogers & Co., 39 South La Salle Street.

H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Clifford L. Roberts is now with H. L. Jamieson Co., Inc., Russ Building.

Joins Irving Lundborg

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — David R. Baty has been added to the staff of Irving Lundborg & Co., 310 Sansome Street, members of the New York and Pacific Coast Stock Exchanges.

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payments, the report declared. Most of the rest was in proprietors' income, it added, with little change in returns from partnerships, dividends, interest, rents and other types of personal income.

In the steel industry this week a survey of metalworking purchasing agents indicates that steel inventory cutbacks are continuing, but buyers admit they may be skating on thin ice from an inventory standpoint. Reserves of steel in users' hands are low, "The Iron Age," national metalworking weekly currently reports.

A major appliance maker observes that "we are living dangerously. We are on our way to a five-year inventory low. We have halved our inventory and we will drop another 2,000 tons in the next two months. We are manufacturing one line at about half the rate our consumers are buying. Funny thing is, our sales are picking up."

The metalworking weekly says that many steel users are depending on quick delivery from the mills to keep their stocks in balance. "A stretchout in mill deliveries or a sharp upturn in general business levels will be reflected quickly in sharp advances in customer buying rates."

Meanwhile, "The Iron Age" says, the steel market outlook is good or disappointing, depending on how you look at it. Some of the pessimism in steel is based largely on the short-term outlook. Automotive demand has not come up to expectations. Other steel users are playing their inventories close to the vest. The mills had hoped for a stronger pick-up in September. Now they are banking on October and November.

But "The Iron Age" adds that everyone admits the market has improved over the summer low point. The steel operating rate is on the rise and there are factors in the market that add up to continuing good business over the long haul.

Some of them are the late introduction of new car models which guarantees a strong sheet, strip and bar market in the last two months of this year and in the first quarter next year. The possibility of a strike in the automotive industry next summer. The auto makers have indicated a stiffening in their attitude toward labor demands and as a result they are likely to maintain a fast production pace at least through the first quarter of 1958 as a hedge against possible labor trouble.

Housing starts are pointing upward, even though the rate of increase is moderate. Major industries such as construction, chemicals and machine tools are looking for a slightly better volume of physical production next year and each of these represents sizable tonnages for steel.

"The Iron Age" says that government stockpiling of strategic materials has just about run its course. Top mobilization officials are not ready to pronounce stockpiling dead yet, but there are signs it will shrink rapidly until procurement is limited to one or two extremely scarce materials.

Crude oil inventories were estimated by the Independent Petroleum Association of America, at 286,000,000 barrels on Aug. 31, compared with 282,000,000 barrels as of the same date a year ago. Total inventories of crude oil and refined products at the end of August were placed at 833,000,000 barrels up 43,000,000 barrels from the same date last year.

"Despite seasonal decline expected during the last quarter, total petroleum inventories on Dec. 31, of this year may exceed the April IPAA forecast level by about 25,000,000 barrels," the association stated.

In the automotive industry last week Chrysler Corporation entered the ranks of 1958 model automobile producers, signalling the start of a return to work for thousands of Detroit assembly workers who have been idle since late August and early September.

"Ward's Automotive Reports" added that despite Chrysler's resumption, United States vehicle output will fall to 65,195 units for the past week, including 52,141 cars and 13,054 trucks, the smallest total since the period Sept. 24-29, 1956.

Last week's count of 102,593 units comprised 85,816 cars and 16,777 trucks.

The statistical publication noted that despite waning production, the number of new cars in dealer showrooms across the nation stood at a 44.5-day supply on Sept. 10. This means it would take 44.5 days to exhaust the supply of new cars in dealer hands at the prevailing rate of sales. Practically the entire lot is 1957 models. Translated into volume, it signifies that 840,000 unsold automobiles were in showrooms on Sept. 10, up slightly from the 830,000 total of Sept. 1.

This 840,000-unit figure is a breakdown of company-by-company inventories, and contradicts widely-published reports earlier last week that the stockpile of cars numbered 728,500.

"Ward's" attributed the past week's swift production decline to a halt by all General Motors plants except Chevrolet's Los Angeles site, which worked Monday and Tuesday and Cadillac in Detroit, which concluded 1957 model production on Friday last.

This leaves Ford and Mercury divisions the only manufacturers still involved in 1957 model operations. Ford will terminate output this week at all plants. Mercury's St. Louis, Mo., and Wayne, Mich., factories ended production last week, with Metuchen, N. J., scheduled to stop this week.

American Motors is currently in its fifth week of 1958 model programming, Studebaker in its fourth and Packard gets underway this week.

The number of new businesses chartered during August continued at a slightly higher level than a year ago, Dun & Bradstreet, Inc. states. The total for last month at 11,361 compared with 11,339 last year, or an increase of 0.2%. It was down 2.8% from the July count of 11,686.

The number of new concerns listed for the cumulative period January through August was 95,075. This represented a decline of 4.1% from the record high for the period of 99,109 last year and was 1.2% less than the 96,233 recorded in the comparable 1955 period.

Business failures during August rose to the highest level in three months at 1,145. They were 4% above the like month of 1956 and slightly exceeded the prewar totals for August in 1939 and 1940. While the failure rate was more severe than in any month this year except March, it continued considerably below that in 1940, Dun & Bradstreet, Inc. reports.

Manufacturing failures rose noticeably in the machinery and transportation equipment industries where almost twice as many concerns succumbed as in July. Casualties in wholesaling surged up 31% with most of the rise concentrated in building materials and general merchandise trades. Among retailers, mixed trends prevailed between July and August. While fewer food and apparel stores and restaurants failed, tolls climbed in appliance and automotive lines. All of construction's upturn from the previous month occurred among general builders. Transportation accounted principally for the August increase in commercial service. Neither wholesaling or service had as many failures as a year ago, but tolls in other groups rose above 1956.

There was a month-to-month rise in all regions save the Mountain States. Casualties in the East South Central and Pacific States rose considerably with Tennessee and Oregon largely responsible for these advances. The Pacific toll reached a record high.

Contrary to trend in number of failures, their dollar liabilities continued downward for the fourth consecutive month, dipping to $43,500,000 in August. Most of the decline centered in size groups where loses exceeded $100,000 per casualty.

August building permit values continued to show a slight month-to-month gain, but for the sixth time so far this year fell below the level of the comparable month a year ago, according to Dun & Bradstreet, Inc. The August total for 217 cities including New York amounted to $563,014,478, a drop of 8.5% from $615,258,760 last year, but an increase of 1.4% above the July volume of $555,415,809.

New York City building permits alone in August dropped 37.1% to $72,289,031, from $114,957,757 a year ago, but showed an increase of 116.7% above the July figure of $33,359,346.

Steel Production This Week Scheduled to Yield 82.5% Of Ingot Capacity

This year will go into the record books as the best in our history for many segments of the economy, "Steel" magazine declared on Monday of the current week.

The gross national product will be between $434,000,000,000 and $435,000,000,000, a 4.3% increase over the $414,700,000,000 of 1956. The first half hit $432,000,000,000 at an annual rate and a $435,000,000,000 annual rate third quarter and a $437,000,000,000 annual rate fourth quarter are expected. Metalworking sales, it notes, will hit $138,000,000,000, up $2,000,000,000 from last year's

Other forecasts by the metalworking weekly include durable goods which will wind up this year better than they did last year: Capital outlays for plant and equipment, slightly above $37,000,000,000 ($35,080,000,000 in 1956); machine tool shipments, $900,000,000 ($886,000,000 in 1956); railroad freight car shipments, 99,000 plus (67,080 in 1956); agricultural machinery sales, 10% to 15% over 1956's volume and appliance production, 10% to 15% under 1956's total.

Construction, it adds, will total $46,800,000,000 compared with last year's $46,100,000,000 and dollar volume will be up, while physical volume will be down. Automobile production will be close to 6,200,000 for the third best year in history. In 1956 it was 5,800,000.

Steel orders for delivery in the fourth quarter may help the industry to topple the 1955 record of 117,000,000 ingot tons. It may be some time before the industry has to operate at the unusually high rates of the last couple of years because capacity is high enough to meet almost any exigency, continues this trade weekly.

Currently, automotive tonnage is swelling sheet order backlogs, with a few auto orders for November shipment being received. Some producers of cold-rolled sheets are sold out for October. Mill sales managers think they will have to push customers hard to get in heavy forward tonnage.

Steelmakers also note a bit of an upturn in demands from the farm implement industry. Purchases by appliance makers also are higher, though far from boom levels.

Except for heavy plates and wide flange structurals, supply shortages have about disappeared. Standard shapes are in easier supply and light plates are readily available.

Steelmaking operations declined for the second straight week, easing a half point to 81% of capacity, equivalent to about 2,073,000 net tons of ingots and steel for castings, or about the same tonnage produced weekly from mid-July to mid-August.

The post-Labor Day showing in steel production is disappointing, but it is explained in part by labor trouble at several plants.

Failure of the steel rate to rise sharply is responsible for the continued slump in scrap prices. "Steel's" composite No. 1 heavy melting dropped for the fifth consecutive week. At $48.17 a gross ton, down $2 from the previous week, it is at the lowest level since the end of May.

In the nonferrous metals market, copper prices are showing unexpected strength, raising hopes that the primary quotation of 27 cents a pound may not go lower.

The American Iron and Steel Institute announced that the operating rate of steel companies, having 96.1% of the steelmaking capacity for the entire industry, will be an average of 82.5% of capacity for the week beginning Sept. 23, 1957, equivalent to 2,112,000 tons of ingot and steel for castings, as compared with 82.1% of capacity, and 2,101,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1957 is based on annual capacity of 133,495,150 tons as of Jan. 1, 1957.

For the like week a month ago the rate was 82.2% and production 2,103,000 tons. A year ago the actual weekly production was placed at 2,502,000 tons or 101.6%.

The operating rate is not comparable because capacity is higher than capacity in 1956. The percentage figures for 1956 are based on an annual capacity of 128,363,090 tons as of Jan. 1, 1956.

Electric Output Registered Further Modest Gains In Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 21, 1957, was estimated at 11,991,000,000 kwh., according to the Edison

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Electric Institute. Output the past week enjoyed further modest improvement over the preceding week.

The past week's output increased 44,000,000 kwh., above that of the previous week and rose 509,000,000 kwh., or 4.4% above that comparable 1956 week and 1,235,000,000 kwh. over the week ended Sept. 24, 1955.

Car Loadings Gain Ground in Post Holiday Week Rising by 14.7%

Loadings of revenue freight for the week ended Sept. 14, 1957, rose by 95,029 cars, or 14.7% above the preceding holiday week, the Association of American Railroads reports.

Loadings for the week ended Sept. 14, 1957, totaled 741,147 cars, a decrease of 79,702 cars, or 9.7% below the corresponding 1956 week and a decrease of 76,087 cars, or 9.3% lower than the corresponding week in 1955.

U. S. Automotive Output Last Week Dropped to Smallest Volume Since Sept. 24-29, 1956 Week, Due to 1958 Model Changeovers

Automotive output for the latest week ended Sept. 20, 1957, according to "Ward's Automotive Reports," declined to the smallest volume since the Sept. 24-29, 1956 period as the result of factory shutdowns for 1958 model changeovers.

Last week's car output totaled 52,141 units and compared with 85,816 (revised) in the previous week. The past week's production total of cars and trucks amounted to 65,195 units, or a decline of 37,398 units below that of the preceding week's output, states "Ward's."

Last week the agency reported there were 13,054 trucks made in the United States. This compared with 16,777 in the previous week and 14,170 a year ago.

Last week's car output declined below that of the previous week by 33,675 cars, while truck output decreased by 3,723 vehicles during the week. In the corresponding week last year 35,652 cars and 14,170 trucks were assembled.

In Canada, 2,000 cars and 750 trucks were built last week as compared with 1,698 cars and 1,012 trucks in the preceding week and 1,740 cars and 1,156 trucks in the like period a year ago.

Lumber Shipments 4.0% Below Production in Latest Week

Lumber shipments of 487 reporting mills in the week ended Sept. 14, 1957, were 4.0% below production, according to the National Lumber Trade Barometer. In the same period, new orders were 3.7% below production. Unfilled orders amounted to 29% of stocks. Production was 11.3% below; shipments 0.1% above and new orders were up from the previous week and 4.4% above the like week of 1956.

Business Failures Advanced to Highest Level in 16 Weeks

Commercial and industrial failures climbed to 287 in the week ended Sept. 19 from 237 in the preceding week, according to Dun & Bradstreet, Inc. At the highest level in 16 weeks, the toll was up moderately from 262 last year and exceeded considerably the 171 in 1955. Failures were also 20% more numerous than in the comparable week of prewar 1939 when 239 occurred.

Casualties involving liabilities of $5,000 or more rose to 237 from 208 and were moderately higher than the 228 of this size in the similar week a year ago. The toll among small failures under $5,000, increased to 50 from 29 in the previous week and 34 in 1956. Twenty-one of the failing businesses had liabilities in excess of $100,000 as compared with 17 last week.

Retail trade suffered the largest rise during the week, with 144 as against 107. Tolls were moderately heavier among manufacturers, up to 51 from 45, construction contractors, 45 from 40 and service establishments, rose to 33 from 19. On the other hand, fewer wholesalers failed, 14 compared with 26 a week ago. While manufacturing and retailing casualties increased mildly from last year and commercial service casualties climbed sharply, both wholesaling and construction dipped below their 1956 levels.

The Middle Atlantic States accounted principally for the week's rise; their toll mounted to 102 from 59 in the preceding week. Moderate increases prevailed in four other regions, including the East North Central States where failures turned up to 42 from 34. Contrasting with the upward shifts, the South Atlantic, East South Central, West North Central and Pacific States had lower tolls than last week. Pacific casualties dipped to 67 from 76. Year-to-year trends were mixed, with five regions reporting higher failures than a year ago, one holding even with 1956, and three having slightly lower casualties.

Wholesale Food Price Index Reacts to Sharply Lower Level in Past Week

A general downward movement in many foodstuffs last week resulted in a sharp dip in the Dun & Bradstreet wholesale food price index. The number declined to $5.24 on Sept. 17, after holding at $6.32 during the three preceding weeks. Although the lowest in 11 weeks, the current figure is still 3.0% above the comparable 1956 level of $6.06.

Only flour and cottonseed oil were quoted higher the past week. Lower in wholesale cost were wheat, corn, rye, barley, beef, hams, bellies, lard, butter, sugar, cocoa, eggs, steers and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Registered Noticeable Declines in Latest Week

The daily wholesale commodity price index fell to 288.28 on Sept. 16, with noticeable declines in prices of grains, livestock and steel scrap. The index a week earlier was 290.42 and on the comparable date a year ago it stood at 300.03.

Announcement by the United Kingdom that British millers in the future would trade exclusively with Canada resulted in considerable declines in domestic grain prices. The most noticeable declines occurred in prices of wheat, corn and soybeans. There was a fractional decrease in oats prices. Continued good crop weather somewhat discouraged future buying of wheat, but trading in other grain futures picked up moderately.

The buying of all types of bakery flours was sluggish during the week as most buyers had ample stocks. Flour prices fell slightly below those of the prior week. Flour receipts at New York railroad terminals amounted to 38,878 sacks with 22,878 for export and 16,000 for domestic use.

There was little change in rice prices as trading continued to lag. Good progress was reported in rice harvesting in Louisiana and Texas. A slight decline in sugar futures prices occurred and purchases slackened. Wholesalers reported a rise in coffee futures prices and trading improved substantially.

With supplies among Brazilian exporters limited, cocoa prices climbed somewhat during the week and trading rose appreciably. Warehouse stocks of cocoa in New York fell 3,614 bags to 344,653 bags the week before last. Total United States arrivals so far this year amounted to about 2,545,800 bags, sharply below the 3,170,470 bags of the corresponding 1956 period.

Favorable growing conditions and lagging export trade resulted in a moderate decline in cottonseed oil futures prices. Prices on both cottonseed oil and soybean oil dipped as government soybean and cotton crop estimates were higher than anticipated.

Hog prices the week before last fell to the lowest levels so far this year. This was attributed to an increase in hog receipts and a decline in trade. While hog receipts in Chicago were moderately higher than in the preceding week, they were appreciably below those of a year ago. Saleable supplies of cattle in Chicago were the highest for any week since Mid-May and were close to those of the similar 1956 week. Trading was sluggish and prices fell moderately. Both trading and prices on lambs were sustained at the level of a week earlier. A noticeable decline in lard futures prices on the Chicago Board of Trade occurred.

While cotton prices fell moderately at the beginning of the week, they revived somewhat at the end of the period. Much of the early decline was ascribed to a larger than anticipated crop forecast. Government officials on Sept. 1 expected a crop of about 12,713,000 bales, up 800,000 bales from the Aug. 1 forecast. Reports of less favorable weather in growing regions helped prices climb somewhat at the end of the week. The New York Cotton Exchange estimated the domestic supply of cotton staple for the current season at approximately 23,600,000 bales compared with 27,600,000 last season. Exports of cotton for the week ended on Tuesday of the preceding week were estimated at 71,000 bales as against 40,000 a week earlier and 122,000 in the similar 1956 period, according to the New York Cotton Exchange. Total exports for the season to date totaled about 416,000 bales compared with 573,000 in the corresponding period last year.

Trade Volume in Latest Week Registered a Slight Decline Below 1956 Level

Unseasonably hot and humid weather discouraged consumer interest in Fall apparel last week, and volume dropped moderately below that of a year ago. Sales of furniture rose somewhat, but the buying of major appliances and housewares held close to that of the preceding week. Total retail sales fell moderately below those of a week earlier, and were slightly under the similar 1956 levels when consumer buying was at a high point.

The total dollar volume of retail trade in the period ended on Wednesday of last week was from 3% below to 1% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1956 levels by the following percentages: West North Central, West South Central, Mountain and Pacific Coast 0 to +4; East North Central —1 to +3; South Atlantic —4 to 0; Middle Atlantic and East South Central —5 to —1 and New England States —9 to —5%.

There was an appreciable decline in purchases of women's Fall coats and suits. Volume in dresses and most fashion accessories remained at the level of the prior week. Although the call for men's furnishings and sportswear was sustained at a high point, interest in suits was sluggish. Best-sellers in children's clothing were boys' sports jackets and sweaters and girls' snowsuits.

Furniture stores reported a substantial gain in sales, but interest in linens and draperies advanced fractionally. Volume in floor coverings slackened. Decreases in purchases of refrigerators and automatic laundry equipment held total major appliance volume close to that of both the prior week and a year ago.

Another rise in sales of new passenger cars occurred, boosting purchases so far in September slightly over those of last year. The total unit volume in August was 2% higher than in the similar 1956 month, while dealer inventories on Sept. 1 moderately exceeded those of a year ago.

Food buying was steady during the week. Housewives were primarily interested in frozen foods, dairy products and fresh produce. The call for fresh meat, canned goods and baker goods slipped somewhat.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 14, 1957, showed no change from the like period last year. In the preceding week, Sept. 7, 1957, a gain of 1% was reported. For the four weeks ended Sept. 14, 1957, an increase of 2% was reported. For the period Jan. 1, 1957 to Sept. 14, 1957, an increase of 2% was registered above that of 1956.

Retail trade volume in New York City the past week declined 6% to 8% under the level of the like period a year ago. According to trade observers, unusually hot and rainy weather was responsible for the poor showing at a time when sales are normally at a high level.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Sept. 14, 1957, decreased 4% below that of the like period of last year. In the preceding week, Sept. 7, 1957, a rise of 5% was reported. For the four weeks ending Sept. 14, 1957, an increase of 3% was registered. For the period of Jan. 1, 1957 to Sept. 14, 1957, the index recorded a gain of 4% above that of the corresponding period of 1956.

Continued from page 18

News About Banks & Bankers

Bank of Hutchinson and under the title **"Hutchinson National Bank and Trust Company."** The main office of the consolidated bank will be at the present location of The Hutchinsosn State Bank.

At the effective date of consolidation the consolidated bank will have capital stock of $600,000, divided into 30,000 shares of common stock of the par value of $20 each; surplus of $600,000; and undivided profits of not less than $334,374.

* * *

A merger was approved by the stockholders of the **National Bank of Topeka** and **Central National Bank of Topeka.** The new bank will be known as the **First National Bank of Topeka.** The new bank will have outstanding 250,000 shares of $10 par stock.

* * *

The First National Bank in St. Petersburg, Fla., increased its common capital stock from $1,500,000 to $1,800,000 by the sale of new stock effective Sept. 10. (Number of shares outstanding—360,000 shares, par value $5.)

* * *

F. N. Belgrano, Jr., President and Chairman of Transamerica Corporation, announced on Sept. 16 the completion of a banking merger by the corporation's biggest banking subsidiary in Arizona. He said Transamerica's **First National Bank of Arizona, Phoenix,** had acquired by merger, effective Sept. 16, **The Bank of Arizona, Prescott, Ariz.,** with eight banking offices, all in northern Arizona communities where the First National formerly had no offices. The Bank of Arizona was that state's oldest bank. It was founded in 1877.

Mr. Belgrano said the merged bank has resources of $265,000,000, capital funds in excess of $20,000,000, and has 49 banking offices in 39 Arizona communities. Transamerica's second banking subsidiary in Arizona, the **Southern Arizona Bank and Trust Company, Tucson, Ariz.,** had total resources of $96,000,000 at the end of 1956.

Directors of **The First National Bank of Arizona, Phoenix,** on Sept. 18 named Sherman Hazeltine, President. Formerly he was President of the Bank of Arizona. Mont E. McMillen, formerly President of the First National, was named Chairman of the board and the bank's chief executive officer.

* * *

John V. Haas, formerly Vice-President at **Northern Trust Company, Chicago, Ill.,** has joined the staff of **California Bank, Los Angeles, Calif.,** as a Vice-President in the city division, Frank L. King, President, has announced.

Mr. Haas had been associated with the Northern Trust Company since 1935.

Joins Illinois Mid Cont.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Charles F. Sanborn is now with Illinois Mid Continent Investment Company, 676 St. Clair Street.

Al Rosen Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Paul R. McDonald has become connected with Al Rosen & Co., 62 Boylston Street.

With Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—John W. Otis has joined the staff of Smith, La Hue & Co., Pioneer Building.

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Ready for the Next Step on The Farm Policy Debate

of the private economy — not through regimentation and control of farm families by the government.

Within the framework of these objectives there are great opportunities for government to extend assistance to farmers, to contribute to price stability, to aid in the expansion of markets, to carry forward research on farm problems—in short, to work with farm families as their effective partner. That is the program to which your Department of Agriculture is dedicated.

My every personal effort is directed toward making further improvements in the agricultural situation, both for the present and the future.

The prospects are encouraging, for reasons which I would like to review.

Encouraging Prospects

(1) Farm income is increasing for the second consecutive peacetime year—the only such increases since 1947. Figured on a per farm basis, the increase from 1955 to 1956 was 7%.

(2) The index of farm prices has risen three points during July and one point during the past month. The parity ratio index rose two points during this period and stands at 84.

(3) Prices farmers receive have increased each month since February. The index of prices received by farmers is at the highest level since August, 1954.

(4) Farm assets are at an all-time high and farms have only $12 in debts for each $100 of assets. Farm ownership is at a record high and only one out of three farms has a mortgage.

(5) Exports of farm commodities totaled $4.7 billion in fiscal 1957 and are at an all-time high in both quantity and value, which establishes foreign markets of great benefit to American farmers for many years to come. This was 16% above 1952, which was our previous high and which came during the Korean conflict.

Wheat exports during 1956-57 marketing year climbed to an all-time peak of 547 million bushels.

(6) Surplus holdings of Commodity Credit Corporation have been reduced by approximately one-sixth during the last 16 months.

(7) Family farms continue to dominate the agricultural scene as largescale farms are about 4% of all commercial farms, about the same as 30 years ago.

(8) Participation by farmers in programs of the Soil Conservation Service has increased 37% under this Administration and there has been a similar increase in practices undertaken through the Agricultural Conservation Program.

(9) The Rural Development Program is underway in 24 states and is being expanded.

(10) The Soil Bank has done an effective job of reducing surpluses and supplementing farm income, in addition to conserving soil and water resources for future needs.

(11) Farmers' net equities of $157.3 billion on Jan. 1 this year were at an all-time high—up $8 billion from a year earlier, and up $6.6 billion from the previous high on Jan. 1, 1952.

I do not minimize the difficulties which farmers face. But these are strong points in the farm picture—points often overlooked—points in which farmers and this Administration can take a good measure of pride and assurance.

On a national basis, the weather man has dealt more kindly with us than in other recent years. To be sure, some areas still have inadequate moisture—others have been flooded. Some families have experienced hail, or other natural disaster. But crop yields on the whole promise to be excellent.

I doubt that anyone should take credit for this improvement unless he can claim special influence with the weather man.

Livestock Improvement

Another reason for improvement is mainly a credit to farmers themselves. It is that the livestock situation is much more favorable. Cattle prospects are encouraging, and the hog outlook for the months ahead is bright. This is especially important in South Dakota where 63% of the agricultural income is derived from livestock. With both cattle and hogs the improvement has followed from adjustments made primarily by farmers themselves.

Unrealistic slaughtering quotas during the war laid the foundation for more cattle at a later date. In 1953 and again in 1956 cattle prices declined under a heavy volume of marketings. In each case pressure developed for price supports on live cattle.

In the Department of Agriculture we took the position that such supports would have led to controls over cattle producers—would have disrupted the market for beef — and would have lost customers.

Instead of bowing to the pressure for price supports, we cooperated with cattlemen in intensive sales promotion—we launched a program of beef purchases and diversion, of emergency credit, and of drought relief.

Cattlemen kept their freedom. Markets expanded. Prices recovered.

Now we are in a cyclical decrease in cattle numbers. The calf crop this year is down 2% from last year. Barring renewed drought, beef supplies per capita for several years are likely to hold below the peak of 1956, and the economic position of cattlemen should improve further.

On a shorter time basis the hog picture is even brighter. Whether this continues to be true is primarily up to hog producers.

Certainly farmers remember the peak of hog numbers in the winter of 1955-1956 that brought a disastrous decline in prices. Many producers no more than got back their feed costs.

Proud of Outcome

In those difficult months intense pressure was developed to put support prices on live hogs and get government to control production.

There were some who maintained that farmers could not adjust hog numbers without government regulation — and some who said that farmers would produce even larger numbers of hogs in a desperate effort to survive.

We do not accept this view. I opposed direct price supports for hogs, just as I have for cattle—and for the same reasons. The outcome proves we were right.

The reason is I will not do things in the name of helping farmers that actually would work to their disadvantage, and be a disservice to them.

Instead of bowing to the pressure for price supports on hogs, we again worked with producers in an intensive campaign of pork promotion, and a temporary purchase and diversion program. Consumers ate more pork. Farmers cut production voluntarily—and the price of hogs sharply improved.

Government stepped in and helped a bad situation—but I am proud of the fact that we avoided bringing producers under controls that could have had only disastrous results.

The government aid that was provided was discretionary, temporary, flexible—and successful. It was a sharp contrast with other support programs that have been mandatory and rigid—and have left problems unsolved.

The spring pig crop this year was unchanged from a year ago, and indications are for a fall crop up only 2%. A determined effort by producers is indicated to level out production—in sharp contrast with large cyclical ups and downs in the past. Current steadiness in production is the reason that fairly favorable hog prices can be expected for the next 10 to 12 months.

Future Hog Prices

Seasonal fluctuations can be expected, of course — but hog prices now seem likely to remain above the corresponding seasons of a year ago, at least through the first half of 1958.

What happens then is up to producers. The hog-corn ratio has been above 13 since last December, and in July reached 15.7. A ratio this high has usually been followed by a rapid increase in production.

Thus the normal response would be more pigs next spring.

If the expansion is moderate, the additional hogs still could bring a profitable price.

On the other hand, a large increase in farrowings next spring could result in a disastrous drop in prices a year from this fall.

This risk and danger can not be emphasized too strongly. What will happen is up to producers to decide.

I want to take a few moments at this point to stress that the Soil Bank deserves considerable credit for the progress we are making.

Twelve and three-quarter million wheat-allotment acres were put in the Acreage Reserve this year. Those acres, at the average yield this year in the states where they are located, would have produced another 230 million bushels of wheat had they not gone in the Acreage Reserve. Or, had they not been planted to wheat they would have added to the harvest of grain sorghums, barley, or other crops.

Without the Soil Bank we would have had an increase in wheat carryover this year instead of a decrease.

Surpluses Are on the Run

The problem of surpluses—surpluses that have gotten worse and worse for years—is now on the run. That is a bold statement—but amply justified.

The combination of flexible supports, massive disposal efforts and the contributions of the Soil Bank have turned the corner. And the improved outlook has contributed greatly to the better balance of supply and demand—and this in turn to the improvement in prices you are receiving and will receive.

Another chapter in the continuing debate on farm policy now lies ahead of us.

The Agricultural Acts of 1954 and 1956 did much to correct a bad situation. They were essential legislation to bring about a first step along the road from a controlled agriculture to a free agriculture.

The Agricultural Act of 1954 reestablished the principle of price flexibility — without which production and consumption never could be brought into balance, or kept in balance. The Agricultural Act of 1956 defended the ground gained in 1954, and in addition, provided necessary tools for dealing with surplus problems.

Now we are ready for a next step.

Wants Formulas Changed

We should move away from mixed formulas in the old law which, as they now stand, require price support levels to be raised as soon as surpluses are moved.

If these formulas are not modified, the stage is set for Surplus Number Two as soon as we dispose of Surplus Number One.

Surely we do not need endlessly to repeat an experiment in which the results always will be the same.

Obviously, in any one year, with the volume of production at any given level, a higher price per bushel and per hundredweight means a bigger farm income. But this does not argue that the way to help farm families is to fix high prices per unit for what they raise. Farming is not just a one-year business.

If over a period of years, an artificially high price causes buyers and consumers, both at home and abroad, to turn to other products or other sources of supply—and thereby drives our products into government bins and warehouses—

and then forces controls on what farmers can raise and sell—

and markets become disrupted and prices become depressed by the build-up of surplus—

then the artificial support price does not mean higher farm income. **It means lower farm income** — and anyone who favors such a scheme may think he is helping farmers. But he isn't.

Presents Facts

The facts of the situation with which we are living are these:

(1) We are in the midst of great scientific and mechanical changes in farming. With these changes in methods, our agriculture can produce in great abundance—and no production controls that are acceptable within the framework of the American political system appear to be capable of turning off this abundant production.

(2) This being the case, it is clearly impossible to price farm products as though they were scarce.

(3) And from this fact it follows that farm policy and programs must recognize the abundance of our output—must provide price supports at levels that do not interfere with farming efficiency—and must, in all possible ways, move to expand the markets available for our products.

I commend this whole matter to our most serious consideration. In a representative government, the ultimate decision as to what our farm programs will be rests in farmers' hands, as farm families.

We can go on to build a still more progressive and dynamic agriculture—expanding, free, and prosperous—for this generation and for the young people who will follow us—an agriculture geared to serving the expanding markets that can open to it, here and abroad—an agriculture characterized by opportunity, rather than one dictated and stifled and regimented by the heavy hand of government.

In this setting government can do much to help, with realistic levels of price supports and other devices which do promote stability without limiting opportunity. Government can function effectively as a partner with farm families—but I am dedicated, as I certainly believe most of us are, to the principle that government must never be our master.

May God grant us the wisdom, faith, and courage to see and be guided by the opportunities that lie beyond and around our problems. And may we, in keeping with the great heritage we have received from the generations before us, willingly accept the responsibilities which are the inescapable part and privilege of being free people.

Utah Power & Light Common Stock Offered

Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane yesterday (Sept. 25) headed a group of underwriters that offered publicly 400,000 shares of Utah Power & Light Co. common stock (par $12.80) at a price of $23 per share. The group was awarded the stock at competitive sale Sept. 24 on a bid of $21.659 per share.

Net proceeds from the sale of the stock and from a concurrent sale of $15,000,000 in first mortgage bonds will initially become part of the company's general funds and as such may be applied to any of its corporate purposes, which include capital expenditures for construction. As presently planned, the construction program of the company and its subsidiary for 1957-59 inclusive will require about $46,000,000.

Utah Power & Light is a public utility operating in southeastern Idaho, northern, central and southeastern Utah and southwestern Wyoming and is also a registered public utility holding company. It provides electric service in its territory and to a limited extent it provides central steam heating service in the commercial district of Salt Lake City. Its operating subsidiary, The Western Colorado Power Company, supplies electric service in the southwestern portion of Colorado.

For the 12 months ended May 31, 1957, operating revenues of the company amounted to $42,101,000 and net income to $7,725,000, equal to $1.74 per share, compared with operating revenues of $41,289,000 and net income of $7,526,000 or $1.70 per share for the calendar year 1956.

A quarterly dividend of 30 cents per share will be paid on Oct. 1 to stockholders of record Sept. 3.

Two With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John Van R. King and John A. Menaglia have become associated with Reynolds & Co., 425 Montgomery Street.

With Sutro & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Stephen A. Netherton has become connected with Sutro & Co., 460 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with Hooker & Fay and Brush, Slocumb & Co.

Copley Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

COLORADA SPRINGS, Colo.—John J. Firlit is now with Copley and Company, Independence Building.

Two With Ladet, Steele

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Charles W. McCune and Martin B. Morfeld are now connected with Ladet, Steele & Mohar, Inc., First National Bank Building.

Joins Dale Hill

(Special to THE FINANCIAL CHRONICLE)

PUEBLO, Colo. — Leo J. McCarty has become affiliated with Dale R. Hill & Company, 114 West Ninth Street. He was previously with Carroll & Co.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Akin Distributors, Inc.
Aug. 2 (letter of notification) 90,000 shares of class A common stock, 90,000 shares of class B common stock and 25,000 shares of preferred stock (all of $1 par value). **Price**—Of class A and class B common, $1.50 per share; and of preferred, $1 per share. **Proceeds**—To retire bank loans and for working capital. **Office**—718 South Boulder, Tulsa, Okla. **Underwriter**—May be Walston & Co., Tulsa, Okla.

★ Allstate Commercial Corp., New York (11/14)
Sept. 16 filed 256,300 shares of class A common stock (par one cent), of which 233,000 shares are to be sold for account of the company and 23,300 shares for the account of Ben Degaetano, President of the underwriter. **Price**—$1.50 per share. **Proceeds**—For working capital to be used in realty financing activities. **Underwriter**—Midland Securities, Inc., New York.

American Income Fund, Inc., New York
May 24 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None. Burton H. Jackson is President. **Investment Adviser** — Securities Cycle Research Corp., New York.

American Provident Investors Corp.
Feb. 15 filed 50,000,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For working capital and general corporate purposes. **Office**—Dallas, Tex. **Underwriter**—Peoples Securities Co., J. D. Grey, of New Orleans, John S. Tanner, of Dallas, and C. L. Edmonds, of Houston, three of the 22 directors, are Chairman, Vice-Chairman and President, respectively.

Apache Oil Corp., Minneapolis, Minn.
July 22 filed 200 participating units in Apache Oil Program 1958. **Price**—$10,000 per unit. **Proceeds**—To acquire, develop and operate oil and gas leaseholds; and for other corporate purposes. Underwriter none; sales to be made through corporation and APA, Inc., its subsidiary.

Assembly Products, Inc., Chesterland, Ohio
Sept. 13 (letter of notification) 30,000 shares of common stock (par $1). **Price** — $10 per share. **Proceeds** — For payment on land contract, additional space, equipment and working capital. **Office**—Wilson Mills Road, Chesterland, Ohio. **Underwriter** — L. B. Schwinn & Co., Cleveland, Ohio.

Atlanta Gas Light Co. (10/15)
Sept. 17 filed $8,000,000 of first mortgage bonds due Oct. 1, 1982. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Shields & Co., Blair & Co. Incorporated. **Bids**—To be received up to 11 a.m. (EDT) on Oct. 15 at 90 Broad St., New York, N. Y.

★ Blacksmith Shop Pastries Inc., Rockport, Mass.
Sept. 17 (letter of notification) $100,000 of 6½% debentures dated Sept. 16, 1957 and due Sept. 15, 1972 and 40,000 shares of capital stock (par $1) to be offered in units of one $50 debenture and 20 shares of capital stock. **Price**—$90 per unit. **Proceeds**—To retire mortgage notes and for working capital. **Underwriter**—Mann & Gould, Salem, Mass.

Bridgeview Towers Associates, Fort Lee, N. J.
July 25 filed $360,000 of participations in partnership interests. **Price**—$10,000 each participation (minimum). **Proceeds**—To buy an apartment building. **Underwriter**—None.

Brockton Edison Co. (10/23)
Sept. 18 filed 30,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and to acquire securities of Montaup Electric Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 23 at 49 Federal St., Boston, Mass.

Brockton Edison Co. (10/30)
Sept. 18 filed $3,000,000 first mortgage and collateral trust bonds due 1987. **Proceeds**—To repay bank loans and to acquire securities of Montaup Electric Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Stone & Webster Securities Corp.; Blair & Co. Incorporated. **Bids**—Expected to be received up to 11 a.m. (EST) on Oct. 30 at 49 Federal St., Boston, Mass.

California Oregon Power Co. (10/8)
Sept. 16 filed 200,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Blyth & Co., Inc. and The First Boston Corp., both of New York.

California Oregon Power Co. (10/14)
Sept. 16 filed $10,000,000 of first mortgage bonds due Oct. 1, 1987. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. **Bids**—Expected to be received on Oct. 14.

Canada Mortgage Bonds, Ltd., Englewood, N. J.
Sept. 3 filed $1,000,000 of 8% mortgage bond trust certificates. **Price** — At par (in units of $250, $500 and $1,000). **Proceeds** — For purchase of mortgage bonds. **Underwriter**—None.

Caramba Mokafe Corp. of America
July 12 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For machinery, equipment, inventory and working capital. **Office**—701 Monroe St., Hoboken, N. J. **Underwriter**—Garden State Securities, Hoboken, N. J.

Central Mortgage & Investment Corp.
Sept. 12 filed $5,000,000 of 20-year mortgage bonds and 500,000 shares of common stock (par five cents) to be offered in units of $100 of bonds and 10 shares of stock. **Price**—$100.50 per unit. **Proceeds**—For purchase of first mortgages or to make first mortgage loans and for construction business. **Office**—Miami Beach, Fla. **Underwriter**—Aetna Securities Corp., New York.

Century Acceptance Corp. (10/9-10)
Sept. 9 filed 100,000 shares of cumulative preferred stock, 70-cent convertible series (par $5). **Price**—$10 per share. **Proceeds**—For working capital. **Office**—Kansas City, Mo. **Underwriters**—Paul C. Kimball & Co., Chicago, Ill.; and McDonald, Evans & Co., Kansas City, Mo.

Chatham Oil Producing Corp.
July 29 (letter of notification) 100,000 shares of 19 cent non-cumulative convertible first preferred stock (par 30 cents). **Price**—$3 per share. **Proceeds**—For oil development operations. **Office**—42 Broadway, New York 4, N. Y. **Underwriter**—G. F. Rothschild & Co., Inc., New York, N. Y.

• Chess Uranium Corp. (9/30)
May 14 (letter of notification) 600,000 shares of common stock (par $1—Canadian). **Price**—50 cents per share. (U. S. funds). **Proceeds**—For exploration costs, etc. **Office**—5616 Park Ave., Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., 160 Broadway, New York.

Cincinnati & Suburban Bell Telephone Co.
Aug. 2 filed 124,991 shares of capital stock being offered for subscription by stockholders of record Aug. 27, 1957 on the basis of one new share for each 10 shares held; rights to expire on Oct. 3, 1957. **Price**—At par ($50 per share.) **Proceeds**—To reduce bank loans. **Underwriter**—None. American Telephone & Telegraph Co. owns approximately 30% of the outstanding capital stock.

• Coastal Ship Corp. (10/15)
Sept. 13 filed $6,000,000 of 6% debentures due Feb. 1, 1968 (with warrants to purchase 80,000 shares of common stock of Coastal, of which 60,000 shares are included in the public offering and exercisable at $1 per share; and 20,000 shares to be privately placed; and warrants to purchase an undetermined number of shares of McLean Industries, Inc., class A common stock at market, the exact number of shares to be established at a later date. **Price**—To be supplied by amendment (expected at 100% for debentures). **Proceeds**—Together with other funds, to purchase five C-2 freighters to be converted into trailerships. **Underwriters**—Eastman Dillon, Union Securities & Co. and White, Weld & Co., both of New York.

Colonial Aircraft Corp., Sanford, Me.
July 5 filed 248,132 shares of common stock (par 10¢). **Price**—At market. **Proceeds**—To selling stockholders. **Underwriter**—Glick & Co., Inc., New York. Statement effective Aug. 10.

Columbia Gas System, Inc. (10/3)
Sept. 6 filed $25,000,000 of debentures series I, due 1982. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 3.

• Columbus & Southern Ohio Electric Co. (10/3)
Sept. 13 filed 80,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriters** — Dillon, Read & Co. Inc., New York; and The Ohio Company, Columbus, Ohio.

★ Commonwealth Edison Co. (10/9)
Sept. 19 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

Commonwealth Income Fund, Inc.
Aug. 8 filed 500,000 shares of common stock (par $1). **Price**—$8 per share (for a 21-day period). **Proceeds**—For investment. **Office**—San Francisco, Calif. **Offering**—Expected in October for a three week period.

★ Consolidated Edison Co. of N. Y., Inc. (10/22)
Sept. 20 filed $60,000,000 of 30-year first and refunding mortgage bonds, series N, due 1987. **Proceeds**—To repay approximately $43,000,000 of short-term bank notes and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on Oct. 22.

Consolidated Fenimore Iron Mines, Ltd.
June 26 (letter of notification) 150,000 shares of common stock (par $7). **Price**—At market (closing price on Toronto Stock Exchange as of June 14, 1957 was $1.82 bid and $1.85 asked, per share). **Proceeds**—For mining expenses. **Office**—c/o Roy Peers, 9 De Casson Rd., Montreal, Canada. **Underwriters**—Thomason, Kernaghan & Co., Ltd., Toronto, Canada, and R. P. Mills & Co., Ltd., Montreal, Canada.

★ Consumers Power Co. (10/16)
Sept. 24 filed $35,156,700 of convertible debentures due 1972 to be offered for subscription by common stockholders of record Oct. 16, 1957 on the basis of $100 of debentures for each 25 shares of stock held; rights to expire on Nov. 1, 1957. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Morgan Stanley & Co., New York.

★ Continental Screw Co., New Bedford, Mass. (10/14-16)
Sept. 24 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Together with funds from sale of $1,500,000 6% bonds (with stock purchase warrants), to purchase assets of old Massachusetts corporation and of Hy-Pro Tool Co. **Underwriter**—Lee Higginson Corp., Boston and New York.

Cougar Mine Development Corp.
March 15 (letter of notification) 560,000 shares of common stock (par one cent). **Price** — 50 cents per share. **Proceeds** — For diamond drilling on company's lands, prospecting expenses, working capital and other corporate purposes. **Office**—83 Campfield St., Irvington, N. J. **Underwriter**—Roth & Co., Maplewood, N. J.

Daybreak Uranium, Inc., Opportunity, Wash.
May 7 filed 631,925 shares of common stock (par 10 cents). **Price** — At market (approximately 53 cents per share). **Proceeds**—To selling stockholders. **Underwriter** Herrin Co., Seattle, Wash.

DeLuxe Check Printers, Inc.
Aug. 28 (letter of notification) 25,000 shares of common stock (par $1) to be offered to employees and present stockholders. **Price**—$11.80 per share. **Proceeds** — To acquire new machinery and equipment. **Office** — 530 N. Wheeler St., St. Paul 4, Minn. **Underwriter**—None.

★ Durox of Minnesota, Inc., Denver, Colo.
Sept. 23 filed 750,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For capital expenditures and working capital. **Business** — Building material. **Underwriter**—American Underwriters, Inc., Englewood, Colo.

★ Eaton Factors Co., Inc.
Sept. 23 (letter of notification)) $300,000 of 9.6% five-year debentures. **Price** — At par (in denominations of $500, $1,000 and $5,000). **Proceeds**—For working capital, etc. **Office**—475 Fifth Ave., New York 17, N. Y. **Underwriter**—None.

Empire Sun Valley Mining Corp.
Aug. 9 filed 340,000 shares of common stock, of which 200,000 shares are to be publicly offered at $3 per share and 140,000 shares to stockholders of Sun Valley Mining Corp. at $1 per share. **Proceeds**—For exploration and acquisition of mines; and for working capital. **Office**—Jerome, Idaho. **Underwriter** — For public offer, John Sherry Co., New York.

Fall River Power Co., Colorado Springs, Colo.
Aug. 23 filed 500,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay off note, purchase equipment and milling facilities, for development work, and for acquisition of additional property, working capital and other corporate purposes. **Underwriter**—None.

First International Fire Insurance Co.
Aug. 26 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For capital and surplus and for first year's deficit. **Office**—3395 S. Bannock St., Englewood, Colo. **Underwriter** — American Underwriters, Inc., Englewood, Colo.

First National Life Insurance Co., Phoenix, Ariz.
July 29 filed 106,500 shares of common stock (par $4), of which 90,000 shares are to be offered publicly and 16,500 shares to employees pursuant to stock purchase options. **Price**—To public, $12 per share. **Proceeds**—For expansion and other corporate purposes. **Underwriter**—None.

Florida Trust, Pompano Beach, Fla.
March 4 filed 850 certificates of beneficial interest in the Trust. **Price**—$1,000 per certificate. **Proceeds**—To acquire by purchase, lease or otherwise, and to hold, own, subdivide, lease, mortgage, exchange, bargain, sell and convey lands and every character of real property. **Underwriter**—None.

• Forest Laboratories, Inc. (9/27-10/2)
Aug. 28 filed 200,000 shares of capital stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. **Office**—Brooklyn, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

★ Foster Grant Co., Inc., Leominster, Mass. (10/15)
Sept. 20 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For expansion program and working capital. **Underwriter**—Wertheim & Co., New York.

General Aniline & Film Corp., New York
Jan. 14 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). Pro-

ceeds—To the Attorney General of the United States Underwriter—To be determined by competitive bidding Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly). Bids — Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Automatics Corp., Atlanta, Ga.
May 23 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To establish production facilities for manufacture and assembly of controls; and for other corporate purposes. **Address**—c/o Positronic Corp., 2572 Ridgemore Road, N. W., Atlanta, Ga. **Underwriters**—Armstrong & Co., Atlanta, Ga.

General Credit, Inc., Washington, D. C.
Aug. 17, 1956 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working capital. **Underwriter**—None named. Offering to be made through selected dealers Application is still pending with SEC.

General Parking, Inc.
June 18 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—To retire outstanding debt; for expansion of subsidiary corporation and for working capital. **Office**—c/o Edwin F. Clements, 5312 Glenwood Ave., Youngstown, Ohio. **Underwriter**—L. L. LaFortune & Co., Las Vegas, Nev.

● **General Telephone Corp., New York**
May 24 filed 1,480,787 shares of common stock (par $10) and 170,000 shares of 5.28% convertible preferred stock (par $50) which were offered in exchange for common and preferred stocks of Peninsular Telephone Co. on the basis of 1.3 shares of General common for each share of Peninsular common, and one-half share of General preferred share for each share of Peninsular $1 preferred, $1.30 preferred and $1.32 preferred. Offer to preferred stockholders expired on Aug. 14 and that to common stockholders of Peninsular extended to Oct. 14. **Dealer-Managers**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

General Tire & Rubber Co. (10/3)
Sept. 13 filed $12,000,000 of subordinated debentures due Oct. 1, 1982 (with common stock purchase warrants attached). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Kidder, Peabody & Co., New York.

Genie Craft Corp.
Aug. 8 (letter of notification) $100,000 of 10-year 6% convertible debentures and 120,000 shares of common stock (par 10 cents) to be offered in units of one $50 debenture and 20 shares of common stock. **Price**—$100 per unit. **Proceeds**—To discharge short term obligations; purchase merchandise inventory; and for working capital. **Office** — 1022 18st St., N. W., Washington, D. C. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

Giant Petroleum Corp.
July 22 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay outstanding debt and for working capital. **Office**—225 East 46th St., New York, N. Y. **Underwriter**—A. G. Bellin Securities Corp., 52 Broadway, New York, N. Y.

Great Lakes Natural Gas Corp.
July 15 filed 779,393 shares of common stock (par 50 cents) to be offered for subscription by common stockholders of Great Lakes Oil & Chemical Co. on basis of one-fourth share of Natural Gas stock for each share of Oil & Chemical stock held with an oversubscription privilege. **Price**—$1.25 per share. **Proceeds**—For exploration costs, improvements, expansion, etc. **Office**—Los Angeles, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Temporarily postponed.

Guardian Insurance Corp., Baltimore, Md.
Aug. 16 filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management, and/or directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

★ **Gulf States Land & Industries, Inc.**
Sept. 25 filed 316,814 shares of common stock (par 50 cents) and $2,754,900 6% first mortgage sinking fund bonds to be offered in exchange for the outstanding $4.50 prior preferred stock on the following basis: For each preferred share (a) 11½ shares of common stock, or (b) $100 of bonds, plus 1½ shares of stock. **Exchange Agent**—Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.

Gulf States Utilities Co. (9/30)
Aug. 29 filed $17,000,000 of first mortgage bonds due Oct. 1, 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner and Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Stone & Webster Securities Corp.; Lee Higginson Corp. **Bids**—To be received up to noon (EDT) on Sept. 30 at The Hanover Bank, 70 Broadway, New York 15, N. Y.

Hammett (J. L.) Co., Cambridge, Mass.
Sept. 12 filed 9,365 shares of 5% preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Business**—School supplies. **Underwriter**—None. Sales are to be made through directors, officers and employees of company, subject to preferential rights of existing preferred stockholders.

Hampshire Nickel Mines Ltd.
Aug. 23 (letter of notification) 600,000 shares of common stock (par $1-Canadian). **Price** — 50 cents per share. **Proceeds**—For development of property and for general corporate purposes. **Office** — Suite 607, 320 Bay St., Toronto, Canada. **Underwriter** — H. J. Cooney & Co., New York.

Heger Drilling Co., Inc., Rangely, Colo.
Aug. 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For payment of obligations and working capital. **Underwriters** — H. Carroll & Co., Denver, Colo. and Anglo-American Securities, Inc., Jersey City, N. J.

Holy Land Import Corp., Houston, Texas
Feb. 27 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For inventory, working capital, etc. **Underwriter**—Benjamin & Co., Houston, Tex.

Horace Mann Fund, Inc., Springfield, Ill.
June 27 filed 100,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Distributor and Investment Manager**—Horace Mann Investors, Inc., Des Moines, Ia., of which Charles F. Martin is also President. **Office**—216 E. Monroe St., Springfield, Ill.

● **Hudson's Bay Oil & Gas Co. Ltd.**
Aug. 27 filed 1,744,592 shares of capital stock (par $2.50) being offered for subscription by stockholders of Continental Oil Co. and by holders of ordinary shares of The Governor and Company of Adventurers of England Trading into Hudson's Bay ("Hudson's Bay Co."). The offering to stockholders of Continental Oil is to be at the rate of one share for each 15 shares of Continental Oil stock held of record Sept. 16, 1957, while the offering to holders of ordinary shares of Hudson's Bay Co. is to be at the rate of 1 1/6 shares of Hudson's Bay Oil & Gas stock for each 15 ordinary shares held of record Sept. 3, 1957; rights will expire on November 1, 1957. **Price**—$11 per share (Canadian funds). **Proceeds**—For

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NEW ISSUE CALENDAR

September 26 (Thursday)
Louisiana Citrus Lands, Inc.____Preferred & Common
(Bids 11 a.m. EDT)

September 27 (Friday)
Forest Laboratories, Inc.____Common
(Mortimer B. Burnside & Co., Inc.) $500,000

September 30 (Monday)
Chess Uranium Corp.____Common
(Jean R. Veditz Co., Inc.) $300,000
Gulf States Utilities Co.____Bonds
(Bids noon EDT) $17,000,000
National Cylinder Gas Co.____Debentures
(Merrill Lynch, Pierce, Fenner & Beane) $17,500,000
Plantations Bank of Rhode Island____Common
(Offering to stockholders—underwritten by G. H. Walker & Co.) 8,000 shares
State Loan & Finance Corp.____Debentures
(Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co.) $12,000,000

October 1 (Tuesday)
Northern Natural Gas Co.____Preferred
(Blyth & Co., Inc.) $16,000,000
Southwestern Bell Telephone Co.____Debentures
(Bids 11 a.m. EDT) $100,000,000

October 2 (Wednesday)
Marine Midland Trust Co. of New York____Common
(Offering to stockholders—no underwriting) $10,500,000
National Biochemicals, Inc.____Common
(Scott Taylor & Co., Inc.) $300,000

October 3 (Thursday)
Columbia Gas System, Inc.____Debentures
(Bids 11 a.m. EDT) $25,000,000
General Tire & Rubber Co.____Debentures
(Kidder, Peabody & Co.) $12,000,000
Columbus & Southern Ohio Electric Co.____Pfd.
(Dillon, Read & Co. Inc. and The Ohio Co.) $8,000,000
Shamrock Oil & Gas Corp.____Debentures
(The First Boston Corp.) $17,500,000

October 4 (Friday)
Strato-Missiles, Inc.____Common
(Kesselman & Co.) $300,000

October 7 (Monday)
Reading Tube Corp.____Common
(Emanuel Deetjen & Co.) 100,000 shares

October 8 (Tuesday)
California Oregon Power Co.____Common
(Blyth & Co., Inc. and The First Boston Corp.) 200,000 shares

October 9 (Wednesday)
Century Acceptance Corp.____Preferred
(Paul C. Kimball & Co. and McDonald, Evans & Co.) $1,000,000
Commonwealth Edison Co.____Preferred
(The First Boston Corp. and Glore, Forgan & Co.) $25,000,000
Rockland Light & Power Co.____Preferred
(Offering to common stockholders—underwritten by The First Boston Corp.) $2,809,600

October 10 (Thursday)
Toledo Terminal RR.____Bonds
(Bids to be invited) $6,000,000

October 14 (Monday)
California Oregon Power Co.____Bonds
(Bids to be received) $10,000,000
Continental Screw Co.____Common
(Lee Higginson Corp.) 300,000 shares
Nuclear Science & Engineering Corp.____Common
(Hayden Stone & Co.) 100,000 shares

October 15 (Tuesday)
Atlanta Gas Light Co.____Bonds
(Bids 11 a.m. EDT) $8,000,000
Coastal Ship Corp.____Debentures
(Eastman Dillon, Union Securities & Co. and White, Weld & Co.) $6,000,000
Foster Grant Co., Inc.____Common
(Wertheim & Co.) 300,000 shares
Pittsburgh & Lake Erie RR.____Equip. Trust Ctfs.
(Bids to be invited) $4,950,000
Roach (Hal) Productions____Common
(S. D. Fuller & Co.) $1,125,000
Southern New England Telephone Co.____Common
(Offering to stockholders—no underwriters) 1,400,000 shares
Siegler Corp.____Common
(William R. Staats & Co.) 300,000 shares

October 16 (Wednesday)
Consumers Power Co.____Debentures
(Offering to common stockholders—to be underwritten by Morgan Stanley & Co.) $35,156,760
Pennsylvania Power Co.____Bonds
(Bids 11 a.m. EDT) $8,000,000

October 18 (Friday)
Federation Bank & Trust Co.____Common
(Offering to stockholders—no underwriting) $2,496,900

October 21 (Monday)
Darco Industries, Inc.____Common
(William R. Staats & Co.) approximately 275,000 shares

October 22 (Tuesday)
Consolidated Edison Co. of New York, Inc.____Bonds
(Bids 11 a.m. EDT) $60,000,000

October 23 (Wednesday)
Brockton Edison Co.____Preferred
(Bids 11 a.m. EDT) $3,000,000
Public Service Co. of New Hampshire____Bonds
(Bids to be invited) $8,000,000

October 28 (Monday)
Norfolk & Western Ry.____Equip. Trust Ctfs.
(Bids noon EST) $4,000,000

October 29 (Tuesday)
American Telephone & Telegraph Co.____Debentures
(Bids to be invited) $250,000,000

October 30 (Wednesday)
Baltimore & Ohio RR.____Equip. Trust Ctfs.
(Bids to be invited) $2,600,000
Brockton Edison Co.____Bonds
(Bids 11 a.m. EST) $3,000,000

October 31 (Thursday)
San Diego Gas & Electric Co.____Preferred
(Blyth & Co., Inc.) about $7,500,000
Southern Pacific Co.____Equip. Trust Ctfs.
(Bids noon EST) $6,000,000

November 6 (Wednesday)
Merrimack-Essex Electric Co.____Bonds
(Bids to be invited) $20,000,000

November 7 (Thursday)
San Diego Gas & Electric Co.____Bonds
(Bids noon EST) $12,000,000

November 11 (Monday)
Southern Union Gas Co.____Debentures
(Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc.) $9,000,000

November 14 (Thursday)
Allstate Commercial Corp.____Common
(Midland Securities, Inc.) $384,450

November 18 (Monday)
Lawrence Gas Co.____Bonds
(Bids to be invited) $2,000,000
Michigan Bell Telephone Co.____Debentures
(Bids to be invited) $40,000,000
Mystic Valley Gas Co.____Bonds
(Bids to be invited) $3,500,000

November 19 (Tuesday)
Middle South Utilities Inc.____Common
(Bids to be invited) 451,894 shares
Ohio Power Co.____Bonds
(Bids 11 a.m. EST) $25,000,000

December 3 (Tuesday)
Virginia Electric & Power Co.____Bonds
(Bids to be invited) $20,000,000

December 9 (Monday)
Chesapeake & Potomac Telephone Co. of Maryland____Debentures
(Bids 11:30 a.m. EST) $30,000,000

December 10 (Tuesday)
Indiana & Michigan Electric Co.____Bonds
(Bids 11 a.m. EST) $20,000,000

December 11 (Wednesday)
Baltimore & Ohio RR.____Equip. Trust Ctfs.
(Bids to be invited) $2,600,000
Suburban Electric Co.____Bonds
(Bids to be invited) $4,800,000

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development and exploration costs. **Office** — Calgary, Alta., Canada. **Underwriter**—None. Continental Oil and Hudson's Bay Co. have agreed to purchase 75% and 25% respectively, of the shares which shall not be subscribed for by the stockholders of the two companies. **Financial Adviser**—Morgan Stanley & Co., New York.

Hutchinson Telephone Co., Hutchinson, Minn.
Aug. 21 (letter of notification) 1,697 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each five shares held as of Aug. 20, 1957. **Price**—At par ($10 per share). **Proceeds**—For expansion of plant. **Underwriter**—None.

● Hycalog, Inc.
July 24 (letter of notification) $280,000 of 6¾% convertible debentures due Oct. 15, 1967 being first offered for subscription by stockholders of record on Sept. 17, 1957 for an unlimited amount, subject to allotment; rights to expire on Sept. 27. **Price**—99% of principal amount. **Proceeds**—To retire bank notes and to purchase equipment. **Office** — 505 Aero Drive, Shreveport, La. **Underwriters**—Keith, Reed & Co., Inc., Dallas, Texas; Aetna Securities Corp., New York, N. Y.; and Roman & Johnson, Fort Lauderdale, Fla.

Inland Western Loan & Finance Corp.
Aug. 16 filed 2,500,000 shares of class A non-voting common stock (par $1) to be offered for subscription by holders of special participation life or endowment contracts issued by Commercial Life Insurance Co. **Price**—$1.50 per share. **Proceeds**—For operating capital for two subsidiaries and to finance expansion program. **Office**—Phoenix, Ariz. **Underwriter**—None.

International Insurance Investments, Inc., Englewood, Colo.
July 29 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For operation of an insurance company in Colorado through its subsidiaries. **Underwriter**—American Underwriters, Inc., Englewood, Colo.

★ International Sales Co. of Washington, D. C., Inc.
Sept. 20 (letter of notification) $250,000 of 10-year 8% debentures to be issued in denominations of $500 each. **Price**—At 100%. **Proceeds**—To reduce outstanding loans and for working capital. **Office** — 1224 24th St., N. W., Washington, D. C. **Underwriter**—None.

Isthmus Steamship & Salvage Co., Miami, Fla.
May 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase a ship and for working capital. **Underwriter**—Anderson Cook Co., Inc., Palm Beach, Fla.

Janaf, Inc., Washington, D. C.
July 30 filed $10,000,000 of 5½-8% sinking fund debentures due Aug. 1, 1972 and 100,000 shares of common stock (par 20 cents) to be offered in units of a $1,000 debenture and 10 shares of stock, or a $100 debenture and one share of stock. **Price**—Par for debenture, plus $2 per share for each 10 shares of Stock. **Proceeds**—For construction of a shopping center and other capital improvements; for retirement of present preferred shares; and for working capital, etc. **Underwriter**—None.

● Jefferson Lake Sulphur Co.
Aug. 27 filed an undetermined number of shares of common stock (par $1), may be between 143,000 to 150,000 shares, to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To increase working capital and for development of new projects in the United States and Canada. **Underwriters**—Hornblower & Weeks, New York, N. Y.; and Robert Garrett & Sons, Baltimore, Md. **Offering**—Postponed due to market conditions.

"Koor" Industries & Crafts Co., Ltd.
Aug. 26 filed 30,000 shares of 6½% cumulative participating preferred stock (par IL 180—$100). **Price**—$100 per share (payable in cash or up to certain limits in State of Israel Independence Issue Bonds and State of Israel Development Issue Bonds). **Proceeds** — For advances to subsidiaries in connection with their expansion programs. **Office**—Haifa, Israel. **Underwriter**—None.

★ Leeds & Northrup Co., Philadelphia, Pa.
Sept. 19 filed 15,300 shares of common stock (par 50 cents), which may be acquired by employees eligible under the company's Employees' Stock Purchase Plan, 1957-1958.

Lehigh Spinning Co., Allentown, Pa.
Aug. 16 (letter of notification) $245,000 of 6% subordinated convertible debentures due 1972 to be first offered in exchange for outstanding preferred stock (par for par). **Price**—At 100% of principal amount. **Proceeds**—To redeem preferred stock. **Underwriter**—Warren W. York & Co., Inc., Allentown, Pa.

Madison Improvement Corp., Madison, Wis.
July 29 filed 50,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital, etc. **Underwriter**—None. Henry Behnke is President.

Maine Insurance Co., Portland, Me.
Aug. 22 filed 53,500 shares of capital stock (par $3), of which 11,000 shares, at $5.31¼ per share, are to be offered for subscription by stockholders of record July 1, 1957 at the rate of one new share for each share held. The remaining 42,500 shares are to be offered to directors, employees and agents of the company for a period of 14 days at $5.62½ per share. **Price**—$6.25 to public. **Proceeds**—To increase capital and surplus. **Underwriter**—First Maine Corp., Portland, Me. Burton M. Cross, President, will purchase any shares not subscribed for by stockholders.

Mascot Mines, Inc., Kellogg, Idaho
June 3 (letter of notification) 800,000 shares of common stock. **Price**—At par (17½ cents per share). **Proceeds**—For mining expenses. **Office**—Sidney Bldg., Kellogg, Idaho, Malcolm C. Brown is President. **Underwriter**—Standard Securities Corp., Spokane, Wash., and Kellogg, Idaho.

★ Metropolitan Mines Corp., Ltd., Wallace, Idaho
Sept. 13 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining expenses. **Underwriter**—None.

Mississippi Valley Portland Cement Co.
Dec. 26, 1956 filed 1,600,000 shares of capital stock (no par) of which 708,511 shares are subject to an offer of rescission. **Price**—$3 per share. **Proceeds**—For completion of plant, provide for general creditors and for working capital. **Office**—Jackson, Miss. **Underwriter**—None, offering to be made through company's own agents.

Molybdenum Corp. of America
Aug. 14 filed 196,994 shares of common stock (par $1) and stock purchase warrants to buy an additional 196,994 shares of common stock to be offered for subscription by common stockholders in units of one share and one warrant for each seven shares held. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Office** — Grant Bldg., Pittsburgh, Pa. **Underwriter**—None.

Montek Associates, Inc.
July 16 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase additional electronic test equipment, shop machinery, and to increase working capital. **Office**—2604 South State St., Salt Lake City, Utah. **Underwriter**—D. Richard Moench & Co., Salt Lake City, Utah.

Monticello Associates, Inc.
Feb. 18 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For capital expenditures, including construction of motel, roadside restaurant and gas station. **Business**—Has been processing and selling of gravel. **Office**—203 Broadway, Monticello, N. Y. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

Mortgage Clubs of America, Inc.
Aug. 19 filed $1,000,000 of participation units in second mortgages of real estate to be offered for public sale in units of $100, plus a sales commission of $10 per unit to the company. **Proceeds**—To be invested in small loans secured by second mortgage on home properties. **Office**—Springfield, Mass. **Underwriter**—None. Charles Hershman is President.

Municipal Investment Trust Fund, Inc. (N. Y.)
May 9 filed 5,000 units of undivided interests in Municipal Investment Trust Fund, Series A. **Price**—At market. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., New York.

Mutual Investors Corp. of New York
May 17 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire real estate properties and mortgages. **Office**—550 Fifth Ave., New York 36, N. Y. **Underwriter** — Stuart Securities Corp., New York.

Nassau Fund, Princeton, N. J.
May 8 filed 250,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—10 Nassau St., Princeton, N. J. **Investment Advisor** — Harland W. Hoisington, Inc., same address.

● National Biochemicals, Inc. (10/2)
Sept. 10 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For cost of plant and inventory and for general corporate purposes. **Office**—Room 202 Houston Title Bldg., Houston, Tex. **Underwriter**—Scott Taylor & Co., Inc., New York, N. Y.

● National Cylinder Gas Co. (9/30-10/3)
Aug. 28 filed $17,500,000 of subordinated debentures due Sept. 1, 1977 (convertible on or before Sept. 1, 1967). **Price** — To be supplied by amendment. **Proceeds** — For expansion and working capital. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

National Lithium Corp., New York
Feb. 19 filed 3,120,000 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For acquisition of properties; for ore testing program; for assessment work on the Yellowknife properties; and for cost of a concentration plant, mining equipment, etc. **Underwriter**—Gearhart & Otis, Inc., New York. Statement expected to be amended.

★ National Valve & Manufacturing Co.
Sept. 16 (letter of notification) 142,620 shares of common stock (par $1) to be offered to stockholders of record Sept. 20, 1957 at the rate of 1½ shares for each share of common stock owned. **Price** — $2 per share. **Proceeds** — To enlarge plant and for working capital. **Office**—3101 Liberty Ave., Pittsburgh, Pa. **Underwriter**—None.

★ Neisner Brothers, Inc.
Sept. 16 (letter of notification) 15,000 shares to be offered by company for subscription by employees. **Price**—95% of closing market price on the New York Stock Exchange on designated price dates. **Proceeds** — For working capital. **Underwriter**—None.

New Haven Water Co., New Haven, Conn.
Aug. 9 filed 60,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 16, 1957, on the basis of one new share for each three shares held. **Price**—At par ($50 per share). **Proceeds**—To reduce bank loans. **Underwriter**—None.

Northern Natural Gas Co. (10/1)
Sept. 11 filed 160,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For construction program and for purchase of securities of subsidiary companies. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ Northland Chemical Co., East Grand Forks, Minn.
Sept. 18 (letter of notification) 725 shares of class A common stock and 1,000 shares of class B common stock. **Price**—At par ($100 per share). **Proceeds**—For a fertilizer plant, building and equipment and for working capital. **Underwriter**—None.

★ Nuclear Science & Engineering Corp. (10/14-18)
Sept. 20 filed 100,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—To prepay indebtedness to Norden-Ketay Corp., to purchase additional equipment and for working capital. **Underwriter**—Hayden, Stone & Co., New York.

★ Oakite Products, Inc.
Sept. 19 (letter of notification) not in excess of 2,375 shares of common stock (par $5) to be offered for subscription by employees. **Price**—$17 per share on installment basis and $19 per share on cash basis. **Proceeds**—For working capital. **Office**—19 Rector St., New York 6, N. Y. **Underwriter**—None.

★ Oglethorpe Life Insurance Co., Savannah, Ga.
Sept. 13 (letter of notification) 26,932 shares of common stock (par $2.50), of which 17,932 shares are to be offered to present stockholders and 9,000 shares are to be offered to employees. **Price**—$11 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Johnson, Lane, Space Corp. and Varnedoe, Chisholm & Co., both of Savannah, Ga.

Old American Life Co., Seattle, Wash.
July 22 filed 15,825 shares of class A stock (par $10) and 3,165 shares of common stock (par $10) to be offered in units of one common share and three class A shares. **Price**—$260 per unit. **Proceeds** — For working capital and other corporate purposes. **Underwriter**—None.

★ Owens-Corning Fiberglas Corp.
Sept. 23 filed 373,570 shares of common stock (par $1), to be issued pursuant to the company's Employee Stock Option Plan.

Pacific Telephone & Telegraph Co.
July 26 filed 1,822,523 shares of common stock being offered for subscription by stockholders of record Aug. 28, 1957 on the basis of one new share for each six shares of common stock and/or preferred stock held; rights to expire Sept. 30. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent. **Underwriter**—None. American Telephone & Telegraph Co. owns 90.54% of the voting stock of Pacific T. & T. Co.

★ Painted Desert Uranium & Oil Co., Inc.
Sept. 13 (letter of notification) 7,000,000 shares of common stock (par one cent). **Price**—2½ cents per share. **Proceeds**—For mining and oil drilling operations. **Office**—305 Peyton Bldg., Spokane 1, Wash. **Underwriter**—None.

★ Pennsylvania Power Co. (10/16)
Sept. 19 filed $8,000,000 of first mortgage bonds due 1987. **Proceeds** — To repay outstanding bank loans of $4,500,000 and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Kuhn, Loeb & Co. **Bids**—Expected to be received 11 a.m. (EDT) on Oct. 16 at office of Commonwealth Services, Inc., 300 Park Ave., New York 22, N. Y.

★ Pine Street Fund, Inc., New York
Sept. 24 filed (by amendment) an additional 75,000 shares of common stock (par $1). **Price** — At market. **Proceeds**—For investment.

★ Public Service Co. of New Hampshire (10/23)
Sept. 24 filed $8,000,000 of first mortgage bonds, series J, due 1987. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Equitable Securities Corp.; Lehman Brothers; White, Weld & Co. **Bids**—Tentatively expected to be received on Oct. 23.

Pyramid Productions, Inc., New York
Sept. 27, 1956, filed 220,000 shares of com. stock (par $1) of which 200,000 shares are to be offered to public and 20,000 shares issued to underwriter. **Price**—$5 per share. **Proceeds**—To retire $125,000 of outstanding 15% debentures as well as a $173,180 debt to Trans-Union Productions, Inc.; and for working capital. **Business**—Television releases. **Underwriter**—E. L. Aaron & Co., New York. **Offering**—Date indefinite.

Ramapo Uranium Corp. (New York)
Aug. 13 filed 125,000 shares of common stock (par one cent). **Price**—$5 per share. **Proceeds**—For exploration and development of properties and completion of a uranium concentrating pilor mill. **Office**—295 Madison Ave., New York 17, N. Y. **Underwriter**—None.

★ Rapid Electrotype Co., Cincinnati, Ohio
Sept. 20 filed $656,250 of 5½% two-year debentures due May 1, 1958; and 136,485 shares of common stock, of which 37,840 shares were issued upon conversion of debentures and 40,000 shares on exercise of option, and 58,645 shares are issuable in conversion of the aforementioned $656,250 debentures. **Proceeds** — To selling security holders. **Underwriter**—None. Said securities are to be sold by holders thereof in the open market or otherwise.

Reading Tube Corp. (10/7-11)
Aug. 30 filed 155,014 shares of common stock (par $1), subsequently amended and reduced to 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans and for working capital. **Underwriter** —Emanuel, Deetjen & Co., New York.

Roach (Hal) Productions (10/15)
Aug. 8 filed 375,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion of production of filmed television commercials and for working capital. **Business**—Produces films for television. **Office** —Culver City, Calif. **Underwriter**—S. D. Fuller & Co., New York.

★ **Roanoke Gas Co.**
Sept. 18 (letter of notification) 19,160 shares of common stock (par $5) to be offered to common stockholders on the basis of one share for each five shares held; rights to expire on Oct. 31, 1957. **Price**—$15 per share. **Proceeds** — For construction program. **Office**—125 West Church Ave., Roanake, Va. **Underwriter**—None.

Rockland Light & Power Co. (10/9)
Sept. 18 filed 28,096 shares of convertible cumulative preferred stock, series C to be offered for subscription by common stockholders of record Oct. 9, 1957 on the basis of one preferred share for each 60 common shares held; rights to subscribe on Oct. 23, 1957. **Price**—$100 per share. **Proceeds**—To reduce bank loans. **Underwriter** —The First Boston Corp., New York.

Rose Records, Inc.
July 22 (letter of notification) 11,022 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—705 South Husband St., Stillwater, Okla. **Underwriter**—Richard B. Burns Securities Agency, Stillwater, Okla.

Rule (C. F.) Construction Co.
Sept. 13 filed 127,289 shares of common stock (par $10). **Price**—$13 per share. **Proceeds**—To retire outstanding loans and for working capital and investment in additional equipment. **Office**—Nashville, Tenn. **Underwriter** —None.

St. Louis Insurance Corp., St. Louis, Mo.
March 27 filed 1,250 shares of class C cumulative preferred stock (par $57). **Price**—$97 per share. **Proceeds** —To R. M. Realty Co., who is the selling stockholder. **Underwriter** — Yates, Heitner & Woods, St. Louis, Mo.

★ **Schering Corp., Bloomfield, N. J.**
Sept. 19 filed 278,983 shares of 5% cumulative convertible preferred stock (par $30) and 418,475 shares of common stock (par $1) to be issued in exchange for stock of White Laboratories, Inc. (which is to be merged with Schering Corp. effective Sept. 19, 1957) on the basis of one share of preferred stock and 1½ shares of common stock for each White class A or class B common share held. Underwriter—None.

Seminole Oil & Gas Corp., Tulsa, Okla.
June 24 (letter of notification) 275,000 shares of common stock (par five cents). **Price**—75 cents per share. **Proceeds** — For development of oil and gas properties. **Underwriter**—Albert & Co., Inc., New York, N. Y.

Shacron Oil Corp.
Sept. 11 (letter of notification) 40,000 shares of common stock ((par $1) to be offered for subscription by stockholders; then to public. **Price**—$1.25 per share to stockholders; $1.37½ to public. **Proceeds**—For expenses incidental to drilling of oil wells. **Office**—Suite 14, 1500 Massachusetts Ave., N. W., Washington, D. C. **Underwriter**—None.

Shamrock Oil & Gas Corp. (10/3)
Sept. 11 filed $17,500,000 convertible subordinated debentures due 1982. **Price**—To be supplied by amendment. **Proceeds** — $12,000,000 to repay bank loan and for working caiptal and general corporate purposes. **Underwriter**—The First Boston Corp., New York.

★ **Siegler Corp., Anaheim, Calif. (10/15)**
Sept. 23 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to retire present long-term debt of company and subsidiaries, to retire short-term debt of Unitronics Corp. and The Hufford Corp., and for working capital. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Sire Plan, Inc., New York
July 18 filed $4,000,000 of nine-month 8% funding notes. **Price**—At par (in denominations of $100 each). **Proceeds** —For working capital and other corporate purposes. **Underwriter**—Sire Plan Portfolios, Inc., New York.

★ **Southern New England Telephone Co. (10/15)**
Sept. 25 filed 1,358,300 shares of capital stock to be offered for subscription by stockholders of record Oct. 7, 1957 on the basis of one new share for each four shares held; rights to expire on Nov. 8, 1957. Subscription warrants are to be mailed on Oct. 15. **Price**—At par ($25 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., which owns 1,173,696 shares of Southern capital stock. **Underwriter**—None.

Southwestern Bell Telephone Co. (10/1)
Sept. 6 filed $100,000,000 of 35-year debentures due Oct. 1, 1992. **Proceeds**—Toward repayment of advances from American Telephone & Telegraph Co., the parent. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—To be received at Room 2315, 195 Broadway, New York, N. Y., up to 11 a.m. (EDT) on Oct. 1.

● **State Loan & Finance Corp. (9/30)**
Aug. 30 filed $12,000,000 of sinking fund subordinated debentures due Sept. 15, 1977 (with class A common stock purchase warrants attached). **Price**—To be supplied by amendment. **Proceeds**—To redeem debentures due April 1, 1960 and to reduce bank loans and other indebtedness. **Underwriters** — Johnston, Lemon & Co., Washington, D. C., and Eastman Dillon, Union Securities & Co., New York.

Steadman Investment Fund, Inc.
May 10 filed 100,000 shares of common stock (par $1) to be offered in connection with merger into this Fund of Fund of Fortune, Inc., Fortune II, Inc., Fortune III, Inc. and Fortune IV, Inc. **Underwriter** — William Allen Steadman & Co., East Orange, N. J. Statement effective July 24.

● **Strato-Missiles, Inc. (10/4)**
June 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To develop Hatfield propulsion system, and other projects; for purchase of additional facilities and for working capital. **Business**—To produce machinery and equipment. **Office**—70 East 45th St., New York, N. Y. **Underwriter**—Kesselman & Co., Inc., New York.

Syntex Corp. (Republic of Panama)
July 24 filed 1,165,750 shares of common stock (par $2) to be offered for subscription by common stockholders of Ogden Corp. on the basis of one new share for each four shares held and to holders of options on the basis of one share for each option to purchase four shares of Ogden common stock; unsubscribed shares to be offered to certain employees and officers. **Price**—$2 per share. **Proceeds**—To pay outstanding obligations to Ogden Corp. **Underwriter**—None.

Tax Exempt Bond Fund, Inc., Washington, D. C.
June 20 filed 40,000 shares of common stock. **Price**—$25 per share. **Proceeds** — For investment. **Underwriter**— Equitable Securities Corp., Nashville, Tenn.

Texam Oil Corp., San Antonio, Texas
May 29 filed 300,000 shares of common stock (par $1), to be offered for subscription by common stockholders on a basis of two new shares for each share held. **Price** —To be supplied by amendment. **Proceeds**—To repay indebtedness, for acquisition and exploration of oil and gas leases, for drilling and completion of wells, and for other corporate purposes. **Underwriter**—None.

Texas Eastern Transmission Corp.
July 22 filed 1,000,000 shares of common stock (par $7) being offered in exchange, on a share-for-share basis, for capital stock of La Gloria Oil & Gas Co. of Corpus Christi, Tex. The offer was conditioned upon deposit of at least 81% (810,000 shares) of outstanding La Gloria stock prior to Sept. 6, 1957, and it was announced on Aug. 8 that in excess of this amount had been deposited. Offer may be extended from time to time but not beyond Dec. 5, 1957. **Underwriter**—None. Statement effective Aug. 6.

Titanic Oil Co.
May 6 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration of oil properties. **Office** — 704 First National Bank Bldg., Denver, Colo. **Underwriter**— Wayne Jewell Co., Denver, Colo.

Tripac Engineering Corp.
Feb. 27 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital; machine tools; equipment and proprietary development. **Office** — 4932 St. Elmo Ave., Bethesda 14, Md. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

Truly Nolen Products, Inc.
July 19 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**— For plant and laboratory expansion, advertising and working capital. **Office**—6721 N. E. 4th Ave., Miami, Fla. **Underwriter** — Alfred D. Laurence & Co., Miami, Fla. **Offering**—Temporarily suspended by SEC on Sept. 24.

★ **Tucson Gas, Electric Light & Power Co.**
Sept. 25 filed 200,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and The First Boston Corp., New York.

★ **Ulrich Manufacturing Co., Roanoke, Ill.**
Sept. 24 filed $600,000 of 6% sinking fund debentures and 30,000 shares of class A common stock (par $1) to be offered in units of $500 of debentures and 25 shares of stock. **Price**—To be supplied by amendment. **Proceeds**— To reduce bank loans, to repay all or part of an outstanding 5% term loan and/or provide additional working capital. **Underwriter**—White & Co., St. Louis, Mo., on a best-efforts basis.

● **Union of South Africa**
Sept. 12 filed $15,000,000 10-year external loan bonds due Oct. 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—For transportation development program. **Underwriter**—Dillon, Read & Co. Inc., New York. **Offering** —Postponed Temporarily.

Uranium Corp. of America, Portland, Ore.
April 30 filed 1,250,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

★ **Vanadium Corp. of America**
Sept. 23 filed 35,000 shares of capital stock to be offered to employees under the company's Stock Option Plan.

Western Copperada Mining Corp. (Canada)
Aug. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development and exploratory work, drilling costs and survey, and for working capital. **Office** — 1205 Phillips Square, Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., New York.

● **Wisconsin Public Service Co.**
Aug. 27 filed 253,494 shares of common stock (par $10) being offered for subscription by common stockholders of record Sept. 20, 1957 on the basis of one new share for each 10 shares held; rights to expire on Oct. 8, 1957. **Price**—$18.50 per share. **Proceeds**—To reduce bank loans and for new construction. **Underwriters**—The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, both of New York; Robert W. Baird & Co., Inc., Milwaukee, Wis.; and William Blair & Co., Chicago, Ill.

Wycotah Oil & Uranium, Inc., Denver, Colo.
July 29 filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For acquisition of property and for other corporate purposes. **Underwriter** — Teden & Co., Inc., New York.

Prospective Offerings

Aircraft, Inc.
July 9 it was reported company plans to issue and sell up to $12,500,000 common stock, following spin-off by California Eastern Aviation, Inc. of its subsidiaries, Land-Air, Inc. and Air Carrier Service Corp. into Aircraft, Inc., a new company. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill.

All States Freight, Incorporated, Akron, O.
June 21 it was announced company plans to offer publicly $2,250,000 of 15-year 6% debentures (with common stock warrants). **Proceeds**—Together with funds from private sale of 425,000 shares of common stock at $4 per share to pay part of cost of purchase of an operating carrier truck line. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland, Ohio. Date indefinite.

American Telephone & Telegraph Co. (10/29)
July 17 it was announced that company plans to issue and sell $250,000,000 of debentures to be dated Nov. 1, 1957 and to mature on Nov. 1, 1983. **Proceeds**—For improvement and expansion of system. **Underwriter**—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly). **Bids**—Expected to be opened on Oct. 29.

Atlantic City Electric Co.
April 9, Bayard L. England, President, announced that later this year the company will probably issue about $5,000,000 of convertible debentures. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); The First Boston Corp. and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lee Higginson Corp.; Blyth & Co., Inc.

Baltimore & Ohio RR. (10/30) (12/11)
Bids are expected to be received by the company on Oct. 30 for the purchase from it of $2,600,000 equipment trust certificates, to be followed by an additional $2,-600,000 on Dec. 11. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Byers (A. M.) Co.
May 7 stockholders approved a proposal to authorize a new class of 100,000 shares of cumulative preference stock (par $100) and to increase the authorized outstanding indebtedness to $15,000,000, in connection with its proposed recapitalization plan. There are no specific objectives involved. **Control**—Acquired by General Tire & Rubber Co. in 1956. **Underwriter**—Dillon, Read & Co., Inc., New York, handled previous preferred stock financing, while Kidder, Peabody & Co. underwrote General Tire & Rubber Co. financing.

Central Hudson Gas & Electric Corp.
April 22 it was announced company plans to issue and sell this year, probably in the fall, approximately $7,-500,000 of sinking fund debentures. **Proceeds**—To finance construction program. **Underwriter**—Probably Kidder, Peabody & Co., New York.

Central Illinois Public Service Co.
April 9 it was reported company plans to issue and sell $10,000,000 of 1st mtge. bonds. **Proceeds**—To reduce bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co.; and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly). **Offering**—Expected late in 1957.

Central Louisiana Electric Co., Inc.
April 8 it was announced company plans to issue and sell late this year $6,000,000 of first mortgage bonds. **Proceeds** — Together with $4,500,000 of 4⅜% 12-year convertible debentures placed privately, to be used to repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co. about the middle of last year arranged the private placement of an issue of $5,000,000 series G first mortgage bonds.

Chemical Corn Exchange Bank
Sept. 18 stockholders were given the right to subscribe for 1,062,765 additional shares of capital stock (par $10) on the basis of one new share for each five shares held as of Sept. 18; rights to expire on Oct. 7. **Price**—$45.50 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Kuhn, Loeb & Co.; The First Boston Corp.; Hemphill, Noyes & Co.; and W. C. Langley & Co., all of New York City.

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Chesapeake & Potomac Tel. Co. of Md. (12/9)
July 30 it was announced company plans to issue and sell $30,000,000 of debentures. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11:30 a.m. (EST) on Dec. 9.

City Investing Co., New York
July 30, Robert W. Dowling, President, announced that the directors are giving consideration to the possible future issuance of debentures which could be used largely to acquire investments producing ordinary income as well as those with growth potentials.

Coastal Transmission Corp.
July 1 it was reported the company plans to offer publicly about 191,000 units of securities for about $20,000,000 (each unit expected to consist of a $25 debenture or $35 interim note and five shares of $1 par common stock). **Proceeds**—Together with other funds, for construction program. **Underwriters**—Lehman Brothers and Allen & Co.. both of New York.

Colorado Fuel & Iron Corp.
Aug. 19 it was reported company plans to issue and sell about $40,000,000 first mortgage bonds due 1977 (with stock purchase warrants). **Underwriter** — Allen & Co., New York.

Commerce Oil Refining Co.
June 10 it was reported this company plans to raise about $64,000,000 to finance construction on a proposed refinery and for other corporate purposes. The major portion will consist of first mortgage bonds which would be placed privately, and the remainder will include debentures and common stock (attached or in units). **Underwriter**—Lehman Brothers, New York.

Connecticut Light & Power Co.
Feb. 18, it was reported company plans to sell not less than $20,000,000 of first mortgage bonds, possibly this Fall, depending upon market conditions. **Proceeds**—For construction program. **Underwriter** — Putnam & Co., Hartford, Conn.; Chas. W. Scranton & Co., New Haven, Conn.; and Estabrook & Co., Boston, Mass.

Cook Electric Co.
July 15 it was reported that company is planning some equity financing. **Underwriter**—Probably Blunt Ellis & Simmons, Chicago, Ill.

★ Crucible Steel Co. of America
Sept. 18 it was announced company plans to offer to its common stockholders the right to subscribe for 101,153 shares of cumulative convertible preferred stock on the basis of one share of preferred stock for each 36 shares of common stock held. Stockholders to vote Nov. 7 on approving financing. **Price**—At par ($100 per share). **Proceeds**—Together with funds from sale of additional mortgage bonds, to be used for expansion program. **Underwriter**—The First Boston Corp., New York.

★ Darco Industries, Inc. (10/21-25)
Sept. 23 it was reported registration is expected of approximately 275,000 shares of common stock, of which about 225,000 shares are to be sold for account of company and 50,000 shares for selling stockholders. **Business**—Manufactures products for commercial and military aircraft and missiles. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Eastern Gas & Fuel Associates
April 3 it was announced company may need additional capital of between $25,000,000 and $35,000,000 during the next two years. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co., and Kidder, Peabody & Co. (jointly).

Eastern Utilities Associates
April 15 it was announced company proposes to issue and sell $3,750,000 of 25-year collateral trust bonds. **Proceeds** — For advances to Blackstone Valley Gas & Electric Co., a subsidiary. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co.; Stone & Webster Securities Corp. and Estabrook & Co. (jointly).

Federation Bank & Trust Co. (N. Y.) (10/18)
Sept. 12 it was announced stockholders will be given the right to subscribe for 118,900 additional shares of capital stock at the rate of one new share for each three shares held of record Oct. 18, 1957; rights to expire on Dec. 6, 1957. **Price**—$21 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None. York.

Gulf Interstate Gas Co.
May 3 it was announced company plans to issue some additional first mortgage bonds, the amount of which has not yet been determined. **Proceeds** — For construction program. **Underwriters**—Carl M. Loeb, Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Hartford National Bank & Trust Co.
Sept. 3 it was announced Bank will offer to its stockholders of record Sept. 25, 1957 the right to subscribe on or before Oct. 15, 1957 for 73,000 additional shares of capital stock (par $10) on the basis of one new share for each 14 shares held. **Price**—$25 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Hathaway (C. F.) Co., Waterville, Me.
June 24 it was announced company plans soon to offer to its common stockholders some additional common stock. **Underwriter**—Probably H. M. Payson & Co., Portland, Me.

★ Hewlett-Packard Co., Palo Alto, Calif.
Sept. 23 it was reported this company expects early in November to do some additional financing. **Business**—Electronics. **Underwriter**—May be Blyth & Co., Inc., San Francisco, Calif.

Houston Lighting & Power Co.
Feb. 13 it was reported company may offer late this Fall approximately $25,000,000 first mortgage bonds, but exact amount, timing, etc. has not yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lazard Freres & Co. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co.

Idaho Power Co.
May 16 it was reported company plans to issue and sell around 200,000 to 225,000 shares of common stock in the Fall in addition to between $10,000,000 to $15,000,000 first mortgage bonds after Nov. 1. **Underwriter**—To be determined by competitive bidding. probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co. Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. (2) For stock—Kidder, Peabody & Co.; Blyth & Co., Inc., and Lazard Freres & Co. (jointly).

Indiana & Michigan Electric Co. (12/10)
May 20 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds due 1987. **Proceeds**—For reduction of bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Dec. 10.

★ Johnson Service Co., Milwaukee, Wis.
Sept. 23 it was reported a secondary offering of 100,000 shares of common stock is planned for November, with registration about mid-October. **Underwriter**—Robert W. Baird & Co., Milwaukee, Wis.

Laclede Gas Co.
Aug. 5 it was announced company plans to raise up to $11,700,000 new money this year through sale of new securities. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Beane and Reinholdt & Gardner (jointly).

Lawrence Gas Co. (11/18)
Aug. 21 it was announced the company plans to issue and sell $2,000,000 first mortgage bonds, series A, due 1977. **Proceeds**—For construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—To be opened on Nov. 18.

Long Island Lighting Co.
April 16 it was announced company plans to sell later this year $40,000,000 of rist mortgage bonds, series J **Proceeds**—To refund $12,000,000 of series C bonds due Jan. 1, 1958 and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co. Inc. (jointly); W. C. Langley & Co. and Smith, Barney & Co. (jointly).

Long Island Trust Co.
Sept. 11 company offered stockholders of record Aug. 30, 1957, the right to subscribe for 26,320 additional shares of capital stock (par $10) on the basis of one new share for each seven shares held; rights to expire on Sept. 27. **Price**—$32 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—A. M. Kidder & Co., New York.

Louisiana Citrus Lands, Inc. (9/26)
Bids will be received up to 11 a.m. (EDT) on Sept. 26 by Interstate Trust & Banking Co., in liquidation, at office of State Banking Department, 651 National Bank of Commerce Bldg., New Orleans 12, La., for the purchase from it of the following shares of Louisiana Citrus Lands, Inc.: 10 shares of class A common stock (total outstanding); 442.326875 shares (out of 1,420 shares outstanding) of class B common stock; and 3,000 half shares (out of 5,000 shares outstanding) of preferred stock.

Louisville & Nashville RR.
Bids are expected to be received by the company some time in the Fall for the purchase from it of $14,400,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Maine Public Service Co.
Aug. 27 it was announced that company plans to issue and sell publicly 50,000 shares of common stock. **Underwriters** — Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co., both of New York. **Offering**—Expected in November.

Mangel Stores Corp.
June 19 it was reported company plans registration of an issue of $3,000,000 of convertible debentures due 1972. **Underwriter**—Lee Higginson Corp., New York.

Marine Midland Trust Co. of New York (10/2)
Sept. 4 it was announced company plans to offer its stockholders the right to subscribe for 210,000 additional shares of capital stock (par $10) on the basis of one new share for each 4.95 shares held. Marine Midland Corp., the parent, owns 98% of the Bank's 1,040,000 shares outstanding. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None. Marine Midland Corp. will purchase all stock to which it may be entitled, plus any shares not subscribed for by minority stockholders.

Merrimack-Essex Electric Co. (11/6)
Aug. 21 it was announced that this company plans to issue and sell $20,000,000 of first mortgage bonds, series B, due 1987. **Proceeds**—For acquisition of properties and construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—To be opened on Nov. 6.

Michigan Bell Telephone Co. (11/18)
Sept. 11 company applied to Michigan P. U. Commission for authority to issue and sell $40,000,000 of debenture. **Proceeds**—To repay advances from parent. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co. **Bids**—Expected to be received on or about Nov. 18.

● Middle South Utilities, Inc. (11/19)
Sept. 16 it was reported company may sell 451,894 shares of common stock (par $10). **Proceeds**—To increase investments in four operating subsidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—To be received on Nov. 19.

Montana Power Co.
May 20 it was reported company may issue and sell in the fall about $20,000,000 of debt securities. **Proceeds**—For construction program and to reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; White, Weld & Co.; Kidder, Peabody & Co.; Smith, Barney & Co., and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly).

Mystic Valley Gas Co. (11/18)
Aug. 21 it was announced company plans to issue and sell $3,500,000 first mortgage bonds, series B, due 1977. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Lehman Brothers. **Bids**—To be opened on Nov. 18.

New Jersey Power & Light Co.
Sept. 12, 1956, it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

Norfolk & Western Ry. (10/28)
Bids are expected to be received by the company up to noon (EST) on Oct. 28 for the purchase from it of about $4,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern Illinois Gas Co.
Aug. 29 this company announced that it has deferred until the first half of 1958 its plan to raise between $8,000,000 and $10,000,000 early this fall. No decision has been made as to the form of the proposed financing, but no consideration is being given to sale of common stock or securities convertible into common stock. **Proceeds** — For construction program. **Underwriter** — For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

Northern Natural Gas Co.
Sept. 9 it was reported company plans to issue and sell $25,000,000 of debentures due 1977. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York. **Offering**—Expected in November.

Ohio Power Co. (11/19)
Sept. 2 it was reported that this company now plans to issue and sell $25,000,000 of first mortgage bonds due 1987 and has abandoned proposal to sell 70,000 shares of $100 par value preferred stock. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 19.

★ Olin Mathieson Chemical Corp.
Sept. 19 it was announced company plans to issue and sell publicly $60,000,000 of convertible subordinate debentures prior to end of this year, subject to market conditions. **Proceeds**—For additional capital needed in connection with development of corporation's business during next few years. **Underwriters**—Dillon, Read & Co. Inc. and Eastman Dillon, Union Securities & Co.

Otter Tail Power Co.
Aug. 29 it was announced company plans to offer to its common stockholders the privilege of subscribing for a new issue of convertible debentures. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Parker Appliance Co.
Sept. 9 it was announced that company may, at a favorable time, sell additional shares of common stock to the public. Stockholders voted September 19 to increase the authorized common stock to 750,000 shares from 550,000 shares. **Proceeds**—To redeem $1,500,000 convertible subordinated notes to be held by Hannifin stockholders and to anticipate payment on a bank loan in connection with acquisition as of Sept. 30, 1957 of all the outstanding capital stock of Hannifin Corp., Des Plaines, Ill. **Underwriter**—Hornblower & Weeks, New York.

Pennsylvania Electric Co.
Sept. 12, 1956 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.: Kuhn Loeb & Co.

Permian Basin Pipe Line Co.
May 20 it was announced company, a subsidiary of Northern Natural Gas Co., may issue about $25,300,000 of new securities, in the following form: $15,000,000 of mortgage bonds, $3,700,000 of preferred stock and $6,600,000 of common stock. **Proceeds**—To repay advances of $9,300,000 from parent, and the remaining $16,000,000 for new construction. **Underwriter** — Glore, Forgan & Co., New York.

★ **Plantations Bank of Rhode Island (9/30)**
Sept. 23 it was reported Bank plans to offer to its stockholders of record Sept. 19, 1957 the right to subscribe for 8,000 additional shares of capital stock (par $20) at the rate of one new share for each five shares held; rights to expire on or about Oct. 15, 1957. **Price**—$55 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—G. H. Walker & Co. and Miller & George, both of Providence, R. I.

Pittsburgh & Lake Erie RR. (10/15)
Bids are expected to be received by the company on Oct. 15 for the purchase from it of $4,950,000 equipment trust certificates to mature annually from Nov. 1, 1958 to 1972, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Public Service Co. of New Hampshire**
Sept. 24 it was announced company plans, in addition to its proposed offering of $8,000,000 of bonds, to issue and sell 262,890 shares of common stock (par $5). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and Blyth & Co., Inc., both of New York.

Public Service Electric & Gas Co.
Aug. 1 it was announced company anticipates it will sell in the Fall of 1957 or in 1958 $25,000,000 of preferred stock (in addition to $60,000,000 of bond now registered with the SEC). **Proceeds**—For construction program. **Underwriter**—May be Merrill Lynch, Pierce, Fenner & Beane, New York.

Public Service Co. of New Hampshire
Sept. 9 it was reported company plans to sell some additional common stock later in 1957. **Proceeds**—For construction program. **Underwriters** — Kidder, Peabody & Co. and Blyth & Co., Inc., both of New York.

Ritter Finance Co.
Sept. 3 it was reported company plans debenture and common stock financing. **Underwriter** — Stroud & Co., Philadelphia, Pa.

Ryder System, Inc.
Aug. 28 it was announced company plans to sell publicly in the Fall an additional 200,000 shares of its common stock. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., New York.

St. Louis County National Bank
Sept. 11 Bank offered to its stockholders of record Sept. 10, 1957 the right to subscribe for 30,000 additional shares of capital stock (par $10) on the basis of one new share for each 5⅔ shares held; rights to expire on Sept. 30, 1957. **Price** — $31 per share. **Underwriter** — G. H. Walker & Co., St. Louis, Mo.

San Diego Gas & Electric Co. (10/31)
April 23, E. D. Sherwin, President, announced that company will probably raise about $7,500,000 late this fall through the sale of preferred stock. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

San Diego Gas & Electric Co. (11/7)
Aug. 27 it was reported company plans to issue and sell $12,000,000 first mortgage bonds due 1987. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Salomon Bros. & Hutzler; Lehman Brothers; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co. **Bids**—Expected to be received up to noon (EST) on Nov. 7.

Smith-Corona, Inc.
Aug. 1 it was announced stockholders on Sept. 30 will vote on approving an offering to stockholders of approximately $5,000,000 convertible debentures. **Proceeds**—For expansion and to reduce bank loans. **Underwriter**—Lehman Brothers, New York.

South Carolina Electric & Gas Co.
Jan. 14 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Not expected to be received until the Fall.

Southern Pacific Co. (10/31)
Bids are expected to be received by the company at 165 Broadway, New York, N. Y., up to noon (EST) on Oct. 31 for the purchase from it of approximately $6,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● **Southern Union Gas Co. (11/11-15)**
Sept. 23 it was reported company plans to issue and sell $9,000,000 of debentures due 1983. **Proceeds**—Together with funds from private sale of $3,000,000 preferred stock, to be used to repay bank loans and for construction program. **Underwriters**—Snow, Sweeny & Co. Inc. and A. C. Allyn & Co. Inc., both of New York. **Registration**—Expected on or about Oct. 10.

Suburban Electric Co. (12/11)
Aug. 21 it was announced company plans to issue and sell $4,500,000 of first mortgage bonds, series B, due 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—To be opened on Dec. 11.

Superior Tool & Die Co.
July 26 it was announced company plans to issue and sell 150,000 shares of 70-cent cumulative convertible preferred stock (par $10). **Price**—Expected to be between $11.12½ and $11.50 per share, depending upon market conditions. **Proceeds**—To discharge a note of $1,160,500 held by City Industrial Co. in connection with acquisition of Bethlehem Foundry & Machine Co. common stock and for working capital and general corporate purposes. **Underwriter**—Van Alstyne, Noel & Co., New York.

Toledo Terminal RR. (10/10)
Sept. 10 it was reported company plans to sell $6,000,000 of first mortgage bonds due Oct. 1, 1982. **Proceeds**—To refund like amount of bonds maturing on Nov. 1, 1957. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. **Bids**—Tentatively expected to be received on Oct. 10.

Transcon Lines, Los Angeles, Calif.
Aug. 12 it was reported company plans issue and sale in October of 40,000 shares of common stock (par $2.50). **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill.

Transcontinental Gas Pipe Line Corp.
Sept. 4 it was reported company plans to sell $30,000,000 of pipe line bonds and about 750,000 shares of common stock about the middle of November (method of sale not yet determined). **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

Transocean Corp. of California
May 21 it was announced company plans a public offering of securities to provide about $6,700,000 of new working capital.

Valley Gas Co.
April 15 it was announced company, a subsidiary of Blackstone Valley Gas & Electric Co., plans to issue, within one year, $4,000,000 of bonds, $1,100,000 of notes and $900,000 of preferred stock to its parent in exchange for $6,000,000 of notes to be issued in exchange for certain assets of Blackstone. The latter, in turn, proposes to dispose by negotiated sale the first three new securities mentioned in this paragraph.
April 15 it was also announced Blackstone plans to offer to its common stockholders (other than Eastern Utilities Associates its parent) and to common stockholders of the latter the $2,500,000 of common stock of Valley Gas Co., it is to receive as part payment of certain Blackstone properties. **Dealer-Manager**—May be Kidder, Peabody & Co., New York.

Virginia Electric & Power Co. (12/3)
March 8 it was announced company plans to sell $20,000,000 of first mortgage bonds. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp.; White, Weld & Co. **Bids**—Expected to be received on Dec. 3.

Walworth Co.
Aug. 6 it was reported company plans to sell an issue of more than $5,000,000 convertible subordinated debentures. **Proceeds** — To finance plant expansion and increase working capital. **Underwriters** — May be Paine, Webber, Jackson & Curtis and Blair & Co. Incorporated, both of New York.

Wisconsin Public Service Co.
Aug. 27 it was announced company plans to issue and sell about $7,000,000 of first mortgage bonds late in 1957. **Proceeds**—For construction program and to repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Dean Witter & Co.; Lehman Brothers; White, Weld & Co.

Wisconsin Southern Gas Co., Inc.
July 8 it was reported company plans to offer up to $300,000 of additional common stock to its stockholders. **Underwriter**—The Milwaukee Co., Milwaukee, Wis.

★ **Zale Jewelry Co., Dallas, Texas**
Sept. 24 it was announced that a full registration will be made of a new issue of securities, the amount and other details not yet available. **Underwriter** — Eppler, Guerin & Turner, Inc., Dallas, Tex.

Krushchev's Worries

"The Soviet leaders also have the growing problem of the technical and managerial elite which has been created to run Soviet industry — now being decentralized. It will not be easy to restrain this class of people from using its critical skills to question the cumbersome governmental and Communist party bureaucracy and what it is doing — or not doing — to give the members of that elite a better life.

* * *

"Today communism is more valuable as an article of export than it is a solution for the problems of a country like the Soviet Union, which is making great strides in fields of material progress, but which has still found no way of creating a government which can meet the needs and aspirations of its people.

* * *

"The Communist leaders are also facing a growing body of highly educated, technologically competent men and women in the field of industrial management and production. It may prove impossible for them to stop the growing wave of intellectual unrest in the Soviet Union. Khrushchev cannot turn back education or stop technological development and keep the U. S. S. R. a great power."
—Allen W. Dulles.

It is, of course, factors such as these that sooner or later will prove Khrushchev and the others wrong about the merits of Communism vis-a-vis private enterprise.

But Russians are still Russians with most of their imperialistic ambitions aglow.

Chicago Analysts Schedule Fall Meetings

CHICAGO, Ill.—The Investment Analysts Society of Chicago has announced the following schedule of speakers for their Fall luncheon meetings:

Oct. 10 — Mr. Robert Galvin, President of Motorola.

Oct. 24—Mr. G. T. MacGregor, President, and Mr. Richard Bullwinkle, Vice-President of Texas Utilities.

Nov. 11—To be announced.

Nov. 21—Mr. Donald C. Power, President of General Telephone. Field trip to Automatic Electric's new plant, and luncheon. (*Not in the Loop.*)

Dec. 5 — Ernest H. Volwiler, President of Abbott Laboratories, and others.

Dec. 19—Business Forecast Forum. Afternoon meetings followed by a reception.

Jan. 16—Midwest Forum.

Two With Filosa

(Special to The Financial Chronicle)

GRAND JUNCTION, Colo. — Edward S. Bannerman and William E. Cline are now with Filosa Securities Co., Inc., 407 Main St.

With Armstrong, Jones

(Special to The Financial Chronicle)

DETROIT, Mich. — Ralph H. Janzig is now connected with Armstrong, Jones, Lawson & White, Inc., Penobscot Building.

Simmons & Co. Offers Turbo Dynamics Stock

Simmons & Co., of New York City are offering publicly on a best efforts basis an issue of 300,000 shares of common stock (par one cent) of Turbo Dynamics Corp. at $1 per share.

It is intended to use the net proceeds of this offering to purchase plant, machinery and equipment for the company's turbine and combustion engine development program; to install T-hangar facilities, etc.; make initial layout and preparation of site for industrial park program; and for working capital.

Giving effect to the new financing, there will be outstanding 630,000 shares out of an authorized issue of 10,000,000 shares.

Turbo Dynamics Corp., with offices at 139 South Beverly Drive, Beverly Hills, Calif., plans to operate and develop the Douglas-Tahoe Airport in Minden, Nev.; to create and operate an industrial park on the portions of the airport property suitable for industrial occupancy; and engage in research and development in the field of small gas turbines and other internal combustion engines.

J. Barth Co. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph G. Privitelli has been added to the staff of J. Barth & Co., 3323 Wilshire Boulevard.

Joins Mountain States

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—James R. Carmichael is now with Mountain States Securities Corporation, Denver Club Building.

Mutual Funds

By ROBERT R. RICH

Investment Position of Canadian Oil Stocks

The current issue of Calvin Bullock's "Perspective" is devoted to a review of the more recent trends of the Canadian oil industry, future prospects, and the investment position of Canadian oil stocks. On the latter score, "Perspective" notes as follows:

"What can be said about the level of prices of Canadian oil stocks? Obviously this involves a large measure of judgment not only as to the future prospects for Canadian oil generally, but also as to timing. Implied also is an appraisal of individual companies.

Prices of Canadian oil stocks as measured by the average of the highs and lows of the Toronto Stock Exchange Index of 15 western Canadian oils rose to 133.64 in 1952 under the influence of the romance of the oil boom and speculation over future discoveries. Subsequently the Index declined to 93.09 in 1954 and again rose to a 1957 peak of 192.96. By Aug. 26, 1957 the Index had declined to 165.66. The performance of the major Canadian integrated companies has been roughly the same.

"The trend of yearly price/cash earnings ratios, which relate market price based on the average of highs and lows to results achieved in terms of net cash generated from operations, shows a different picture, however, as the table below indicates.

	Seven Canadian Independents	Three Canadian Majors	Six U. S. Domestic Integrated
1952	53.1	14.9	4.3
1953	25.9	10.2	3.6
1954	22.0	10.4	4.7
1955	17.7	10.2	4.8
1956	15.8	12.5	5.8

NOTE: Dry hole costs excluded for Canadian Majors, therefore data not strictly comparable.

"Despite the peak market prices prevailing in 1956, there was less of a premium placed on operating results for many Canadian independents than at any time in the past. The same cannot be said of the larger integrated Canadian companies nor for that matter of the six selected U. S. companies of comparable nature. The trend of lower price/cash earnings ratios for the independents is a healthy sign and one that might hopefully be expected to continue as the Canadian oil industry gains stature. Another encouraging sign which has affected the ratio is that the more successful companies are generating increasing amounts of cash for exploration and development from operations. This is important to the investor since it often means increased exposure to discoveries and less dilution of equity. Thus in comparison with prices over the past few years, current levels, while high historically, are not unreasonably so when related to operating results.

"The opportunities for discovering oil do not seem to have diminished appreciably despite past achievements and compare favorable with prospects in the U. S. There are 770,000 square miles of prospective oil land in Canada, much of which remains to be explored. One exploration well has been drilled for each 160 square miles of potential oil land compared with one in every ten miles in the U. S.

"It is in order however to point out that several elements suggest a catious investment approach at the moment and emphasize the need for constant and careful analysis of individual issues as well as the effects of international events. The immediate future is clouded by excess productive capacity and it appears that the problem could continue for a few years. It would seem prudent among other things to investigate carefully the source and dependability of cash flow, not only as between contract drilling, marketing and production, but more specifically as to particular fields, since allowables between fields differ widely. Companies whose cash is dedicated in large measure to debt retirement may well lose ground to others who can devote a larger part of their resources to exploration. Production in Saskatchewan and natural gas sales will be advantageous in the immediate future as a hedge against a probable temporary lull in the past growth trend of Alberta production.

"Granted a sound appraisal of specific companies, it is concluded that investment in the Canadian oil industry has considerable growth attraction in view of the encouraging long-term prospects for production, demand and exploration as well as the historical reasonableness of current prices."

Diversified Sets Sharehold. Record

Diversified Growth Stock Fund, Inc. reports a record gain in new shareholders in the month of August, a period characterized by sharp market declines.

During the month, shareholder accounts of this $20,000,000 mutual fund increased by 1,136 or 14%. This was the largest monthly gain since the fund began operations in 1952. On Aug. 30, shareholders totaled 9,353—an increase of 23% over the June 30 figure of 7,584 and a 40% rise over the 1956 year-end total of 6,684.

At the end of August total net assets of the fund were $20,091,297. This compares with $15,273,789 at the end of 1956.

Net asset value per share, adjusted for a 100% stock dividend paid to shareholders of record Aug. 2, was $6.67 at the month-end, compared with $6.37 on Dec. 31, 1956.

Fiduciary Mutual Dividend Payment

Fiduciary Mutual Investing Co., Inc. (formerly Hudson Fund, Inc.) has declared a quarterly dividend of 12 cents a share from investment income, payable Oct. 15, 1957 to shareholders of record Oct. 1, 1957. This is a continuation of the rate established in June. Previously the dividend had been 11 cents.

FMIC is a diversified balanced mutual fund with net assets at June 30, 1957 of $6,433,501. Fiduciary Trust Company of New York is the principal investment adviser; Hemphill, Noyes & Co., members of the New York Stock Exchange, is the distributor.

Asiatic Flu and the Drug Companies

The remarkably fast response of the nation's drug companies in developing an anti-Asiatic flu vaccine is documented in the current issue of Chemical Fund's "Newsletter." The drug industry took only 82 days after the initial incidence of the disease in this country to make the first shipments of the vaccine. Moreover, again at the request of the United States Public Health Service, the industry has created sufficient antibiotics and other drugs to cope with possible secondary infections from the disease. In the event of an epidemic in this country, the Public Health Service has estimated that between 13 and 26 million people might be affected. Chemical Fund is managed, and its shares distributed by F. Eberstadt & Co., Inc.

Atomic Fund Follows Fusion Atomic Research

Atomic Letter #31 just released by the Management of Atomic Development Mutual Fund, Inc. comments on the research being carried on in the field of controlled thermonuclear (fusion) reactions by Westinghouse, General Dynamics and General Electric. The Fund's policy is to invest in companies active in all phases of atomic energy including fusion. Also described in Atomic Letter #31 are the prospects for continued growth in the use of radiation instruments accompanying the predicted tenfold expansion in the use of radioactive materials during the next five years. The Fund's management expects improved earnings and dividends in the second half of 1957 from its major holding of 22,400 shares of Newport News Shipbuilding and Drydock Co. the recent recipient of a contract for the first nuclear-powered aircraft carrier.

August Sales of George Putnam F'd At All-Time High

Purchases by investors of shares of The George Putnam Fund of Boston during August, 1957, were the largest for any month in the Fund's 20-year history, totalling more than $2,907,000 and including a single purchase of slightly over $1,000,000 by an institutional investor.

"Long-Term Trend Of Stocks Is Up"

The head of a $52 million mutual fund warns that industry can "no longer afford" to absorb rising labor costs, and predicted that they will be passed on to consumers in "increasing proportions."

According to Hilton H. Slayton, President of Managed Funds, Inc., business has already absorbed "a good deal" of the rise in costs.

"Prices of manufactured goods have risen only 6% since 1951," he said, "but it is most significant that this entire rise occurred in 1956 and the first quarter of 1957."

Slayton's comments on the wage-price spiral were contained in an economic report to Managed Funds' more than 16,000 shareholders throughout the United States.

He told them gross national product—"in real terms, not dollars" — has risen about 11.5% since 1951, as contrasted with wage rises of about 32.5%.

"The difference of 4% a year has to be absorbed by someone, either the producer or the consumer," he said.

Slayton said recent cutbacks in the defense budget may help to ease the upward pressure on prices for a time, but added:

"The essential influence remains strong, and coupled with the dominant position of organized labor, makes it difficult to see how there can be any very prolonged interruption in the long-term upward trend of prices."

If dollar values continue to shrink, investors in fixed-income securities can expect to earn "next to nothing" from their holdings and could, in effect, lose part of their principles each year, Slayton said.

"But common stocks," he added, "afford excellent protection against rising living costs.

"An investor employing them for this purpose, and to participate in the long-term growth of our economy, should of course keep sufficient amounts in reserve to tide him through those intermediate periods when he might otherwise have to sell at a loss.

"But no change is discernible in the underlying fact that the long-term trend of money is down, while the long-term trend of stocks is up."

Nicholas Lamont With Draper, Sears & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Nicholas Lamont has become associated with

Nicholas Lamont

Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. Mr. Lamont was formerly head of his own investment company in Boston.

Distributors Group Sales Conference

Distributors Group, Inc.—sponsor and distributor of Group Securities, Inc.—recently held its annual sales conference in New York City. Seated from left to right are John L. Ahbe, V.-P., Director of Sales; Herbert R. Anderson, President; Harold X. Schreder, Executive V.-P., Director of Research; and John S. Mayer, V.-P., Dealer Relations. Standing from left to right are Robert D. Anderson, Regional Manager Michigan; William C. Roper, Regional Manager, Middle South; C. M. Baker, Regional Manager, North Central States; Harold D. Hansen, Sales Development; Walter J. Murphy, Regional Manager, N. Y. C., N. J. and Delaware; Walter J. Boyd, V.-P., Reginald L. Walsh, Regional Manager, Middle Atlantic States; Morgan Crosthwaite, Regional Manager, Central States; Warren B. Stetson, Regional Manager, New England; John B. Cornell, Jr., Regional Manager, South Central States; Albert E. Gordon, Regional Manager, Southeast; Miles Burgess, Regional Manager, Pacific Coast; William F. Doscher, V.-P., Assistant Director of Research; Robert E. Smith, Regional Manager, Midwest.

Electronic Device Equals Output of 9,000 Stenographers

A tireless "electronic stenographer" capable of a multi-million word daily output has been developed, according to "Keeping Up," monthly publication of Television Shares Management Corp., sponsors of the $148 million Television-Electronics Fund, Inc.

The device, manufactured by the Stromberg-Carlson division of General Dynamics Corp. is capable of turning out as much work every 24 hours as 9,000 stenographers working 3,000 to the shift on a three shift basis, the publication said. Called a Charactron computer readout, the new device will be used in conjunction with a Remington Rand LARC computer, and is reputedly 50% faster than any comparable equipment previously manufactured by the company.

The mutual fund management's publication said that the Charactron computer readout will be able to display and record on film split-second "thoughts" of the LARC computer at the rate of 15,000 characters per second. This compares with about 1,200 characters per second achieved by the fastest mechanical printers in general use with computers. At the 15,000 characters per second rate, the publication said, and on a round-the-clock basis, the Stromberg-Carlson device will be able to record 259,200,000 words a day, or the equivalent in figures, diagrams and plotted curves, complete with titles, scales and digital values.

Continued from page 2

The Security I Like Best

and ranks first in the production of photoflash bulbs (accounts for about half of total industry output).

Sylvania's other lines include electronic items such as crystal diodes and transistors, electronic missile and computor systems, and atomic fuels and reactor components. The acquisition of Argus Cameras early this year broadened the company's position in the photographic products field. Military business, including tubes, is important. Sylvania has done considerable research and engineering on some advanced electronic items. In the military field, Sylvania has concentrated on highly technical systems, particularly defensive and anti-missile. The teaming up with Corning Glass to form Sylvania-Corning Nuclear Corp. has interesting long-term implications.

Earnings for 1957 have felt the impact of the highly competitive market in the television industry while the Argus Camera acquisition early this year had presented the usual integration problems and costs. The result was a sharp decline in earnings—84 cents per share in the first quarter of 1957 and 46 cents in the second quarter. Thus profits for the first six months were $1.30 per share compared with $2.04 the year before.

There are indications that this readjustment phase for the company is about at an end. The important light division should be entering a period of better earnings; the new Sylvania TV picture tube allowing the use of a narrower cabinet may have dramatically improved the nearer term sales possibilities; the company would be a major beneficiary if the improved tone in the TV set market gains momentum this Fall.

Should the second half-year prospects materialize, earnings could be around $2.20 per share, compared with only $1.30 in the first six months, and bring 1957 results to about $3.50 per share.

The company's finances have been satisfactorily arranged until 1960 through the private placement of bonds and a three-year bank loan. Sylvania is exceptional among electronic companies with a large flow of depreciation funds—about $10 million this year, or $2.80 per share.

Over the longer term, the company's strong research and engineering organization; basic position in TV picture tubes for both original equipment and the growing replacement market; the eventual advent of color TV; the underlying secular growth in lighting; favorable prospects for photography—particularly flashbulbs—and the expanding position in electronics, all combine to suggest longer term sales and earnings expansion. Present projections place longer term earnings potentials around the $6.00 per share level.

Meanwhile, around 36, the shares appear reasonably valued at about 10 times this year's estimated earnings while providing a yield of 5½%.

J. R. Maher Director

John R. Maher, Vice-President of Amos Treat & Co., Inc., has been elected a director of Paramount Enterprises Inc., and also of Herold Radio & Electronics, Inc.

McKee Jaeckels Add

(Special to THE FINANCIAL CHRONICLE)

APPLETON, Wis.—Edward C. Kuehl has become associated with McKee & Jaeckels, Inc., Irving Zuelke Building. He was formerly with Loewi & Co. Incorporated.

Securities Salesman's Corner

By JOHN DUTTON

Now Is the Time to Ask Questions

Among your prospects and clients there are doubtless many who are holding securities about which you are completely unaware. During those days when you were so active putting through scores of trades a week, you were too busy to control all your accounts. Every securities salesman and registered representative is familiar with the fact that very few of his clients have confined all their investments to his firm. Where over-all supervisory contact has been established that is a different matter; but in my own experience, covering a good many years, I can attest that not over 20% of my customers did all their buying and selling through me. I think this is about par for the course for most retail securities salesmen.

Hope Versus Fear

Market cycles are based upon two emotions—"hope" and "fear." Like it or not these primitive responses will cause more people to act than all the logic and clear cut facts you will ever be able to assemble. In bull markets caution is gradually cast aside, and many people make investments or engage in speculations that, in retrospect, they cannot look upon without wondering how they could have acted so foolishly. When the readjustment to a more balanced and normal valuation of security prices takes place they become more concerned and "fear" begins to rule their actions or inactions. This is such a fundamental facet of human behavior that we must recognize it and work with it—we cannot fight it or change it.

The Investor Who Was Impulsive Now Will Welcome Help

Put yourself in the position of one of your customers who bought some securities at a price considerably above the current market. What would you do if an investment man whom you liked and who handled some of your transactions came to you and casually asked if you would like to have his research department go over your list to see if they might recommend some helpful changes? I think such a casual approach as this would leave you cold. But what if he put it this way, "I'd like to make a suggestion to you that possibly could be helpful, that might save you further losses, or even enable you to recover some of the losses on some of your present investments. What I mean is simply this—you possibly own some investments that are down in price, possibly you could make some changes that would strengthen your list, provide you with more income, or give you an opportunity to cut your tax bill for this year.

"Of course, I don't know these things, but I will promise you this; I will sit down with you and take off a confidential listing of your present financial situation—securities now owned, the date purchased, their cost, and the record of your sales and purchases of capital assets so far this year. Then it will be analyzed as carefully and objectively as possible both by myself and our research department. After this is completed, which may take several weeks, I'll return the entire list to you and will furnish you with the results of this survey.

"If there are opportunities where you can avoid further depreciation in any investments which you now own we will give you our unbiased [illegible] can make some tax savings which you can use this year and still better your overall investment situation we will suggest these moves. Then we can go over things together with but one thought in mind—what can you do to strengthen your present condition. If, in our opinion, everything is best left alone we will tell you—only changes that can be beneficial, necessary, and important to your financial stability at this time will be brought before you for your consideration."

I think you will agree that this sounds sensible—none of us are too sure of our own judgment. How many times have you heard of professional securities men who have listened to the advice of other men in his business and found out to their chagrin that they would have been better off had they done more of their homework themselves. When investors are hesitant they are more likely to listen to some sincere suggestions of help and assistance. Now is the time to let "fear" help you to do a better job of servicing your accounts, both old and new.

Last Week I Asked a Question

To prove the point—one day last week I decided to ask a question about taxes of everyone with whom I talked securities. While talking with a client who had done only a limited amount of business with me I asked, "How about profits this year now that everyone is talking about losses. Do you owe any money to Uncle Sam on profits you have taken earlier in the year?" My man replied, "You bet I do, I've got one capital gain that shows me a long-term profit of $24,000 and it hurts." As a result we went further, discussed his list, and I discovered that he owned some Turnpike bonds that were selling at a 20% discount which he had bought at par. We worked out a "switch" that gave him a tax loss. He still holds another comparable bond and he told me of another block of railroad bonds that also offer an opportunity for a logical "switch." He is saving taxes, I am performing a service, and meanwhile I am keeping a client and making my living—even in this bear market.

Don't give way to pessimism—make your day's work count—offer help—offer suggestions—motivate by offers of assistance that have some benefits tacked onto them.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering today (Sept. 26) $5,445,000 of Seaboard Air Line RR. 4¼% equipment trust certificates, series R, maturing annually Aug. 1, 1958 to 1972, inclusive.

The certificates, second instalment of a total issue of $16,350,000, are priced to yield from 4.25% to 4.40%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The entire issue of certificates is to be secured by 900 gondola cars; 700 hopper cars; 300 wood-rack cars and 500 cement hopper cars estimated to cost a total of $20,442,906.

Associates in the offering are Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter & Co.; Freeman & Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and Shearson, Hammill & Co.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Sept. 29	§82.5	*82.1	82.2	101.6
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 29	§2,112,000	*2,101,000	2,103,000	2,502,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 13	6,821,250	6,807,350	6,836,850	7,048,500
Crude runs to stills—daily average (bbls.)	Sept. 13	¶8,056,000	8,270,000	7,969,000	8,078,000
Gasoline output (bbls.)	Sept. 13	28,546,000	29,457,000	27,261,000	27,524,000
Kerosene output (bbls.)	Sept. 13	2,340,000	1,952,000	1,852,000	2,232,000
Distillate fuel oil output (bbls.)	Sept. 13	12,378,000	13,107,000	12,425,000	12,663,000
Residual fuel oil output (bbls.)	Sept. 13	7,741,000	8,294,000	7,843,000	7,750,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 13	173,805,000	173,552,000	172,136,000	175,767,000
Kerosene (bbls.) at	Sept. 13	36,001,000	34,827,000	33,021,000	33,712,000
Distillate fuel oil (bbls.) at	Sept. 13	162,853,000	159,886,000	146,703,000	146,105,000
Residual fuel oil (bbls.) at	Sept. 13	55,183,000	54,019,000	50,923,000	48,276,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 14	741,147	*646,118	750,640	820,849
Revenue freight received from connections (no. of cars)	Sept. 14	598,792	*560,906	606,828	650,415
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 19	$328,655,000	$262,045,000	$257,744,000	$380,704,000
Private construction	Sept. 19	219,069,000	130,365,000	104,251,000	238,466,000
Public construction	Sept. 19	109,586,000	131,680,000	153,493,000	142,238,000
State and municipal	Sept. 19	92,121,000	121,248,000	121,201,000	109,943,000
Federal	Sept. 19	17,465,000	10,432,000	32,292,000	32,295,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 14	10,100,000	*8,580,000	9,600,000	10,601,000
Pennsylvania anthracite (tons)	Sept. 14	556,000	464,000	470,000	655,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 14	130	113	114	130
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 21	11,991,000	11,947,000	12,023,000	11,482,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 19	287	237	260	262
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 17	5.967c	5.967c	5.967c	5.622c
Pig iron (per gross ton)	Sept. 17	$66.42	$66.42	$66.40	$63.04
Scrap steel (per gross ton)	Sept. 17	$46.67	$48.50	$53.00	$58.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 18	26.550c	26.375c	28.025c	39.575c
Export refinery at	Sept. 18	23.900c	23.475c	25.975c	37.375c
Lead (New York) at	Sept. 18	14.000c	14.000c	14.000c	16.000c
Lead (St. Louis) at	Sept. 18	13.800c	13.800c	13.800c	15.800c
‡Zinc (delivered) at	Sept. 18	10.500c	10.500c	10.500c	14.000c
Zinc (East St. Louis) at	Sept. 18	10.000c	10.000c	10.000c	13.500c
Aluminum (primary pig. 99%) at	Sept. 18	26.000c	26.000c	26.000c	25.000c
Straits tin (New York) at	Sept. 18	94.125c	93.000c	94.375c	106.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 24	86.59	86.77	87.27	91.64
Average corporate	Sept. 24	89.51	89.64	90.34	99.68
Aaa	Sept. 24	94.12	94.26	94.26	102.80
Aa	Sept. 24	91.77	92.35	92.93	101.64
A	Sept. 24	89.64	89.78	90.77	100.00
Baa	Sept. 24	82.90	83.03	84.04	94.54
Railroad Group	Sept. 24	87.59	88.13	88.67	98.41
Public Utilities Group	Sept. 24	89.23	89.37	90.77	99.68
Industrials Group	Sept. 24	91.62	91.62	91.62	100.98
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 24	3.69	3.66	3.59	3.16
Average corporate	Sept. 24	4.45	4.44	4.39	3.77
Aaa	Sept. 24	4.13	4.12	4.12	3.58
Aa	Sept. 24	4.29	4.25	4.21	3.65
A	Sept. 24	4.44	4.43	4.36	3.75
Baa	Sept. 24	4.95	4.94	4.86	4.11
Railroad Group	Sept. 24	4.59	4.55	4.51	3.85
Public Utilities Group	Sept. 24	4.47	4.46	4.36	3.77
Industrials Group	Sept. 24	4.30	4.30	4.30	3.69
MOODY'S COMMODITY INDEX	Sept. 24	401.6	408.8	422.5	425.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 14	265,697	339,419	260,018	264,153
Production (tons)	Sept. 14	299,482	214,792	286,966	280,651
Percentage of activity	Sept. 14	98	72	94	97
Unfilled orders (tons) at end of period	Sept. 14	504,557	540,109	477,075	459,463
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 20	110.20	110.17	110.39	108.75
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 31	1,398,230	1,342,280	1,195,170	1,083,120
Short sales	Aug. 31	250,970	251,320	210,600	178,430
Other sales	Aug. 31	1,201,040	1,224,830	1,039,990	940,480
Total sales	Aug. 31	1,452,010	1,476,150	1,250,590	1,118,910
Other transactions initiated on the floor—					
Total purchases	Aug. 31	252,170	214,170	152,970	173,120
Short sales	Aug. 31	30,950	21,170	12,300	20,000
Other sales	Aug. 31	223,440	248,400	145,720	161,990
Total sales	Aug. 31	254,390	269,570	158,020	181,990
Other transactions initiated off the floor—					
Total purchases	Aug. 31	473,400	419,400	340,870	333,661
Short sales	Aug. 31	129,790	93,230	47,190	67,960
Other sales	Aug. 31	434,193	415,215	367,770	456,847
Total sales	Aug. 31	563,983	508,445	414,960	524,807
Total round-lot transactions for account of members—					
Total purchases	Aug. 31	2,123,800	1,975,850	1,689,010	1,589,901
Short sales	Aug. 31	411,710	365,720	270,090	266,390
Other sales	Aug. 31	1,858,673	1,888,445	1,553,480	1,559,317
Total sales	Aug. 31	2,270,383	2,254,165	1,823,570	1,825,707
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Aug. 31	1,344,558	1,390,126	1,200,138	1,059,985
Dollar value	Aug. 31	$65,107,909	$68,839,507	$60,584,735	$57,827,403
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 31	882,617	912,652	890,848	765,287
Customers' short sales	Aug. 31	20,566	16,631	8,078	8,175
Customers' other sales	Aug. 31	862,051	896,021	882,770	757,112
Dollar value	Aug. 31	$43,387,604	$45,343,110	$43,945,336	$38,411,756
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 31	187,340	184,990	229,350	193,110
Short sales	Aug. 31	------	------	------	------
Other sales	Aug. 31	187,340	184,990	229,350	193,110
Round-lot purchases by dealers—					
Number of shares	Aug. 31	674,400	647,980	501,190	456,190
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Aug. 31	626,120	518,890	366,710	364,600
Other sales	Aug. 31	9,635,430	9,940,350	8,840,780	8,051,730
Total sales	Aug. 31	10,311,550	10,459,240	9,207,490	8,416,330
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Sept. 17	117.8	118.1	118.0	115.1
Farm products	Sept. 17	90.7	92.5	92.1	90.0
Processed foods	Sept. 17	106.0	106.7	106.8	103.9
Meats	Sept. 17	95.5	97.6	97.5	87.7
All commodities other than farm and foods	Sept. 17	125.8	125.8	125.7	122.6

*Revised figure. ¶Includes 1,159,000 barrels of foreign crude runs. §Based on new annual capacity of 133,495,150 tons as of Jan. 1, 1957, as against Jan. 1, 1956 basis of 128,363,090 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of August	11,361	11,683	11,339
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE—Month of Aug. (000's omitted)	$316,000	$764,000	$292,800
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Aug. 31 (000's omitted)	$501,000	$459,000	$548,000
COTTON GINNING (DEPT. OF COMMERCE)—To Aug. 16 (running bales)	405,890	------	718,773
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49 = 100—Month of Aug.:			
Seasonally adjusted	144	144	143
Unadjusted	144	135	142
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of June:			
Death benefits	$196,400,000	$233,600,000	$185,800,000
Matured endowments	56,700,000	63,200,000	52,600,000
Disability payments	9,300,000	9,400,000	8,900,000
Annuity payments	45,000,000	44,600,000	41,500,000
Surrender values	102,200,000	108,700,000	81,000,000
Policy dividends	106,000,000	92,000,000	*96,200,000
Total	$515,600,000	$551,500,000	*$466,000,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of June (000,000's omitted):			
Ordinary	$3,659	$3,970	$2,926
Industrial	521	574	558
Group	1,365	1,680	918
Total	$5,545	$6,224	$4,402
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of June (millions of dollars):			
Inventories—			
Durables	$31,553	*$31,566	*$28,760
Nondurables	22,448	*22,343	*20,865
Total	$54,001	*$53,909	*$49,625
Sales	28,350	*28,617	*27,354
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of August:			
Industrials (125)	3.98	3.75	3.83
Railroads (25)	6.66	6.19	5.65
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.99	4.88	4.61
Banks (15)	4.62	4.68	4.24
Insurance (10)	3.34	3.05	3.20
Average (199)	4.21	4.01	4.02
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of August	£14,578,000	£14,156,000	£5,622,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of July (in billions):			
Total personal income	$345.5	*$344.8	$325.6
Wage and salary receipts, total	240.9	*240.1	225.3
Commodity producing industries	103.3	*103.3	96.3
Distributing industries	64.2	*63.8	60.2
Service industries	33.4	*33.2	31.2
Government	40.0	*39.6	38.0
Less employees' contribution for special insurance	6.8	6.8	5.7
Other labor income	7.9	7.9	7.5
Proprietors and rental income	51.0	*50.9	49.9
Personal interest income and dividends	31.3	31.2	29.7
Total transfer payments	21.2	21.5	18.5
Total nonagricultural income	330.1	*329.3	310.7
PORTLAND CEMENT (BUREAU OF MINES)—Month of June:			
Production (barrels)	26,462,000	27,485,000	28,771,000
Shipments from mills (barrels)	29,545,000	28,940,000	31,996,000
Stocks (at end of month—barrels)	29,880,000	33,175,000	22,685,000
Capacity used (per cent)	91	92	110
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of May:			
Net railway operating income	$80,798,428	$81,201,633	$102,637,488
Other income	22,721,083	18,790,844	22,213,118
Total income	103,519,511	99,992,477	124,850,606
Miscellaneous deductions from income	4,182,991	4,562,082	4,425,298
Income available for fixed charges	99,336,520	95,430,395	120,425,308
Income after fixed charges	68,845,598	65,018,807	90,518,446
Other deductions	4,350,452	4,408,488	4,196,087
Net income	64,495,146	60,610,319	86,322,359
Depreciation (way & structure & equipment)	48,380,315	48,228,064	45,604,563
Federal income taxes	27,302,036	29,897,376	38,458,890
Dividend appropriations			
On common stock	39,707,633	29,808,065	52,186,047
On preferred stock	4,693,549	1,055,831	4,564,299
Ratio of income to fixed charges	3.26	3.14	4.03
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of June (000's omitted):			
Exports	$1,781,600	$1,811,300	$1,690,200
Imports	982,600	1,101,900	1,033,400
U. S. GOVT. STATUTORY DEBT LIMITATION—as of August 31 (000's omitted):			
Total face amount that may be outstanding at any time	$275,000,000	$275,000,000	$278,000,000
Outstanding—			
Total gross public debt	273,845,111	272,468,742	275,564,737
Guaranteed obligations not owned by the Treasury	108,892	106,672	79,428
Total gross public debt and guaranteed obligations	$273,954,003	$272,575,414	$275,644,165
Deduct—other outstanding public debt obligations not subject to debt limitation	443,037	444,439	460,906
Grand total outstanding	$273,510,964	$272,130,975	$275,183,259
Balance face amount of obligations, issuable under above authority	1,489,035	2,869,024	2,816,740
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of August 31	$273,954,003	$272,575,414	$275,644,165
General funds balances	4,898,310	4,475,128	5,196,905
Net debt	$269,055,693	$268,100,286	$270,447,260
Computed annual rate	2.857%	2.741%	2.607%
ZINC OXIDE (BUREAU OF MINES)—Month of June:			
Production (short tons)	14,593	15,611	10,074
Shipments (short tons)	14,879	15,016	11,648
Stocks at end of month (short tons)	29,019	29,305	22,131

Continued from page 16

The Philosophy of Transportation

of service most appropriate, convenient and inexpensive for their needs, be they constant or variable.

To serve the nation's needs of developing its resources, providing room for growing population and promoting its standards of life, transportation must not only be flexible, sufficient and efficient but also reasonable and non-discriminatory in its charges and services.

Transportation should be able to provide full benefits to people. It should do this without being a burden either on the nation as a whole through taxation, or on its owners. If the only way to attain this extremely desirable and beneficent result, the various forms of transport must be placed in a position of monopoly, then it should be done. Any abuses which might arise from such a posture of monopoly can be controlled through governmental regulation. However, the first and most important objective is to insure its most perfect development because it so profoundly influences the political, economic and social life of a nation.

It is clear that there is a strong public interest in the operation, the facilities, services and equipment of transportation. Its vigor and health is of national concern. To assure that the national welfare is protected and that all will receive, and continue to receive, safe transportation in an adequate amount and on equal terms is the duty of Government. Such duty makes it imperative that responsible officials in Government and a large segment of the public know and intimately understand the fundamental importance and significance of transportation to the individual and national welfare.

Non-Discriminatory Rates

In their earlier history railroads were essentially confined to local interest and local operation. The concept of the function of transportation can be no longer considered as a local or provincial matter. Transportation is the key to breaking down artificial lines based on political subdivisions, be they local, regional or even national. Present conditions require maximum fluidity of movement with a minimum of artificial restrictions. Freight rates can be just as effective as custom duties in raising barriers against participation in common markets. Such barriers operate to the disadvantage of all parties. It is not customs or cartels alone which have the power to allocate markets and limit production or permit dual pricing. These impediments to free markets can just as effectively be created by rates which unfairly discriminate.

The artificial division and comparative isolation of economic areas, however achieved, has, through experience, affected the price of commodities, the level of production, employment, and the standard of living. The high standard of living of the United States can be largely attributed to the fact that, although it comprises a large area consisting of forty-eight sovereign states with varied conditions, natural resources and climate, yet trade is unrestricted by tariff barriers or by equally effective artificial obstacles such as unfair and discriminatory transportation costs.

The vast majority of peoples today do not accept the once common restrictive practices such as dual pricing or discriminatory freight rates. They now know that such artifices are too damaging to their ultimate welfare. The progress, happiness and even the peace of the world depend on the free flow of commerce, and the spreading of the production of man's inventive genius. Clearly, by this I do not imply that conditions of production and use are or should be equal in every state or country. Such a theory would be unrealistic since we know that taxation, natural conditions, manpower and skills, raw materials, services and credit all vary even within the states or the provinces of a single country. If such conditions were identical everywhere, there would be no need for commerce, in fact, no progress.

Unimpaired Interstate Commerce

Competitive opportunity by all persons and localities in the natural common markets is one of the chief benefits the interstate commerce clause of the Constitution of he United States has insured to all shippers in the United States. It has permitted a pervasive development of all sections of the country and has permitted the free play to the economic forces which ultimately make for better products at cheaper prices, in other words, more things for more people. The interstate commerce clause of the Constitution of the United States, implemented by the Interstate Commerce Act and administered by the Interstate Commerce Commission, insures that, through the availability of a ready forum, distortions and abuses which might affect the national or individual interests of shippers, cannot arise, or, if they arise, cannot continue. Without this machinery, the few words in the Consititution guaranteeing the benefits of the free flow of commerce between the states would have been meaningless, as history before and after effective regulation has incontrovertibly shown.

This same result can be achieved between contiguous nations as well as within nations by voluntary action. Whether within national boundaries or beyond them, depending on the objective to be sought, it can be done, in the absence of coordinated government policy, by delegating necessary powers to an independent institution with the capacity to act. Such an authority can act as the instrument for the development of mutually beneficial economic growth.

Regional Authorities

Through a sincere desire to raise the standard of living and to serve the cause of peace by promoting cooperation between nations, a beginning at least, can be made. It is not necessary to destroy national interest to accomplish such a desirable end. The fusion, rather than the wiping out, of sectional or national interests should be the key to its achievement. Ready examples of how this can be accomplished exist. The States of New York and New Jersey, by compact, have established the Port of New York Authority which is able to administer and manage common transport facilities of two sovereign states to their mutual benefit without prejudice to the sovereign rights of either of them. On a larger scale, the European coal and steel community is demonstrating that the welding together of mutually beneficial objectives can be accomplished without the undue sacrifice of fundamental sovereign rights.

Thus, in addition to such things as physical and mechanical perfection, improvement in operations, uniformity of facilities and equipment, what is needed is a larger and deeper common understanding of the contribution of transportation to the general welfare of peoples. Under modern conditions, there is no nation which can be economically self-sustaining. It is through the facile movement of materials and commodities and the exchange of services that each can help the other. To shelter a country's economy from the fullest impact which transportation can make can result only in relative stagnation for itself and retard the progress of all.

The orthodox thinking of the past no longer corresponds to present needs To illustrate, the expression, "Carrying coals to Newcastle" was supposed to express the ultimate in futility. Today coal is almost literally being carried to Newcastle, from a distance of three thousand miles, and is actually serving the consumer in England.

The challenge of the atomic age makes it imperative that each of the freedom-loving nations search for the most effective methods to make its utmost contribution through efficient transportation to a common prosperity and contentment which is a precursor to world peace and tranquility.

With Halbert, Hargrove

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Willis H. Merrill has joined the staff of Halbert, Hargrove & Co., 115 Pine Avenue.

DIVIDEND NOTICE

AMPHENOL

Amphenol Electronics Corp.

At a meeting of the Board of Directors of Amphenol Electronics Corporation held today a quarterly dividend of thirty cents per share was declared, payable October 25, 1957, to the shareholders of record at the close of business October 11, 1957. The transfer books will not be closed.

Dated at Chicago September 24, 1957.

FRED G. PACE, Secretary

DIVIDEND NOTICES

CONSUMERS

DIVIDEND NO. 179
ON COMMON STOCK

The Board of Directors of Consumers Power Company has authorized the payment of a dividend of 60 cents per share on the outstanding Common Stock, payable November 20, 1957 to share owners of record October 16, 1957.

DIVIDEND ON
PREFERRED STOCK

The Board of Directors also has authorized the payment of a quarterly dividend on the Preferred Stock as follows, payable January 2, 1958 to share owners of record December 6, 1957.

CLASS	PER SHARE
$4.50	$1.12½
$4.52	$1.13
$4.16	$1.04

CONSUMERS POWER COMPANY
JACKSON, MICHIGAN

Serving Outstate Michigan

DIVIDEND NOTICES

DOME MINES LIMITED

September 18, 1957

DIVIDEND NO. 160

At a meeting of the Board of Directors of Dome Mines Limited, held this day, a quarterly dividend of Seventeen and One-half Cents (17½c) per share (in Canadian Funds) was declared payable on October 30, 1957, to shareholders of record at the close of business on September 30, 1957.

CLIFFORD W. MICHEL,
President and Treasurer.

FEDERAL

FEDERAL PAPER BOARD CO., Inc.

Common & Preferred Dividends

The Board of Directors of Federal Paper Board Company, Inc. has this day, declared the following quarterly dividends:

50¢ per share on Common Stock.
28¾¢ per share on the 4.6% Cumulative Preferred Stock.

Common stock dividends are payable October 15, 1957 to stockholders of record at the close of business September 30, 1957.

Dividends on the 4.6% Cumulative $25 par value Preferred Stock are payable December 15, 1957 to stockholders of record November 29, 1957.

ROBERT A. WALLACE
Vice President and Secretary

September 17, 1957
Bogota, New Jersey

LONG ISLAND LIGHTING COMPANY

QUARTERLY DIVIDEND

COMMON STOCK

The Board of Directors has declared a quarterly dividend of 30 cents per share payable on the Common Stock of the Company on November 1, 1957, to shareholders of record at the close of business on October 11, 1957.

VINCENT T. MILES
Treasurer

September 25, 1957

PACIFIC POWER & LIGHT COMPANY

Dividend Notice

Quarterly dividends of $1.25 per share on the 5% preferred stock, $1.13 per share on the 4.52% serial preferred stock, $1.54 per share on the 6.16% serial preferred stock, and 40 cents per share on the common stock of Pacific Power & Light Company have been declared for payment October 10, 1957, to stockholders of record at the close of business September 30, 1957.

PORTLAND, OREGON
September 11, 1957

H. W. Millay, *Secretary*

DIVIDEND NOTICES

HOOD CHEMICAL CO., INC.

Dividend on Common Stock

The Board of Directors has declared a dividend of 10 cents per share on the common stock, payable on November 8th, 1957, to stockholders of record October 22nd, 1957.

NEIL A. MACDONALD,
Secretary-Treasurer

September 23, 1957

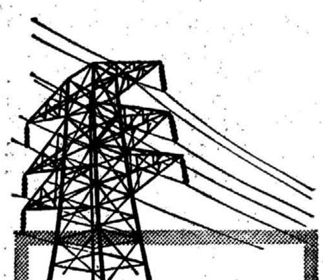
Pacific Gas and Electric Company

DIVIDEND NOTICE
COMMON STOCK
DIVIDEND NO. 167

The Board of Directors on September 11, 1957, declared a cash dividend for the third quarter of the year of 60 cents per share upon the Company's common capital stock. This dividend will be paid by check on October 15, 1957, to common stockholders of record at the close of business on September 23, 1957.

K. C. CHRISTENSEN,
Treasurer
San Francisco, Calif.

P·G·and E



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

COMMON STOCK
Dividend No. 191
60 cents per share;

PREFERENCE STOCK,
4.48% CONVERTIBLE SERIES
Dividend No. 42
28 cents per share;

PREFERENCE STOCK,
4.56% CONVERTIBLE SERIES
Dividend No. 38
28½ cents per share.

The above dividends are payable October 31, 1957 to stockholders of record October 5. *Checks will be mailed from the Company's office in Los Angeles, October 31.*

P. C. HALE, *Treasurer*

September 20, 1957

Edison

Washington . . . And You

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

WASHINGTON, D. C.—With the United States preparing to enter a new air age a year from now with four-engine turbojets, the Nation's airlines find themselves in a squeeze for new capital.

The scheduled airlines today represent a billion dollar industry, but they have on order $2 billion of new planes. When they start their flights the turbojets will be cutting present flying time nearly in half. For instance, the flight from New York to Los Angeles will require about four hours and 27 minutes.

Meantime, the transition period headaches are numerous. The airlines today are operating craft that cost $2 million each. But new modern jets are going to cost $5 million each. The new turbojets will carry up to 150 passengers at a speed of 600 miles an hour. Passengers will fly in pressurized cabins far above the weather.

Congressional Aid

Congress in the closing days of the 1957 session approved two bills designed to aid the airlines, particularly the feeder lines. One law gives the Civil Aeronautics Board authority to guarantee a lender up to 9% against loss of principal or interest made to a feeder line. Maximum guarantee would be $5 million.

The other law permits airlines to use equipment trust financing when buying their planes. Under this instrument a bank or lending institution could obtain a mortgage on the airplane for which the specific loan is made. Prior to passage, a bank would not have been able to recover the plane should the airline default. Any recovery would have been through bankruptcy proceedings.

Another bill designed to aid airlines in the jet age transition period passed the House and is pending on the Senate calendar. Therefore, it could come up early next year after Congress reconvenes Jan. 7. The measure would permit an airline to devote capital gains from the sale of an airplane without having the gain earmarked as earnings by the CAB. and thus have the amount deducted from the mail pay rates or the CAB subsidy.

Seek Fare Increases

The CAB is conducting extensive hearings into the applications of the carriers for increased fares, but the agency's decision may be a year away. Additional hearings are scheduled to be conducted next year. Pending a final determination, the CAB turned down a 6% interim fare raise for eight domestic trunk lines.

The fact the new turbojet is being built does not mean that manufacturers have stopped building piston engines. Domestic trunk lines alone this year will take delivery of 136 new planes, and 113 will be the latest four-engine types.

Industry Net Declines

Stuart G. Tipton, President of the Air Transport Association of America, said the transport plane manufactured in 1938 was capable of carrying 28 passengers over relatively short stages at a speed of 160 miles an hour as compared with the present day swifter travels. The trade association, composed of scheduled airlines, says that ~~the current average~~ airline fare is less than it was in 1938 when the fare was 5.32 cents per passenger mile. The 1957 average fare is 5.28 cents per mile.

"But as we approach the era of jet transportation, the airlines find themselves trapped at the point of diminishing returns," said the chief of the trade association. "Business booms and profits lag. Last year the gross revenues of the scheduled air transport industry increased by 11% over the previous year, but the net income declined by 10%. The profit margin before taxes in the past 21 months has slipped from 12.11 cents on the dollar to 5.76 cents.

"The reason is simple: Everything involved in running an airplane has gone up—wages, parts, fuels, cost of aircraft—while the fare has remained the same."

He expressed confidence the new turbojets will earn their way. As an example, he said, if a new jet airliner is used for 450 trans-Atlantic trips a year, it would be able to carry 60,000 passengers or more. This number would approach the number of passengers carried by the S. S. United States, the fastest big ocean liner in the world, which cost $70 million when it was built four years ago.

War Vets Population

For generations America's war veterans are going to have a great influence on the affairs of this Nation. The current veteran population is 22,600,000. Of this number 15,300,000 served in World War II and their average age is 38, and more than 5,000,000 served in the Korean War and their average age is 28.

Approximately 900,000 are "double duty" veterans, having served in both World War II and the Korean War.

There are now fewer than 3,000,000 World War I veterans and their average age is 63. There are still 55,000 Spanish-American War veterans and their average age is 80, and there are 100 or more Indian War veterans, and they are in their 80's or early 90's.

A check shows that Congress at the 1957 session appropriated $4,655,504,900 for the various Veterans Administration programs to run until June 30, 1958. However, when compared with the $34,000,000,000 that the Defense Department will probably spend for the same period, the VA appropriations do not seem huge. Nevertheless, the VA programs and the Defense Department appropriations point up to where nearly half of the money voted by Congress is spent.

Now 40% of Population

The Nation's veterans, together with their families, make up nearly 40% of the United States population. The President and Vice-President of the United States are veterans. It is likely that the next President and Vice-President will be veterans. The 22nd amendment has barred General Eisenhower from serving a third term.

Chairman Olin E. Teague of the House Veterans Affairs Committee recently summarized some of the broad activities of the VA. The VA presently operates 173 hospitals. The VA patient load on an average day is 115,000. During an average year a half-million veterans are admitted to the government operated hospitals.

GI Insurance Policies

Nearly 6,000,000 hold GI insurance policies valued at nearly $44,000,000,000. About 5,000,000 World War II veterans hold $35,500,000,000 of national service life insurance; $640,000 Korean veterans hold $6,600,000,000 of special nonconvertible, nonparticipating GI term insurance. 24,000 disabled Korean veterans have $239,000,000 term and permanent insurance available just to them; 300,000 World War I veterans hold $1,600,000,000 government insurance.

Any person who served in the armed forces at any time on or after Sept. 16, 1940, and prior to July 26, 1947, or on or after June 27, 1957, and prior to Feb. 1, 1955, discharged under conditions other than honorable after service of 90 days or more, is eligible for GI loans. Millions of veterans have taken advantage of the loans to build homes and buy farms and set themselves up in business.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

Business Man's Bookshelf

Administration of Technical Assistance: Growth in the Americas — Philip M. Glick — University of Chicago Press, Chicago 37, Ill., $5.50.

Books From Chapel Hill — Fall Publications scheduled by University of North Carolina — University of North Carolina, Box 510, Chapel Hill, N. C.—(Paper).

Chronicle of United Nations Document Service — Bibliography of latest economic and technical literature issued by governments and international organizations — Chronicle of United Nations, 234 West 26th Street, New York 1, N. Y.

Current Consumer Credit Problems — Proceedings of National Consumer Credit Conference, March 24-26, 1957—College of Business Administration, University of Denver, 1445 Cleveland Place, Denver 2, Colo.—paper—copies available on request from New York State Consumer Finance Association, Woolworth Building, New York 7, N. Y.

Eastern Economist — Economic magazine covering India and the Middle East—Eastern Economist Ltd., 52 Queensway, New Delhi, India — one rupee per copy.

Employee Earnings in Retail Trade — Reports by industry — Building Materials and Farm Equipment Dealers, 20¢; General Merchandise Stores, 35¢; Food Stores, 30¢; Automotive Dealers and Gasoline Service Stations, 35¢; Apparel and Accessories Stores, 45¢; Furniture, Home Furnishings and Appliance Stores, 35¢; Drug Stores and Proprietory Stores, 15¢—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Ave., New York 1, N. Y.

How to Build Modern Furniture — Mario Del Fabbro — F. W. Dodge Corporation, 119 W. 40th Street, New York 18, N. Y.—$4.95.

Hungary Under Soviet Rule — A Survey of Developments since the Report of the U. N. Special Committee—Assembly of Captive European Nations, 29 West 57th Street, New York 19, N. Y. (paper), $1.00 (quantity prices on request).

Live Better—Electrically—Industry report—Live Better Electrically Project, 205 East 42nd Street, New York 17, N. Y.—(Paper).

Materials Handling Equipment—D. Oliphant Haynes—Chilton Publications, 56th & Chestnut Streets, Philadelphia 39, Pa.—$17.50.

Occupational Outlook Handbook —1957 edition—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.

Organization for European Economic Cooperation—Recent and Forthcoming Publications —O. E. E. C., Suite 1223, 1346 Connecticut Avenue, N. W., Washington 6, D. C. (paper).

Parkinson's Law — And Other Studies in Administration — Professor C. Northcote Parkinson — Houghton Mifflin Company, 2 Park St., Boston, Mass. (cloth), $3.

Register of Defunct and Other Companies Removed from the Stock Exchange Official Year Book (London), 1957—Thomas Skinner & Co. (Publishers) Ltd., Gresham House, Old Broad St., London E. C. 2, England—30s. (New York office, 111 Broadway, New York 4, N. Y.).

Tax Burden in Relation to National Income and Product — Tax Foundation, Inc., 30 Rockefeller Plaza, New York 20, N. Y. (paper).

Paynter Co. Branch

BRUSH, Colo. — Paynter and Company of Ft. Morgan has opened a branch office at 113 Clayton Street, under the direction of Stanley B. Paynter.

New Wittenstein Office

WATERLOO, Iowa—M. Wittenstein & Co. has opened a branch office in the First National Building under the management of Allen J. Cutler.